

Forecasting

When it comes to developing a forecast, it's important to understand that there is a qualitative piece as well as a quantitative piece. The quantitative aspect will focus on taking historical data from the prior year in order to estimate how much you might sell in the upcoming round. The qualitative aspect will focus on thinking about how your product has changed from the prior year. While the qualitative aspect will have to be estimated, there are two recommended forecasting methods for the quantitative aspect: the basic forecasting method and the December customer survey score method. Below, are how one might go about implementing both methods for the product **Able**.

1. The Basic Forecasting Method

First, you'll want to determine the total number of units that will be sold to the segment. To do this, we will use the following equation using numbers from Exhibit 1.

9.2%, expressed as a decimal point = 0.092

$$10,504 * (1 + 0.092)$$

$$10,504 * (1.092)$$

$$10,504 * (1.092) = 11,470$$

Secondly, you'll want to factor in how much market share your product will take from the upcoming demand. You will want to look at the product's potential market share. You can find this number in Exhibit 2.

10.4%, expressed as a decimal = 0.104

$$11,470 * 0.104 = 1,193.$$

1,193 → This would serve as your base forecast assuming that your product is meeting the customer buying criteria just as well as it was in the prior round.

2. The December Customer Survey Score Method

First, you'll want to determine the total number of units that will be sold to the segment. To do this, we will use the following equation using numbers from Exhibit 1.

$$10,504 * (1 + 0.092)$$

$$10,504 * 1.092$$

$$10,504 * 1.092 = 11,470$$

Secondly, you'll want to factor in how much market share your product will take from the upcoming demand. In order to estimate this number, you will look at your December survey score as a proportion to each of the survey scores in that market. You can find this information in Exhibit 3.

$$30 + 23 + 22 + 49 + 47 + 30 + 32 + 3 + 32 + 0 + 1 = 269$$

$$30 / 269 = 0.1115 \text{ or } \sim 11\%.$$

11% expressed as a decimal = 0.11

$$11,470 * 0.11 = 1,262$$

1,262 → This would serve as your base forecast assuming that your product is meeting the customer buying criteria just as well as it was in the prior round.

Here are some forecasting best practices:

- Again, keeping in mind how your product is changing from one year to the next.
- Try implementing a best case and worst case scenario. In this instance, you may choose to produce a little bit more in order to avoid a stock out. It is common to take 90% of your base forecast to enter in Marketing while making sure 120% is available through production. (factoring in any inventory on hand)
- Think about how your competitors may be changing their products.
- Check out our forecasting webinar [here](#).

Exhibit 1

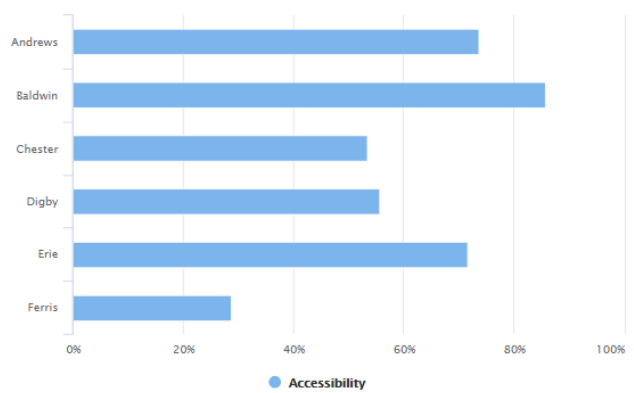
Traditional Statistics

2023 Total Market Size	10,504
2023 Total Units Sold	10,504
Segment % of Total Industry	27.5%
2024 Demand Growth Rate	9.2%

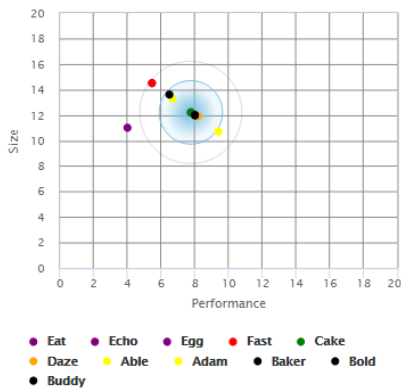
Traditional Customer Buying Criteria

	Expectations	Importance
Age	2 Years	47%
Price	\$18.00 - \$28.00	23%
Positioning	Performance 7.8 Size 12.2	21%
Service Life	14,000 - 19,000 Hours	9%

