



BRAC Business School

Internship Report

On

**“Forecasting and product allocation process Of LG -
Butterfly Marketing Limited.”**

Submitted to:

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Date of Submission: 29th June, 2014.

To

Md. Tamzidul Islam

BRAC Business School

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Subject: Submission of Internship Report

Dear Sir,

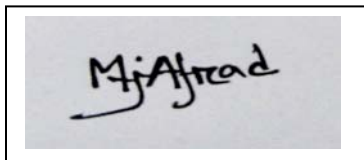
This is my pleasure to present my internship report entitled “Forecasting and product allocation process of LG- Butterfly Marketing Limited.”.

It is my pleasure to inform you that I have already finished my internship in a reputed organization in LG- Butterfly Marketing Limited. It was an interesting opportunity for me. The main purpose of this report is to learn about importance of forecasting and allocation process in electronics sector in Bangladesh. Forecasting and allocation system of electronic sector is very complicated, because of abnormal demand at unexpected period and also there are environmental and competitors issues. I have tried my best to prepare this report. This report has been prepared based on the practical experiences and different ideas obtained during working at “LG- Butterfly Marketing Limited”.

Therefore I sincerely hope that you will appreciate my effort and I shall be grateful if my report is accepted for the appropriate purpose.

Yours Sincerely,

Md. Mahboob Jahan Afrad

A rectangular box containing a handwritten signature in black ink. The signature is written in a cursive style and appears to read "Md. Mahboob Jahan Afrad".

Acknowledgement

At first I would like to thank my honorable internship supervisor from BRAC Business School (BBS), BRAC University, Md. Tamzidul Islam for providing me such an opportunity to prepare an Internship Report on “forecasting and product allocation process of LG- Butterfly Marketing Limited”.

I would like to place my gratitude to Mr. K. M Musaddeque Ullah Munna, Manager (Product, Training & ISM) of LG- Butterfly Marketing Limited, enable me to complete my internship in their esteemed organization.

During my preparation of the project work I have come to very supportive touch of different individuals (respondents from LG- Butterfly Marketing Limited) & friends who lend their ideas, time & caring guidance to amplify the report’s contents. I want to convey my heartiest gratitude to them for their valuable responses.

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Executive Summary

LG- Butterfly Marketing Limited is a one of the largest Bangladeshi industrial conglomerate. This contributes to growth in national economy of Bangladesh. To bring efficiency and effectiveness LG- Butterfly Marketing Limited established supply chain management department in 2011. During that period supply chain management department only control distribution. From 2013 procurement, inventory, production, planning, distribution, depot management administer by supply chain management department, to minimize the cost and maximize the profit. To achieve its vision LG- Butterfly Marketing Limited gradually changes their traditional system to upgrading system. Though it is quite difficult to adapt the new system among the employee, they should train them in where they are lack behind. In spite of lack behind in few areas, because of SCM they able to provide superior value to their customer. SCM department did tremendous performance during the unstable political situation. As an example for the period of strike, they use rail and cargo trailer to ensure smooth delivery process and instead of day they deliver product at night to the party end from depot in 2013. Throughout the Bangladesh they established 11 depots under SCM department and increase 67 % by value through increase sales order. In some cases if they able to adapt with the change in SCM, then LG- Butterfly Marketing Limited SCM will be the model for Bangladeshi electronics Industry.

The Organization

1.1 Overview of LG- Butterfly Marketing Limited:

The abbreviation of LG is Life's Good. It is a company which is manufacturing home appliances for years. Starting from 1987, the company was established with only four people, they have been showing encouraging growths every year. Each year LG brought new heights to climb and 2007 was no exception. The home appliances which LG manufacturing and merchandising each year are making people's life from good to better to best. Their business and products are also increasing day by day. LG started its operation by the collaboration with LG-BUTTERFLY MARKETING LTD. The founder of this company was M.A.Mannan.

LG's home country is KOREA. It has also a fascinating market in Bangladesh. In the last year LG's sales was BDT 1500 crore only in BANGLADESH. In BANGLADESH LG have 125 showrooms. From which 30 showrooms are only in the capital city DHAKA which are going quite smoothly. LG is hoping to increase the number of showrooms soon. In BANGLADESH LG is working as a joint venture with BUTTERFLY. In the last year LG was 4th in tax paying organization in BANGLADESH. So, as a whole LG is working as a very profitable organization which is maintaining the rules and regulation of BANGLADESH government.

GENERAL information

CORPORATE HISTORY:

Year of establishment	: 1987
Chairman & Managing Director	: Mr. M. A. Mannan
Year of operation	: 1987
Business Lines	: Marketing Home Appliances
Authorized Capital	: Tk. 250 million
Paid up Capital	: Tk. 100 million
Number of Employees	: 2000 persons
Present No. of showrooms	: 206
Business Collaboration with	: LG Electronics Inc.(Korea) : Kelon Electronics (China)
Business System	: Cash & hire Purchase System

This marketing company sales consumer goods like television, fridge, air condition, DVD, oven, rice cooker, washing machine, sound system, computer, sewing machine and other consumer goods with the help of distributors of their own establishment of the company.

1.2 History:

Butterfly Group's first venture Butterfly Marketing Limited was founded in 1987. Having started with only 3 retail outlets, Butterfly was quick to create a strong place in the customers' minds through its first successful product Butterfly sewing machine – a symbol of the 'emerging middle class' in the late 80s. In 1995, Butterfly went through a major rebranding initiative when LG came into the picture as an affiliate after awarding the company with its distribution rights. In the same year, the company was made into a public company with other major expansion taking place. Additionally, the company studied the purchase decision making process and payment behavior of various customer groups and found that a significant portion of the market aspires technological advancement in their daily life, yet unable to pay for it upfront. The hire-purchase scheme was well received with multiplying the customer base within a very short time. Since 2001 Butterfly has been maintaining the top position in consumer electronics in Bangladesh. Having operated in the consumer electronics retailing for 25 years as Butterfly Marketing Ltd, the Group has opted for backward integration in 2012, through the inception of Butterfly Limited, Butterfly Manufacturing Ltd and Butterfly Industries Ltd. These state-of-the-art manufacturing facilities are established with the strategic alliance with LG and Hisense - two top performing global brands. A number of models for LED TVs, Refrigerators and Air Conditioners for these brands are produced at these facilities today.

1.3 Management

The company has in its Management a combination of highly skilled and eminent employees of the country of varied experience and expertise successfully led by Mr. M. A. Mannan, a dynamic person, as its Managing Director and well educated, energetic and dedicated officers working with missionary zeal for the growth and progress of the organization.

1.4 Corporate Vision, Mission, and Values:

Vision:

Butterfly is building a national manufacturing & distribution company, known broadly as the preferred choice among discriminating individuals, institutions, and key intermediaries, by creating an environment that attracts the mass consumers in our industry.

