

AN A2 SALES FORECASTING EXERCISE FOR A HOT DAY IN JUNE

You are the managing director of a chain of furniture shops. In June 2003 you run an advertising campaign costing £100 000 in an attempt to boost the sales of pine beds. It is now the end of 2003 and you want to evaluate whether to advertise pine beds again next year.

The sales of pine beds for the whole of 2003 were as follows:

Quarter 1	98 beds
Quarter 2	126 beds
Quarter 3	160 beds
Quarter 4	140 beds

You decide to conduct some further research and collect pine bed sales figures for the previous nine years

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Q1	70	76	79	84	87	83	86	92	96
Q2	92	96	103	108	109	105	111	117	120
Q3	98	104	107	112	115	111	117	123	129
Q4	80	84	91	96	97	93	99	105	110

Questions

1. Use Excel to calculate 4 quarter moving totals and moving averages that represent the sales of pine beds between 1994 and 2002
2. Calculate the average seasonal variation for each of the four quarters of the year
3. Plot the raw sales figures and the sales trend on a graph (1994 to 2002)
4. Explain what happened to sales of pine beds during the period 1998 to 1999
5. Estimate the effect that your advertising campaign had on the sale of pine beds in the following two quarters i.e. Q3 and Q4 2003
6. Explain why the sales of pine beds might fluctuate according to
 - (a) Seasonal factors
 - (b) Cyclical factors