M6L7. Forecasting Module Summary
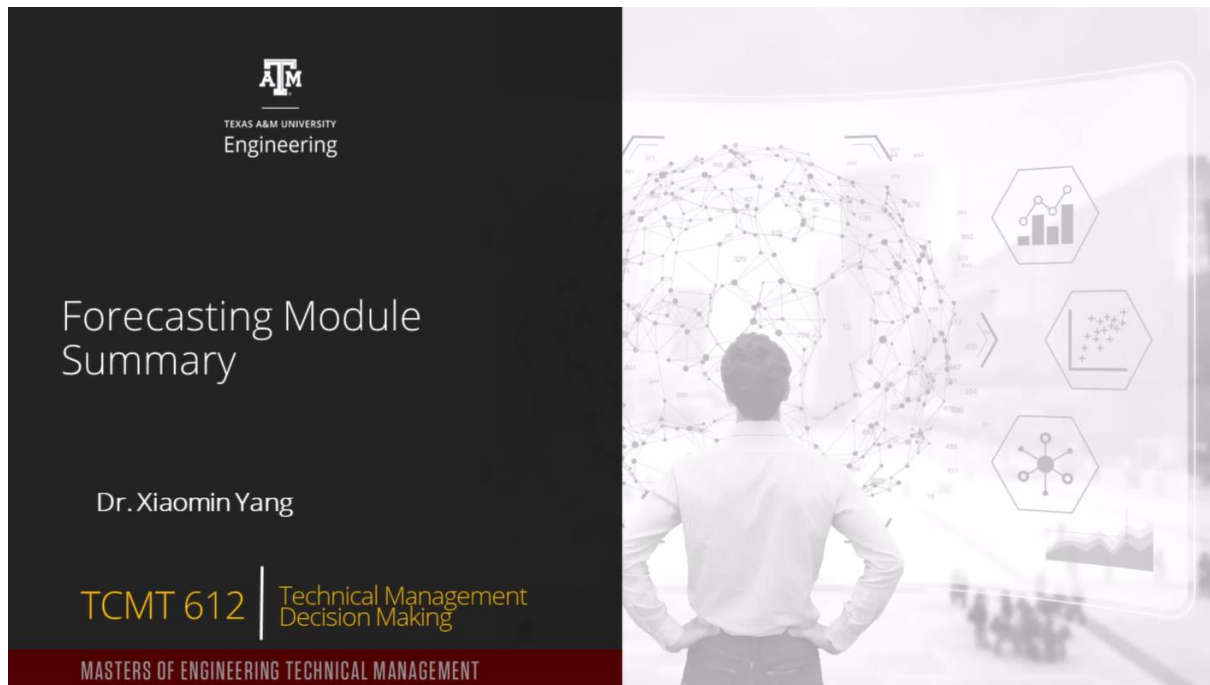
Slide #1

In this topic, we will summarize the forecasting module.

Forecasting Summary

1. Runs test to check whether data is random (optional)
2. Moving average for short-term forecasting
3. Regression analysis for long-term trend
4. Seasonal model (trend X seasonal indices for accurate long-term forecasting)

In this topic, we will summarize the forecasting module. This slide concludes the forecasting model. We learned that the RUNS test can be used to test whether a set of data is random. This analysis is optional and can be used only when the trend is unclear. Moving average method can be used to predict the short term sale in the near future.

This method is okay to forecast long term performance for a stable business, but not suitable for the long term forecasting of growing or declining businesses. Regression analysis can be used to calculate the long term trend, but is not suitable for accurate forecasting of short term variations. The decomposition seasonal model can be used for accurate long term forecasting.

Also, the analysis can generate short term and long term business insights to improve our business level and operation level decisions.