Mission:

Butterfly Committed to provide latest state-of-art consumer electronics, home appliances and energy products to all consumers, their families, businesses and institutions at an affordable pricing through nationwide distribution network effectively coupled with faster and efficient service network

1.5 Products and services with net price:

LTV/ FTP (Television)

Article NO.	Article Description	Brand	Profit Centre	Net price
10925	LG LED 3D Cinema 32LA6130	LG	LGFPT	59,120
10926	LG LED 32LN5110	LG	LGFPT	39,600
10927	LG LED 42LN5110	LG	LGFPT	75,295
11014	LG 55EA970T OLED	LG	LGFPT	885,500
11015	LG 55LA9700 UHD	LG	LGFPT	460,000
11016	LG 65LA9700 UHD	LG	LGFPT	667,000
11018	LG 84LM9600 UD	LG	LGFPT	1,725,000
11024	LG 32LB582B	LG	LGFPT	58,005
11028	ECO+19EC01	EC	ECFPT	14,995
11029	ECO+24EC01	EC	ECFPT	18,405
11030	ECO+32EC01	EC	ECFPT	26,210
11031	ECO+32EC51	EC	ECFPT	27,885
11032	ECO+39EC01	EC	ECFPT	39,990
10839	Hisense LED 24K316/LEDN 24K316N	HS	HSFPT	22,310

REF (Refrigerator)

Article No.	Article Description	Brand	Profit Centre	Price
10647	LG GC-B40BSSRJ	LG	LGREF	147,780
10765	LG GL-B282VML(NI)	LG	LGREF	44,200
10645	LG GR-151SU	LG	LGREF	19,135
10767	LG GL-B312VML(LI)	LG	LGREF	47,320
10769	LG GL-G392YM	LG	LGREF	59,225
10777	LG GC-P207BTQV	LG	LGREF	196,560
10799	ECO+BCD-183 L	EC	ECREF	32,545
10989	ECO+ BCD-261(BLUE) L	EC	ECREF	39,675
10628	Butterfly BD-107A	BT	BTREF	16,535
10629	Butterfly BD-120	BT	BTREF	24,725
10626	Hisense RD-42WR4HA	HS	HSREF	43,055
10610	Hisense RD-33WR4SA	HS	HSREF	38,270
10633	Kelon FC-19DD4HA	KL	KLREF	25,060
10642	Kelon FC-40DD4HA	KL	KLREF	35,460

RAC (Room Air Conditioner)

Type	Article No.	Article Description	Brand	Profit share	Net price
Power cooling	10791	LG HSU-C1264SA0 (L)	LG	LGRAC	52,900
	10792	LG HSU-C1865SA0 (L)	LG	LGRAC	67850
	10793	LG HSU-C2465SA0 (L)	LG	LGRAC	79350
Inverter	10867	LG BS-Q126BAX4	LG	LGRAC	95,680
	10868	LG BS-Q186CAX2	LG	LGRAC	161,200
	10871	LG BS-Q246C4AX2	LG	LGRAC	175,760
Mosquito away	10869	LG HS-C126B4N1	LG	LGRAC	59,800
	10870	LG HS-C186C4NA	LG	LGRAC	78,000
	10971	LG HSN-C1264NN8 L	LG	LGRAC	59,800
Plasma	10992	LG HS- C126BUR1	LG	LGRAC	62,400
	10993	LG HS-C186CUR4	LG	LGRAC	82,160
Hisense	10495	Hisense AS- 12CR4FWVNS	Hisense	HSRAC	46,280
	10506	Hisense AS-18CR4FWVNS	Hisense	HSRAC	63,440
	10854	Hisense AS-18CR4FWWQ	Hisense	HSRAC	63,960
	10519	Hisense AS-24CR4FTVVL	Hisense	HSRAC	81,120

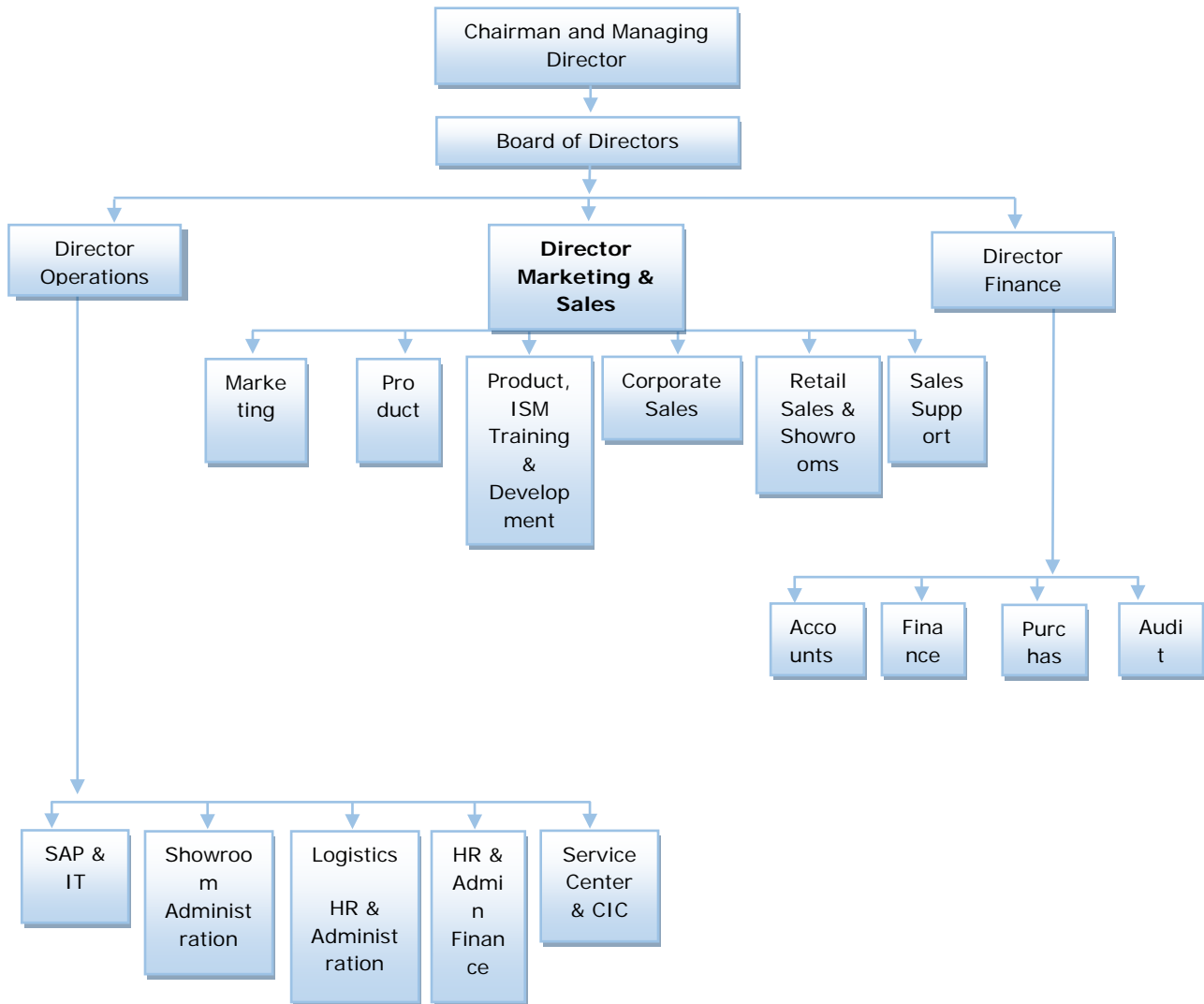
MWO (Microwave Oven)

WME (Washing Machine)

Other household equipments

Burners, Rice cookers, LED lamps, Iron, Tea makers, Generators, Motorcycle.

1.6. Organgram:



1.7 SWOT Analysis

Strength-

- Well recognized brand
- Market leader
- Wide range of product categories
- Established distribution networks
- Highly innovative
- Greater Customer insight
- Attractive features
- High product quality

Weakness-

- Seasonal demand
- Highly priced
- Management approach of BML is somewhat unstructured
- Low attention about brand building
- Low brand perception by customer
- Less marketing personnel
- Showroom managers have got overconfidence

Opportunity-

High growth potential of consumer electronics in Bangladesh

Rising income level

Establishment of new plant

Rapid urbanization

Unexploited rural market

Easy availability of finance

Government has a positive attitude toward technology

More preference of technology by younger generation

Threat-

High import duty

Monsoon has a great impact on purchase

Unstable political situation

Lack of knowledge about technology

Insufficient power supply

Competitors are offering same refrigerator

Competition from Bangladeshi consumer Electronics Company

Low purchasing power of customers

1.8 Porter's Five Forces Model

The porters five forces analysis of LG are:

Bargaining Power of Supplier: bargaining power of supplier is low because LG brings raw materials from various suppliers.

Bargaining Power of Buyer: There are many competitors in the refrigerators market. But bargaining power of buyer is moderate because LG uses differentiation strategy and the refrigerators are technologically advanced.

Threats of New Entrants: Threats of new entrants is low because there is well known existing competitors in the markets. Fixed cost is higher and has to pay high tax incentives to Government.

