

Module 2

Section A: Forecast Demand

Term

Associative forecasting

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Bias

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Bullwhip effect

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Business-to-business e-commerce (B2B)

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Business-to-consumer e-sales (B2C)

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Forecast error

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Forecasting

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Qualitative forecasting techniques

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A consistent deviation from the mean in one direction (high or low). A normal property of a good forecast is that it is not [affected by this]. See: average forecast error.

Uses one or more variables that are believed to affect demand in order to forecast future demand.

Business conducted over the internet between businesses. The implication is that this connectivity will cause businesses to transform themselves via supply chain management to become virtual organizations—reducing costs, improving quality, reducing delivery lead time, and improving due-date performance.

An extreme change in the supply position upstream in a supply chain generated by a small change in demand downstream in the supply chain. Inventory can quickly move from being backordered to being excess. This is caused by the serial nature of communicating orders up the chain with the inherent transportation delays of moving product down the chain. [This] can be eliminated by synchronizing the supply chain.

The difference between actual demand and forecast demand. [It] can be represented several different ways: mean absolute deviation (MAD); mean absolute percentage error (MAPE); and mean squared error (MSE). See: mean absolute deviation (MAD), mean absolute percentage error (MAPE), mean squared error (MSE).

Business being conducted between businesses and final consumers, largely over the internet. It includes traditional brick and mortar businesses that also offer products online and businesses that trade exclusively on the internet.

An approach to forecasting that is based on intuitive or judgmental evaluation. It is used generally when data is scarce, not available, or no longer relevant. Common [types...] include personal insight, sales force estimates, panel consensus, market research, visionary forecasting, and the Delphi method. Examples include developing long-range projections and new product introductions.

The business function that attempts to predict sales and use of products so they can be purchased or manufactured in appropriate quantities in advance.

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Quantitative forecasting techniques

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Random variation

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Seasonality

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Time series forecasting

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Tracking signal

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Trend

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A fluctuation in data that is caused by uncertain or random occurrences. See: random events.

An approach to forecasting where historical demand data is used to project future demand. Extrinsic and intrinsic techniques are typically used. See: extrinsic forecasting method, intrinsic forecasting method.

A forecasting method that projects historical data patterns into the future. Involves the assumption that the near-term future will be like the recent past.

A predictable repetitive pattern of demand measured within a year where demand grows and declines. These are calendar-related patterns that can appear annually, quarterly, monthly, weekly, daily and/or hourly. Syn.: seasonal variation. See: base series.

General upward or downward movement of a variable over time (e.g., demand, process attribute).

The ratio of the cumulative algebraic sum of the deviations between the forecasts and the actual values to the mean absolute deviation. Used to signal when the validity of the forecasting model might be in doubt. See: forecast error, mean absolute deviation.