

# Seed Enterprise Management Institute (SEMI)

International Training on Seed Marketing  
(DEMAND FORECASTING)

**VENUE: University of Nairobi, CAVS**

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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.



**Forecasting!!**

## 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 measures serve 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.

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## 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.

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# 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.

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# 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 motor cycle 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.

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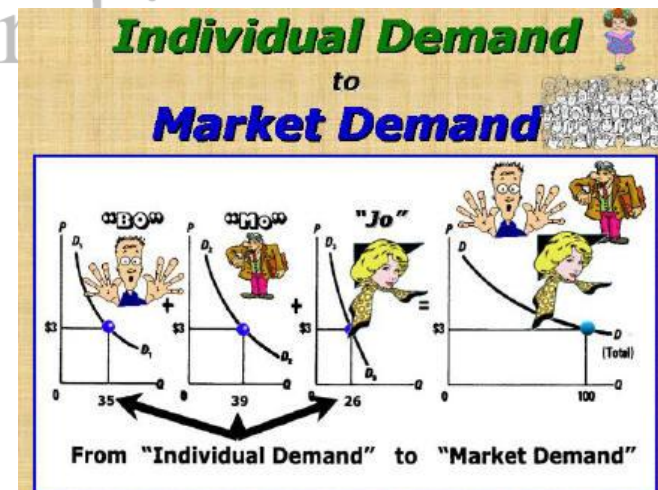
# Market forecast

- 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.

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# 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 are perceived relative to the competitors.

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# 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.

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## **The company's sales forecast**

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