Forecasting to meet demand

Stephan Kolassa and Roland Martin, SAP AG

Demand is influenced by various drivers, from the «standard» ones treated in every forecasting course and textbook like seasonality, trend etc. to causal factors we can influence, like prices or promotions, to factors we cannot influence, like the weather or a competitor’s marking activities. We will start out with a very high-level overview of common forecasting methods, then dig deeply into causal forecasting: how to choose causal factors, how to model them, what to look out for, and how to figure out whether we are going in the right direction (or not). We will explain a range of errors we have made so you can learn from them and don’t need to make your own errors. (You can start making new errors right away.) We will mostly work in a model-agnostic way so you can apply what you learn whether your model of choice is ordinary least squares, neural networks or random forests.