

A sales analysis involves breaking down aggregate sales data into categories such as products, end-user customers, channel intermediaries, sales territories, method of sales and order size. The objective of this analysis is to find areas of strength and weakness, for example, products producing the greatest and least volume. Sales analysis not only helps to evaluate and control marketing efforts, but also helps management to better formulate objectives and strategies and administer non-marketing activities such as production planning, inventory management, and facilities planning. An important decision in designing the firm's sales analysis system concerns which units of analysis to use. Most companies assemble data in the following groupings: geographical areas, product, customer, channel intermediary, method of sale, and size of order. These breakdowns are not mutually exclusive. Firms combine product and account breakdowns with a geographical one. Sales analysis conducted on a hierarchical basis using a combination of breakdowns can help analysts to locate the opportunities and problems facing their firms.