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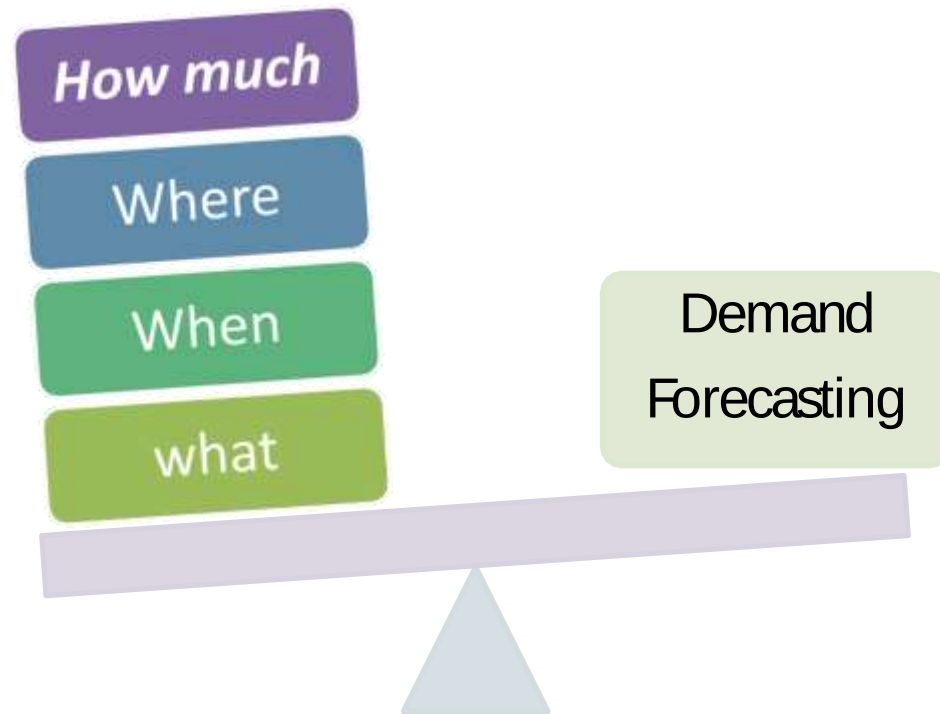


Demand

Forecasting

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Meaning of Demand Forecasting



Categorization of Demand Forecasting

- On the basis of levels of forecasting



- On the basis of levels of PRODUCT

P R O D U C T

At different levels forecasting may be classified into:

- (i) Macro-level forecasting
- (ii) Industry- level forecasting
- (iii) Macro - level forecasting



There are different forecasts for different types of products like:

