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Pragmatic Insight on Forecasting During a Global Pandemic

How has the Pandemic Impacted Your Process?

- Some businesses have benefited, others have taken a hit
- Some businesses have stabilized, others have not
- For some businesses, fundamental long-term demand has not shifted(“necessities”)
- For other businesses, demand has stabilized at a new normal (e.g. home improvement sales)
- Other businesses continue to see shifts in demand as the pandemic plays out (e.g. travel related business, restaurants)
- Impacts have varied across geographies
- Many businesses are plagued by stockouts, longer lead times

What our Customers are Telling Us

- Some are establishing a “New Normal”
- Others are still seeing unstable demand
- Big Box and E-Commerce are seeing large spikes
- Many customers do not want to use post-Covid historical data in baseline forecasts
- Most users are focusing on forecasting the remainder of 2020 only

Phases of the Pandemic

- The Beginning
  - March and April 2020
  - No one knew what to expect
  - Some shutdown completely
  - Others saw explosive sales
  - Using baseline statistical forecasts using only pre-Covid data, applying overrides made sense

Phases of the Pandemic

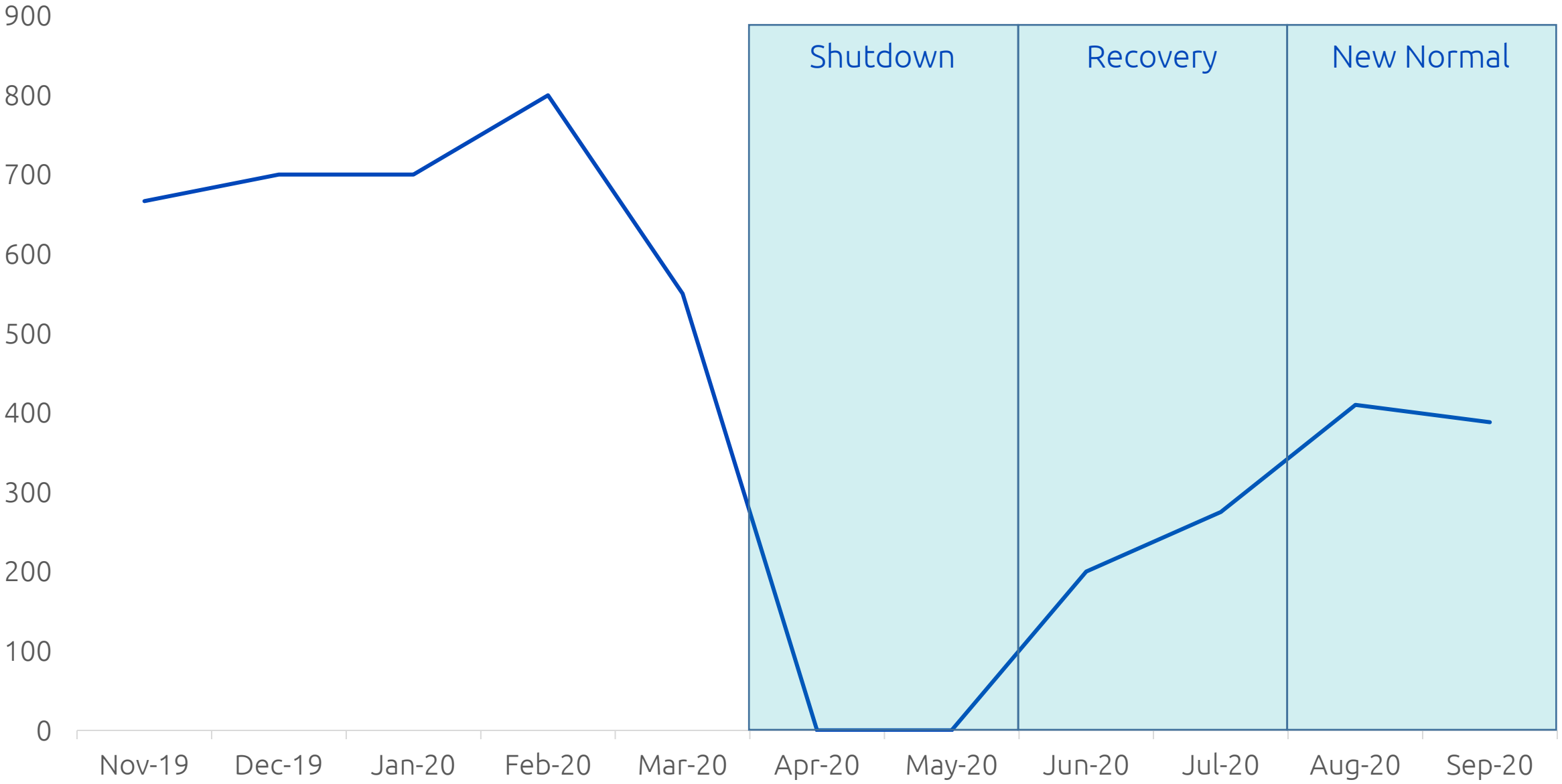
The Middle

- Still experiencing swings in sales
- Supply Chain issues are causing problems
- Customers are placing large orders to restock
- Statistical baseline models can incorporate post-Covid data, but need to account for swings
- Overrides still important

Phases of the Pandemic

- The End
  - Recent data have stabilized
  - Can use full data history to generate baseline forecasts, but need to account for Covid impact in historical data
  - Fewer overrides needed, since forecast levels heavily weight more recent stabilized months

