



Objective Evaluation of the Consumer Market and the Study of its Potential Advantages

Gulnisa Mustafayeva¹  

¹Western Caspian University, Baku, Azerbaijan

Received:08.10.2025

Accepted:25.10.2025

Published:30.10.2025

DOI: <https://doi.org/10.54414/FTAY8271>

Abstract

This article analyzes the issues of objectively evaluating the consumer market and identifying its potential advantages. The main purpose of the study is to determine real opportunities for economic development through a comprehensive assessment of demand, supply, price dynamics, and consumer behavior existing in the market. The research employs economic-statistical methods, comparative analysis, and observation techniques. The findings indicate that the objective evaluation of the consumer market plays a significant role in shaping economic policy, ensuring efficient resource allocation, and strengthening the competitive environment. The article also examines the impact of market participants' potential advantages—such as innovation-oriented production, quality improvement, and enhancement of consumer satisfaction—on economic sustainability. The results show that a well-assessed consumer market not only increases the efficiency of the national economy but also stimulates the development of competitive production.

Keywords: consumer market, marketing research, market infrastructures, objective evaluation, economic potential, demand and supply, competitive advantage.

1. Introduction

Analyzing the domestic market in the Republic is essential for ensuring its effective operation. Such analysis involves a phased study of the development patterns of the domestic market arising from the influence of macro and micro environments, analysis of local production supply, product specialization, and the competitive position of the market, in order to plan and forecast market conditions in both the short and long term.

The methodology for evaluating the state and development of the consumer market has a complex structure and cannot be standardized. The main goal of a comprehensive study of the consumer market is to identify inconsistencies and unused opportunities in its development for the purpose of developing a program for its future growth. The evolution of real monetary relations in the national economy has necessitated a methodological revision of economic research on the processes occurring in the consumer market, taking into account the modern conditions and regional characteristics of its actors.

In the modern consumer market, not only categories, prices, and supply matter—factors such as sustainability, ecological aspects, and consumer social responsibility also play a significant role in evaluating the market and identifying competitive advantages (Murtaza Haider, Randall Shannon, & George P., 2022, p. 12).

Since the market for consumer goods and services is a complex social as well as economic category, its study must inevitably be carried out in a systematic and comprehensive manner (Mammadov, 2019, p.

27). Success in business primarily depends on the ability to offer a useful, demanded product, and secondly, on the ability to present it effectively to potential consumers.

Objective evaluation of market volume indicators allows determining whether a product is needed in the market, how many individuals or companies constitute its potential consumers, and to what extent they are ready, capable, and financially able to consume it.

In marketing, market volume is generally understood as the consumption of a product or service within a specific territory over a given period (usually one year), i.e., the number of purchase and sale transactions expressed in monetary terms. Depending on the objectives of marketing analysis, the features of the market and the region's economy, and the characteristics of the product, measurement can be carried out in quantitative terms.

Market volume represents a system of indicators reflecting actual, maximum possible, or existing demand for a particular format or brand, as well as the real or expected consumption of a product. It denotes the total volume of purchase and sale transactions for goods or services in a geographically limited market over a certain period (Qafarov, 2023, p. 10).

Attempts to promote goods or services that lack demand, bring no benefit, or fail to meet the needs of local residents or businesses operating in the region lead to inefficient expenditures, including advertising and marketing costs, which ultimately prove unjustified. This statement holds true for both consumer segments and the business-to-business (B2B) sector.

Comprehensive research methods for the consumer goods and services market should incorporate leading economic-mathematical approaches while including not only quantitative but also qualitative indicators. These may involve empirical studies, surveys, tests, questionnaires, segmentation, typological classification, and other complex methods. Given the complexity and systemic nature of the consumer market, it is essential that all these methods be implemented in a systematic manner (Mammadov, 2019, p. 28).

As a diagnostic process, "marketing diagnostics" is used as a tool for monitoring an enterprise's internal and external environment (Krivoruchko, 2013, p. 228).