Threats of Substitutes: Threats of substitutes is also very low. Because there is hardly any substitute products of refrigerators. And LG is technologically advanced which also reduces threats of substitutes.

Competitive Rivalry: Competitive rivalry is high because there are many strong competitors in the refrigerators market. Samsung is also focusing on technology and fighting with LG to become the market leader. Walton is doing very well by targeting middle class segment and using emotions of using country's product.

Job Part

2.1. Description of the job

Time to time visit the showrooms inside and outside of Dhaka, reporting to the top level management about their sales, showroom condition, statements of the managers and showroom sales persons, reporting about competitor's working.

2.2. Specific responsibilities of the job

- Planning product ranges and preparing sales and stock plans in conjunction with buyers;
- Maintaining a comprehensive library of appropriate data;
- Working closely with visual display staff and department heads to decide how goods should be displayed to maximize customer interest and sales;
- Producing layout plans for stores;
- Forecasting profits and sales, and optimizing the sales volume and profitability of designated product areas;
- Using specialist computer software, for example to handle sales statistics, produce sales projections and present spreadsheets and graphs;
- Analyzing every aspect of bestsellers (for example, the bestselling price points, colors or styles) and ensuring that bestsellers reach their full potential;
- Maintaining awareness of competitors' performance;
- Monitoring slow sellers and taking action to reduce prices or set promotions as necessary;
- Gathering information on customers' reactions to products;
- Analyzing previous season's sales and reporting on the current season's lines;

- Meeting with suppliers and managing the distribution of stock, by negotiating cost prices, ordering stock, agreeing timescales and delivery dates, and completing the necessary paperwork(if needed);

- Identifying production and supply difficulties and dealing with any problems or delays as they arise; managing, training and supervising junior staff;

- Merchandising of products, furniture, staff, attitude, promotional technique, promotional materials & other related jobs;

- Creative ideas generation for attracting customers about the product;

- Implementation of ideas to improve the display condition of showroom;

- Continuously preparation of planning how to improve the ISM process;

- Competitor's showroom visit & update the line manager about their ISM works, showroom renovation, POP installation & other things which are better than Butterfly;

- BML showroom visit, update staffs' modification of display & in-house all merchandising;

ISM & Training

- All above & followings....

- Arrange training about Customer Care & Product to increase the performance of overall sales staffs;

- Plan making for training arrangement;

- MODULE preparation for sales staff's training;

- Plan making to upgrade every individual of sales about their behavior & product knowledge.

2.3 Critical observation and recommendation

After working with LG-Butterfly Marketing Limited my observations are:

- Adequate training for Showroom Staffs
- Salary structure and government holiday
- Inadequate HR policy

As SCM (Supply Chain Management) concept is new for Bangladeshi industry, so most of the employee does not have proper knowledge about SCM but still the company has its forecasting and allocation process in their company, they are working in this department. Adequate training on SCM is very much essential for the Industry because Company can swim or sink with SCM. There is no standard salary structure in LG- Butterfly Marketing Limited, so some employee get very poor salary compare to other. It should be structured to motivate employee. During most of the government holiday employee has to do their office and they do not get any extra benefit. If company need to open during holiday they should provide proper compensation. In LG- Butterfly Marketing Limited, they should practice good HR policy for their future growth.

Project Part

3.1 Description of the project

3.1.1 Objectives of the project

The main objective of this project is to have a clear idea about Marketing strategies and product forecasting and allocation systems.

Understanding the environment, functions and management of the organization for my case it is LG- Butterfly Marketing Limited.

- Narrating experience in working in LG- Butterfly Marketing Limited.
- To apply theoretical knowledge and relate it with the practical content.
- To learn about forecasting and allocations of LG- Butterfly Marketing Limited.
- To identify the employees attitude towards the customers.

3.1.2 Methodology

Some simple and common methods have been used to carry out in making the report.

Sources of information:

The primary sources are:

- Practical observation
- Face to face conversation with the officers

The secondary sources are:

- Annual report of Butterfly Marketing Limited.
- Companies internal records and data.
- Web site of Butterfly Marketing Limited.

3.1.3 Limitations:

The major limitations of this report are as follows:

- Large-scale analysis was not possible due to time constraints.
- Relevant data and document collection were difficult due to the organization confidentiality.

3.2. What is Forecasting and Allocation?

Forecasting and Allocation system is an important part of a company. In order to meet expectations or target every company need to do these things.

Forecasting: In order to target return on investment (ROI) each and every company need to do forecasting. It is a systematic way, how the company firstly analysis the product demand, seasonal demand, customers income factors, living factors and then depending upon these variables fixing a target of sales, which can be also said as sales prediction.

Allocation: After forecasting process, there are some things to be done to get the forecasted result or the ROI. In that case company need to do proper allocation of the products. Such as: LG-Butterfly Marketing Limited has its 206 showrooms. Some are in Dhaka and also some are outside of Dhaka. A completely new 3D SMART TV launched, the price is near 9, 00,000 BDT. If this product gave to the showrooms in a village area that would not be a good allocation. This TV should be given to the Gulshan showroom. Where this type TV customers frequently visit. Here transportation is also important.

3.3 The need for Forecasting and Allocation

In the past, most organizations did little to evaluate actual forecasting and allocation. Instead, they tended to concentrate on their own operations and on their immediate suppliers. However, a number of factors make it desirable for business organizations to actively manage their forecasting and allocation.

The major factors are:

- The need to improve operations
- Increasing levels of outsourcing
- Increasing transportation costs
- Competitive pressures
- Increasing globalization
- Increasing importance of e-commerce
- The complexity of supply chains
- The need to manage inventories

3.4 Elements of Forecasting and Allocation

Supply chain management involves coordinating activities across the forecasting and allocation process. Central to this is taking customer demand and translating it into corresponding activities at each level of the forecasting and allocation process. The key elements of forecasting and allocation process are listed in the following table

Element	Typical Issues
Customers	Determining what products and / or services customers want.
Forecasting	Predicting the quantity and timing of customer demand.
Design	Incorporating customers, wants, manufacturability, and time to market.

Capacity Planning	Matching supply and demand.
Processing	Controlling quality, scheduling work.
Inventory	Meeting demand requirements while managing the costs of holding inventory.
Purchasing	Evaluating potential suppliers, supporting the needs of Operations on purchased goods and services.
Suppliers	Monitoring suppliers quality, on time delivery, and flexibility, Maintaining supplier relations.
Location	Determining the location of facilities.
Logistics	Deciding how to best move information and materials.

3.5 Key forecasting and Allocation systems of LG- Butterfly Marketing Limited:

Drivers of Supply Chain at LG

Planning: The decision of which model of which product is distributed to the showroom and how many refrigerators a showroom can get depends on:

Demand Forecast: LG with Butterfly Marketing Limited forecast demand about which model are needed by the customers.

Sales Forecast: LG Electronics with BML do monthly sales analysis of LG refrigerators and take a snap of which refrigerators models are selling more.

Sourcing: Only Butterfly Marketing Limited has the exclusive right to distribute product of LG. BML uses both direct and indirect network to distribute refrigerators.

Direct Network: BML has 206 showrooms all over the Bangladesh to distribute LG products

Indirect Network: BML has 300+ mixed dealers and many other sub dealers.

Delivery and Transportation: BML has own pick up van to ship refrigerators to customer house. When refrigerators demand is high, BML has to rent pick up van to transport LG refrigerator to customer.

Information Technology: LG has a robust information technology infrastructure which provides critically important support services to all the departments. For example: by using SAP, company is getting the sales information, product information, inventory information and can communicate with all the employees of the company.

