



Young Professional & Student  
Conference

# The Practice of Forecasting New Products

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# Introduction



## Work Study Balance

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# Agenda

- Importance of New Product Forecasting (NPF)
- Challenges
- Growth Strategies and New products
- Key elements of NPF
- NPF approach
- Concluding remarks

# Importance of New Product Forecasting



- Short life cycles
- Frequent launches
- Multi-functional decisions
- Revenue and profitability consequences
- Challenge of lack of historical data

# Challenges

no specific technology

limited analytics

use of spreadsheets

dynamic marketplace

bias

uncertainty

minimal data

no cross-collaboration

limited customer feedback

# Revolutionary versus Evolutionary

- Change behaviours & work
- Offer new solution
- Open new markets, channels & product lines
- Exponential growth
- Virtually no historic data
- 10% to 15% of all new products
- Incremental improvements
- New useful, usable, desirable innovations
- New value
- Demand volume stabilise quickly
- 85 to 90% of all new products

# Growth strategies and new products

## Product technology



# Key elements of NPF



- Segmentation and performance targets
- Process and cross-functional collaboration
- Forecasting techniques



# Segmentation and performance targets

High-level product categories



```
graph TD; A[High-level product categories] --> B[Cost, cash & service performance objectives]; B --> C[Segmentation approach]; C --> D[Logical segments, e.g. Strategic, Core]; D --> E[Specific performance targets, e.g. forecast accuracy, inventory levels];
```

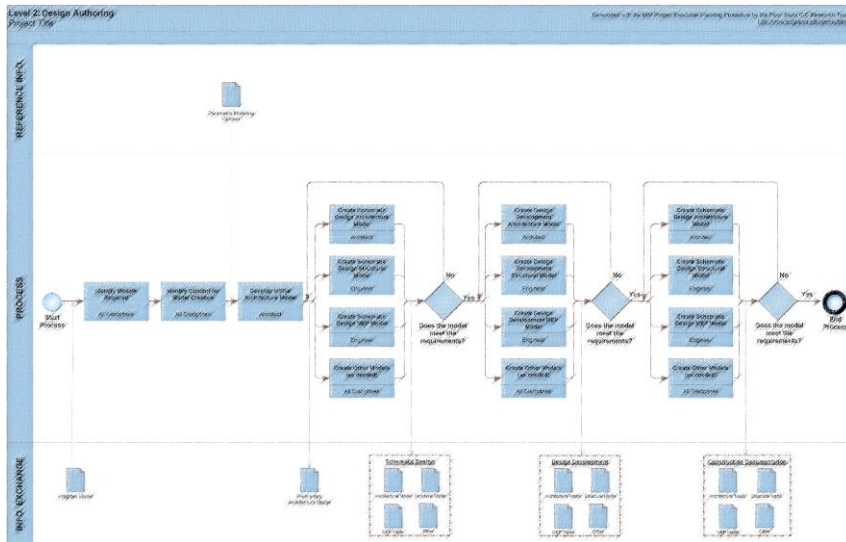
Cost, cash & service performance objectives

Segmentation approach

Logical segments, e.g. Strategic, Core

Specific performance targets, e.g. forecast accuracy, inventory levels

# Process and Cross-collaboration



- Multiple function interface
- Early involvement in NPD
- Unique forecasting process

