Seed Enterprise Management Institute (SEMI) 

International Training on Seed Marketing (DEMAND FORECASTING) 

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Introduction

DEMAND FORECASTING

- we undertake marketing research so as to identify market opportunities once the research is complete. The company must measure and forecast the size, growth and profit potential of each market opportunity.
Sales forecasts are used by the following for the following reasons:

1. **Finance department** – to raise the needed cash for investment and operations
2. **Manufacturing department** – to establish capacity and output levels.
3. **Purchasing department** – to acquire the right amount of supplies.
4. **Human resources department** – to hire the needed number of workers.
5. Sales forecast are based on estimates of demand
Measures of market demand

• Companies can prepare different types of demand estimates.
• Each demand measure serves a different purpose.
• A company might forecast short-run demand for a particular product for the purpose of ordering raw materials, planning production, and borrowing cash.
Measures of Demand contd......

- It might forecast regional demand for its major product line to decide whether to set up regional distribution.
- Forecasts also depend on which type of market is being considered. The size of market hinges on the number of buyers who might exist for a particular market offer. But there are many productive ways to break down the market.
The potential market

• Is the set of consumers who process a sufficient level of interest in a market offer.
• However, consumer interest is not enough to define a market.
• Potential consumers must have enough income and must have access to the product offer.
The available market

- Is the set of consumers who profess a sufficient level of interest in a market offer. For some market offers, the company or government may restrict sales to certain groups.
- For example, a certain country might ban motorcycle sales to anyone under 21 years of age.
- The eligible adults constitute the qualified available market – the set of consumers who have interest, income, access and qualifications for a particular market offer.
The target market

• is the part of the qualified available market the company decides to pursue.

• The company might decide to concentrate its marketing and distribution effort on the Eastern side of the country. The company will end up selling to a certain number of buyers in its target market.
The penetrated market

- Is the set of consumers who are buying the company’s products.
- These definitions are a useful tool for market planning. If the company is not satisfied with its current sales, it can take a number of actions.
  - It can try to attract a larger percentage of buyers from its target market.
  - It can lower the qualifications for potential buyers.
  - It can expand its available market by opening distribution elsewhere or lowering its price.
  - Or it can reposition itself in the minds of its consumers.
A vocabulary for the Demand measurement

• The major concept in demand measurement are:

  • MARKET DEMAND

  • COMPANY DEMAND.

within each, we distinguish among a demand function, a sales forecast and a potential.
Market forecast

- Only one level of industry marketing expenditure will actually occur. The market demand corresponding to this level is called the market forecast.

- Market potential. The market forecast shows expected market demand at the highest market expenditure level.
Market demand

- for a product is the total volume that would be bought by a defined customer group in a defined geographical area in a defined time period in a defined marketing environment under a defined marketing program.

- For demand to grow, we need demand stimulating expenditures which include higher levels of industry marketing expenditure.
Company demand

• is the company’s estimated share of market demand at alternatives of company’s marketing effort in a time given period.
• The company’s share on market demand depend on how its products, services, prices, communications and so on on are perceived relative to the competitors.
Company’s sales forecast

- Once marketers have estimated company demand, their next task is to choose a level of marketing effort.
- The chosen level will produce an expected level of sales.

The company’s sales forecast

- Is the expected level of company sales based on a chosen marketing plan and an assumed marketing environment.