- (i) nondurable consumer goods,



- (ii) durable consumer goods,



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- (iii) capital goods, and



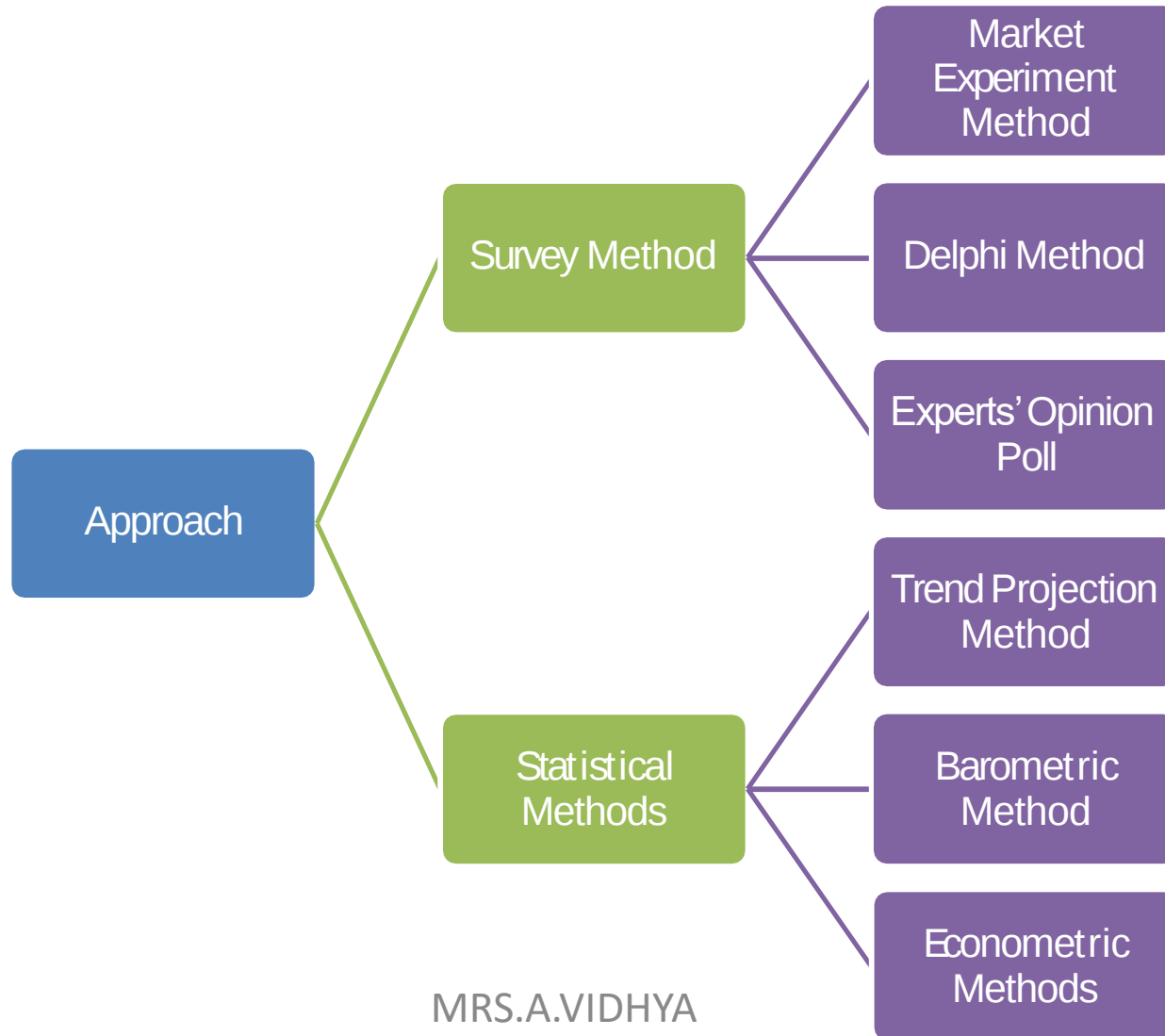
