

# Forecasts with a high degree of accuracy on which you can build your long-term strategies

GfK Insight Talks 2023

# Growth/Stable/Decline – what does the future bring?

Forecasting of product category sales (for up to 2 years) informs strategic decision-making!



## ■ High risk

- Strategic mid- and long-term decisions typically require **high investments**

## ■ High uncertainty

- The **unpredictable future** of market developments increase the **risk of failure**

## ■ What can businesses do about it?

- Minimize the **uncertainty** related to future market developments to undertake **informed strategic decisions**



**GfK Scenario Forecast Modeling**





# GfK Scenario Forecast Modeling



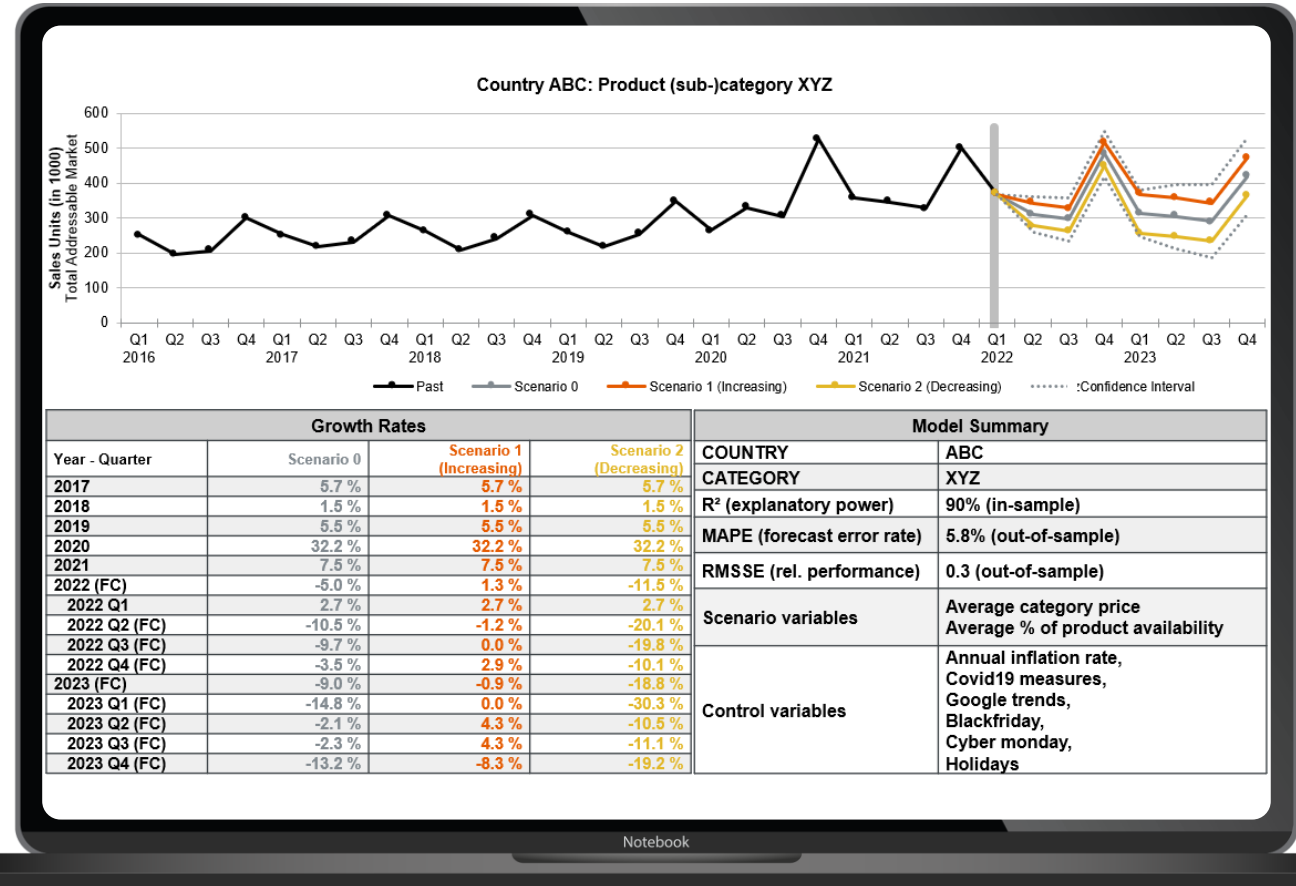
How can it help your business and what makes it unique?