3.6 Belt wise showroom planning for product supply:

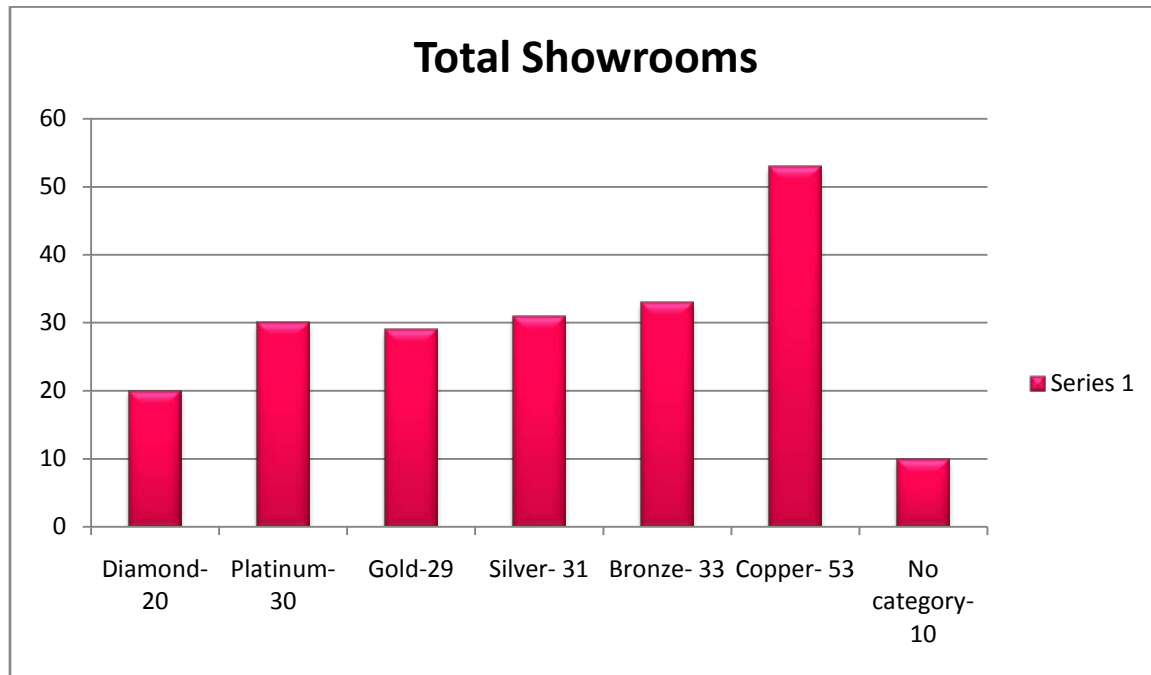
Belt1	Belt- 2	Belt- 3	Belt- 4
Gazipur 12	Manikgonj- 1	Kishorgonj- 2	Madaripur- 1
	Munshigonj- 1	Narsingdi- 2	Gopalganj-1
	Narayangonj-5	B. Baria- 2	Shariatpur- 1

Belt- 5	Belt-6	Belt- 7	Belt-8	Belt-9
Rajbari- 1	Tangail-3	Sherpur1	Rangpur3	Gaibandha3
Faridpur-2	Shirajgonj-3	Jamalpur1	Dinajpur6	Joypurhat1
	Pabna-3	Mymensing4	Lalmonirhat1	Naogaon2
		Netrokona1	Kurigram1	Chapainowabgonj1
			Nilfamari-2	Rajshahi5
			Thakurgaon-1	Natore2
			Ponchogor-1	Bogra7

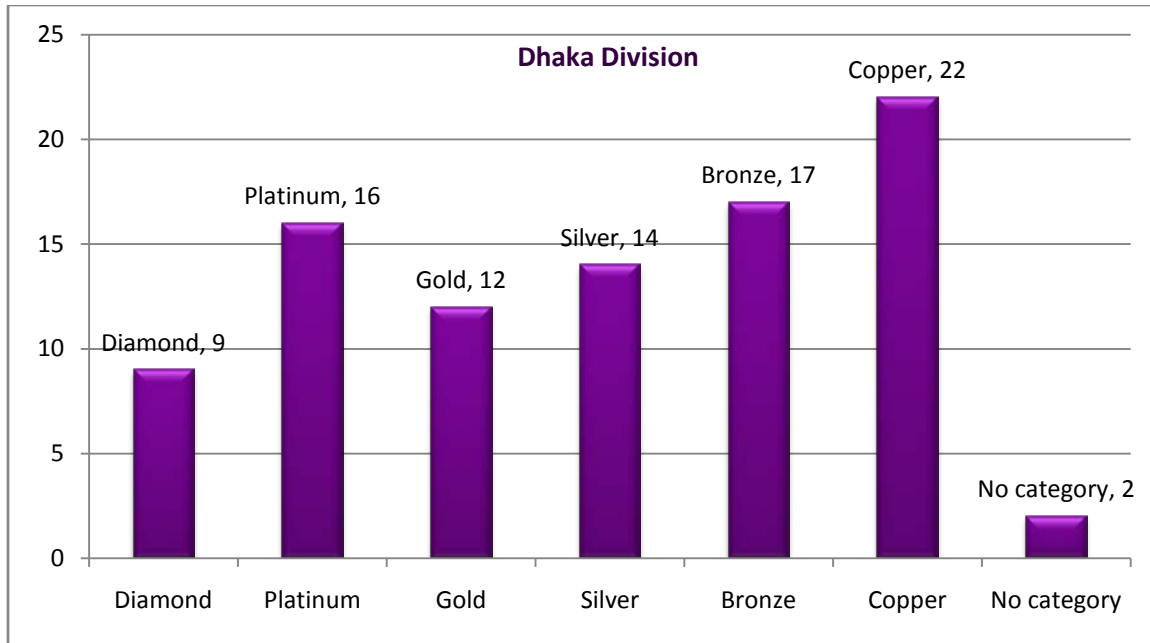
Belt-10	Belt- 11	Belt 12	Belt 13
Shatkhira2	Kushtia- 2	Jessore- 5	Barishal-2 Jhalakathi- 1
Khulna6	Meherpur- 1	Narail- 1	Pirojpur- 1
Bagerhat1	Chuadanga- 1	Magura- 1	Potua khali- 1
	Jhinaidah- 4		Bhola- 1

Belt 14	Belt 15	Belt 16	Belt-17
Comilla- 6	Feni- 1	Cox's Bazar- 3	Sylhet- 4
Chandpur- 2	Noakhali- 2	Chittagong- 11	Moulovibazar-3
	Laxmipur- 1	Rangamati- 1	Hobigonj- 2
		Khagrachori- 1	Shunamgonj-1

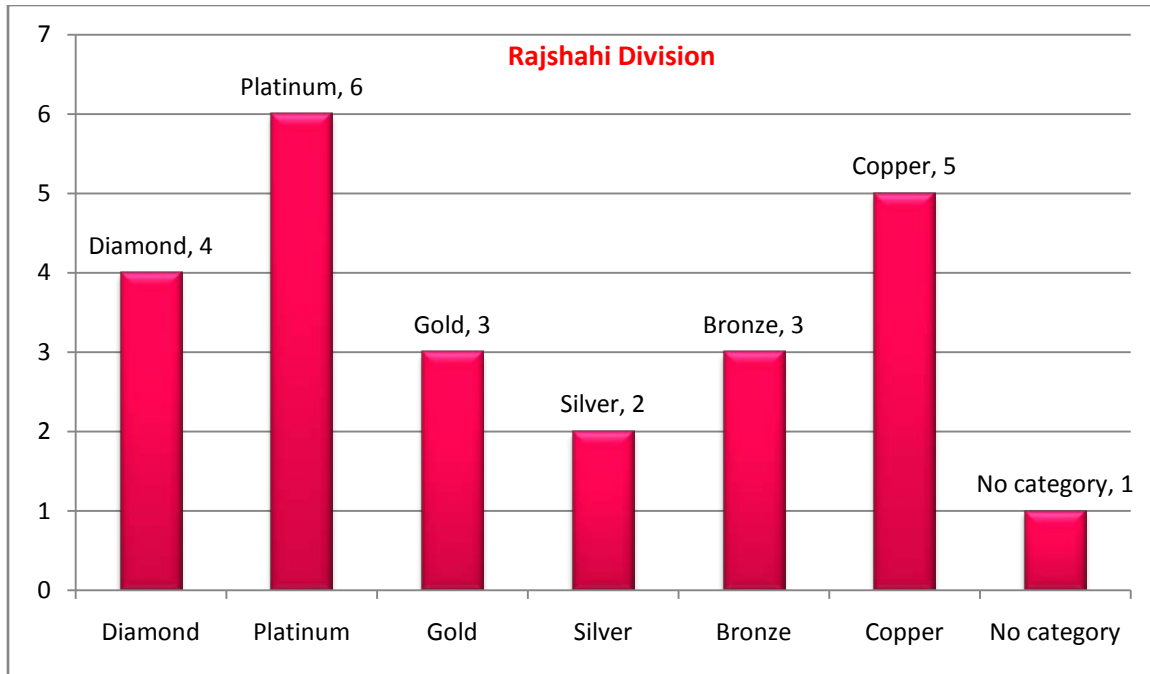
3.7 Division wise and Percentage wise of showrooms categorized:



