

# Optimizing the sales planning process of automotive companies

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*In the article main approaches of planning sales, developed by domestic and foreign scholars are analyzed. The absence of effective methods of sales planning according to the characteristics of the automotive industry is proved. A new approach to planning, which allows for an objective sharing of car market in accordance with the strategic goals of the enterprise is proposed. The method of planning the terms of the regional market intermediaries and priority according to the rate of growth of sales is adapted. The main category indicators according to planning their possible correction by management are separated.*

Key words – sales planning, automobile enterprises, strategic goals, mediators, product competitiveness.

## I. Problem definition

Ensuring competitiveness of automobile enterprises provides an analysis of the market, which includes an analysis of key competitors. Car manufacturers every year expanding product range by adding new models and modifications to existing ones on the market. Expansion of the product range leads to expansion of alternatives to the consumer purchases.

Competitive situation for existing automotive businesses makes the entry of Chinese automotive brands that are gaining market due to their pricing. Existing European and Korean brands, as opposed to Chinese manufacturers extend the range of models in each class, introducing to the market new models of all budget classes range.

Such policy of automobile companies expanding range of choice to the consumer, because the consumer whose willing is to buy a car from class of average price has an opportunity to buy high-class cars for the same price but from cheaper manufacturer or with simpler configuration. End consumers are faced with the problem of choosing among the many types of products.

The main criterion for the selection of potential purchases for the consumer is still the price factor, but, rather, its solvency. Therefore, automobile manufacturers should optimize the distribution of cars among the mediators that could maximize available to the consumer market range and minimize the average user waiting time for the car.

In the car market failure is frequent car manufacturer plans to sell due to imperfect planning intermediaries (dealers and distributors). This situation causes a conflict between the manufacturer and intermediaries. Manufacturer focused on a large number of international

markets and provides distribution of cars in accordance with the needs of intermediaries.

Instead, an agent always requires from manufacturers more cars than objectively they will to sell for their own recreation and the widest range of storage remains. Unbalanced cooperation leads to a biased distribution of vehicles between intermediaries, that is leading to failure of plan for some intermediaries, due to lack of the manufacturer's cars and unreasonable formation of large stocks of agents that have the unduly large number of products according to their demands.

Domestic and foreign auto companies are trying to detect such imbalances and redistribute the products to the most effective marketing activity that results or the measures to restructure the network of intermediaries, or to establish strict performance of planned "above" plans.

The problem of shortage of cars for mediators after distribution may predetermine further targeted reduction products for reseller, erroneously based on the performance of previous years. All car brands within the national market working on a two-tier system of agents: foreign manufacturer has a central distributor or importer who distributes cars between dealers who sell cars directly to the final consumer.

Another challenge in planning the sales and distribution of products between dealers is the existence of two types of agents as belonging to the manufacturer or importer: own and independent. Since revenue from cars sold within its own distribution network comes with the manufacturer or importer, the allocation process involves lobbying their dealerships, independent dealers and not the market.

Ideally such a phenomenon would not be observed, because, often, independent dealers drive more carefully game on the market following corporate requirements, conducting active marketing policy, taking care of the customer more and get a higher loss.

## II. The basic principles of sales plan creating for automotive companies

Some scientists argue that planning in the automotive market should be made relying on the sale of the brand by last year, but we believe that this plan will not be effective because market can evolve with the dynamics distinct from the dynamics of a particular car brand [1;2;3;4].

We consider that optimal planning period have not exceed 1 year, because the market is relatively inert due to the nature of the products belonging to the pre-selection of goods. Planning for longer periods would be ineffective due to frequent legislative changes, currency fluctuations, and frequent occurrence of new competitors.

Definition of the indicator of a phased computation: statistical data on sales of the previous year should be adjusted for the % predicted dynamics of the market and the figures obtained through market share automotive brand in whole market sales.

Final indicator of overall sales car brand should be distributed according to market seasonality of month. Each month is characterized by biased and does not change as the proportion of each month in the total annual

sales shall be calculated basing on the previous year. It is important to consider the impact factors during the analyzed last year's data, as, for example, a sharp jump in sales in July may be due to the introduction of additional customs charges in August, and the organic demand in August "drag" of July [5;6].

Important to note, that the next step in the planning of sales for manufacturing enterprises is production-sharing among dealers. As noted in earlier stages of the planning process, dealers can be as independent structures and corporate units manufacturing facility. In our opinion, cars would be allocated by objective evidence in proportion to pre-sales and dealer perspectives. This requires an analysis of official statistics and applications provided by dealers as projections of their sales.

After adjusting monthly sales performance of car brand, plan should be broken for each dealer in structure of model row, as it is shown in figure 4.

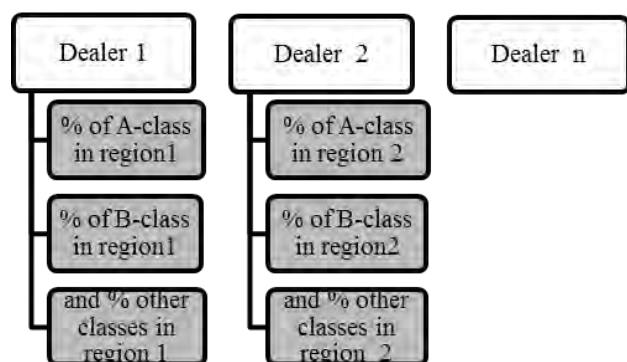


Fig.4. Planning of sales by model for each regional dealer for affiliation

Important to note that the use of this approach in the planning Sales involves the use of indicators of two kinds: 1. purely statistical, in other words, the base, which is compiled on the basis of actual sales and other market indicators, 2. variables, those that can be specified depending on the results of market research and set targets.

In process of sales planning, automotive companies such factors as: sales, share of actual market, number of competitors relating to purely statistical, which cannot be changed, but desired market share, the expected market dynamics, particle structure model number are variable indicators, that management can installed in accordance with the strategic goals.

## Conclusion

There are often disputes between producers and intermediaries about the objectivity of vehicles for distribution to the final consumer in the automotive market. Thus, the overall performance of underperformance plan cannot be justified by the poor performance of agents, and the objective lack of appropriate models in a particular configuration of color.

In this case, the manufacturer cannot adequately assess the causes of failure in the market, leading to a decrease in performance management.

Analysis of domestic and foreign research scientists showed that the majority of papers devoted to a general method of forecasting and planning sales, but car industry needs to develop techniques that would take into account the market dynamics, strategic goals, sales agents, market share, the structure of the range, depending on market demand.

The scheduling algorithm and impartial distribution of goods among market intermediaries as bring supply to demand, thereby reducing the waiting time for the desired car effective end user are developed in the article. In this case, the time factor should be considered as one aspect of quality competitiveness of automotive component companies.

Effective distribution of cars among intermediaries will improve the competitiveness of the brand and products, because end-users in the market offered a full range of wide range. Provision of intermediaries by cars will reduce customer waiting time, which will rise the level of competitiveness.

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