Building Custom Component Models Overview

In this lesson you will learn how to build custom component models. The model is based on the components found in an exponential smoothing model, specifically, level, trend, seasonality and events. In a standard smoothing approach, final values of each component are estimated from the data and used to assemble the forecasts.

In a custom component model, you may either let Forecast Pro estimate the final value for a given component or customize the values to be used.

Custom component models are useful in a variety of situations including:

(1) Customizing the trend for longer-term forecasts.

(2) Customizing the seasonal pattern for short data sets.

(3) Defining the impact of future events that have not occurred historically.