Sales Territory

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ST

ST:A grouping of customers & prospects assigned to a sales representative that can be called upon conveniently & economically for the realisation of sales quota assigned to them.

Although geographic consideration plays an important role in setting boundaries,ST is primarily based on customer groupings.

Territory management:The planning,implementation & control of sales persons activities for realising the sales &profit potential of the assigned T

Reasons for establishing ST

1.Customer related

   a) intensive mkt coverage(increase in sales)

   b)better custmer service(saisfaction)

2.Sales person related

 a)motivates sales persons(eqitable workload/reward for sup.perfo)

b)Facilitate perfo evaluatn(wrt sales quota for theT)

3.Mgmt realted

   a)facilitate control(reduces expenses)

   b)aviodance of duplication of efforts(reduces expenses)

    c)co-ordinate promo(blending PS&Advtg to produce synergy)

Procedure for developing ST

It involves a no of steps

1.Objective

1.1 to determine the optimum no, of Ts& their configuration-if the no. is insufficient thhe sales potential will not be realised for lack of coverage,if it is too many theA/Cbaseof the biz will fragment leaving little opportunityfor personal growth of the sales persons

1.2to equalise the sales potentials of the Ts-in order to be fair to all the sales persons(equity)

2.Considerations

2.1adequate coverage-it involves being both effective (by tapping all the sales opportunity)and efficient (no wastages of money/time)at the same time.

2.2:Sale Rep's workload & nature of job: a smaller T is reqd if the sales person is to provide full service to each A/C

2.3:Type of product-the more selective& standardised the product,the larger the Ts

3.Bases for T

3.1Geography-to adopt geo-political boundaries as cities,districts,states or countries

3.2Potential-splitting up a firms customers base to ensure equality of opportunity

Procedure(i)estimate the sales pot. for the co,work out the expected mkt-share percentage to the projected mkt pot(ii)to determine what sales pot. will be appropriate for the avg sales persons

(iii)No of Ts=orgn's sales pot/avg sales pot of sale pot

3.3 Servicing requirement-classifying A/C wrt their annual pot.,devpg A/C mix(AB&C)based on their annual vol.& established call frequencies

3.4workload-In addition to the indiv A/C pot& servicing requirement, the diff in coverage difficulty caused by topography,A/C locatoins & competitive activities etc.are also considered

→ensure equity by assigning finite no. of A/Cs & established avg call frequencies

contd

4.Methods of designing Ts

4.1Build up method-combining enough pieces of a co's overall mkt to create units that offer sufficient sales challenge

→classify the A/Cs(actual & pot) on the basis of sales vol& desirable call frequencies to create a/c mix(ABC)

Steps:

a)select a basic geograhic control unit-cities,districts,states ,zone…)

2) determine the sales pot in control units,

3)combine control units into tentative T,

4)adjust for coverage difficulty

→fit for consumer goods/intensive distribution

contd

4.2Breakdown method

a)Estimate the overall sales forecast for the co.(derived fro projection of the total mkt pot,&an estimate of the co's likely share of it)

b)Set an average sales fig per salesperson

c)No. of Ts=sales forecast/average sales per salesperson

→fit for industrial goods /selective distribution

4.3Incremental method-additional Ts are createdas long as the marginal profit generated exceeds the cost of servicing them

→profit can be maximised by increased up to the point of negative returns

5.Assigning salespersons to Ts-supervising,instructing, guiding & inspiring them contribute to the best of their capabilities.

Model of T-mgmt

Model of T -Mgmt

PLANNING

1.Analysis –in terms of *a/c load,*a/c potential,*servicing requirement

2.Objective-set in terms of*sales vol& mkt share,*profit target

3.Strategies-formulated in terms of *call frquencies,* pricing

4.Tactics-with regard to *intensity of territory coverage,routing,scheduling

IMLEMENTATION

attending to *calling on prospects,*servicing A/Cs,*reporting

CONTROL

With reference to quota,*review& revision

Routing& scheduling

R:geographic pattern of a/c coverage.ie. The sequence of locations to be covered by a sp

~to ensure :a)min. travel time,b)max. freq of visits

Principles-a)travel distance bet two calls should be minimised,b)backtracking on the same route&crisscrossing back& forth across the T should be avoided

Patterns to consider:a)straight line b)clover leaf c) hop scotch

S:allocation of sp's time

Estimate for customer contact/waiting/travel time for the a/cs wrt call sequence ,provision for buffer time to permit flexibility in case of unexpected events.revision for optimisation

Thank you.

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 to sort out the queries