

## UNIT - 5

# Sales Forecasting

### as Meaning

⇒ It is a process of estimating future sales or Accurate sales.

forecast enables companies to make business decision and predict short term and long term goal.

⇒ Sales forecast gives insite into how a company should manage its work force.

⇒ Sales forecast is the process of instimating what you business are going to be in the future. A sales forecasting period can be daily, weekly, monthly, quarterly, half & early and early.

⇒ It is an integral part of business management without a solid idea of what your future sales are going to be a company can not manage its people.

⇒ According to American marketing Association sales forecast is an estimate of sales in money term or physical unit for a specific future period.

⇒ A sales forecast is an estimate of sales target that a company can expect to attain in this specific period.

## ~~B~~\* Role of the Sales forecasting

⇒ Sales forecasting helps in determining the planning of company

and Sales Personnel.

ii) Sales forecasting is the best tool to get a good estimate of the demand for the product a company sale.

iii) Sales forecast guarantees that sufficient product will be manufactured or ordered to customer on a regular basis.

iv) Sales forecasting helps the company to prepare the inventory (stock) avoiding over stocking and understocking.

v) Sales forecasting helps a company in preparing profit and income.

vi) Looking at what has happen in the past can help companies to predict what will happen in the future.

viii) Sales forecasting thing about the future where the company is heading.

## B) Factors Affecting Sales forecasting

i) General Economic Condition

⇒ It is essential to consider all economic condition relating to the company and the consumer.

Thorough knowledge of the economic, political, and the general trend of the business past behaviour of market income consuming habit of the customer.

ii) Consumer :-

whether, cloth, furniture, vehicles the size of population customer Age, product like

sex fashion, Religion, Habit  
Social graphs.

iii) Industrial Behaviour :-

Market are full of similar products manufactured by different company which compet among them selves to, increase the sales, as such the pricing policy, design advance technological improvement promotional activities of similar industries must be carefully observed.

iv) Change with in firm :-

future sales are greatly affected by the change in pricing advertising policy quality of products a carefully study in relation to the change on the sales volume may be studied carefully.

✓) Period :- The required information must be collected on the basis of Period short run medium run or long run.

c) Procedure and Methods of Sales forecasting

i) Survey of Consumer opinion Method :-

In this Method the company take the opinion of the users of a product buyers are asked about their future buying of the product their brand preference change in the products.

ii) Executive Judgment opinion Method :-

This Method is called the 'hunch' Method in this method experts

in the particular field are requested to give their views on the product. The opinion of all the executed regarding demand of the product are collected. It is based on the knowledge and experience of top executed of the company.

### iii) Market Text Method :-

This method is based suitable for the new product or existing product in various geographical area. Under this method some segment of the market are selected and the particular product is introduced on trial basis.

### iv) Trend Analysis :-

This method is based on analyses of past sales pattern. It is used when the available sales data are of different

time period.

3) Sales force opinion Method:

Under this technique of sales forecasting, the views on opinion of all the sales managers and sales executed of the company are collected.

4) Importance and Limitation

The End