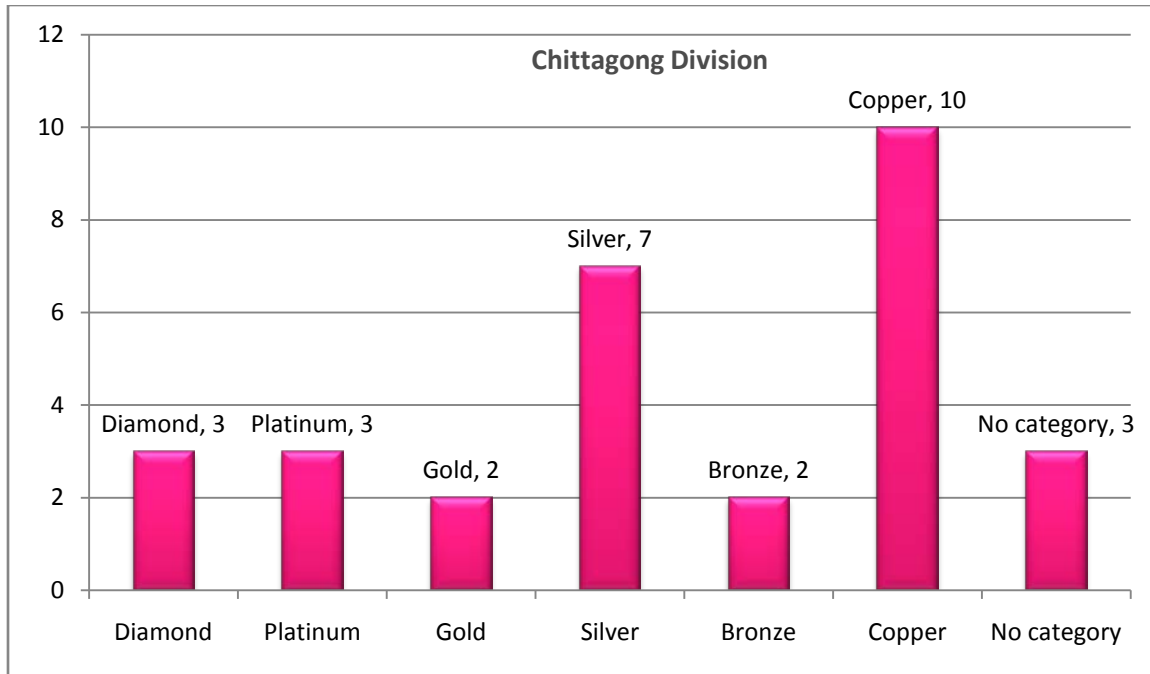
Category	Quantity	Percentage
Diamond	20	0.097087379
Platinum	30	0.145631068
Gold	29	0.140776699
Silver	31	0.150485437
Bronze	33	0.160194175
Copper	53	0.257281553
No category	10	0.048543689
Total	206	100%



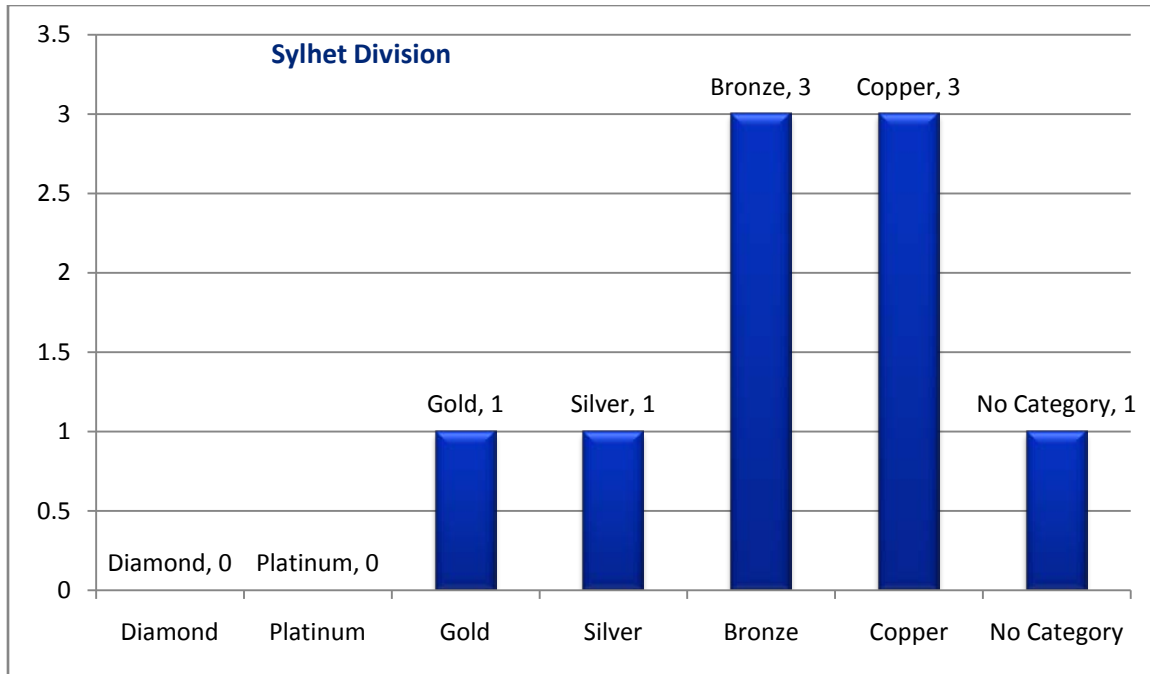
Category	Quantity	Percentage
Diamond	9	10%
Platinum	16	17%
Gold	12	13%
Silver	14	15%
Bronze	17	18%
Copper	22	24%
No category	2	2%
Total	92	100%



