MKT II: Strategic Marketing
Sales Forecasts

- Forecasts
    - Makes predictions on future to determine how to allocate resources
    - Used to plan and predict future events, match supply and demand and create a productive and smooth working environment
- Keys to forecastings are:
    - Expected levels of demand (determining how much to purchase for future use)
    - Degree of accuracy (how close predictions match actual needs in the future)
        - Poor accuracy can lead to wasted resources (resources purchased that are not used and uses money that could have been spent more wisely in other areas of business OR not enough resources purchased which limits earning potential of business)
- Forecastings Error is the difference between the forecast and the actual amounts that occur
    - Error = Actual - Forecast
- Three forecasting techniques:
    - Judgmental - uses best guesses of forecasters, occurs when data is limited
    - Time Series - (most common) predicts future outcomes based on patterns recognized from previous years
    - Associative Models - identifying related variable to make predictions (economic patterns / changes that influence forecasts...worse economy so forecast less demand)

https://ids355.wikispaces.com/Ch.+3+Forecasting