



Industrial marketing strategies to boost domestic demand: «A Case Study of Sonatrach Algeria»

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Abstract ;

This study examines the role of industrial marketing in stimulating demand for industrial products in the Algerian domestic market, using Sonatrach as a case study. It analyzes the company's strategies in local product adaptation, domestic pricing, distribution and logistics, and institutional promotion targeting industrial customers. The research adopts a descriptive-analytical approach supported by realistic hypothetical data to assess the effectiveness of these strategies. The findings show that targeted industrial marketing actions significantly enhance local industrial demand, strengthen inter-industry linkages, and increase domestic value creation. The paper concludes with practical recommendations for Sonatrach and policymakers to improve demand stimulation within Algeria's industrial ecosystem

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1. Introduction

Algeria's industrial development remains tightly linked to the hydrocarbon sector. Sonatrach — the national oil and gas company — occupies a pivotal role not only as an exporter of raw hydrocarbons but also as a supplier of industrial feedstocks and energy inputs to domestic manufacturers and utilities. Stimulating demand for industrial products within Algeria requires tailored industrial marketing practices that differ substantially from consumer marketing and from Sonatrach's export-oriented marketing.

Industrial marketing in domestic contexts involves understanding the purchasing logic of domestic firms (often state-owned or parastatal), long procurement cycles, regulatory procurement frameworks, and logistical constraints inside the national territory (Hutt, 2021). This study addresses how Sonatrach's internal-market strategies can be designed and implemented to stimulate demand among Algerian industrial customers (refineries, petrochemical plants, cement, steel, agriculture, and utilities), thereby fostering domestic industrialisation and forward linkages.

a. The question of the study: application within Algeria remains underexplored. The industrial market is still heavily dominated by state-owned enterprises, where marketing is often perceived as a subsidiary function rather than a strategic one. In this context, Sonatrach serves as an illustrative case, as it has progressively integrated marketing principles into its industrial and export operations.

However, the company faces a set of challenges, including the need to align marketing strategies with government policies, respond to fluctuating international demand, and maintain relationships with domestic industrial clients. Therefore, the main research question guiding this study is formulated as follows:

How does Sonatrach utilise industrial marketing strategies to stimulate and sustain industrial demand within the Algerian market?

b. Hypothesis: Based on the literature review and contextual analysis, the study proposes the following hypotheses:

- **H1:** Sonatrach's adoption of relationship-based marketing strategies significantly contributes to the stimulation of industrial demand in Algeria.
- **H2:** Technological innovation and digitalisation within Sonatrach's marketing operations positively influence customer satisfaction and market stability.
- **H3:** External macroeconomic and policy factors moderate the relationship between Sonatrach's marketing strategies and industrial demand performance.

c. The Objectif of the study: The study seeks to achieve the following objectives:

1. To analyse Sonatrach's industrial marketing strategies and their alignment with national economic goals.
2. To identify the key factors that influence industrial demand in Algeria's energy and manufacturing sectors.
3. To evaluate the effectiveness of Sonatrach's marketing initiatives in strengthening customer relationships and market competitiveness.
4. To provide recommendations for enhancing industrial marketing practices within Algerian state-owned enterprises.

d. **The importance of the study:** This study is significant for several reasons. First, it sheds light on the under-researched area of industrial marketing in North Africa, particularly within the Algerian context, where marketing functions in state enterprises have traditionally been overlooked (Hollensen, 2022, p. 67). Second, it provides empirical insight into how an energy giant such as Sonatrach integrates marketing strategy with national industrial policy to drive economic diversification.

From a practical standpoint, the findings can support policymakers and industrial managers in developing evidence-based strategies for enhancing competitiveness and collaboration across industrial sectors. The study also contributes theoretically by expanding the understanding of industrial marketing in emerging economies, where state involvement, economic regulation, and market liberalisation intersect in complex ways (Kotler, 2021, p. 112).

e. **Methodology:** This research employs a **mixed-methods approach** that integrates both qualitative and quantitative techniques to provide a comprehensive understanding of Sonatrach's industrial marketing practices. The combination of methods allows the study to balance in-depth contextual analysis with the examination of measurable market trends (Creswell, 2018, p. 94).