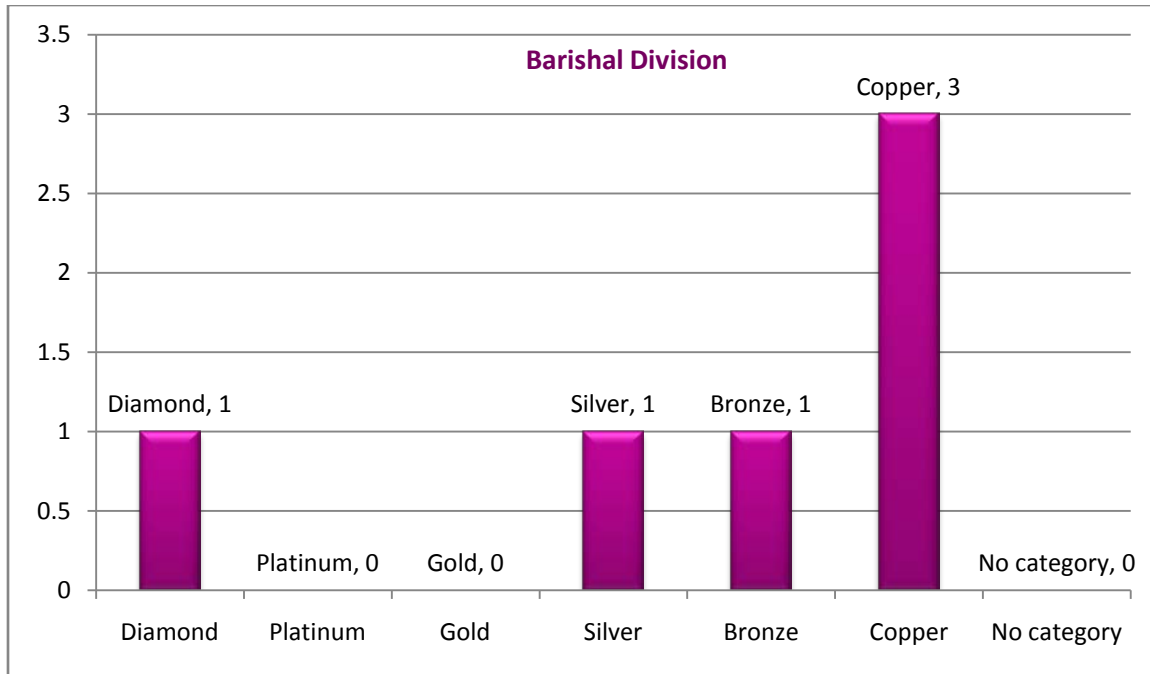
Category	Quantity	Percentage
Diamond	4	17%
Platinum	6	25%
Gold	3	13%
Silver	2	8%
Bronze	3	13%
Copper	5	21%
No category	1	4%
Total	24	100%



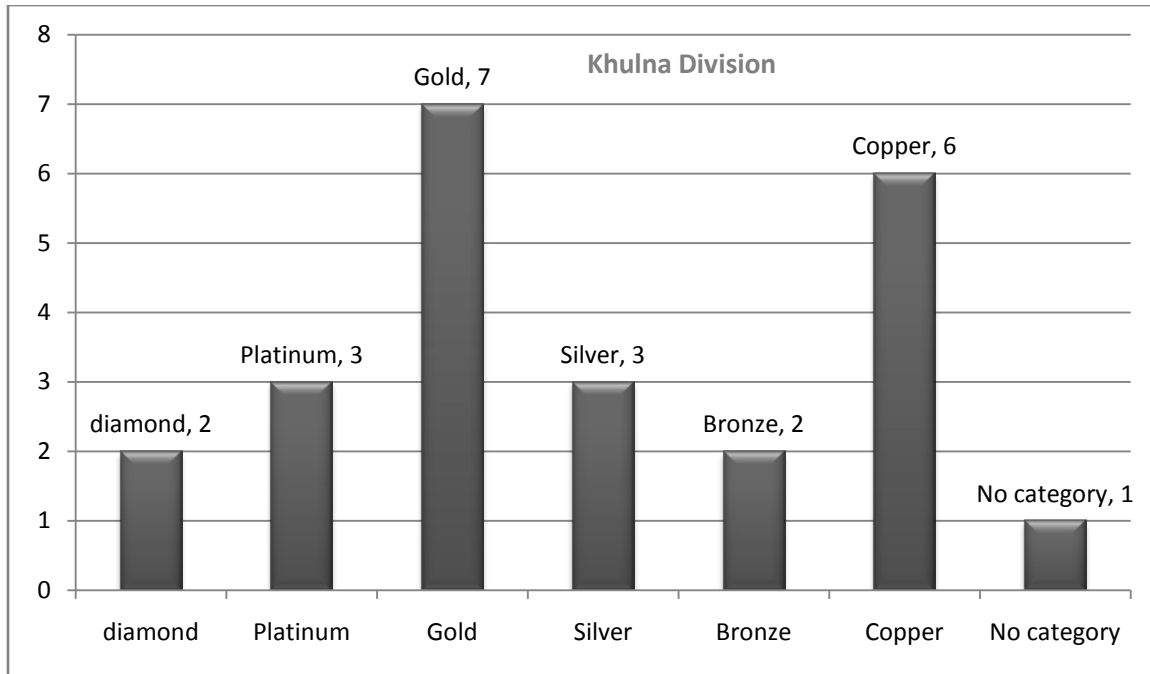
Category	Quantity	Percentage
Diamond	3	10%
Platinum	3	10%
Gold	2	7%
Silver	7	23%
Bronze	2	7%
Copper	10	33%
No category	3	10%
Total	30	100%



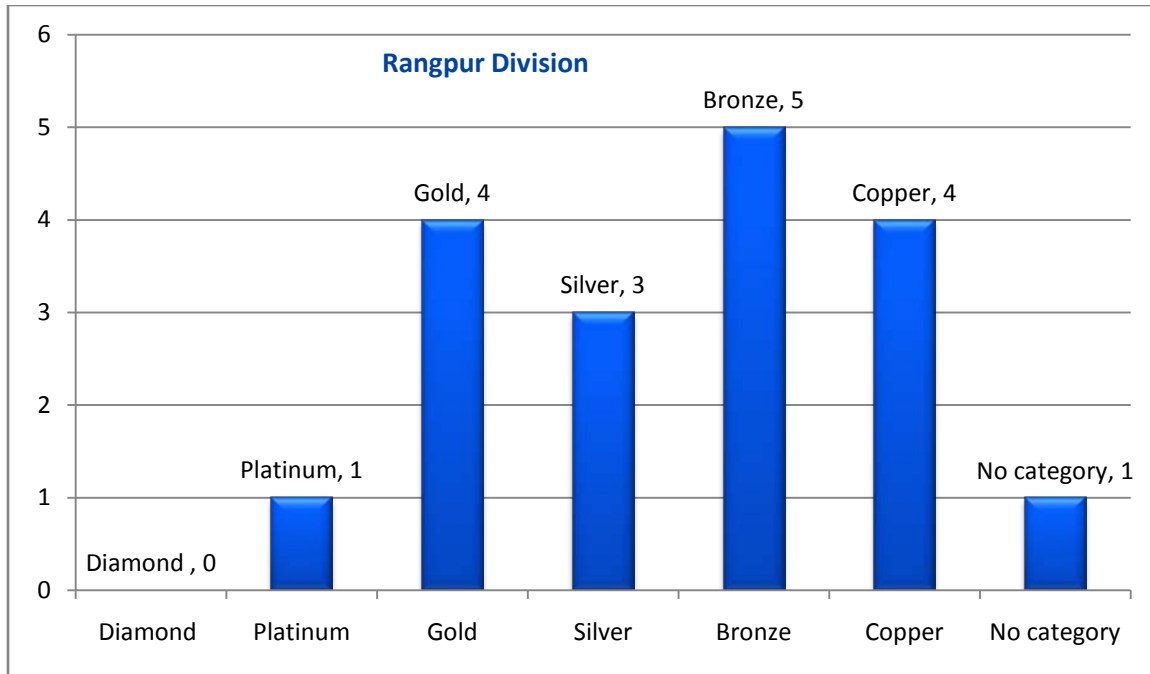
Category	Quantity	Percentage
Diamond	0	0%
Platinum	0	0%
Gold	1	11%
Silver	1	11%
Bronze	3	33%
Copper	3	33%
No category	1	11%
Total	9	100%



Category	Quantity	Percentage
Diamond	1	17%
Platinum	0	0%
Gold	0	0%
Silver	1	17%
Bronze	1	17%
Copper	3	50%
No category	0	0%
Total	6	100%



Category	Quantity	Percentage
Diamond	2	8%
platinum	3	13%
Gold	7	29%
Silver	3	13%
Bronze	2	8%
Copper	6	25%
No category	1	4%
Total	24	100%



Category	Quantity	Percentage
Diamond	0	0%
Platinum	1	6%
Gold	4	22%
Silver	3	17%
Bronze	5	28%
Copper	4	22%
No category	1	6%
Total	18	100%