A comprehensive diagnosis of the consumer market, analysis of processes, and forecasting are conducted based on the following principles:

the principle of a systematic approach;

the principle of a dynamic approach;

the principle of considering scientific and technological progress and structural changes;

the principle of accounting for regional characteristics.

In the process of studying the consumer market, the comprehensive evaluation of its state and development in the region is carried out in connection with socio-economic development indicators, including:

the balance between the population's monetary income and expenditures;

food security;

growth in the production of consumer goods and paid services;

satisfaction of demand, etc.

2. Market Infrastructure – Definition and Evaluation of Development Level



Market infrastructure refers to the organizational and legal forms, institutions, systems, service enterprises, and a set of specific functions that regulate the movement of goods and services, control sales transactions, and ensure the proper functioning of the market (Mustafayeva & Mammadova, 2018, p. 53).

When assessing the level of development of the consumer goods market infrastructure, indicators such as the share of services in the gross regional product, capital investments, and the number of employees are analyzed. Various methods can be used to evaluate the state and development of the consumer market: system analysis, statistical methods (balance, index, etc.), sociological research methods, factor, regression, and correlation analyses, as well as expert methods (based on the intuitive forecasting of the studied object’s development by expert specialists).

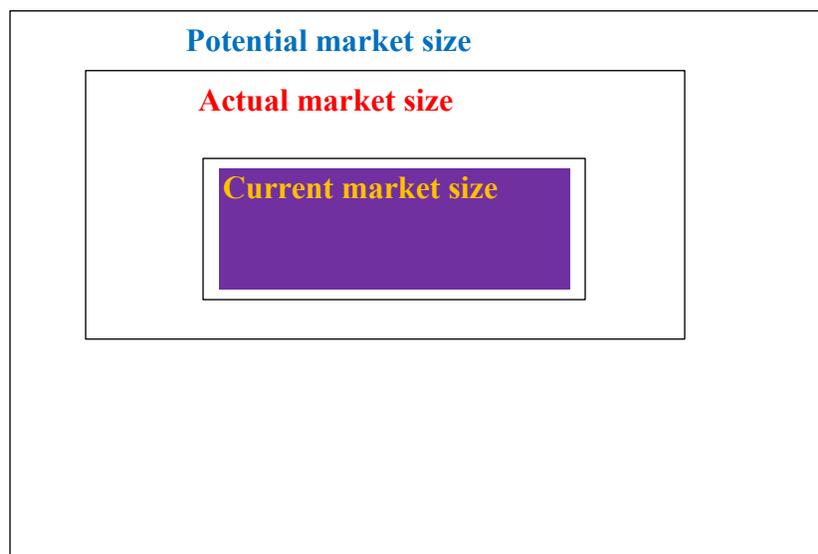
Knowing the actual market size for a year or a month is not sufficient without understanding its dynamics and identifying the factors that shape it. Research becomes valuable when an investor deciding to allocate funds can identify growth points, strengths, and weaknesses in the production or sale of a product in a particular market. Therefore, market size calculation should not be limited to a single indicator—it must include a system of indicators that reflect market trends and existing opportunities.

Market size should generally be evaluated in two directions: “**actual market size**” and “**potential market size**”—that is, on the one hand, the value of products or services currently being sold, and on the other, the unrealized potential of the market (Proctor, 2002, p. 25).

The most common technique analyzes three indicators: existing, actual, and potential size. Considering the characteristics of the 21st-century information market, the four most progressive metrics—**PAM, TAM, SAM, and SOM**—are also analyzed.

Different experts and research schools use and promote various approaches and formulas, which are often determined by the characteristics of the market, the resource base of a company or marketing agency, and the marketer’s knowledge and experience. Several methods are used to assess the potential of the consumer market.

