# DATA-INFORMED FORECAST FOR SCENARIO PLANNING

## Multi–Billion Dollar Retailer
### Intelligent Forecasting Case Study

*Prevedere Inc.* | An Intelligent Forecasting Company

# Understanding Their Unique Market

Prevedere is working with the Analytics and Finance Teams of a leading retail company to provide executive insights, same-store sales forecast, and baseline forecast of major expense line items.

# THE PROBLEM

This retail company has a forward-looking Executive Team that wanted to bring market and economic intelligence into their planning and investor reporting process. In addition, we provided same-store sales by region and category forecast. Their Finance Team wanted to improve their ability to predict major expense items to optimize working capital decisions.

*Without an accurate forecast, the ability to allocate resources and optimize working capital is at risk.*

# THE CHALLENGE

**Retail Challenge**

1. Identify unique geographic leading indicators for their business

2. Work with the Leadership Team to produce the executive insights for Investor Relations

3. Create forecasts to incorporate into the planning process and to optimize working capital spend

- clearly understand external market drivers

- report with more confidence

- plan for success

# THE STRATEGY

**Partner with Prevedere to provide executive insights and forecast**

1. Prevedere's global data and AI/ML solution identified leading indicators by geography
2. The company provided its internal industry and market knowledge to incorporate into Prevedere executive meetings
3. Prevedere built an econometric forecast model by major product categories, then provided forecast to the Insights Team monthly
4. Prevedere integrated forecast for key cost line items into their financial planning solution

# THE PROCESS

**Billions of calculations, millions of potential signals, and thousands of models built and tested: Same-Store Sales, categories, and expense items**

**Quarterly Executive Insight ELT Reports**

Some highly predictive leading indicators were uncovered

- Purchase Intent: Household Income < $30k
- Disposable Income
- Discretionary Spending
- Average Daily Rainfall
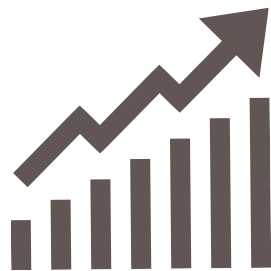- Regular Gas Price
- Real Average Hourly Earnings

Functions involved: Insights & Analytics, Finance, and Executive Leadership Team

# THE RESULT

Baseline, optimistic, and pessimistic models were created for North American Division which continually update to provide future guidance
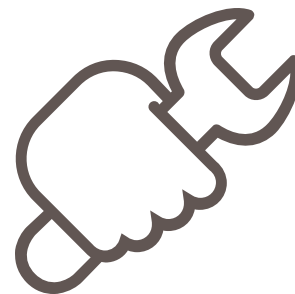
*Insights Team saw:*

## 97.5%
**Forecast accuracy from back-tested models, providing confidence in the external signals identified**

## 50%
**Reduction in time to hunt & gather external data**

## 70%
**Shorter time to build economic scenarios**

# CONCLUSION

*A data-driven strategy allows for timely and highly valuable insight during unprecedented times.*

The retail company's Market Insights team needed to create multiple scenario forecasts for future results, on top of navigating their changing way to work.

The team took the opportunity to partner with Prevedere to provide data-driven insights into the planning process.

In just a few weeks, the team can now provide multiple forecast scenarios with actual leading signals on potential headwinds and tailwinds for their business.

These scenarios are used by leadership, sales, marketing, and supply chain for planning. Models are updated and reviewed each week as the economy unfolds.

**FOR MORE INFORMATION:**

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