

MBA40122ASM

**MASTER OF BUSINESS ADMINISTRATION
(MBA)**
SECOND YEAR SEMESTER - IV

ADVERTISING AND SALES MANAGEMENT



**Dr. B.R. AMBEDKAR OPEN UNIVERSITY
HYDERABAD**

COURSE TEAM

EDITOR

Prof. G.V. Bhavani Prasad (Retd.)
Dept of Commerce & Business Mgmt.
Kakatiya University
Warangal.

ASSOCIATE EDITORS

Prof. I. Anand Pawar
Dean, Faculty of Commerce &
Head, Dept. of Business Management
Dr. BRAOU, Hyderabad.

COURSE COORDINATOR

Sri V. Chakravarthy
Academic Associate
Dept. of Business Management
Dr. BRAOU, Hyderabad.

WRITERS

Dr. M. Anil Ramesh (Units: 17 to 20)
Siva Sivani Institute of Management
Secunderabad.

Dr. E. Hari Prasad (Units: 13 to 16)
Vaageswari Engineering College
Karimnagar.

Dr. Sunitha Chakravarthy (Units: 1 to 4)
Kakatiya Institute of Technology & Science
Warangal.

Dr. Sri Ranga Prasad (Units: 5 to 8)
Satavahana University
Karimnagar.

Dr. Harjot Kaur (Units: 9 to 12)
Govt. Degree College for Women
Jagityal.

COVER DESIGN

Sri G.V. Swamy

Dr. B.R. Ambedkar Open University, Hyderabad.

First Edition: 2021

© 2021, Dr. B.R. Ambedkar Open University, Hyderabad, T.S.

All rights reserved. No part of this book may be reproduced in any form without the permission in writing from the University.

This text forms part of MBA Programme of Dr. B.R. Ambedkar Open University.

Further information on Dr. B.R. Ambedkar Open University programmes may be obtained from:

**The Director (Academic), Dr. B.R. Ambedkar Open University,
Road No. 46, Prof. G. Ram Reddy Marg, Jubilee Hills, Hyderabad - 500 033, T.S. India.**

Web: www.braou.ac.in

Printed on behalf of Dr. B.R. Ambedkar Open University, Hyderabad, by the Registrar.

Lr. No. / Dr.BRAOU / DMP / Ptg. / F.No. 181 / J.O. No.130/ Tr.No. / Dt. 08-04-2021 No. of Copies 200

Printed at Vigneshwara Art Printers, Hyderabad

UNIT - 13 : SALES PLANNING, BUDGETING AND CONTROL

Objectives

After studying this unit, you should be able to:

- understand the importance of sales planning;
- identify the types of sales planning;
- explain the process of sales planning;
- discuss the essentials of good sales forecasting, and
- examine the sales budgets and control.

Structure

- 13.1 Introduction
- 13.2 Meaning of Sales Planning
- 13.3 Importance of Sales Planning
- 13.4 Types of Sales Planning
- 13.5 Factors Affecting Sales Planning
- 13.6 Stages in Sales Planning
- 13.7 Essentials of Sales Planning
- 13.8 Selling Strategies
- 13.9 Execution of Sales Plans
- 13.10 Challenges to Sales Planning
- 13.11 Sales Budgets and Control
- 13.12 Summary
- 13.13 Keywords
- 13.14 Model Examination Questions
- 13.15 Suggested Readings

13.1 INTRODUCTION

Progress and prosperity of any organization, either business or non-business, directly depends on its planning activities. In sales management, sale planning is the primary activity and it has its own importance. Based on sales planning other activities of business are planned. In other words, it gives kick start to remaining functions like sales organization, selection, training and development of sales employees, allocation of resources, sales control, etc. In view of importance of the sales planning, it is proposed to study various concepts of sales planning in this chapter.

13.2 MEANING OF SALES PLANNING

Planning means decide the future course of action in advance. This means deciding what we are going to in the future, i.e., tomorrow, how and when we are going to do it. A sales plan is an evaluation of present sales of a product in particular market region. It includes sales objectives, strategies that are required to achieve the predetermined sales objectives and allocation of required resources. A sales plan of a firm also includes assignment of sales targets to sales employees in

UNIT - 14 : MANAGING SALES TERRITORIES AND QUOTAS

Objectives

After studying this unit, you should be able to:

- understand the meaning of sales territories and identify the procedure for developing sales territories;
- explain the process of managing sales territories;
- discuss the sales quota and targets, and
- examine the sales monitoring sales targets.