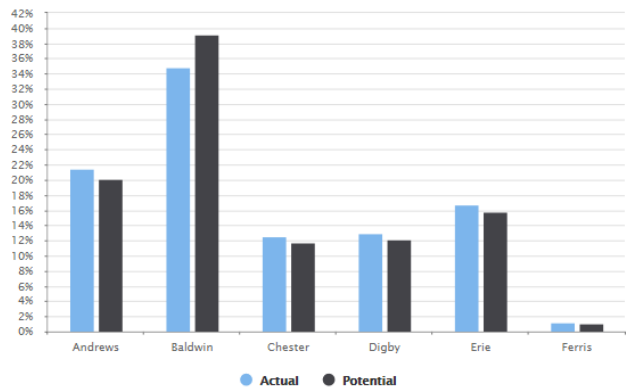
Accessibility



Perceptual Map for Traditional



Actual vs. Potential Market Share

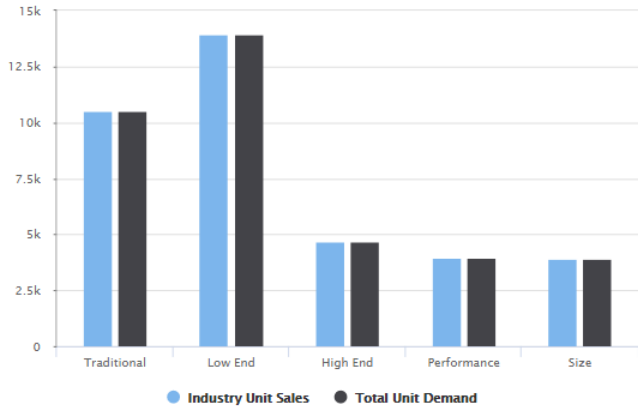


Top Products

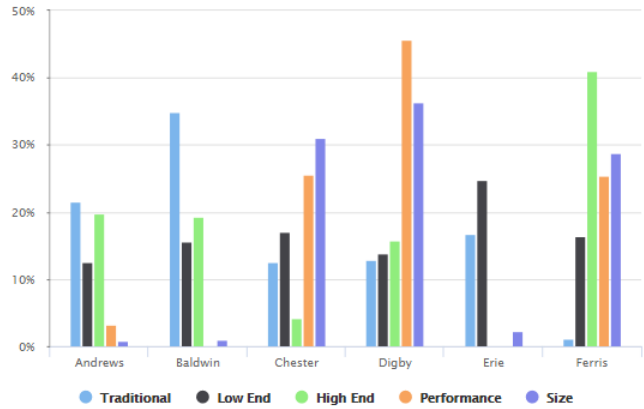
Name	Price	Units Sold	Potential Sold	Stock Out	Revision Date	Age	Pfmm	Size	MTBF	Sales Budget	Customer Accessibility	Promo Budget	Customer Awareness	Customer Satisfaction
Able	\$26.50	1,183	1,097	No	27-May-2023	1.7	6.7	13.3	14,700	\$1,506	74%	\$1,150	68%	30
Adam	\$27.50	1,079	1,012	Yes	21-Oct-2023	1.3	9.4	10.7	19,000	\$1,506	74%	\$1,150	64%	23
Baker	\$28.00	1,340	1,261	No	10-Apr-2022	2.7	6.5	13.6	16,000	\$1,200	86%	\$1,450	89%	22
Bold	\$28.00	1,214	1,473	Yes	27-May-2023	1.6	8	12	19,000	\$1,200	86%	\$1,450	87%	49
Buddy	\$28.00	1,117	1,374	Yes	17-May-2023	1.6	8	12	18,000	\$1,200	86%	\$1,450	87%	47
Cake	\$26.00	1,323	1,237	No	9-Oct-2023	1.4	7.8	12.2	14,000	\$1,675	54%	\$1,150	71%	30
Daze	\$28.50	1,354	1,267	No	17-Sep-2023	1.4	8.2	11.9	18,700	\$1,670	56%	\$1,225	77%	32
Eat	\$20.50	295	282	No	17-Jan-2023	4.1	5.5	14.5	13,500	\$1,056	72%	\$1,350	79%	3
Echo	\$26.00	1,458	1,365	No	20-Oct-2023	1.2	7.8	12.2	15,000	\$1,056	72%	\$1,350	76%	32
Egg	\$26.50	16	16	No	3-July-2025	6.6	4	11	19,000	\$1,056	72%	\$1,350	76%	0
Fast	\$21.00	125	119	No	28-Jan-2023	4.1	5.5	14.5	12,000	\$710	29%	\$900	57%	1