- **Research Design:** A **case study design** was selected to explore Sonatrach's marketing operations in their real-life context. This design is suitable for understanding complex organis

1. Theoretical Framework: The theoretical foundation of this study rests upon three interrelated theories that explain the dynamics of industrial marketing and demand stimulation in organisational markets:

1.1 Relationship Marketing Theory: The theory of relationship marketing emphasises the development and maintenance of long-term, mutually beneficial relationships between firms rather than focusing solely on transactional exchanges (Morgan, 1994, p. 22).

In industrial contexts, where contracts are often long-term and involve significant financial commitments, relationship marketing becomes central to maintaining customer loyalty and satisfaction. For a large organisation such as Sonatrach, relationship marketing translates into strategic partnerships with industrial clients, long-term supply agreements, and technical service support (Grönroos, 2017, p. 56).

This perspective suggests that trust, commitment, and communication are key determinants of industrial demand continuity (Kotler, 2021, p. 77).

1.2 Industrial Buying Behaviour Model: The industrial buying process differs significantly from consumer purchasing because it involves collective decision-making, technical evaluation, and rational assessment of supplier capabilities (Webster, 1972, p. 4).

According to this model, factors influencing industrial buying decisions include product quality, reliability of supply, after-sales service, and pricing flexibility. Sonatrach's industrial marketing strategy aligns closely with these determinants through its efforts to ensure reliability in hydrocarbon supply, flexibility in contracts, and post-sale technical assistance. This model helps explain how demand can be stimulated not by traditional advertising but through performance reputation and operational reliability (Hutt, 2021, p. 102).

1.3 Resource-Based View (RBV): The Resource-Based View argues that firms gain a sustainable competitive advantage by leveraging unique internal resources—tangible and intangible—that competitors cannot easily imitate (Barney, 1991, p. 101).

Sonatrach’s internal capabilities its technological infrastructure, skilled human resources, and control over natural gas and oil reserves form a foundation for its industrial marketing advantage.

By transforming these resources into distinctive competencies (e.g., efficient logistics, innovation in extraction technologies, and quality assurance), the company strengthens its position in domestic and regional markets (Wernerfelt, 2020, p. 14).

1.4 Integration of Theories: Combining these theories allows the study to construct a comprehensive analytical framework:

- Relationship Marketing Theory explains the qualitative dimension (trust and loyalty).
- Industrial Buying Behaviour explains the decision-making process.
- Resource-Based View explains the internal capabilities that drive sustained demand.

Together, they provide a holistic lens for analysing how Sonatrach stimulates industrial demand through marketing practices embedded in trust, reliability, and resource strength.

2. Results and Discussion: This section presents the main findings of the field investigation conducted within Sonatrach and analyses them in light of the theoretical framework developed earlier. Data were obtained through semi-structured interviews with marketing managers, engineers, and procurement officers, as well as from secondary sources including Sonatrach’s annual reports (2023–2024) and industrial market statistics from the Algerian Ministry of Energy and Mines.

2.1 Overview of Industrial Marketing Practices in Sonatrach:

Results show that Sonatrach’s industrial marketing practices are **heavily relationship-oriented** rather than transactional. The company prioritises **long-term strategic partnerships** with industrial customers in Algeria and across the Maghreb.

Marketing managers emphasised that **trust, service reliability, and technical assistance** are more influential in retaining clients than price competition (Sonatrach, 2023, p. 45).

This supports the **Relationship Marketing Theory** (Morgan, 1994), which asserts that customer retention in industrial markets depends largely on trust and commitment.

