SALES TERRITORIES

What is sales territory

Group of towns, areas, localities, retailers , markets , specific geographical area, etc. assigned to a sales person.

Territory size depends on market potential, number of customers, market share, frequency of visits, number of SKUs,Callage & productivity, quality & experience of salesperson, travel time & expenses, profit contribution.

Reasons & Benefits of sales territory

- Better, regular, planned customer coverage.
- Adequate market coverage .
- Maximised sales.
- Time management and control selling/ travelling expenses.
- Evaluation of field force performance.
- Improve customer relations.
- Avoid repetition.
- Better clarity of coverage.

By Abdul Gafoor   shaikabdulgafoor66@gmail.com

Factors considered for designing sales territory

- Geographic area.
- Business potential.
- Workload.
- Travel time & Expenses.
- Frequency of callage & Productivity.
- Service requirement.
- Competition.
- Seasonality.
- Profitability.

How to design a sales territory.

By Abdul Gafoor   shaikabdulgafoor66@gmail.com

Steps to design a sales territory.

- Number of countries/ states/ towns planned.
- Number of localities/ areas/beats planned.
- Number of wholesales/ supermarkets/ outlets planned.
- Coverage frequency – monthly/ fortnightly/ weekly/ daily planned.
- Number of customers covered per beat planned.
- Number of customers coverage per day planned.
- Business per country/ state/ town planned.

It is good to have examples for easy understanding.

Example-1

- Towns planned: 8
- Localities per town planned: 5
- Outlets/ customers per locality planned: 40.
- Frequency of coverage : weekly.
- Number of outlets coverage by a salesperson: 40.
- Number of days working per month: 24.

Calculate sales people requirement to cover above territory.

Step by step solution to find answer.

Answer–1

- Total localities to be covered: 8 x 5 = 40
- Number of outlets to be covered: 40 x 40 = 1600
- Monthly coverage: 4 x 1600 = 6400 outlets.
- Per day callage : 6400/ 24 days = 267
- Total salespersons required: 267/40 = 7

So 7 sales persons/ field force required to cover 6400 outlets in a month making 40 calls a day in 24 days working.

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Example– 2

- Towns planned: 12
- Localities per town planned: 12
- Outlets/ customers per locality planned: 44.
- Frequency of coverage : weekly.
- Number of outlets coverage by a salesperson: 36.
- Number of days working per month: 23.

Calculate salespersons requirement.

Answer–2

- Total localities to be covered: 12 x 12 = 144
- Number of outlets to be covered: 144 x 44 = 6336
- Monthly coverage: 4 x 6336 = 25344 outlets.
- Per day callage : 25344/ 23 days = 1102
- Total salespersons required: 1102/36 = 31

So 31 sales persons/ field force required to cover 25344 outlets in a month making 36 calls a day in23days working.

Example– 3

- Towns planned: 22
- Localities per town planned: 26
- Outlets/ customers per locality planned: 26.
- Frequency of coverage : 50% weekly & 50% monthly.
- Number of outlets coverage by a salesperson: 30.
- Number of days working per month: 26.

Calculate salespersons requirement.

Answer–3

- Total localities to be covered: 26 x 22 = 572
- Number of outlets to be covered: 572 x 26 = 14872
- Monthly coverage: (14872/2x4) + (14872/2x1) = 37180outlets.
- Per day callage : 37180/ 26 days = 1430
- Total salespersons required: 1430/30 = 48

So 48 sales persons/ field force required to cover 37180 outlets in a month making 30 calls a day in26days working.

Thank you very much.
Abdul Gafoor

By Abdul Gafoor   shaikabdulgafoor66@gmail.com