



AN ESRI
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Methodology Statement: Esri US—Market Potential Database

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Market Potential Index

Esri's 2018 Market Potential data measures the likely demand for a product or service in an area. The database includes an expected number of consumers and a Market Potential Index (MPI) for each product or service. An MPI compares the demand for a specific product or service in an area with the national demand for that product or service. The MPI values at the US level are 100, representing overall demand. A value of more than 100 represents higher demand, and a value of less than 100 represents lower demand. For example, an index of 120 implies that demand in the area is likely to be 20 percent higher than the US average; an index of 85 implies a demand that is 15 percent lower.

How Esri Calculates Market Potential

Esri calculates Market Potential by combining 2018 Tapestry™ Segmentation data with Doublebase® 2017 data from GfK MRI. Doublebase 2017 is an integration of information from four consumer surveys. Each survey respondent can be identified by Tapestry segment, so a rate of consumption by Tapestry segment can be determined for a product or service for any area.

The *Expected Number of Consumers* (households or adults) for a product or service in an area is computed by applying the consumption rate for Tapestry market segment "n" to households or adults in the area belonging to Tapestry segment "n," and summing across 67 Tapestry segments.

$$\text{Expected Number of Consumers} = \sum_{n=1}^{67} (\text{Count}_n \times \text{Consumption Rate}_n)$$

The *Local Consumption Rate* for a product or service for an area is computed as the ratio of the expected number of consumers for a product or service in the area to the total households or adults in the area.

$$\text{Local Consumption Rate} = \frac{\text{Expected Number of Consumers}}{\text{Base Count}}$$

The *Market Potential Index* for a product or service for an area is the ratio of the local consumption rate for a product or service for the area to the US consumption rate for the product or service, multiplied by 100.

$$\text{Market Potential Index} = \frac{\text{Local Consumption Rate}}{\text{US Consumption Rate}} \times 100$$

Esri's 2018 Market Potential database incorporates the next generation of Tapestry Segmentation with new and revised items from 2017 consumer surveys to provide a fresh outlook on local consumer preferences. Data for more than 2,300 items, organized into 35 categories, representing goods, services, attitudes, and activities collected from GfK MRI surveys, are included. Unless otherwise noted, each item refers to consumer spending or behavior in a 12-month period. Also note that items that refer to expenditures of "less than x dollars" or "under x dollars" refer to households or adults that spent \$1 or more on the item. The *a* or *h* following the five-digit product code denotes a consumer base of adults or households, respectively.

Products and services, such as apparel items and expenditures, electronics, civic activities and political affiliation, financial accounts and services, groceries and household products, health-related items, Internet activities, leisure activities, media-related items, personal care services, cell phones and service, shopping, sports, and travel activities are included. Information on consumer confidence, buying styles, values, and general attitudes are included as well. New items for 2018 include activity on social networks and other websites, wearable tech, household Internet devices, cell phone use, and digital payment services.

For more information about the Market Potential data, call 1-800-447-9778.

About Esri's Data Development Team

Led by chief demographer **Kyle R. Cassal**, Esri's data development team has a 35-year history of excellence in market intelligence. The team's economists, statisticians, demographers, geographers, and analysts produce independent small-area demographic and socioeconomic estimates and forecasts for the United States. The team develops exclusive demographic models and methodologies to create market-proven datasets, many of which are now industry benchmarks such as Tapestry Segmentation, Consumer Spending, Market Potential, and annual Updated Demographics. Esri® demographics powers the ArcGIS® platform through dynamic web maps, data enrichment, reports, and infographics.



Esri, the global market leader in geographic information system (GIS) software, offers the most powerful mapping and spatial analytics technology available.

Since 1969, Esri has helped customers unlock the full potential of data to improve operational and business results. Today, Esri software is deployed in more than 350,000 organizations including the world's largest cities, most national governments, 75 percent of Fortune 500 companies, and more than 7,000 colleges and universities. Esri engineers the most advanced solutions for digital transformation, the Internet of Things (IoT), and location analytics to inform the most authoritative maps in the world.

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