

# STRATEGY AND ORGANIATIONAL STRUCTURE

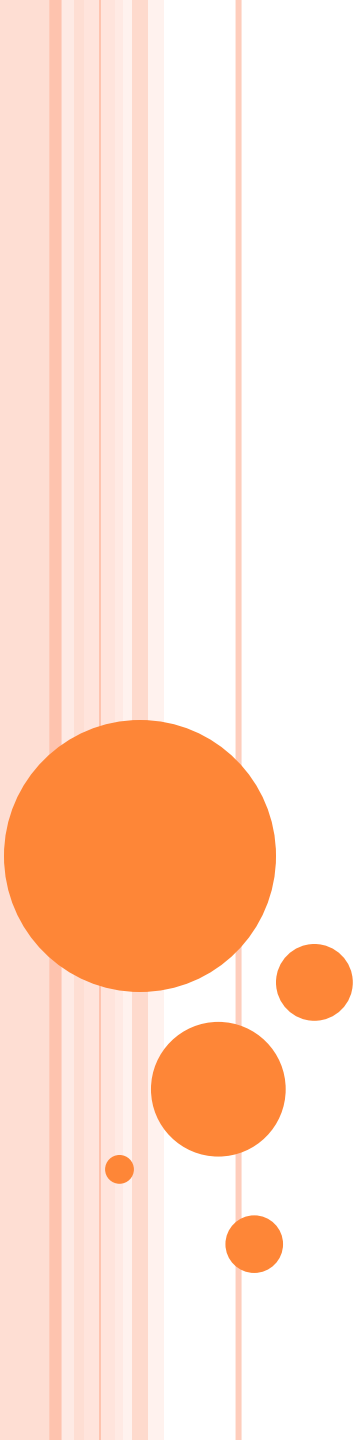
## Lecture 5: Segments attractiveness' analysis

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*Target audience: MASTER II students- Strategic Management*

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After the segmentation of the market, the marketer should evaluate the attractiveness of the segments formed and this is done through the analysis of demand.

But before analyzing the demand we need to define primary and selective demand.

□ **Primary and selective demand**

❖ **Primary demand:** is the total demand for all brands of a given product or service

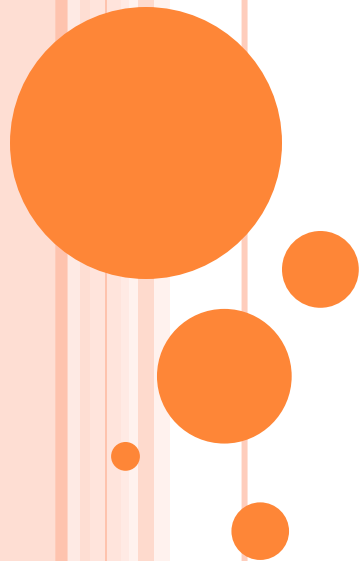
❖ **Selective demand:** is the demand for the company's own product or service

## □ **Expandable and non-expandable primary demand:**

**The demand is expandable when the sales level is influenced by environmental factors as well as by marketing efforts made by companies operating in the market.**

**On the other hand, the demand is said to be non-expandable when it no longer responds to total marketing pressure (efforts) or environmental factors**

**So generally, the level of primary demand depends on the level of intervention of a certain number of explanatory variables called the determinants of demand**





□ **The determinants of primary demand:**

The determinants of primary demand are of two types: **environmental factors** beyond the company's control such as technological changes, changes of consumption habits, legislation, ..., etc.