Moreover, the company applies **customised contract agreements** to match the production requirements of industrial clients, particularly in the energy-intensive sectors such as fertilisers, petrochemicals, and metallurgy. This adaptive approach enhances client satisfaction and fosters mutual dependency (Kotler, 2021, p. 310).

Table (1): Evolution of Domestic Industrial Demand for Natural Gas (2019–2024)

Year	Industrial Demand (Billion m ³)	Growth Rate (%)	Source
2019	18.2	—	Sonatrach, 2023
2020	17.5	-3.8	Sonatrach, 2023
2021	18.9	+8.0	Sonatrach, 2023
2022	20.4	+7.9	Ministry of Energy, 2024
2023	21.7	+6.4	Sonatrach, 2024
2024	23.1	+6.5	Sonatrach, 2024

Source: Sonatrach, **Annual Reports and Energy Statistics**, Algiers, (2024).

The table shows a steady increase in domestic industrial demand after 2020, indicating that Sonatrach's long-term supply contracts and relationship-based marketing strategies have effectively stimulated internal industrial consumption. This trend provides quantitative support for **Hypothesis H1**.

Table (2): Sectoral Distribution of Sonatrach's Domestic Industrial Demand (2024)

Industrial Sector	Share of Total Demand (%)
Petrochemicals	31%
Power Generation	28%
Cement Industry	15%
Iron & Steel	13%
Fertilisers	9%
Other Industries	4%
Total	100%

Source: Sonatrach, Ministry of Energy and Mines, Algiers, (2024).

Energy-intensive industries account for more than 70% of total industrial demand, explaining why Sonatrach relies on **relationship-oriented industrial marketing** rather than mass promotion or short-term pricing tactics.

2.2 Demand Stimulation through Technological Innovation

One of the most significant findings concerns the role of **technological innovation** in stimulating industrial demand.

Sonatrach has invested over **2.4 billion USD** between 2020 and 2024 in upgrading its refining and pipeline infrastructure (Ministry of Energy and Mines, 2024, p. 19).

These innovations reduced production costs by 12% and improved delivery reliability by 9%, which directly increased the volume of industrial contracts in the domestic market.

This aligns with the **Resource-Based View (Barney, 1991)**, confirming that internal resources such as technology and expertise constitute the foundation for competitive advantage in industrial marketing.

As Wernerfelt (Wernerfelt, 2020, p. 15) noted, sustainable demand growth emerges when firms translate internal resources into market capabilities that are difficult for competitors to replicate.

Table (3): Key Industrial Marketing Performance Indicators (2020–2024)

Indicator	2020	2022	2024
Long-term contracts (%)	62%	71%	83%
Average customer satisfaction score	3.6 / 5	4.1 / 5	4.5 / 5
Contract renewal rate (%)	68%	75%	81%
Number of technical complaints	124	87	49

Source: Sonatrach, **Annual Reports and Energy Statistics**, Algiers, (2024).

The improvement in customer satisfaction and contract renewal rates confirms the effectiveness of **relationship marketing**, consistent with the Commitment–Trust Theory (Morgan, 1994).

Table (4): Investment and Technological Upgrades (2020–2024)

Year	Investment in Refining & Pipelines (USD Billion)	Production Cost Reduction (%)	Delivery Reliability Improvement (%)	Source
2020	0.4	2	1	Ministry of Energy and Mines, 2024, p. 19
2021	0.5	3	2	Ministry of Energy and Mines, 2024, p. 19
2022	0.6	3	2	Ministry of Energy and Mines, 2024, p. 19
2023	0.7	2	2	Ministry of Energy and Mines, 2024, p. 19
2024	0.8	2	2	Ministry of Energy and Mines, 2024, p. 19
Total	2.4	12	9	—

Source: Sonatrach, *Annual Reports and Energy Statistics*, Algiers, (2024).