- (iv) new-products



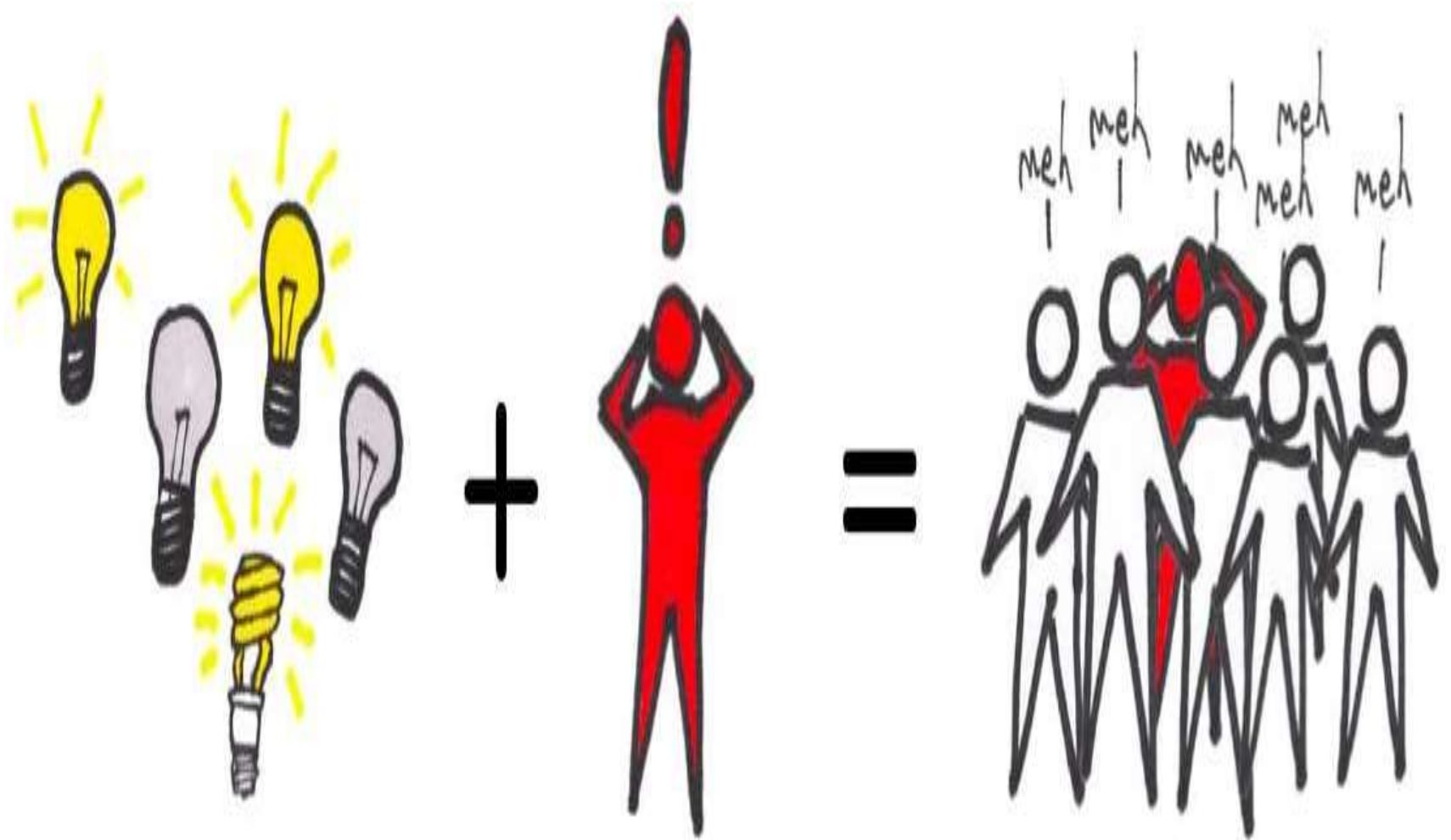
NEW
Products
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approaches of demand forecasting