## ■ How can it help?

- Provides **forecasting** of product category development **with different scenarios** (optimistic, neutral, pessimistic)
- 2-year **forecasts of category sales & revenue** (including growth rates) depending on relevant input variables (consumer data, macroeconomic indicators, external events, etc.)

## ■ What makes it unique?

- Client-customized & flexible, while still scalable to many countries and (sub-)categories
- Proprietary **GfK POS data** with additional open source and client-specific data sources for **state-of-the-art time-series modeling** (quantitative approach)
- The **forecasting** and **scenario building** is complemented by systematic **integration of country** and **category expertise** from GfK market experts (qualitative approach)



# Overview Methodology

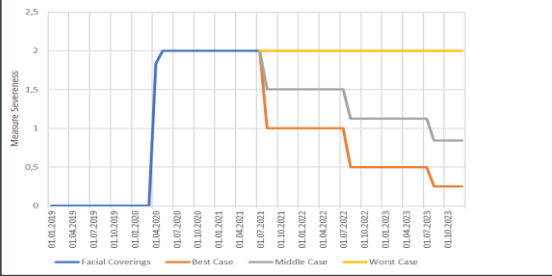
Time-series modeling & Scenario forecasts



## Input

### Scenario variables

- 1. Optimistic
- 2. Neutral
- 3. Pessimistic



### Examples of input variables

#### Consumer-related data

Consumer climate, Purchase plans, Covid19 indicators, etc.

#### Category-related variables

Average category price, Average % Product availability, etc.

#### Macroeconomic indicators

Inflation rate, GDP, Unemployment rates, etc.

#### Event data

Black Friday, Public holidays, Events, etc.

## Enriching GfK POS data

### UNIT SALES

[GfK POS DATA]



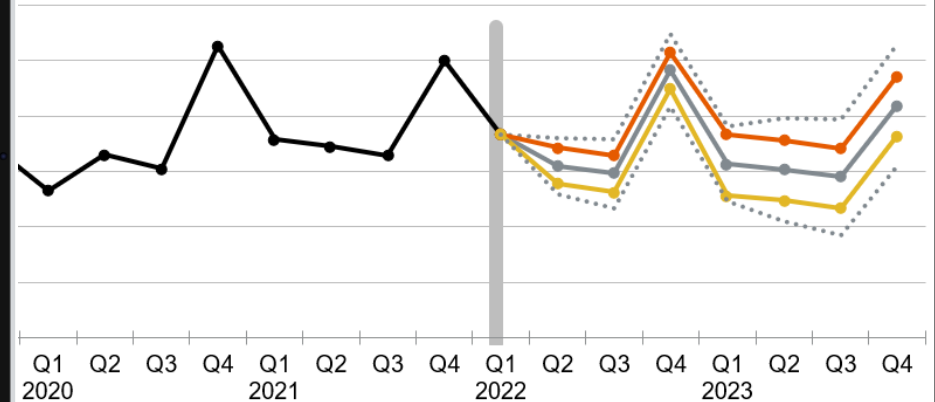
### Model selection process

- Machine-learning algorithm to select best time-series model (based on in-sample fit + out-of-sample forecast accuracy)
- Flexible inclusion of control variables + input variables for scenario forecast modeling (with model-based variable selection to guide choice of input and scenario modeling variables)

## GfK Scenario Forecast Modeling

### Unit sales outcome (in Scenarios)

- 1. Increasing
- 2. Neutral
- 3. Decreasing



# Have we sparked your interest?

Feel free to get in touch with us



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