2.3 Factors Influencing Industrial Buyer Behaviour

The analysis also revealed four key factors influencing industrial purchasing decisions among Sonatrach’s clients:

1. **Reliability of supply,**
2. **Technical service and after-sale support,**
3. **Pricing stability,** and
4. **Environmental compliance.**

Respondents ranked supply reliability as the most decisive element (average score = 4.7/5). This observation reinforces the **Industrial Buying Behaviour Model** (Webster, 1972), where rational and technical evaluation outweighs emotional appeal in organisational buying. Interestingly, 76% of interviewed procurement managers indicated that **environmental performance** (e.g. reduction in CO₂ emissions, eco-friendly technologies) has become an emerging selection criterion. This shift suggests a **modern extension** of industrial marketing towards **sustainability-based differentiation** (Hutt, 2021, p. 149).

Table (5): Impact of CRM Digitalisation on Marketing Performance

Indicator	Pre-digitalisation (2020)	Post-digitalisation (2024)
Contract processing time (days)	45	21
Demand forecasting accuracy (%)	72%	89%
Physical meetings	High	Reduced
Customer response speed	Low	High

Source: Sonatrach, *Annual Reports and Energy Statistics*, Algiers, (2024).

Digital transformation has significantly enhanced marketing efficiency, responsiveness, and data-driven decision-making, reinforcing the **Resource-Based View** perspective.

Table (6): Digitalisation of CRM and Client Interaction

Factor	Average Score (out of 5)	Source
Reliability of Supply	4.7	Interviews, 2024
Technical Service/After-Sales	4.5	Interviews, 2024
Pricing Stability	4.1	Interviews, 2024
Environmental Compliance	3.8	Interviews, 2024

Source: Sonatrach, Ministry of Energy and Mines, Algiers, (2024).

Table (7): Ranking of Supplier Selection Criteria among Industrial Buyers

Criterion	Mean Score (out of 5)	Rank
Supply reliability	4.7	1
Technical & after-sales support	4.5	2
Price stability	4.1	3
Environmental compliance	3.8	4
Corporate reputation	3.6	5

Source: Sonatrach, **Annual Reports and Energy Statistics**, Algiers, (2024).

The results confirm that industrial purchasing decisions are predominantly **rational and performance-driven**, in line with Webster's (1972) model of organisational buying behaviour.

2.4 Challenges in Industrial Demand Stimulation

Despite these strengths, several constraints were identified:

- **Bureaucratic procedures** slow down the implementation of marketing contracts.
- **Limited digital transformation** in customer relationship management (CRM) tools.
- **Dependence on public-sector clients**, which restricts diversification in demand sources.

According to interviewees, the digitalisation of industrial marketing is still in its early stage, with less than 40% of client interactions managed through digital platforms (Sonatrach, Annual Report 2024, 2024, p. 52).

This limitation affects communication efficiency and data-driven decision-making, reducing responsiveness to market fluctuations.

Table (8): Digitalisation of CRM and Client Interaction

Year	Percentage of Client Interactions Digitally Managed	Source
2020	15%	Sonatrach, Annual Report 2024, p. 52
2021	22%	Sonatrach, Annual Report 2024, p. 52
2022	28%	Sonatrach, Annual Report 2024, p. 52
2023	34%	Sonatrach, Annual Report 2024, p. 52
2024	39%	Sonatrach, Annual Report 2024, p. 52

Source: Sonatrach, **Annual Reports and Energy Statistics**, Algiers, (2024).

2.5 Discussion and Interpretation

The empirical evidence validates the study's main hypotheses:

- **H1:** Effective relationship marketing enhances customer retention and stimulates industrial demand → Supported.

- **H2:** Internal resources and innovation significantly contribute to market competitiveness → Supported.
- **H3:** Industrial buying behaviour is primarily influenced by rational, performance-based criteria → Supported.

Therefore, the findings confirm that **Sonatrach's industrial demand stimulation** is not driven by advertising or price cuts but by relationship continuity, technological excellence, and operational reliability.

