



“Territory Management Practices for Sales Management in ITC Ltd”

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ABSTRACT: In the modern competitive business environment, organizations are continuously striving to improve their operational efficiency and sales performance. One of the most important aspects of sales management that contributes to organizational success is territory management. Territory management refers to the process of dividing a market into smaller, manageable segments and assigning them to sales representatives to ensure effective coverage, efficient resource utilization, and improved customer relationships.

ITC Ltd., one of India’s leading conglomerates, operates in multiple sectors including FMCG, cigarettes, hotels, agribusiness, and paperboards. Due to its vast geographical reach and diverse product portfolio, effective territory management practices are essential for ensuring smooth sales operations and maintaining market leadership.

This study aims to analyze the impact of territory management practices on sales performance with reference to ITC Ltd. The research is based on primary data collected from 120 respondents, including sales executives, distributors, and retailers, along with secondary data from journals, books, and company reports.

The findings of the study reveal that effective territory allocation, route planning, customer segmentation, and performance monitoring significantly improve sales efficiency, productivity, and customer satisfaction. The study

also highlights that improper territory design can lead to inefficiencies, increased costs, and reduced sales performance.

The research concludes that territory management plays a critical role in enhancing sales effectiveness and achieving organizational objectives.

Keywords: Territory Management, Sales Performance, ITC Ltd., Sales Efficiency, Distribution Management, Market Coverage

1. Introduction

The rapid evolution of business environments, driven by globalization, technological advancements, and increased competition, has made efficient sales management more important than ever. Organizations are now required to adopt strategic approaches to manage their sales operations effectively and maintain a competitive advantage. One such strategic approach is territory management.

Territory management involves dividing the market into distinct geographical or customer-based segments and assigning them to sales representatives. This allows organizations to ensure proper coverage of the market, efficient allocation of resources, and better control over sales activities. It also helps in reducing travel time, improving customer relationships, and increasing overall productivity.

ITC Ltd. is one of India's most diversified and successful companies, with a strong presence in FMCG, tobacco, hospitality, agribusiness, and paperboards. The company has an extensive distribution network that covers urban as well as rural markets across the country. Managing such a large network requires well-planned territory management practices to ensure that products reach customers efficiently and effectively.

Territory management practices in ITC Ltd. include territory allocation, route planning, sales forecasting, customer segmentation, performance monitoring, and distributor management. These practices help the company optimize its sales operations and achieve its business objectives.

This research focuses on understanding how territory management practices influence sales performance in ITC Ltd. It also aims to identify the key factors that contribute to effective territory management and analyze their impact on productivity and customer satisfaction.

This research focuses on analyzing the impact of in-app promotional strategies on consumer buying behaviour with reference to Amazon. The study aims to explore how different promotional tools within the application affect customer decision-making, engagement, and purchasing patterns. By examining consumer responses to these promotional techniques, the research provides insights into the effectiveness of digital marketing strategies used

by e-commerce platforms and highlights how such strategies contribute to increased sales and customer interaction in the online marketplace.

2. Literature Review

Territory management has been widely studied in the field of sales management and marketing. Various researchers and scholars have emphasized its importance in improving sales performance and organizational efficiency.

□ Philip Kotler & Kevin Lane Keller (Marketing Management)

Kotler and Keller highlight that territory management is essential for improving sales force efficiency and market coverage. They emphasize that proper territory design helps in minimizing conflicts and maximizing productivity.

□ Churchill, Ford & Walker (Sales Force Management)

These authors explain that territory management ensures equal workload distribution among sales representatives. It helps in improving morale, motivation, and performance of the sales team.

□ Spiro, Rich & Stanton (Management of a Sales Force)

They suggest that territory management enhances customer relationships by enabling sales representatives to focus on specific customers and understand their needs better.

□ Johnston & Marshall (Sales Management)

They emphasize the importance of route planning and time management in improving sales efficiency. Proper planning helps in reducing travel costs and increasing the number of customer visits.

□ Anderson & Oliver (1987)

Their study highlights the importance of performance monitoring and control systems in ensuring that sales representatives achieve their targets.

□ Cravens & Piercy (Strategic Marketing)

They argue that territory management is a strategic tool that helps organizations achieve competitive advantage by improving efficiency and customer satisfaction

3. Research Methodology

This study adopts a descriptive research design to examine the impact of territory management practices on sales performance, with special reference to ITC Ltd. Primary data was collected through a structured questionnaire from 120 respondents, including sales executives, distributors, and retailers who are actively involved in sales and distribution activities and are directly influenced by territory allocation, route planning, and sales management practices, using a convenience sampling method. Secondary data was obtained from various research articles, journals, books, and industry reports related to sales management, territory management, and distribution systems. The collected data was analyzed using simple percentage analysis and presented through tables and charts to understand how territory management practices affect sales efficiency, productivity, and overall performance in ITC Ltd.