# Traditional NPF Techniques

Judgemental

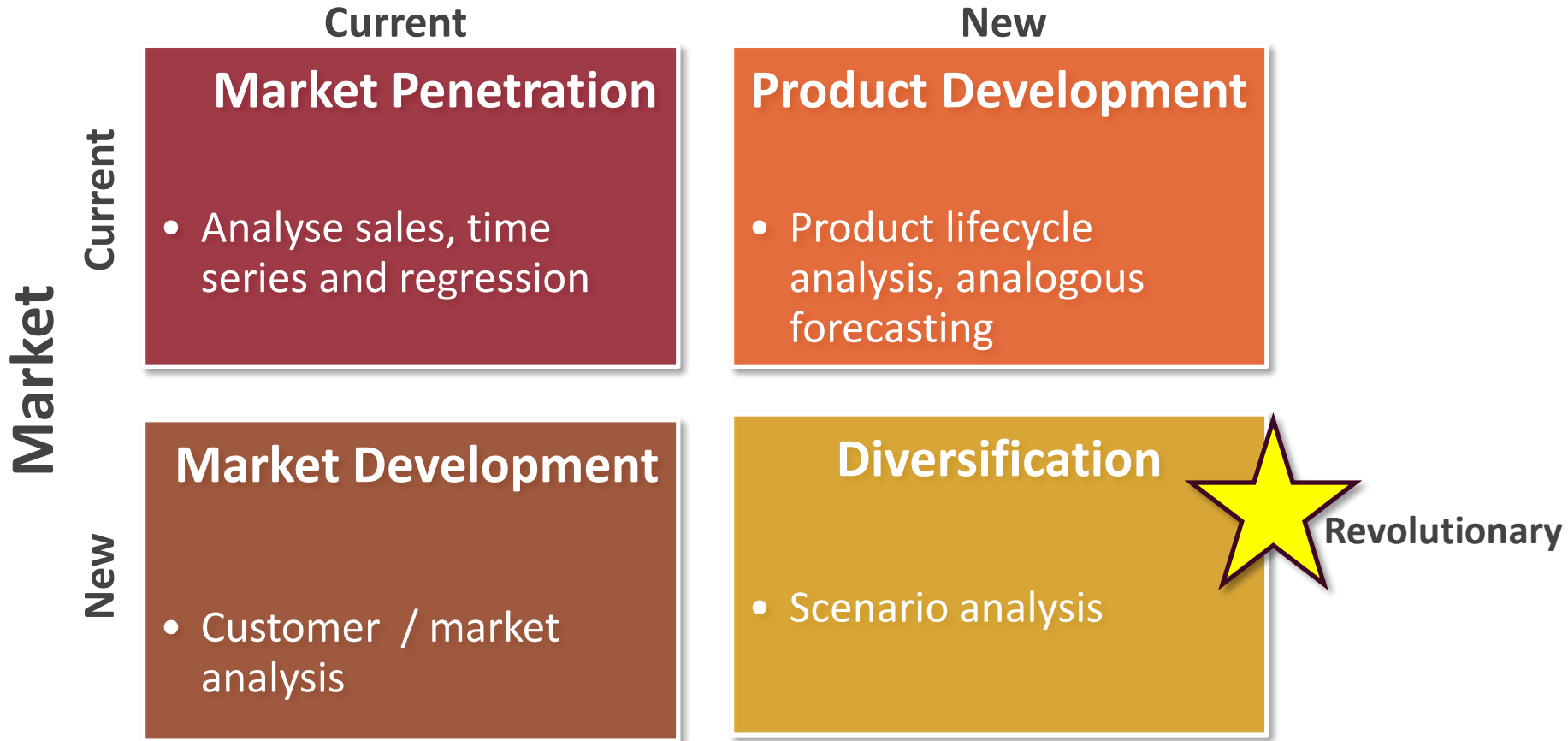
Customer /  
market research

Time series

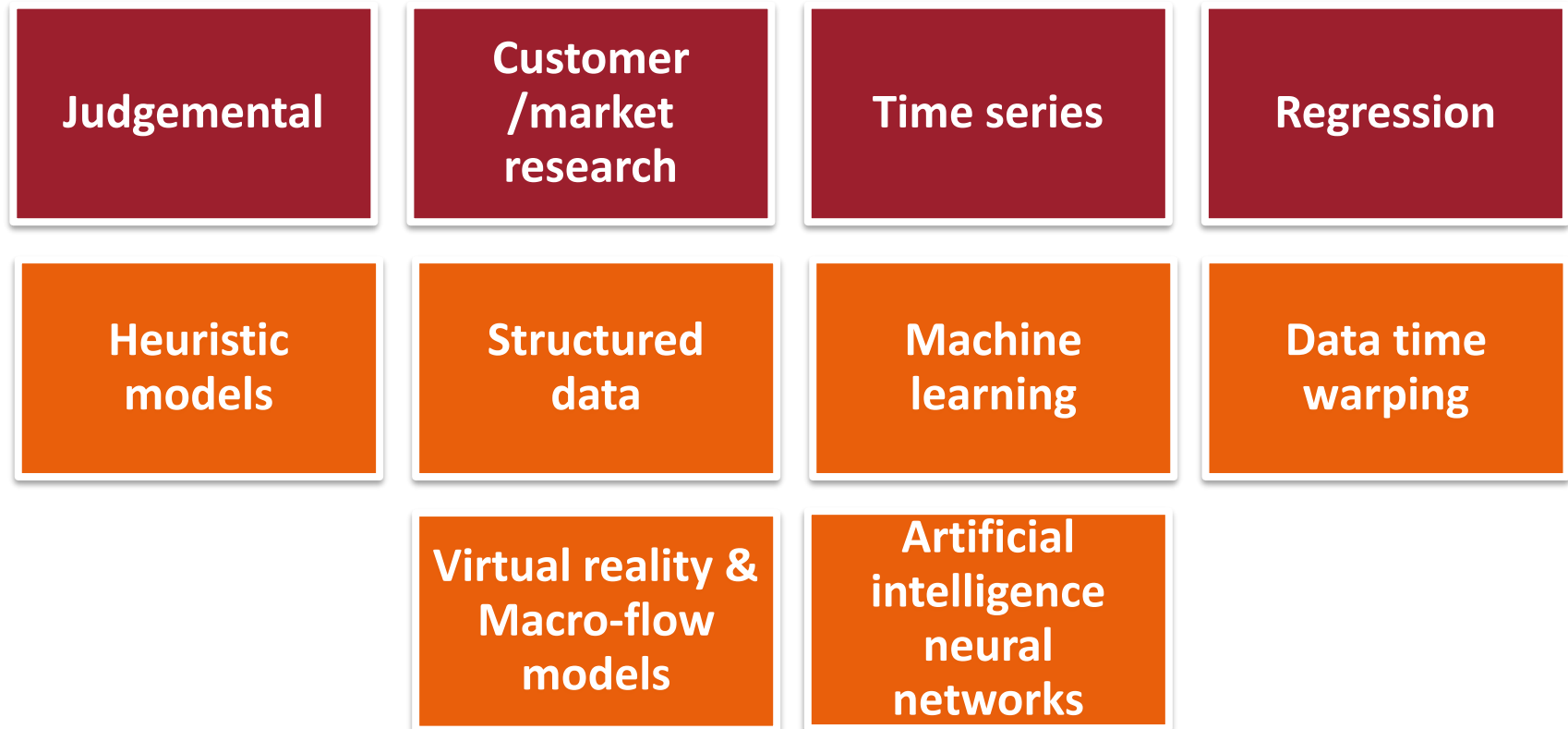
Regression

# Example: Application of NPF techniques

## Product technology



# Advancements in Forecasting techniques



# NPF approach



- Appropriate segmentation
- Detailed performance targets
- Available data & information
- Comms & collaboration paths
- Unique NPF process
- Exploit / implement specific technologies
- Develop & experiment with new models

# Concluding remarks



# Thank you!

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