And **marketing factors** represented by the total marketing efforts carried out by competing companies in the market

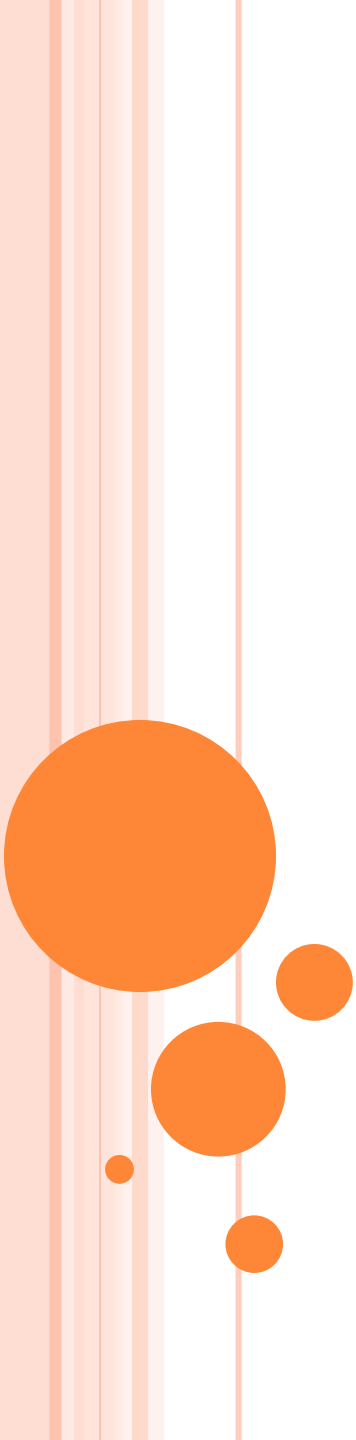


□ **The search for opportunities to develop demand:**

**The gap between the achieved level of primary demand and the level of the absolute potential market measures the degree of development or under development of a market.**

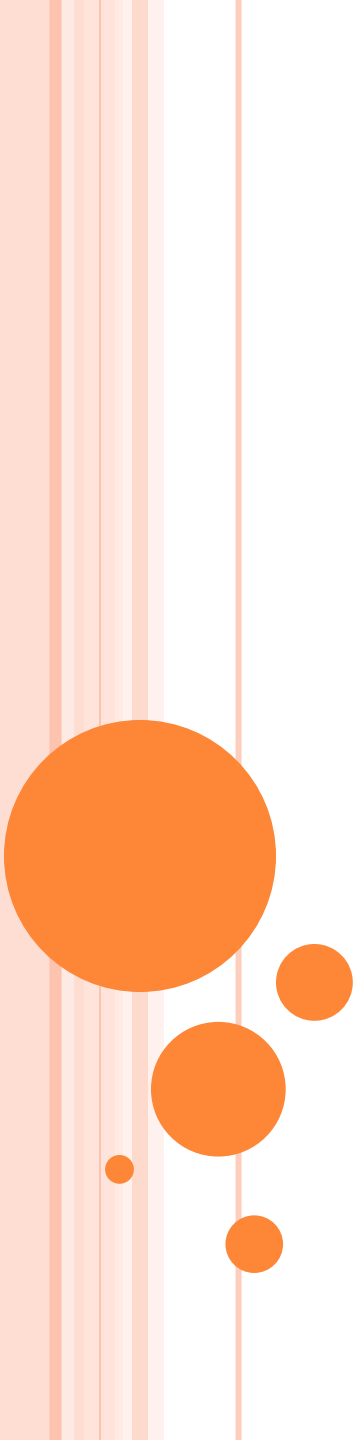
**The greater the gap, the higher the potential of primary demand development.**

**Conversely, the lower the gap, the closer we are to the saturation level.**



This gap, which constitutes development potential of demand for all companies operating in the segment, can be attributable to several causes including:

- ❖ **Weakness in penetration rate:** this is due to the little use of the product.
- ❖ **Weakness of distribution network:** which means the insufficient coverage of the market by the distribution network.
- ❖ **Insufficiency of products:** This is due to an inadequacy of existing products to different consumption situations or buyers expectations.



**Insufficiency of products can be due to an inadequacy of the product size, an inadequacy of the available options, an unsuitability of styles, color, taste, or scent or an inadequacy of the quality.**

- ✓ **Each of these inadequacies constitutes a potential development of demand thanks to an appropriate policy of innovation or differentiation**