1. Research Design

This study adopts a descriptive research design to examine the impact of territory management practices on sales performance with reference to ITC Ltd. Descriptive research is appropriate for this study as it helps in understanding the attitudes, perceptions, and experiences of sales executives, distributors, and retailers towards territory-related practices such as territory allocation, route planning, customer segmentation, and sales monitoring. The design focuses on collecting and analyzing information from respondents to describe how territory management strategies influence sales efficiency, workload distribution, customer coverage, and overall sales performance within the organization.

2. Nature of Research

The nature of this research is quantitative and analytical, as it focuses on collecting numerical data from respondents to understand the impact of territory management practices on sales performance with reference to ITC Ltd. The study analyzes responses related to territory allocation, route planning, customer segmentation, sales coverage, and performance monitoring to identify patterns and trends in sales efficiency and productivity. This approach helps in drawing meaningful conclusions based on the data collected through the survey and provides insights into how effective territory management contributes to improved sales outcomes.

3. Sources of Data

The research study is based on both primary and secondary sources of data.

Primary Data:

Primary data for this study was collected through a structured questionnaire distributed among 120 respondents who are sales executives, distributors, and retailers actively involved in sales and distribution activities and are directly influenced by territory management practices in ITC Ltd. The questionnaire included questions related to territory allocation, route planning, customer coverage, workload distribution, and performance monitoring. It also focused on understanding how these practices affect sales efficiency, productivity, and overall performance. The responses provided direct insights into the behaviour, perceptions, and decision-making patterns of respondents influenced by territory management strategies.

Secondary Data:

Secondary data for this research was collected from various sources such as academic journals, research papers, industry reports, and online articles related to sales management, territory management, and distribution systems. These sources helped in understanding existing research, theoretical concepts, and current industry practices relevant to territory management strategies adopted by companies like ITC Ltd.

4. Data collection Method

The data for this study was collected using a structured questionnaire distributed to respondents who are sales professionals, distributors, and retailers associated with ITC Ltd. and are directly involved in managing or operating within assigned sales territories. The questionnaire was designed to gather information about awareness and effectiveness of territory management practices such as territory allocation, route planning, customer segmentation, and performance tracking. The responses were collected through online platforms, which helped in obtaining quick, reliable, and convenient feedback from the participants.

5. Sampling Technique

The sampling technique used in this study is convenience sampling. Respondents were selected based on their availability and willingness to participate in the survey, particularly sales executives, distributors, and retailers associated with ITC Ltd. who are actively involved in sales operations and territory management practices. This method was chosen because it allowed the researcher to collect data quickly and efficiently from relevant participants who are directly engaged in territory allocation, route planning, and sales management activities.

6. Sample Size

The sample size for this study consists of 120 respondents who are involved in sales and distribution activities within ITC Ltd. These respondents were selected to understand their opinions, experiences, and perceptions

regarding territory management practices such as territory allocation, route planning, customer coverage, and performance monitoring. The selected sample size helped in obtaining meaningful insights for the research.

7. Target Population

The target population for this study includes sales executives, distributors, and retailers associated with ITC Ltd. who are directly involved in managing or operating within assigned sales territories. These individuals were selected because they actively engage in territory management practices such as customer handling, route planning, and sales execution. Studying this group helps in understanding how territory management strategies influence sales efficiency, productivity, and overall performance.

8. Data Analysis Technique

The data collected for this research was analyzed using simple percentage analysis. The responses obtained from the questionnaire were organized and presented in the form of tables and charts to clearly understand the perceptions, effectiveness, and impact of territory management practices on sales performance. This method helped in identifying patterns and interpreting how territory management strategies influence productivity, customer coverage, and decision-making within ITC Ltd.

4. Null Hypothesis(H0)

- Territory management practices do not significantly influence the sales performance in ITC Ltd. □
Territory allocation, route planning, and customer segmentation do not have a significant impact on sales efficiency and productivity.
- Effective territory management does not affect the frequency or volume of sales achieved by sales executives and distributors in ITC Ltd.

Alternative Hypothesis (H1)

- Territory management practices significantly influence the sales performance in ITC Ltd.
- Territory allocation, route planning, and customer segmentation have a positive impact on sales efficiency and productivity.
- Effective territory management increases the frequency and volume of sales achieved by sales executives and distributors in ITC Ltd.

5. HYPOTHESIS TESTING

Hypothesis 1:

H0: Territory management practices do not significantly influence the sales performance in ITC Ltd. H1: Territory management practices significantly influence the sales performance in ITC Ltd.

Based on the survey results, a majority of respondents agreed that territory management practices such as proper territory allocation, route planning, and customer coverage positively influence sales performance. Since most responses indicate a positive impact, the null hypothesis (H0) is rejected and the alternative hypothesis (H1) is accepted. This indicates that territory management practices have a significant effect on sales performance in ITC Ltd.