Market Experiment Method





Method

GROUP DECISION-MAKING

QUESTIONS ARE INDIVIDUALLY ASKED



CROSS CHECKED

ACCURATE DECISION MAKING



Experts' Opinion Poll



provide their
opinion



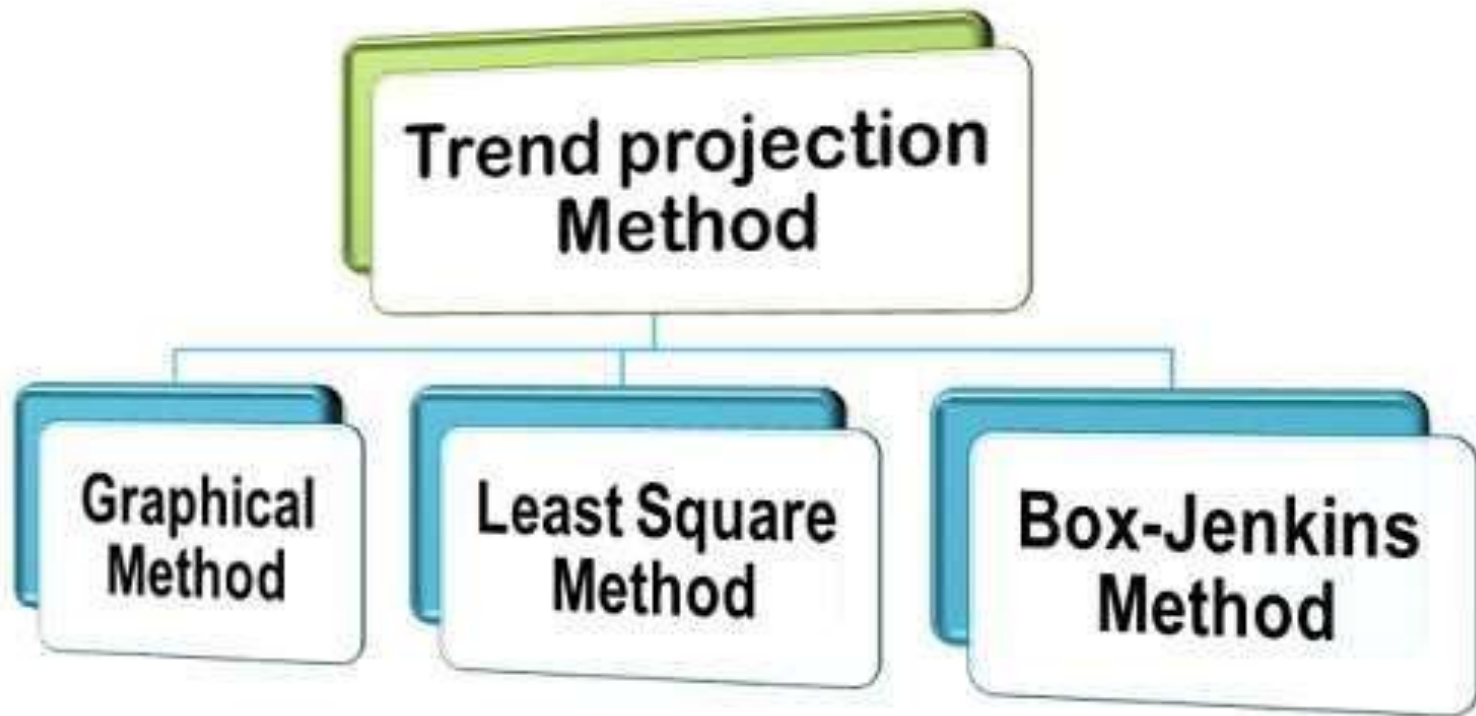
, SALES
REPRESENTATIVES



QUITE SIMPLE



TREND PROJECTION METHOD

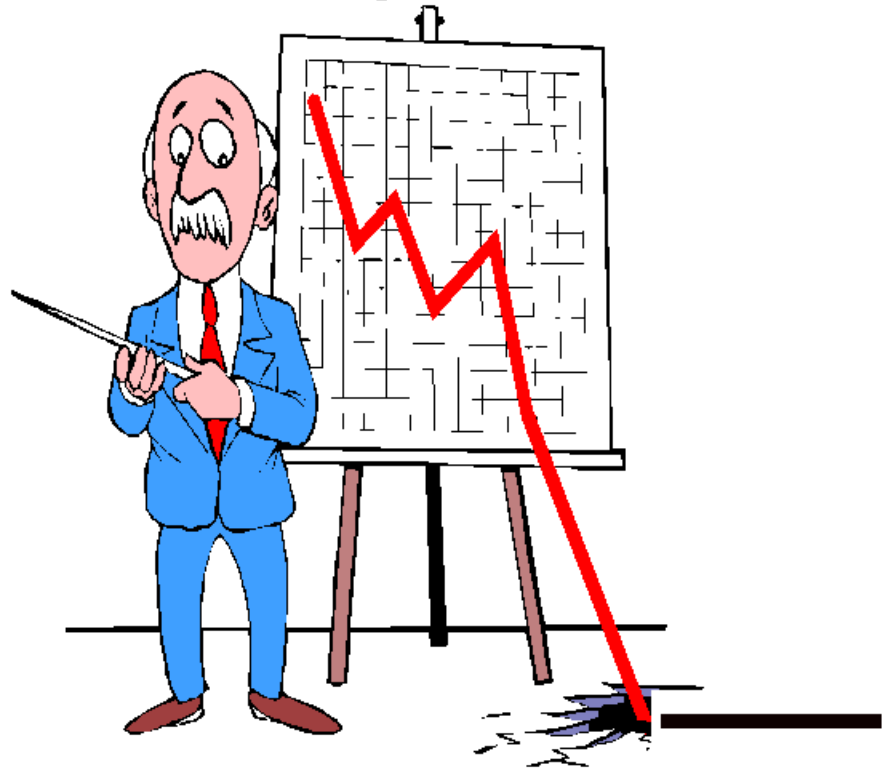


Barometric Techniques

Changes in the overall economic conditions.

