



Category Development Index

Description:

A comparative market-by-market measure of a market's total sales (all brands).

Figures Needed:*

- Total sales of all brands in a market as a percentage of total U.S. sales.
- Population per market {as percentage of U.S.}

Formula:

$$\frac{\text{Market's U.S. sales share in percent} \times 100}{\text{Market's population in percent}} = \text{CDI}$$

Steps:

1. Multiply markets total sales percentage by 100.
2. Divide the sales figure by market's percentage of U.S. population.
3. Repeat calculation for all markets
4. Rank order CDI's from highest to lowest.

Illustration:

Market A's total sales accounts for 5.6 percent of U.S. sales from a population that is 2.6 percent of U.S.

Market B is 2.6 percent sales and 1.2% population. Which has the higher CDI?

$$\frac{5.6 \times 100}{2.6} = 215 \text{ Market A's CDI}$$

$$\frac{2.6 \times 100}{1.2} = 216 \text{ Market B's CDI}$$

Note that the smaller market ranks better on CDI for potential. These indices reward effectiveness not size. CDI most valuable when used in conjunction with BDI.

* CDI not standardized> Firms use various marketing statistics for computation. version shown here is the most basic but some include as many as five elements such as retail sales, percent category penetration {distribution} and some manipulate brand sales against total sales.