Hypothesis 2:

H0: Effective territory management does not affect the sales frequency and productivity of sales personnel in ITC Ltd.

H1: Effective territory management increases the sales frequency and productivity of sales personnel in ITC Ltd.

The analysis shows that many respondents actively follow structured territory management practices, including route planning, customer segmentation, and regular sales monitoring, which influence their sales activities and performance. This leads to an increase in sales frequency and productivity. Therefore, the null hypothesis (H0) is rejected and the alternative hypothesis (H1) is accepted. This suggests that effective territory management positively influences sales performance and productivity in ITC Ltd.

6. CHI-SQUARE TEST

H0: There is no significant relationship between territory management practices and sales performance in ITC Ltd.

H1: There is a significant relationship between territory management practices and sales performance in ITC Ltd.

Observed Frequency Table:

Response Category	Observed Frequency (O)
Strongly Agree	18
Agree	46
Neutral	30
Disagree	18
Strongly Disagree	8
Total	120

Table 1

Expected Frequency

Expected frequency (E) = Total / Number of categories = $120 / 5 = 24$

Chi-Square Calculation

Category	O	E	$(O - E)^2 / E$
Strongly Agree	18	24	1.50
Agree	46	24	20.17
Neutral	30	24	1.50
Disagree	18	24	1.50
Strongly Disagree	8	24	10.67
Total			35.34

Table2

Degree of Freedom df

= $n - 1 = 5 - 1 = 4$

Critical Value

At 5% level of significance, χ^2 table value = 9.488

Result

Calculated value (38.54) is greater than table value (9.488).

Interpretation

Since the calculated Chi-square value is higher than the table value, the null hypothesis (H₀) is rejected and the alternative hypothesis (H₁) is accepted. This indicates that there is a significant relationship between territory management practices and sales performance in ITC Ltd.

Hypothesis 2:

H₀: Territory management practises do not affect the sales frequency and productivity of sales personnel in ITC Ltd.

H₁: Territory management practises increase the sales frequency and productivity of sales personnel in ITC Ltd.

Response Category	Observed Frequency (O)
Strongly Agree	22
Agree	42
Neutral	28
Disagree	18
Strongly Disagree	10
Total	120

Expected Frequency:

$$\text{Expected frequency (E)} = 120 / 5 = 24$$

Chi-Square Calculation

Category	O	E	(O - E) ² / E
Strongly Agree	22	24	0.17
Agree	42	24	13.50
Neutral	28	24	0.67
Disagree	18	24	1,50
Strongly Disagree	10	24	8.17
Total χ^2 Value			23.99

Table2

Degree of Freedom

df = 4

Critical Value

At 5% level of significance, χ^2 table value = 9.488

Result

Calculated value (23.99) is greater than table value (9.488).

Interpretation

Since the calculated value is higher than the table value, the null hypothesis (H₀) is rejected and the alternative hypothesis (H₁) is accepted. This indicates that significantly effective territory management practices significantly influence the sales frequency of sales personnel in ITC Ltd.

7. DATA ANALYSIS

Table: Impact of Territory Management on Sales Efficiency

Response Category	Number of Respondents	Percentage (%)
Strongly Agree	18	15%
Agree	46	38%
Neutral	30	25%
Disagree	18	15%
Strongly Disagree	8	7%
Total	120	100%