Structure

- 14.1 Introduction
- 14.2 Meaning of Sales Territories
- 14.3 Scope of Sales Territory Management
- 14.4 Procedure for Developing Sales Territories
- 14.5 Managing Sales Territories
- 14.6 Sales Quotas and Targets
- 14.7 Monitoring Sales Targets and Revision
- 14.8 Summary
- 14.9 Keywords
- 14.10 Model Examination Questions
- 14.11 Suggested Readings

14.1 INTRODUCTION

Sales territory is the technique used by the sales manager to manage and control the sales force efficiently and effectively. It is very difficult for the sales manager to monitor huge market and selling activities by one. Hence, he (sales manager) divides it into territories to manage and control the sales force. A territory can be defined based on the geographical area, sales potential, history, or a combination of all these factors. It is the geographical area or areas assigned to a sales person/persons to market the products of a company. Companies attempt to balance their territories because this can reduce selling and marketing costs and increase sales and revenue. In general, a firm splits the total market into some specific geographical areas and assigns each salesman a specific zone in which he has to carry out his selling operations. The geographical area assigned to a salesman becomes his sales territory. Each of the territory is served by one or more salesmen.

14.2 MEANING AND DEFINITION

A territory may or may not consist of geographical boundaries. It consists of present and potential customers of the product. Normally, a sales person is assigned to a geographic area of existing and potential customers. This territory is assigned to sales persons as their operating territory. They cannot go beyond this territory in ideal scenario. For example, a sales team is asked to look after Delhi customers. This sales team is responsible for the sales of Delhi city. The

UNIT - 15 : SALES FORECASTING TECHNIQUES

Objectives

After studying this unit, you should be able to:

- explain the importance of sales forecasting;
- identify the types of sales forecasting;
- discuss the methods of sales forecasting, and
- explain the essentials of good sales forecasting.

Structure

- 15.1 Introduction
- 15.2 Meaning and Definition of Sales Forecasting
- 15.3 Importance of Sales Forecasting
- 15.4 Types of Sales Forecasting
- 15.5 Factors Affecting Sales Forecasting
- 15.6 Methods of Sales Forecasting
- 15.7 Characteristics of Good Sales Forecasting
- 15.8 Summary
- 15.9 Keywords
- 15.10 Model Examination Questions
- 15.11 Suggested Readings

15.1 INTRODUCTION

Sales are the primary source of revenue and increases cost of production of the firm. Since total production is to be sold out and practically nothing can be produced overnight. Hence estimation of future sales is needed to decide quantity of production for a given period. Production of goods requires combination of various resources (money, men, machines, methods and materials) which have to be employed properly. Thus, sales forecast is the most significant for future business plan. Sales forecast helps the firm to know the expected level of sales for its products and plan its production activities accordingly. Sales forecast plays an indicative role in the organization to all planning activities. Assuming indefinite continuation of status quo and expect no changes in future days seems impossible and unrealistic. So the firm has no chance to forecast or not to forecast. The only one choice is that the way the forecast is made, when it does, who does it and what resources are to be adopted for it. Accurate sales forecast is essential because plans of all functional areas depend on such forecast.

15.2 MEANING AND DEFINITION OF SALES FORECASTING

The term 'forecast' refers to prediction or estimation of future happening based on the present situation. For example weather forecast. Sales forecasting is not a mere speculative exercise. It is judgment of future probable changes in the market considering scientific principles. Sales forecasting is an estimation of future sales. It cannot be cent percent correct because future is uncertain. It is an activity, trying to estimate the future sales quantity of the firm. All individuals and organization engage in this activity, albeit at different levels of methodological complexity.

UNIT - 16 : STRATEGIC SALES PLANS

Objectives

After studying this unit, you should be able to:

- understand the meaning of strategic sales plans;
- identify the stages in human needs;
- discuss the strategies in product life cycle;
- discuss the portfolio managements of a business firm, and
- explain the role of sales manager in the twenty first century.

Structure

- 16.1 Introduction
- 16.2 Maslow's Hierarchy of Needs
- 16.3 Brand Functions
- 16.4 Product Related Analysis
- 16.5 Competitive Analysis
- 16.6 Strategic Marketing Process
- 16.7 Customers Analysis
- 16.8 Market Share Strategy
- 16.9 Product Life Cycle
- 16.10 Portfolio Management Analysis
- 16.11 Sales Manager for 21st Century
- 16.12 Critical Path to Continuous Success
- 16.13 Summary
- 16.14 Keywords
- 16.15 Model Examination Questions
- 16.16 Suggested Readings

16.1 INTRODUCTION

With the dynamic environment of the market, it is necessary to sales managers of a company to opt best choice from two. Managers either chose react to the situation or proactive, on which they should take initiative steps for planning and implementing their plans to maintain their sales and their market share and brand equity in the market. The present market is too dynamic to excuse the delay decisions of managers. The following reasons make the obligatory to the managers to prepare strategic plans for the organization:

1. Demand for timely decision due to constant changes in business environment.
2. To face real issues in the market.
3. To achieve long term targets of the organization.
4. Proper allocation of resources to avoid unfruitful results.
5. To establish appropriate communication and control system in the organization.

Strategic plans are required to launch new products, product variants at right time. Timing of the introduction is of strategic importance as wrong timing could meet the disastrous product