2.1. Method 1: Existing, Actual, and Potential Market Size



The **potential market size** represents the ultimate boundary of market expansion. It indicates the maximum possible level of demand when the consumption culture reaches its peak and additional marketing investments no longer yield results. This indicator is particularly important for equipment manufacturers

and other producers where assessing the potential demand for end products is difficult—errors here can lead to significant financial losses.

Ideally, not only startups seeking investment or credit funding but also established companies' management should rely on such data before making major strategic decisions. These data help visualize prospects and potential, guide changes in product structure, stop investing in unprofitable areas, and prevent losses from inefficient investments.

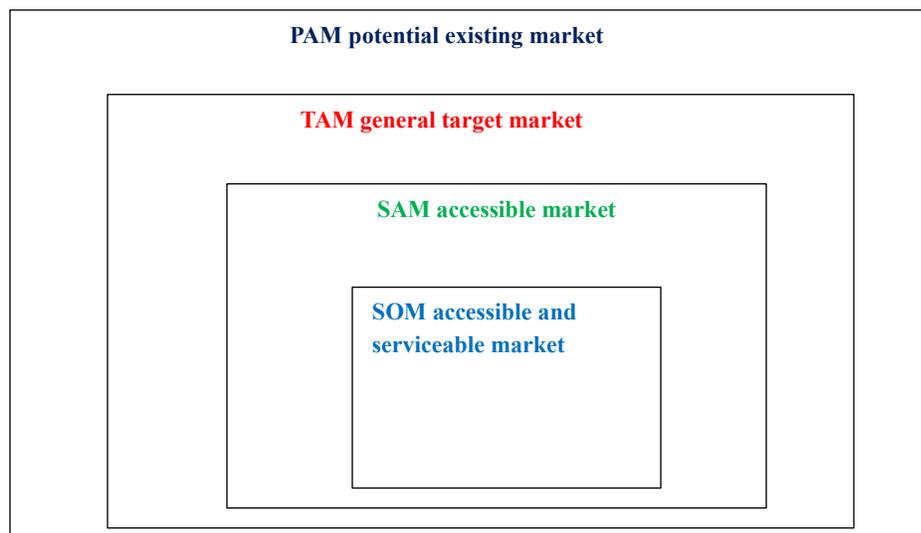
The **actual market size** represents the current effective demand or consumption of a product in monetary terms. Actual data are mainly needed for comparison; they help evaluate dynamics and determine whether the market is expanding or shrinking.

The **existing market size** is the volume of the market in which a particular company, brand, or product can compete. For making strategic decisions, it is essential not only to understand what is expected but also why it is necessary. Therefore, during research, it is crucial to determine how demand for a company's products and competitors' products will change based on strengths and weaknesses (Markus Blut, 2023, p. 24).

This indicator is important not only for evaluating market size during new product launches, entry into new markets, or establishment of new businesses, but also for implementing plans to enhance competitiveness. Such data are necessary for companies aiming to increase their market share by outperforming competitors. If a product demonstrates growth potential in a specific market, these findings justify investment in the project.

2.2. Method 2: PAM, TAM, SAM, SOM

The study of market size using the PAM, TAM, SAM, and SOM indicator system serves the same general objectives as traditional models. However, it is more often used for informal purposes, such as evaluating prospects for increasing competitiveness. Traditional indicators are frequently utilized when preparing a business plan to obtain credit.



2.2.1. Potentially Accessible Market – PAM

PAM literally translates as “potentially accessible market.” This indicator reflects the total market capacity without any limitations, including geographical ones. In practice, products are usually promoted gradually—



starting from regional markets, expanding to neighboring regions, and eventually covering the entire country or even entering foreign markets.

Manufacturers of consumer goods often limit themselves to regional markets, which can be justified in cases such as companies producing environmentally friendly perishable food products (Zeithaml, 2001, p. 203). In the B2B segment, especially in equipment production, this approach is rarely economically viable. Therefore, when investing in development, it is essential to assess in advance the potential of the product in foreign markets. Objective marketing data allows for long-term forecasting and helps identify market needs and demand for specific equipment capacities and functionalities.