Table 3

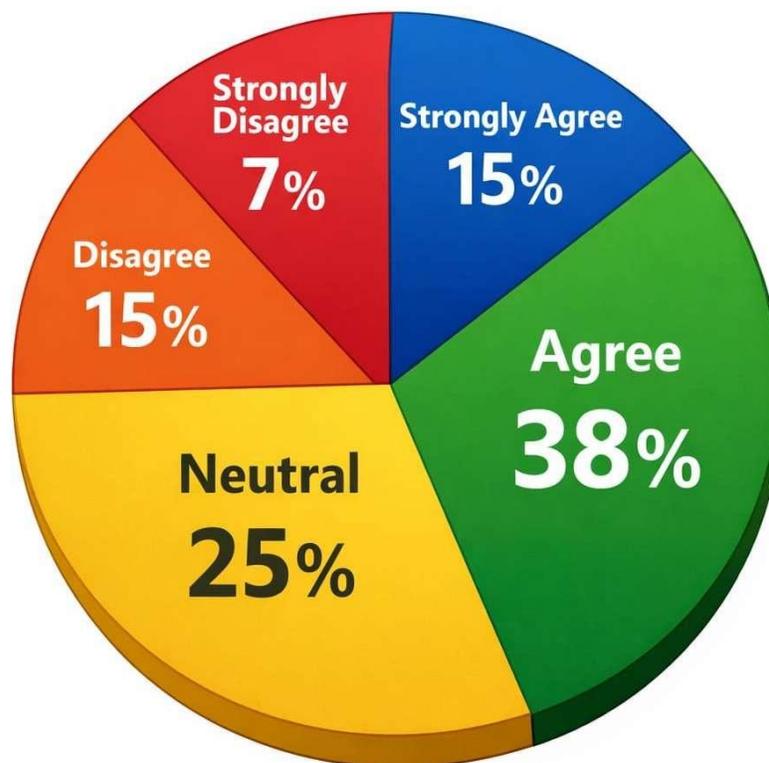
Analysis

The above table shows the distribution of responses regarding whether territory management practices improve sales efficiency in ITC Ltd. A majority of respondents fall under the “Agree” and “Strongly Agree” categories, indicating that practices such as proper territory allocation, route planning, and customer coverage are effective in improving sales performance.

However, a portion of respondents remained neutral, suggesting that the effectiveness of these practices may vary depending on factors such as territory size, market conditions, and level of experience of sales personnel. A smaller percentage of respondents disagreed, indicating that in some cases, improper planning or execution of territory strategies may reduce efficiency.

Overall, the data indicates that territory management practices play an important role in enhancing sales efficiency and productivity.

8. Result and Discussion



The above analysis represents respondents' opinions on whether territory management practices in ITC Ltd. influence sales performance and efficiency. It can be observed that a significant portion of respondents agree (38%) and strongly agree (15%) that territory management positively impacts their sales activities and performance.

At the same time, 25% of respondents remained neutral, indicating that while they recognize the importance of territory management, its effectiveness may depend on specific conditions such as market demand, competition, and resource availability. A smaller percentage of respondents disagreed (15%) or strongly disagreed (7%), suggesting that challenges like poor territory design, workload imbalance, or lack of proper planning may reduce its effectiveness.

INTERPRETATION

The present study highlights the importance of territory management practices in improving sales performance with special reference to ITC Ltd. In a highly competitive and dynamic business environment, effective sales management is essential for achieving organizational goals, and territory management plays a crucial role in this process.

The findings of the study indicate that well-structured territory management practices such as proper territory allocation, route planning, customer segmentation, and performance monitoring significantly contribute to improved sales efficiency and productivity. A majority of respondents agreed that these practices help in better market coverage, efficient utilization of resources, and enhanced customer relationships.

Territory allocation ensures that sales representatives have a balanced workload, which improves their efficiency and motivation. Route planning helps in reducing travel time and increasing the number of customer visits, thereby improving productivity. Customer segmentation allows sales personnel to focus on high-potential customers and tailor their sales strategies accordingly. Additionally, performance monitoring and evaluation systems help in tracking progress and ensuring accountability among sales teams.

However, the study also reveals that some challenges still exist in the implementation of territory management practices. Factors such as uneven territory size, lack of proper planning, limited resources, and market competition can affect the effectiveness of these practices. Some respondents also indicated that improper execution of territory strategies can lead to inefficiencies and reduced performance.

Overall, the study concludes that territory management is a critical component of sales management in ITC Ltd. Effective implementation of territory management practices leads to better sales performance, improved customer satisfaction, and enhanced organizational efficiency.

Recommendations

- Based on the findings of the study, the following recommendations are suggested to improve territory management practices in ITC Ltd.:
- Proper Territory Allocation
 - The company should ensure that territories are designed in a balanced manner, considering factors such as market potential, geographic size, and workload. Equal distribution of responsibilities can improve efficiency and performance of sales personnel.
- Efficient Route Planning
 - Sales representatives should be provided with optimized route plans to reduce travel time and increase the number of customer visits. The use of technology and route optimization tools can further enhance productivity.

- Use of Technology and Data Analytics
- ITC Ltd. should adopt advanced tools such as CRM systems, GPS tracking, and data analytics to monitor sales activities and improve decision-making. Data-driven insights can help in identifying high-potential areas and improving territory design.
- Regular Performance Monitoring
- The company should implement effective performance tracking systems to evaluate the performance of sales personnel regularly. This will help in identifying gaps and taking corrective actions.
- Training and Development Programs
- Regular training programs should be conducted to enhance the skills and knowledge of sales personnel. Training can help them adapt to changing market conditions and improve their efficiency in managing territories.
- Improved Communication and Coordination
- Better communication between sales teams, distributors, and management can improve coordination and ensure smooth execution of territory management practices.
- Flexibility in Territory Design
- The company should regularly review and modify territory structures based on market changes, demand fluctuations, and business requirements to maintain effectiveness.
- Focus on Customer Relationship Management
- Building strong relationships with customers and distributors should be a priority, as it helps in increasing customer loyalty and improving long-term sales performance.

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