Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**2.2.1 Sales forecasting**

1. Which three of the following are purposes of a sales forecast?
   1. Predict cash inflows
   2. Assess competitor’s actions
   3. Set budgets
   4. Carry out market research
   5. Calculate interest payable
   6. Estimate potential demand

Explanation:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. In each of the following examples identify whether the sales for a product is likely to increase or decrease.

|  |  |
| --- | --- |
|  | Increase/Decrease |
| The price of an ordinary good increases |  |
| The availability of a complementary good decreases |  |
| The price of a substitute good goes up |  |
| A business increases its advertising expenditure |  |
| The price of a complementary good increases |  |
| The government increases VAT |  |
| There is an increase in the minimum wage |  |
| The media reports that the business is behaving in an unethical manner |  |
| Income tax increases by 5% |  |
| Interest rates go up |  |
| A celebrity is seen wearing the brand in a magazine |  |

1. Use three colour highlighters to identify in the table above whether each of the factors affecting sales is:

* Consumer trends
* Economic variables
* Actions of competitors