During research, it is important to evaluate PAM over time to observe existing market trends and determine whether growth or decline is expected. The PAM indicator is particularly useful when assessing whether a product has a viable future or if a sharp market expansion (increasing demand) can be anticipated. For instance, one might ask: what are the real prospects for the global electric vehicle or energy industries? Is it worth investing in related projects, or will medium-term (10-year) demand remain low?

2.2.2. Total Addressable Market – TAM

TAM literally translates as “total addressable market.” This represents the total potential of the company’s target market. Evaluating this helps determine the overall scope of growth opportunities. It includes not only the actual market volume but also potential demand—that is, both companies already purchasing products (including from competitors) and those that could become future buyers. For example, all agricultural enterprises engaged in farming require irrigation and, consequently, related equipment.

2.2.3. Serviceable Available Market – SAM

SAM literally translates as “serviceable available market.” This refers to the actual market volume—the consumer expenditures on competing and analogous products.

Although SAM, like TAM, has potential, it focuses not on the development of a market where there is enough space for everyone, but rather on cases where growth is possible through enhancing competitiveness, pushing out competitors, and reducing their market shares.

2.2.4. Serviceable Obtainable Market – SOM

SOM literally translates as “serviceable and obtainable market.” A company that possesses objective data on the market can determine this indicator independently or with the assistance of marketing consultants.

Measurement of Market Volume and Share

Each size indicator corresponds to a specific market segment.

PAM reflects the total opportunities available for product development, branding, and promotion.

TAM represents a portion of PAM—the market on which the company will concentrate its efforts.

SAM is an actual indicator, encompassing real consumption in the existing market—a subset of PAM.

SOM is the segment on which the company is currently focused. It shows the market share that the company plans to capture and maintain.

Market share indicates a company’s position relative to its competitors and its level of competitiveness. It is measured as a percentage and calculated using the following formula:

2.3. Market Share and Market Capacity Assessment Methods

$$\text{Market Share} = (\text{Company's Product Sales Volume} \div \text{Total Market Size}) \times 100\%$$

Market research and objective comparison of your product with others serve as a means of finding opportunities for improving and assessing the effectiveness of marketing plans. If the market is growing but a company's share is shrinking, an increase in sales does not necessarily indicate real development. Without constant monitoring, a company may face an unexpected decline once the product boom passes. Regular observation allows identifying sales growth points, detecting weaknesses in time when long-term competitiveness is at risk, and diversifying business activities to protect capital.

Knowing market share also makes it easier to justify a company's position to investors, creditors, partners, and suppliers—or even potential buyers during a business sale. A company that owns 10% (or at least 5%) of the market is considered more stable and promising than one that remains statistically invisible and is grouped under "Others" in data reports.

Market volume research and analysis form the basis of a business plan and simultaneously provide feedback on how successfully the previous plan has been implemented. Implementing a project without obtaining objective market data carries significant risk.

Statistics show that over 75% of companies close within their first year because they misjudge product demand (SOM). Entrepreneurs often fail to realize that poor demand estimation is not limited to overoptimistic expectations and overproduction—it primarily involves inefficient allocation and expenditure of financial resources.

Since market capacity calculations are always variable, results may differ depending on the methods and formulas used. It must be noted that there are no universal methods for calculating market capacity because each market is unique.

According to Gryaznova (2015, p. 34), the market capacity for certain product types is characterized by the production volume of that product or group of goods within a specific territory and time period.

1. Estimating Market Capacity Based on Production Volume

To determine market capacity, the leading producers and their production levels are analyzed. For instance, a sample analysis can be conducted on major producers that manufacture similar products in large quantities. For this method, the shares of large, medium, and small producers are calculated as percentages, and each ratio is multiplied by a sample coefficient within its category.