Exhibit 2

Units Sold vs. Demand



Market Share



Actual Market Share in Units						
Name	Traditional	Low End	High End	Performance	Size	Total
Industry Unit Sales	10,504	13,949	4,656	3,945	3,885	36,939
% of Market	28.4%	37.8%	12.6%	10.7%	10.5%	100%
Able	11.3%	0.2%	0%	0%	0%	3.3%
Acre	0%	12.3%	0%	0%	0%	4.7%
Adam	10.3%	0%	2.9%	0%	0%	3.3%
Aft	0%	0%	0%	3.2%	0%	0.3%
Agape	0%	0%	0%	0%	0.8%	0.1%
Ate	0%	0%	16.9%	0%	0%	2.1%
Total	21.5%	12.5%	19.8%	3.2%	0.8%	13.8%
Baker	12.8%	0%	0%	0%	0%	3.6%
Bead	0%	15.6%	0%	0%	0%	5.9%
Bid	0%	0%	18.6%	0%	0%	2.3%
Bold	11.6%	0%	0.4%	0.1%	0%	3.4%
Buddy	10.6%	0%	0.2%	0%	0.9%	3.1%
Total	34.9%	15.6%	19.3%	0.1%	0.9%	18.4%
Cake	12.6%	0%	0%	0%	0%	3.6%
Cedar	0%	16.9%	0%	0%	0%	6.4%
Cid	0%	0%	4.2%	0%	0%	0.5%
Coat	0%	0%	0%	25.6%	0%	2.7%
Cure	0%	0%	0%	0%	31.1%	3.3%
Total	12.6%	17%	4.2%	25.6%	31.1%	16.5%
Daze	12.9%	0%	0%	0%	0%	3.7%
Dell	0%	13.9%	0%	0%	0%	5.2%
Dixie	0%	0%	15.8%	0%	0%	2%
Dot	0%	0%	0%	24.2%	0%	2.6%
Dune	0%	0%	0%	0%	36.3%	3.8%
Doom	0%	0%	0%	21.4%	0%	2.3%
Total	12.9%	13.9%	15.8%	45.6%	36.3%	19.6%
Eat	2.8%	5.4%	0%	0%	0%	2.9%
Ebb	0%	19.3%	0%	0%	0%	7.3%
Echo	13.9%	0%	0%	0%	0%	4%
Egg	0.2%	0%	0%	0%	2.3%	0.3%
Total	16.8%	24.7%	0%	0%	2.3%	14.4%
Fast	1.2%	3.6%	0%	0%	0%	1.7%
Feat	0%	12.8%	0%	0%	0%	4.8%
Fist	0%	0%	19.5%	0%	0%	2.5%
Foam	0%	0%	0%	25.4%	0%	2.7%
Fume	0%	0%	0%	0%	28.7%	3%
Fox	0%	0%	21.5%	0%	0%	2.7%
Total	1.2%	16.4%	41%	25.4%	28.7%	17.4%