Scenario: Stabilizing Demand



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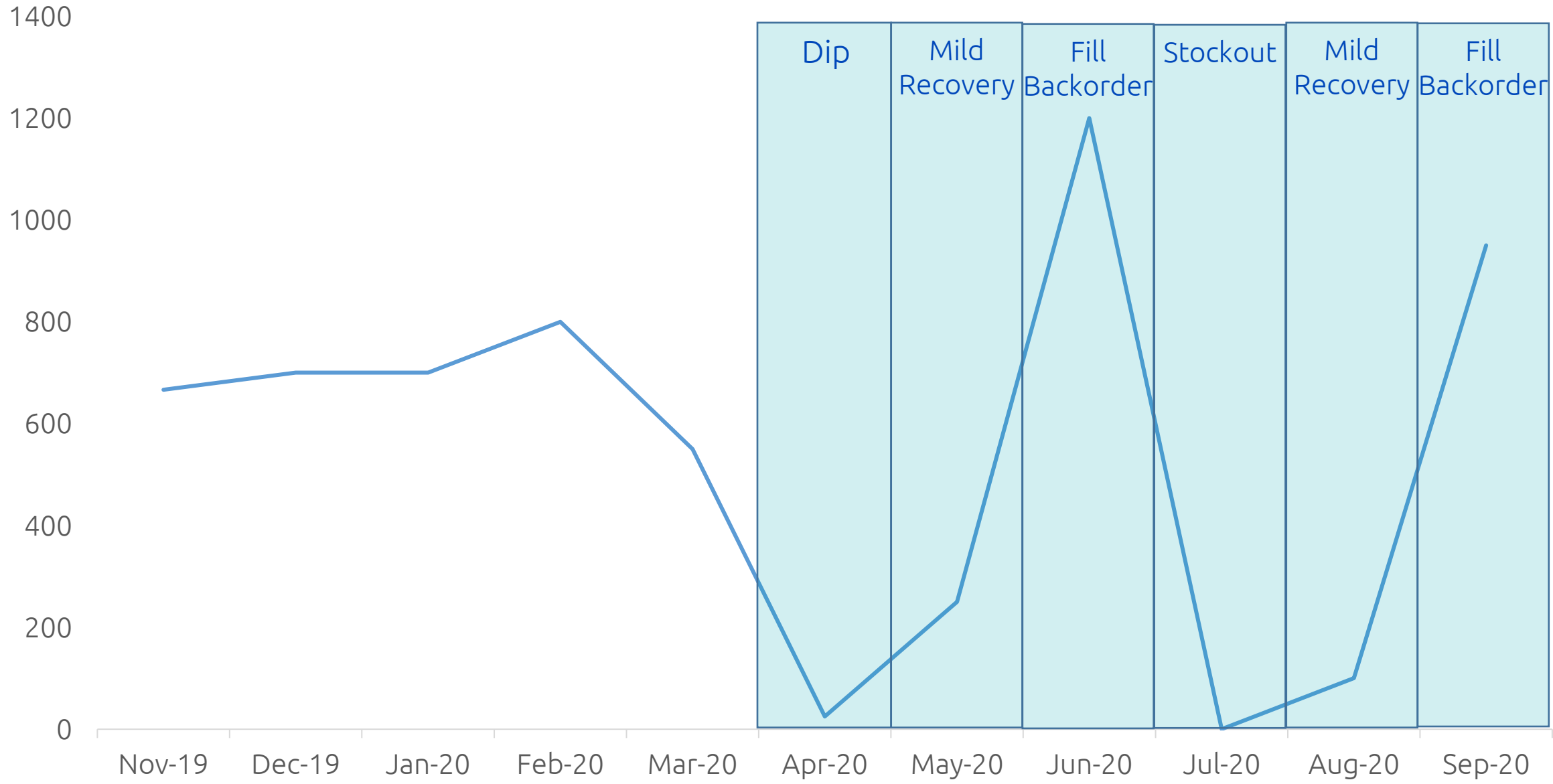
Scenario: Swings in Demand



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Strategies For Forecasting

- Event Modeling
- Judgmental Overrides
- Scenario Planning
- Dynamic Regression

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Dynamic Regression

Allows for the introduction of explanatory variables.

- Can account for stockouts, demand surges and early spikes or dips
- Covid-19 cases/deaths (IHME data), mobility metrics (e.g. Google mobility) and key economic variables (e.g. unemployment) may be key sales drivers

Dynamic Regression

Allows for scenario planning.

- In the face of uncertainty, creating and communicating different forecasts can be useful
- This can be as simple as a “best case” or “worse case” or can be tied directly to varying assumptions about the future

Summary

Covid-19 has impacted all demand forecasts to a degree, but the magnitude, direction and timing of the impact will vary across different products and industries.

Summary

Now that we have over 8+ months of “post pandemic onset” data, demand forecasting is at least easier than it was in the spring.

Summary

Some business were primarily impacted by the pandemic in the spring and are now able to adjust for the impact in the historical data and continue to use extrapolative methods

Other businesses continue to be challenged by unstable demand

Summary

Dynamic regression can help quantify how the pandemic has impacted your business, generate longer run forecasts for different scenarios

But it may complicate your forecasting process

Forecast Pro Software

Examples from today's Webinar used

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Questions?