Example:

- Large enterprises: 10% share × coefficient 6
 - Medium enterprises: 5% share × coefficient 2
 - Small enterprises: 0.01% share × coefficient 1
- Market capacity = 70.01% (10% × 6 + 5% × 2 + 0.01% × 1)

2. Estimating Market Capacity Based on Consumption and Expenditure Rates

This method relies on existing consumption levels and is more suitable for determining potential market capacity. It is based on per capita consumption of a product, measured over a specific period (e.g., monthly), and the number of consumers using the product.

Example:

If the per capita consumption of a product is 20 kilograms per month and there are 500 consumers, the total market capacity will be:

$$20 \times 12 \times 500 = 120,000 \text{ kilograms.}$$

3. Estimating Market Capacity Based on Sales Volume



This method involves analyzing the total sales volume of products across all trading companies. At least 80% of organizations in the sector should participate in this analysis, excluding warehouse stocks and unrealized inventory.

Market capacity is then calculated by dividing the total sales volume over the studied period by the number of months and multiplying by 12.

Example:

If the total sales volume in a studied region over two years is 562.6 million AZN, then the annual market capacity will be: $562.6 \times 12 / 24 = 281.3$ million AZN.

2.4. Market Capacity Assessment Based on Nomenclature, Price, and Advertising Evaluation

This method is based on comparing the total nomenclature of all market participants with the sales volume of one’s own enterprise. The same comparative approach applies to pricing and advertising. The result will be more accurate if the comparison range is consistent.

Market Potential (Market Potential) — representing the possible upper limit of demand in the market — is an essential advantage that determines enterprises’ growth opportunities and profitability (Kotler, 2003, p. 68).

According to this approach, the potential advantages of the consumer market may include:

- Opportunity for new development areas — when the market is not yet saturated and additional sales potential exists.
- Profitability and growth prospects — if the market has potential, companies can achieve higher income and expand their market share.
- Competitive advantage — a company that accurately assesses market potential can enter ahead of competitors, capture market share, and strengthen its position.
- Strategic and decision-making rationality — analyzing market potential enables efficient resource allocation and risk reduction.

The identification of the consumer market’s potential advantages is one of the main directions of economic theory and marketing science. This concept aims to uncover the growth, profitability, and competitiveness potential of the market through analysis of its current state and development prospects.

Direction	Content
Demand Potential	Existing and expected purchasing power, consumer trends
Innovation Potential	Open segments for new products and services
Competitive Potential	Opportunities for differentiation and market advantage
Economic Potential	Probability of sales growth, profitability, and export capacity
Social and Environmental Factors	Advantages in sustainable consumption and social responsibility

The methods used to identify consumer market potential advantages are among the main tools of economic analysis, marketing, and consumer behavior research:

1. Analytical and Diagnostic Methods:

- SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats): Identifies the market's strengths and weaknesses, as well as opportunities and threats. It helps reveal potential advantages. "SWOT analysis is the simplest and most effective tool for understanding market potential and a firm's market position." (Kotler, 2003, p. 101)

2. Statistical and Econometric Methods:

- Trend Analysis: Examines changes in sales, production, import-export, and income over the years to identify whether the consumer market is expanding or contracting. "Potential advantages of the consumer market can be revealed only through forecasts based on past dynamics." (Samuelson & Nordhaus, 2009, p. 221)
- Correlation-Regression Analysis: Determines the relationship between variables such as consumption level, income, price, production volume, and population to identify which factors create market advantages.

3. Marketing Research Methods:

- Survey and Interview Techniques: Analyze consumer preferences, satisfaction, and purchasing motivations to reveal which factors are prioritized — indicating hidden market advantages.

4. Competitive Analysis Methods:

- Porter's Five Forces Model: Evaluates five factors (competition, suppliers, buyers, new entrants, substitute products) to determine market attractiveness and potential advantages. This analysis identifies the directions of market growth and competitiveness.