Potential Market Share in Units						
Name	Traditional	Low End	High End	Performance	Size	Total
Units Demanded	10,504	13,949	4,656	3,945	3,885	36,939
% of Market	28.4%	37.8%	12.6%	10.7%	10.5%	100%
Able	10.4%	0.2%	0%	0%	0%	3%
Acre	0%	12.3%	0%	0%	0%	4.7%
Adam	9.6%	0%	2.8%	0%	0%	3.1%
Aft	0%	0%	0%	4.4%	0%	0.5%
Agape	0%	0%	0%	0%	1.3%	0.1%
Ate	0%	0%	16.7%	0%	0%	2.1%
Total	20.1%	12.5%	19.4%	4.4%	1.3%	13.5%
Baker	12%	0%	0%	0%	0%	3.4%
Bead	0%	15.6%	0%	0%	0%	5.9%
Bid	0%	0%	17.8%	0%	0%	2.2%
Bold	14%	0%	0.4%	0.1%	0%	4.1%
Buddy	13.1%	0%	0.2%	0%	0.9%	3.8%
Total	39.1%	15.6%	18.5%	0.1%	0.9%	19.4%
Cake	11.8%	0%	0%	0%	0%	3.4%
Cedar	0%	16.9%	0%	0%	0%	6.4%
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Cure	0%	0%	0%	0%	30.9%	3.3%
Total	11.8%	17%	4%	25.3%	30.9%	16.2%
Daze	12.1%	0%	0%	0%	0%	3.4%
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Ebb	0%	19.3%	0%	0%	0%	7.3%
Echo	13%	0%	0%	0%	0%	3.7%
Egg	0.1%	0%	0%	0%	2.3%	0.3%
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Foam	0%	0%	0%	25.1%	0%	2.7%
Fume	0%	0%	0%	0%	28.5%	3%
Fox	0%	0%	24.2%	0%	0%	3%
Total	1.1%	16.4%	42.9%	25.1%	28.5%	17.6%

Exhibit 3

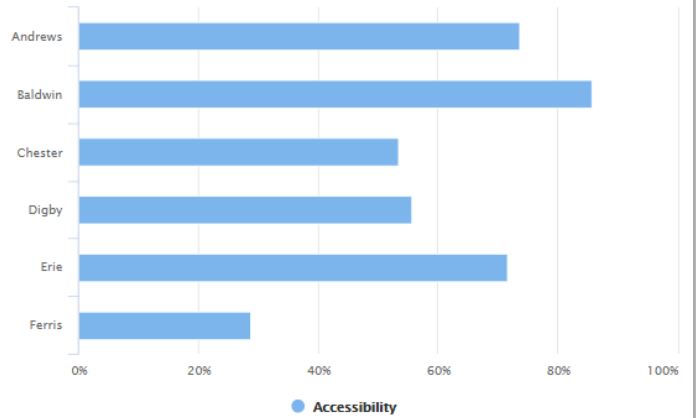
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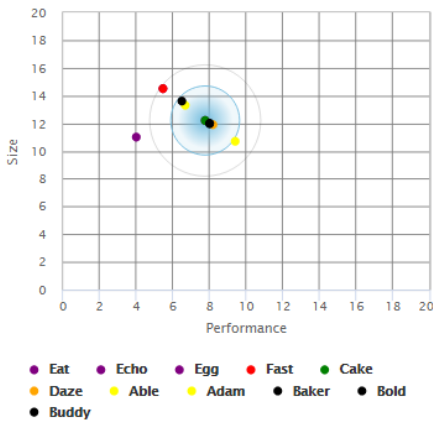
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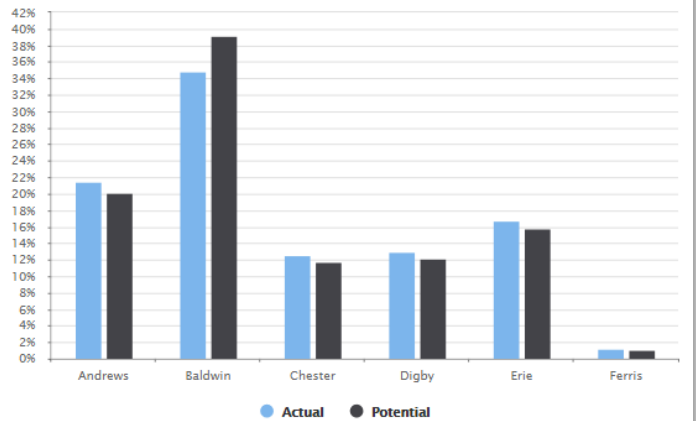
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