Future trends on the basis of index

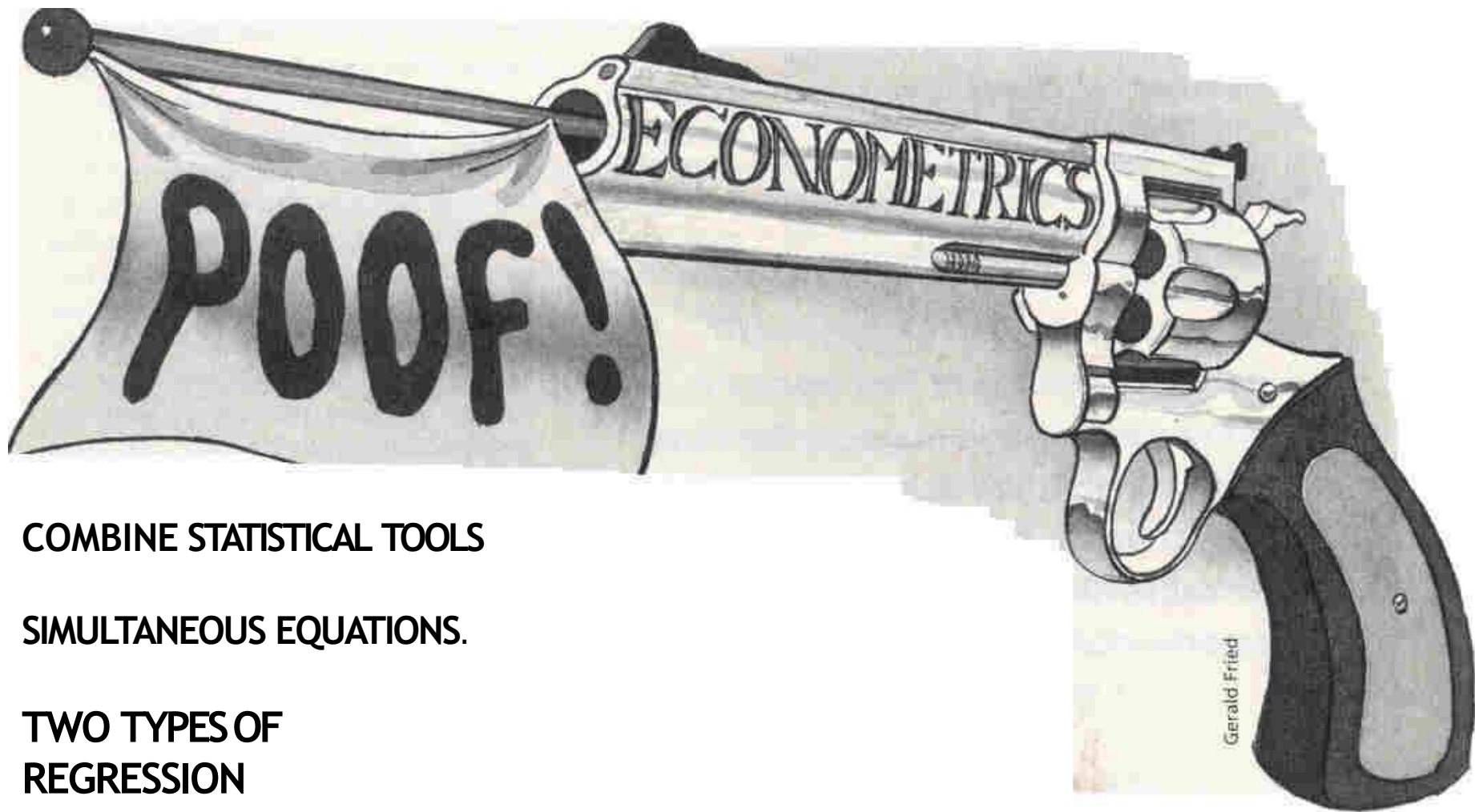
Tendency of movement in a particular direction



Coincident indicators



ECONOMETRIC METHODS



COMBINE STATISTICAL TOOLS

SIMULTANEOUS EQUATIONS.

TWO TYPES OF
REGRESSION

- Simple Regression:
- Regression Methods

Advantages of demand Forecasting

1. Helps to Predict The Future



2. Keep Your Customers Happy



We  our customers



3. Remain Competitive



4. Reduce Inventory Costs



5. Helps Prepare for a Drop in Sales



6. Prepare for New Business



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Limitations of Demand Forecasting

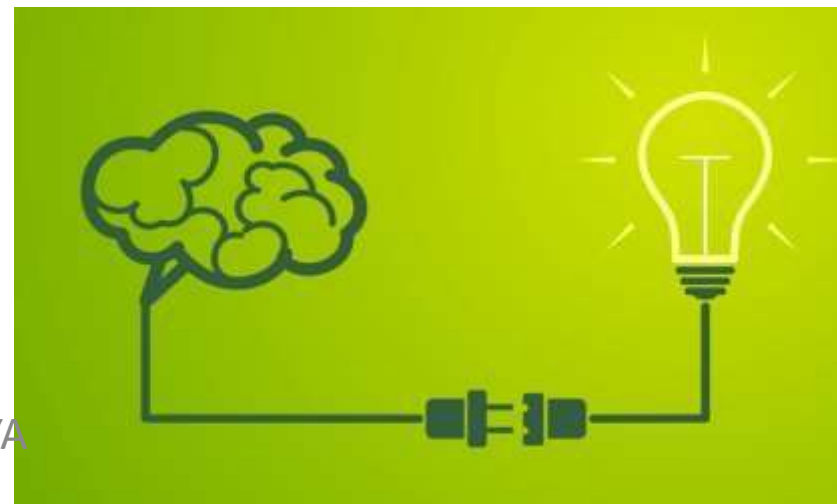
○ Change in Fashion :



○ Consumers' Psychology :



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- **Lack of Past Data:**



- **Lack of Experienced Experts :**



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