

Most companies want to make sure that their products achieve the highest number of sales each year and their entire stock gets sold out. However, it's easier said than done. Companies need to use different sales forecasting methods to predict future sales and produce that many units for the coming year. These sales forecasting technique also help them predict their revenue accurately.

So, here we provide you with 10 of the best sales forecasting methods that you can use to predict your revenue and future sales.

1. Forecasting by sales (unit sales)

This is one of the simplest methods for forecasting your sales. It's pretty straightforward, all you have to is figure out the average price per unit and also the number of units you are more likely to sell over a set period of time.

Your forecast can easily be calculated by multiplying your expected sales number with the average price. You can also predict your revenue in case you want to increase the price in the future.

Predicting the number of units that you can move in a time period is actually the tricky part. You can, however, use historical sales data to make close predictions and use that data.

2. Buyer survey

If you want to use this method then you need to draw a list of all prospective buyers. Most of the times, you set up face-to-face interviews with these buyers and ascertain their intentions. Through these interviews, you can finally make an estimate of product sales and predict your future revenue.

This is a simple and straightforward method of sales forecasting. It's a method commonly used by marketers of industrial goods.

3. A poll of your sales force

This is another simple to execute sales forecasting method. Using this method, you conduct an opinion poll of your sales force. Then, on the basis, of the feedback from your sales force, you can make an estimate of the firm's sales.

This method uses the experience and intuition of salespersons in determining the sales for the future. Most salespersons have a really good idea of the market conditions which can help with the forecasting. If you can't use any other method then this is a better choice.

4. The opinion of experts and executives

Well, the opinion of salespersons is great when it comes to determining the market conditions and how these conditions can impact sales in the future. However, another great

method is to seek the opinions of industry experts. These experts can be outsiders or internal executives who've been in touch with the market. Internal executives like the marketing executive, production execs, finance big-wigs, etc can provide helpful insights.

5. Test-market analysis

This method allows you to roll out your new service or product to a limited number of people. You can just release the product to a limited geographical area or a certain demographic and check how it sells. You can then study the results further and make a forecast for the actual release of the product.

This is a great method for large companies that are looking to launch a new product and want to test how the market responds to it.

6. Projection of previous sales

Using this method, you have to study the past year's sales of the company. You can then add or subtract certain percentages from the last year's sales to make forecasts. This is a simple and easy-to-execute approach. If a company is engaged in a less stable industry then this is the perfect approach for forecasting. However, there are downsides to this forecasting method as it's not the most reliable method out there. It doesn't work for new companies, or new product either.

7. Historical Forecasting

As the name suggests, this method uses your historical sales data to make forecasts for future sales. For example, if your sales last year were \$50,000 then it would be safe for you to assume that next year you'd at least make \$50,000 in sales as well. Now, you can add your year-to-year growth rate to this forecast and add any price increases which would give a sales number for the future.

However, this method is not very accurate always because it doesn't account for the fact that the markets are always changing, so there are bound to be some errors in the forecast.

8. Products in use forecasting method

This method is a great way to determine future sales. Using this method, a company takes a census of the number of units of their own products or other close-related brands that are already in the market, and on the basis of this census, a sales forecast is then made for their own products. This method assumes that the future market for their product will vary in favor of their product and it also assumes that the current users of similar products will continue to use the products.

9. Industry Forecast

Another sales forecasting method that uses historical data. However, instead of using the company's own product sales data, it uses the whole industry's sales data for the year. The sales forecast for an entire industry is easily available through the trade associations or the Government. It's a quick and cheap method that gives you a glimpse of the entire industry's future so you can predict your revenue.

10. Statistical demand analysis

Using this method, a company takes into account some of the important factors which are more likely to affect the sales and cause variations, these include, but not limited to the entire population, people's disposable income, product prices, marketing programs, etc. These factors are then analyzed and on the basis of this analysis, the company makes a sales forecast for their products. With the advent of technology and computers becoming quite common, this method has been widely used by most companies.

Final Words

Hopefully, now you understand how each sales forecasting method works and how you can apply these methods to predict your future sales.

If you have any question then feel free to ask in the comments!