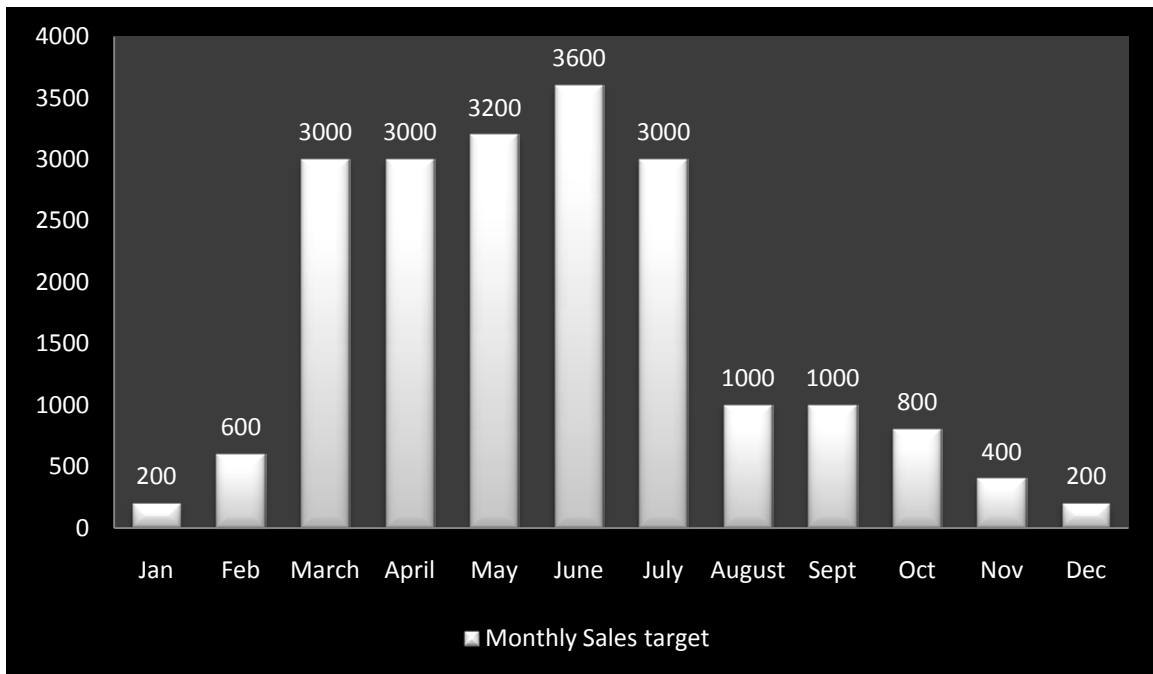
3.8 Product distribution determining process:

Company distributes the products time to time and at approximate estimation. This assumption prepared based on some variables. As Butterfly has 206 showrooms so it is little bit complex to estimate that which product will be given to whom and how many quantities. Though the total process occurred on assumption but there are some forecasting processes:

For latest RAC (Room Air- Conditioner):

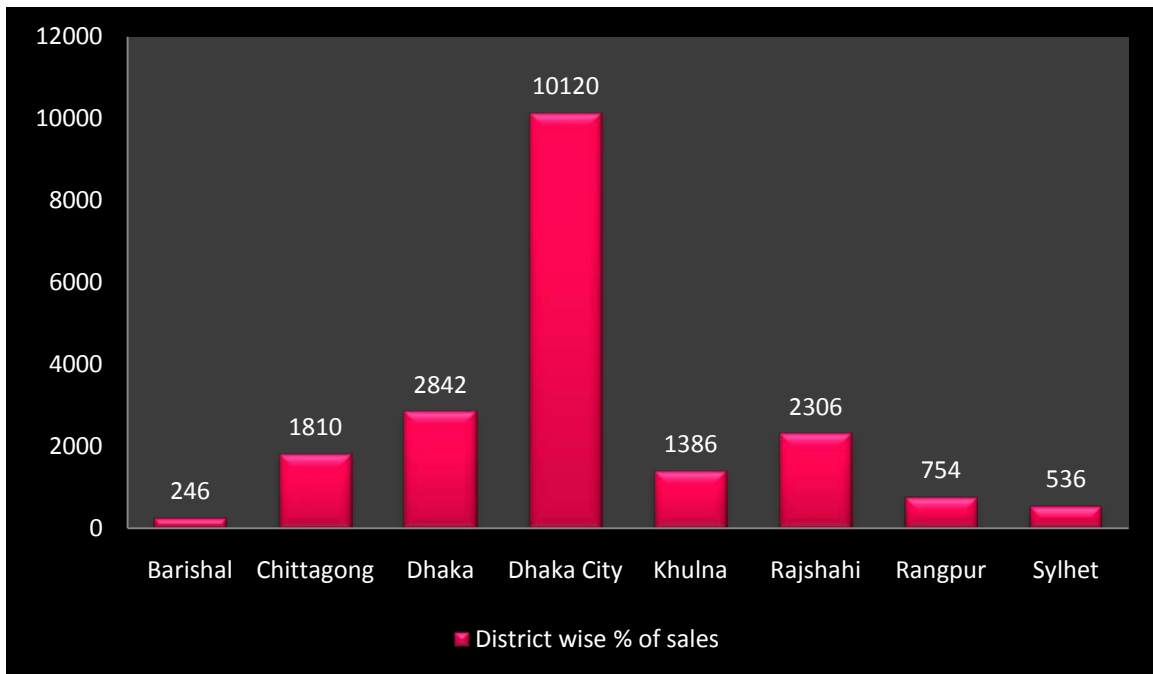
3.8.1 Monthly sales percentage:

Total units to be sold			20000										
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
% of prediction	1%	3%	15%	15%	16%	18%	15%	5%	5%	4%	2%	1%	100%
Unit	200	600	3000	3000	3200	3600	3000	1000	1000	800	400	200	20000



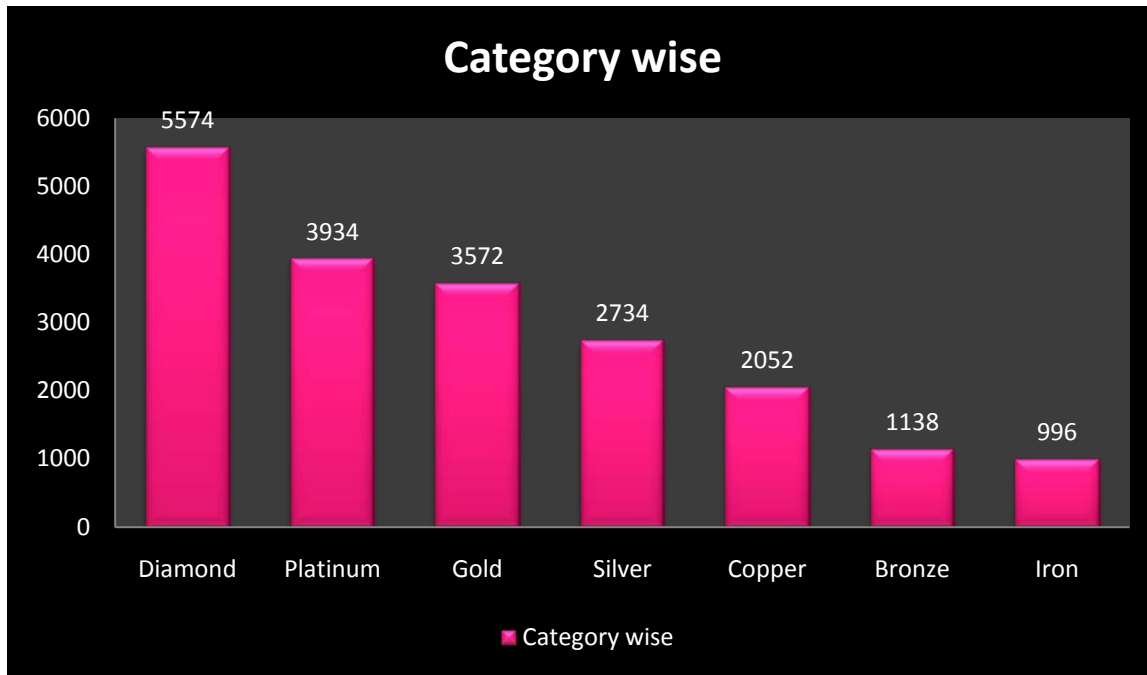
3.8.2 Division wise sales prediction percentage:

Total units to be sold			20000						
Divisions	BSL	CTG	DHK	DHK City	KHL	RAJ	RNG	SYL	Total
% of prediction	1.23%	9.05%	14.21%	50.60%	6.93%	11.53%	3.77%	2.68%	100.00%
Unit	246	1810	2842	10120	1386	2306	754	536	20000



3.7.3 Category wise sales prediction:

Total units to be sold			20000					
Category	Diamond	Plati	Gold	Silver	Copper	Bronze	Iron	Total
% of prediction	27.87%	19.67%	17.86%	13.67%	10.26%	5.69%	4.98%	100.00%
Unit	5574	3934	3572	2734	2052	1138	996	20000



Above mentioned system show how the products be classified in the time of allocation. Here shown that the huge sales occurred in Dhaka city and Diamond category showrooms. It also varies from area to area. As an example, about RAC and Smart TV's allocation process most preference will give to Dhaka cities platinum showrooms. Because the purchasing power and the population is increasing. But in the other hand, in Bogra or Mymensing there are also Diamond

and Platinum showrooms but their purchasing power of customers for RAC is low, but it is high for REF(Refrigerator) or for LED TVs.

Year	Variables	Amount (Pieces)
2011	Sales	13500
2012	Sales	13800
2013	Sales	8000
2014	Prediction	20000

Reasons:

2011 & 2012:

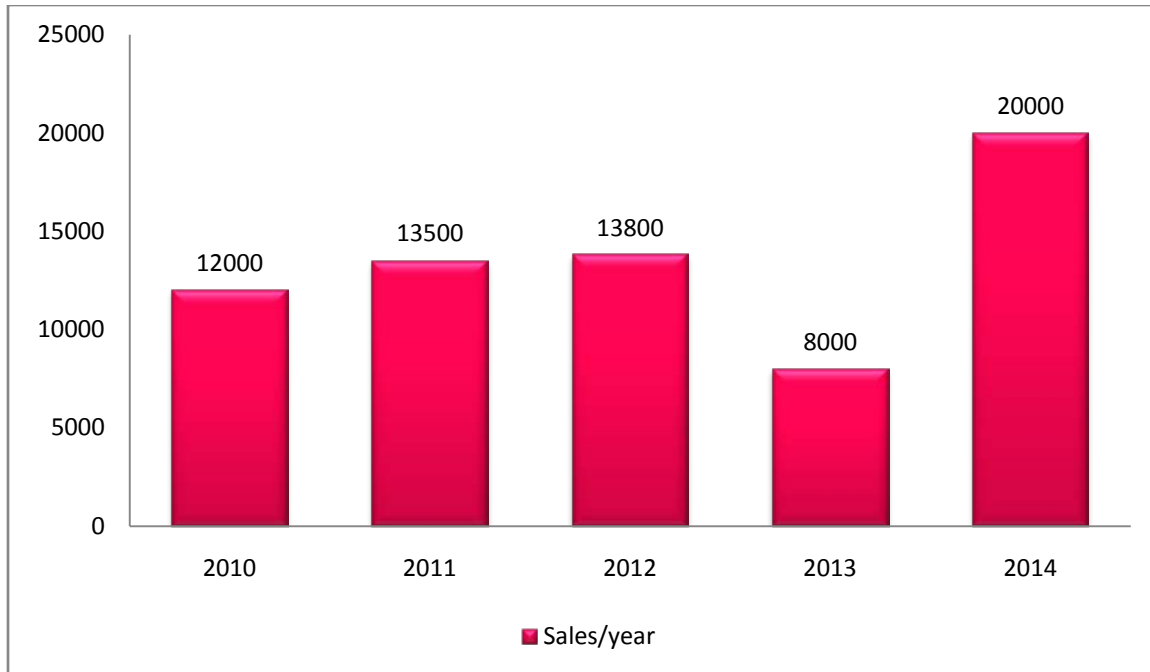
In these years sales were increasing, because of the living standard is increasing. That time political condition was stable etc.

2013:

A delay shipment occurred and company couldn't make its customers product demand. That time also political condition was also unstable and people didn't want to spend money.

2014:

In this year company took so many variables and upon these variables it estimated a target of 20000 units. These variables are political condition became good, demand of last year's fulfillment, environment prediction (March, April, May, June, July, August)- in this time periods temperature will be so hot. And most importantly this year the shipment occurred at the perfect time.



Though Butterfly made a sales above in 2011, 2012, 2013 and it was decreasing, but still it took a target of selling 20000 pieces RAC in 2014. Because company found that in 2013 the sale of 8000 quantity occurred because of having late receiving of stocks and they couldn't reach to their target. So in this year they targeted 20000 because of the summer duration, they mainly targeted for the months of April, May, June, July, August. And they achieved their target within June.

3.9 Transportation Network of LG

Transportation network of LG refrigerators is retail Storage with customer pickup. In this network customers are came to the showroom of LG Butterfly, choose refrigerator type and model, and finally place an order to buy. Refrigerators are then sent to customer's house with the pickup van of LG Butterfly or arranging external pickup van. Customers have to bear the transportation cost.

3.10 Customer Relationship Management

3.10.1 Complaint Management System

The ISM team of Butterfly Marketing Limited has its own complaint management system. The customers or expected customers can know their answers and queries by calling the CIC department. And the internal problems of the showrooms, complains and queries of the Floor Sales Persons and Managers are solved by the ISM team. And those data's collected and noted down and further those are informed to the management.

3.10.2 In- Store Merchandising

After entering at LG-Butterfly showroom, customers get a charm feeling. This is because showroom is decorated in a way that gives customers happy feeling. The merchandizing at LG-Butterfly showroom done by two ways:

Product Merchandizing: In the showroom, there is different section for each product category. For example: Refrigerators are kept in the area of refrigerator section. Product information and price tag are placed on the each product. As a result, customers can get quick idea about products. Products are kept in the showroom is free from dust.

Manpower: The sales forces of the showroom are well trained and well mannered. They are always there to help customers. They always welcome customers and brief the product facility and show usage instruction to customers. They have to maintain a dress code (Brown, Off white, Blue) to show the unity of the company.

3.10.3 Social Network

LG uses social network to reach customers. It has a facebook fan page, in which customer can get the product, price and company information, can know about the new promotional campaign, can comment about the functions of the LG refrigerators, can share feelings and can also comment.

Conclusion

LG is a dominant player in the consumer refrigerator market in Bangladesh. LG is known as a people company, which concentrates to create value for customers as well as people. It provides customized products and creative solution through smart technology that creates a perfect harmony to the life of customers. In Bangladesh, LG has low brand awareness than other countries. So, LG is now concentrating on brand building activities to raise its brand awareness and is focusing more on innovative marketing strategies rather than aggressive selling. LG has started to follow the ERRC (Eliminate, Reduce, Raise and Create) rule. This means eliminating unnecessary things, reducing existing standards that is below industry standards, raising existing standards that is above industry standards, and creating something by following blue ocean strategy. It has established a factory with its distributor BML in Valuka, which will contribute a lot in the economy of Bangladesh and customer will also get customized and localized products at a lower cost. So, at last it can be mentioned that LG has a greater future in Bangladesh.

Recommendation:

Forecasting and Allocation process in LG- Butterfly Marketing Limited should be approached in a more systematic manner based on integrated and documented processes. The various supply chain components like suppliers, manufacturers, warehouses and stores should be integrated in a single system, which will makes forecasting and allocation system more effective. The team involved in the operational side on handling the supply chain should be highly trained in supply chain management function.