5. Innovation and Value-Oriented Methods:

- Value-Based Analysis: Evaluates the value (functional, emotional, social) perceived by consumers. This method reveals the emotional and social advantages of the market.

6. Integrated Approach (Combined Methods):

The potential advantages of the consumer market are usually identified through a combination of methods:

- Statistical Analysis → Market reality
- Surveys and Focus Groups → Consumer behavior
- SWOT and Porter Analyses → Competition and opportunities
- Innovation and Value Analysis → Social and emotional advantages.

The consumer market is a complex economic category; therefore, its assessment must always account for the economic and integrative processes of the past, present, and future. Market capacity is not static — it is constantly evolving. New competitors enter, while others exit. Demand for products and services fluctuates. Market participants must be prepared for these changes.

For sustainable development of the consumer market, it is necessary to improve inventory management methods, create an efficient distribution system, and expand infrastructure to ensure that the diverse consumption needs of the population — particularly for locally produced goods and services — are fully met.

Facilitating market development requires significant investment, additional technical assistance, and coordinated multilateral efforts. In our opinion, all these recommendations will form a solid foundation for developing and implementing a comprehensive state program aimed at the formation and advancement of the consumer market.



3. Conclusion

The research presented in this article demonstrates that an objective assessment of the consumer market is a key prerequisite for accurately identifying market development prospects and the competitive capabilities of enterprises. The combination of analytical, statistical, and marketing methods enables a comprehensive evaluation of the actual state of the market, consumer demand, purchasing power, and the competitive environment.

The market's potential advantages reflect its growth and profit opportunities, open segments for new products and services, and possibilities for achieving competitive advantage. SWOT analysis, trend and forecast analysis, surveys and focus group studies, Porter's Five Forces model, and value-based analysis constitute the primary methods for effectively assessing market potential.

In conclusion, the accurate identification of the consumer market's potential advantages provides enterprises with a foundation for making strategic decisions, ensuring efficient allocation of resources, and achieving competitive advantage. This, in turn, creates favorable conditions for market participants to operate successfully in both the short and long term.

References

1. Haider, M., Shannon, R., & Moschis, G. P. (2022). *Sustainable consumption research and the role of marketing: A review of the literature (1976–2021)*. *Journal of Macromarketing*, 42(2), 226–244.
2. Məmmədov, E. (2019). *İstehlak bazarının idarə edilməsi*. Bakı.
3. Krivoruchko, O. S. (2013). Marketing diagnostics in consumer cooperatives trade enterprises. *Marketing & Management of Innovations/Marketing i Menedžment İnnovacij*, (3).
4. Mustafayeva, G., & Məmmədova, S. (2018). *Bazar infrastruktururu*. Bakı.
5. Proctor, T. (2002). *Strategic marketing: An introduction* (p. 25). Routledge.
6. Qafarov, N. (2023). *Aqrar istehlak bazarının formalaşması və inkişafının iqtisadi problemləri [Monoqrafiya]*. Bakı.
7. Blut, M., Chaney, D., Lunardo, R., Mencarelli, R., & Grewal, D. (2024). Customer perceived value: a comprehensive meta-analysis. *Journal of service Research*, 27(4), 501-524.
8. Chahal, H., & Kumari, N. (2012). Consumer perceived value: The development of a multiple item scale in hospitals in the Indian context. *International Journal of Pharmaceutical and Healthcare Marketing*, 6(2), 167-190.
9. Brese, O. E., Grjaznova, N. L., Brese, V. A., & Angersbach, A. K. (2015). Market capacity as the basis of marketing research food market of Kemerovo region. *Foods and Raw materials*, 3(1), 132-139.
10. Kotler, P. (2003). *Marketing management* (11th ed., pp. 68, 101). Prentice Hall.
11. Samuelson, P. A., & Nordhaus, W. D. (2009). *Economics* (19th ed., p. 221). McGraw-Hill.
12. Gujarati, D. N. (2011). *Econometrics by example* (p. 55). Palgrave Macmillan.