SECTIONS 17-2, 17-3 Sales Potential and Market Share

The sales potential of a product is determined by the percent of potential purchasers, the market size, and the individual rate of purchase. The market share is the ratio of the total product sales to the total market sales.

\[
\text{Annual Sales Potential} = \frac{\text{Estimated Market Size}}{\text{Number of Potential Purchasers}} \times \frac{\text{Percent of Potential Purchasers}}{\text{Individual Rate of Purchase}} \times \frac{\text{Percent of Potential Purchasers}}{\text{Percent of Potential Purchasers}}
\]

\[
\text{Market Share} = \frac{\text{Total Product Sales}}{\text{Total Market Sales}}
\]

Fill in the table. Round answers to the nearest tenth of a percent.

<table>
<thead>
<tr>
<th>New Product</th>
<th>Number in Sample</th>
<th>Number of Potential Purchasers</th>
<th>Percent of Potential Purchasers</th>
<th>Estimated Market Size</th>
<th>Individual Rate of Purchase per Year</th>
<th>Annual Sales Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Deodorant</td>
<td>2,000</td>
<td>725</td>
<td>20,000,000</td>
<td>12 sticks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Computer game</td>
<td>5,000</td>
<td>270</td>
<td>12,000,000</td>
<td>2 games</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Fertilizer</td>
<td>16,000</td>
<td>782</td>
<td>62,000,000</td>
<td>4 bags</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Motor oil</td>
<td>8,400</td>
<td>265</td>
<td>120,000</td>
<td>6 quarts</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Modern Optical Company is marketing a new style of soft contact lens. Out of a sample of 7,000 users, 342 preferred the new style. There is an estimated total market of 875,000 users of contact lenses in the city. The average consumer purchases one pair per year. What is the sales potential for the new lenses for one year?

6. Electronic Air is a new room air freshener. Out of 7,500 people surveyed, 82 said they would buy it. The estimated market size is 4,500,000. The company estimates that each person would buy 4 per year. What is the annual sales potential?

7. Enviro, Inc., sells approximately 3,516,000 beetle traps per year. The insect control industry sells approximately 9,000,000 beetle traps per year. What is Enviro's market share?

8. Your company sells pen and pencil sets. Last year sales totaled $74.3 million. The total market sales were $3.6 billion. What was your company's market share?