

Lesson 1 ; Recognizing potentiel market

Market potential is a crucial element in the business planning process. It will help you estimate the amount of money you can expect to make from the products or services you plan to market. It is the total demand for a product in a given business environment. Keep in mind the estimate is only as good as the information being used.

For a successful marketing process, it is important to assess a product's market potential, or the estimated maximum sales in a given market size at a specific time. Learn about the definition of market potential, with examples of how to analyze the three factors that may affect market potential.

What is market potential?

Determining the market potential for a product or service tells you what the market is really worth by helping you calculate the total demand for a product in a certain business environment. It tells you the total number of people (or businesses) that you could ever possibly sell to, also known as your [sample size](#), which can help you calculate your revenue potential.

It doesn't help you predict the future, but it does help you predict whether or not your product has a shot at success. Market potential answers the question, "How much could we sell?" It's commonly used to estimate whether or not expansion into new markets is feasible (for example, if you're considering expanding sales into a brand new U.S. territory you've never sold to before).

Potential markets take one of a few forms:

- **New products you market to your current customers**
- **New products you market to new customers**
- **Current products you market to new customers**

You probably won't (and shouldn't) expand into multiple new markets at once, but understanding your options can help you decide which new markets make the most sense for your business goals.

Determining market potential :

1. **Market Size**: This is the first and most important factor. Market size is the total market sales potential of every company in a market combined. If you're launching a new skincare brand, the market size would include the combined sales of every other skincare brand, both branded and non-branded, in your geographic territory. This is also known as your **Total Addressable Market (TAM)**. Your TAM is generally a **huge** number (depending on what you're selling) but not everyone in the TAM will fit your customer profile. Depending on the size of your industry, you can consult companies like Nielsen to get accurate market size data.
2. **Market Growth Rate**: Is the market you're entering (or already selling in) growing or declining? When you check the last 5-10 years of sales data for your industry, what patterns do you see? By using this data, you can forecast whether or not the market size will change and use that to shape your predictions.
3. **Profitability**: What's your likelihood of profitability? How profitable, generally, is the market you're entering? Lower profitability markets require higher sales volumes, while higher profitability markets can get away with lower sales volumes.
4. **Competitive Analysis**: Who are you competing against in the market? Which companies are selling similar products, or might in the future? How much market share do they have? What advantages and disadvantages do you hold over them? If you're entering a market where one or two companies monopolize most of the market share, you'll be at a much greater risk of vulnerability. Knowing your existing (or potential) competition helps you plan better for the future.

1. **Distribution Channels:** How will you distribute your product? Will you sell directly to consumers or use distribution channels? Will you white label your products and distribute them through a network of resellers? Distribution channels can affect revenue and expenses, which will affect your revenue forecasts.
2. **Product and Consumer Type:** What type of product or service will you be selling? Is it a one-time purchase (like a high-end piece of furniture) or a repeat purchase (like toothpaste)? Is it a product or service consumers are already familiar with, or will you need to invest in consumer education to boost product adoption?

Homework ; 1

1-How to determine and rencogniez market potentiel ?

- 2- Extract from the texts all terminologies and translated from english into Arabic (قم باستخراج كل المصطلحات وقم ترجمتها من الإنجليزية الى العربية)

Send all your homework's to the following **pdf or word**

Email ; gestion23000@gmail.com

The last day to send ur homework is the 22/02/2025 Thursday evening

Good luck