This result resonates with previous studies by Grönroos (Grönroos, 2017, p. 67) and Kotler & Keller (Kotler, 2021, p. 322), who highlighted that B2B demand growth in energy industries depends mainly on service quality and trust-based partnerships.

It also reinforces Yin's (Yin, 2018, p. 141) view that **case study analysis** provides valuable insights into complex organisational phenomena that cannot be explained solely by quantitative indicators.

Table (9): Summary of Hypotheses Validation

Hypothesis	Description	Validation Result	Source
H1	Relationship-based marketing stimulates industrial demand	Supported	Sonatrach Interviews 2024
H2	Technological innovation & digitalisation enhance customer satisfaction	Supported	Ministry of Energy and Mines, 2024, p. 19
H3	Macroeconomic & policy factors moderate marketing effectiveness	Supported	Sonatrach Annual Reports 2023–2024

Source: Prepared by the researchers.

3. Conclusion and Recommendations:

3.1 Conclusion: This study aimed to examine how Sonatrach, Algeria's leading industrial and energy corporation, employs industrial marketing strategies to stimulate and sustain demand within the domestic industrial market. Drawing upon relationship marketing theory and the resource-based view, the research revealed that Sonatrach's success in industrial demand generation stems from **long-term partnership orientation, technological investment, and reliability in service delivery**, rather than from conventional marketing communication or price-based competition.

The results confirmed that Sonatrach's marketing framework is deeply embedded in the firm's operational and strategic functions. Marketing is not perceived as a promotional activity but rather as an **integrative process** linking production capacity, technological capability, and customer relationship management.

This holistic perspective enables Sonatrach to strengthen industrial linkages, foster customer loyalty, and contribute to Algeria's broader industrialisation agenda (Ministry of Energy and Mines, 2024, p. 38).

Furthermore, the research highlighted that **innovation** plays a pivotal role in creating sustained industrial demand. The firm's digital transformation projects, although still limited, have begun to improve responsiveness, data accuracy, and client interaction quality. However, persistent challenges such as bureaucratic rigidity, insufficient CRM digitalisation,

and dependence on the public sector constrain the full potential of industrial marketing in Algeria.

The findings, therefore, reinforce the central hypothesis that industrial marketing, when strategically aligned with technological and relational assets, becomes a **key driver of industrial performance and competitiveness** in emerging economies (Kotler, 2021, p. 319).

3.2 Recommendations:

Based on the study's findings and analysis, several practical and policy recommendations can be made:

- Digital Transformation Acceleration:

Sonatrach should intensify the deployment of digital CRM platforms to enhance data integration and client interaction efficiency. This step would reduce administrative delays and enable real-time demand forecasting (Hutt, 2021, p. 204).

- Diversification of Industrial Clients:

The company should expand its domestic client base by targeting private industrial sectors and international subcontractors to reduce overreliance on state-owned clients.

- Marketing Capacity Development:

A specialised Industrial Marketing Department with trained marketing analysts and communication experts should be established to reinforce data-driven decision-making and market intelligence.

- Sustainability Integration:

The firm must embed environmental performance metrics in its marketing communications to attract sustainability-oriented industrial buyers (Grönroos, 2017, p. 71).

- Collaboration with Academic and Research Institutions:

Strengthening ties with universities and research centres will allow Sonatrach to develop innovative models for market analysis, customer satisfaction measurement, and technological adaptability (Yin, 2018, p. 155).

- Governmental Support Mechanisms:

The Algerian government should modernise procurement procedures and offer fiscal incentives for innovation-based marketing practices in industrial enterprises (Ministry of Energy and Mines, 2024, p. 42).

3.3 Future Research Directions:

The present research provides an analytical basis but remains limited by its qualitative scope and single-case design. Future studies could employ **comparative analyses** across multiple Algerian industrial firms, including private-sector entities, to test the generalisability of the findings. Additionally, **quantitative methods** could be adopted to statistically evaluate the impact of marketing innovation on industrial demand performance indicators.

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