DATA-INFORMED FORECAST FOR AUTOMOTIVE SALES

Global Automotive Company

Sales Forecast by City

Prevedere Inc. | An Intelligent Forecasting Company

Understanding Key External Drivers of Sales

Prevedere worked with a major automotive manufacturer to uncover sales demand by retailer in key geographies

THE PROBLEM

The global automotive industry faces some headwinds, and manufacturers cannot accurately predict demand by city four to six months in advance. Car dealers' forecasts are unreliable, resulting in cars sitting on lots or being reshipped, which is costly.

Without an accurate plan, the ability to allocate resources and optimize working capital is at tremendous risk. Automotive manufacturers are facing tremendous pressure and must protect margins.

THE CHALLENGE

Automotive Manufacturer Challenge

1. Identify geographic leading indicators for their models
2. Work with economist to produce the potential impact to these leading drivers
3. Create forecasts to incorporate into the planning process and inform operations and finance

- maximize visibility in future headwinds
- optimize manufacturing and inventory
- plan for success

THE STRATEGY

Partner with Prevedere to build forecast

1. Prevedere's global data and AI/ML solution identified leading indicators in days
2. The manufacturer provided their industry and market insights to incorporate into Prevedere forecast models
3. Prevedere built and tested forecast and econometric scenarios then provided executive insights to the project team
4. Integrate the forecast into the sales, operations, and planning processes

THE PROCESS

Billions of calculations, millions of potential signals, and thousands of models built and tested

Some highly predictive leading indicators were uncovered

- Consumer Sentiment and Purchase Intent
- Essential Business Opens and Business Closures
- Economic Policy Uncertainty by Country
- Imports - Major Global Economies
- Crude Oil Prices: West Texas Intermediate (WTI)
- Interest Rates
- City Mobility Indices
- Unemployment by MSA
- Luxury Goods Purchases
- Online Search by Make and Model

THE RESULT

Forecast models were created for make and model (light truck, SUV, luxury passenger cars, and economy cars) by city and they continually update to provide future guidance

Company saw:
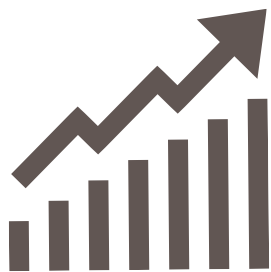
97.2%
Average 12-month forecast accuracy across models and city

75%
Reduction in time to hunt and gather global external data

Millions
In excess inventory reduction and logistic optimization

THE PATH FORWARD

This company now leverages Prevedere's solution to inform all planning and forecasting across the organization.

Prevedere built an **online smart dashboard** that continually updates with new external data and alerts when the econometric models indicate upcoming risk or market opportunity versus plan.

Monthly **Sales and Operational Planning** meetings now include the Prevedere forecast by business region to ensure a fact-based baseline is always considered in the final forecast.

Prevedere has also become a valuable partner to the Executive team and our economists provide a **quarterly update** on the macro and micro-economic outlook.

CONCLUSION

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

Business leaders now create more accurate forecasts for future results by leveraging Prevedere.

This company took the opportunity to partner with Prevedere to provide data-driven external insights into the planning process.

In just a few weeks, the regional leadership team was armed with forecasts that enabled them to increase revenue and decrease cost across their company.

FOR MORE INFORMATION:

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