

# Selecting markets to achieve pre-determined potential



We market FMCG products - toilet soaps, washing bars etc. We want to expand to Andhra Pradesh and cover 60% of the market potential offered by the state. Can the Guide help?

### DATA REQUIRED FROM THE GUIDE

- Market Potential Value MPV - Volume I
- District area - From Companion interactive CD

### SOLUTION

We first consider total aggregate potential offered by the state. We then list districts in descending order of MPV along with district area. It is important to consider district area to help optimize distribution. Table 1 illustrates state aggregate market potential and the required 60% share.

Table 1. State aggregate potential.

State	No. of Districts	MPV
Andhra Pradesh	23	1747
60 % size		1048

We now list districts in descending order of MPV per unit area. Column 3 in Table 2 below gives a good indication of such districts. We then take cumulative MPV of the districts to arrive at optimum markets to achieve 60% of the state potential as can be seen in the last column of the table below.

Table 2. Short-listing Districts to achieve pre-determined potential.

S. No.	District	MPV	Area (Sq. Km)	Analysis	MPV Cumulative
		1	2	3 = (1÷2) x 100	
1.	Hyderabad	258.80	330	78.46	259
2.	Krishna	119.93	8727	1.37	379
3.	West Godavari	91.33	7742	1.18	470
4.	East Godavari	107.24	10807	0.99	577
5.	Guntur	105.27	11391	0.92	683
6.	Visakhapatnam	91.41	11616	0.79	774
7.	Srikakulam	43.29	5837	0.74	817
8.	Vizianagaram	41.66	6539	0.64	859
9.	Nizamabad	50.25	7956	0.63	909
10.	Karimnagar	74.40	11823	0.63	984
11.	Chittoor	78.54	15151	0.52	1062

### RESULT

It can be seen that we cover 60% market potential by covering 11 districts. Further analysis can be done by considering consumption of FMCG products.