Using a Custom Allocation

In this section we will explore using a custom allocation to construct the forecasts. A custom allocation approach allows you to dictate how a group-level forecast is allocated to its component series. This is appropriate when the breakdown between the two levels is known and consistent.

In this example, we will forecast demand for running shoes and use a custom allocation to determine how the statistically generated forecast for each specific shoe should be broken out to the different sizes.

Start Forecast Pro and select the New Project icon. From the **Home** tab, open the Data Manager.

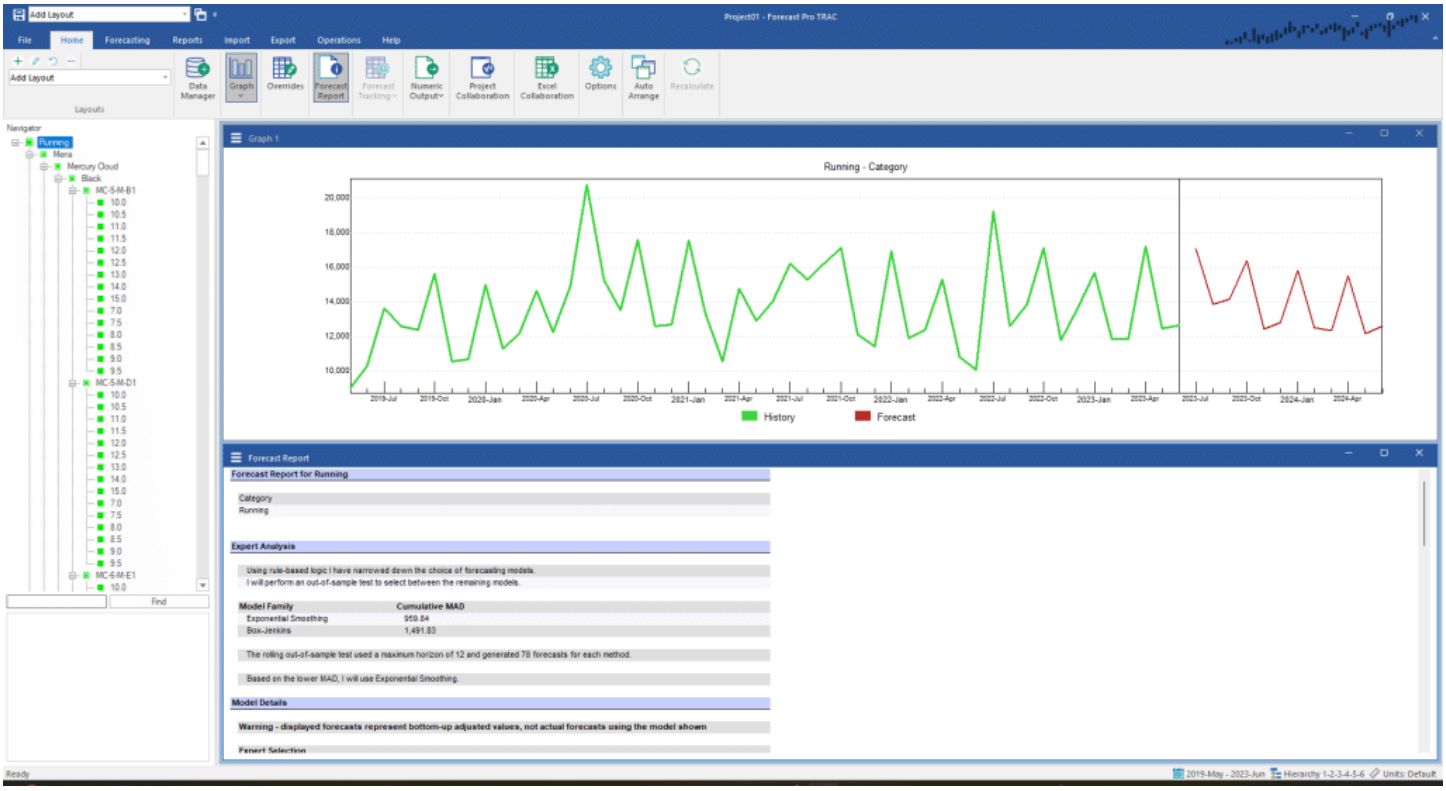
Click the Add drop-down on the Historic Data row, select Excel and select *Running Shoes – Historic Data.xlsx* to add it to the Historic Data row.

Click the Add drop-down on the Definitions row, select Excel and select *Running Shoes – Custom Allocation.xlsx* to add it to the Definitions row.

Click the **Read & Forecast** button to read in the historic demand data and generate the statistical forecasts. Notice that since the on Read option is selected for the Definitions row, this action read in the definitions data as well.

Click the **Exit** button to exit the Data Manager.

Close the Override view, open the Forecast Report and fully expand the Navigator. Your screen should now look like the one shown below.



Notice that the data are organized into a 6-level hierarchy including category, gender, style, color, style ID and size.

	Category	Gender	Style	Color	Style ID	Size	CALL
2	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	7.0	0.8
3	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	7.5	1.1
4	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	8.0	2.6
5	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	8.5	4.1
6	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	9.0	6.6
7	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	9.5	8.3
8	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	10.0	10.6
9	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	10.5	12
10	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	11.0	13.1
11	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	11.5	9.9
12	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	12.0	11
13	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	12.5	4.8
14	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	13.0	8.9
15	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	14.0	4.4
16	Running	Mens	Mercury Cloud	Black	MC-6-M-E1	15.0	1.8

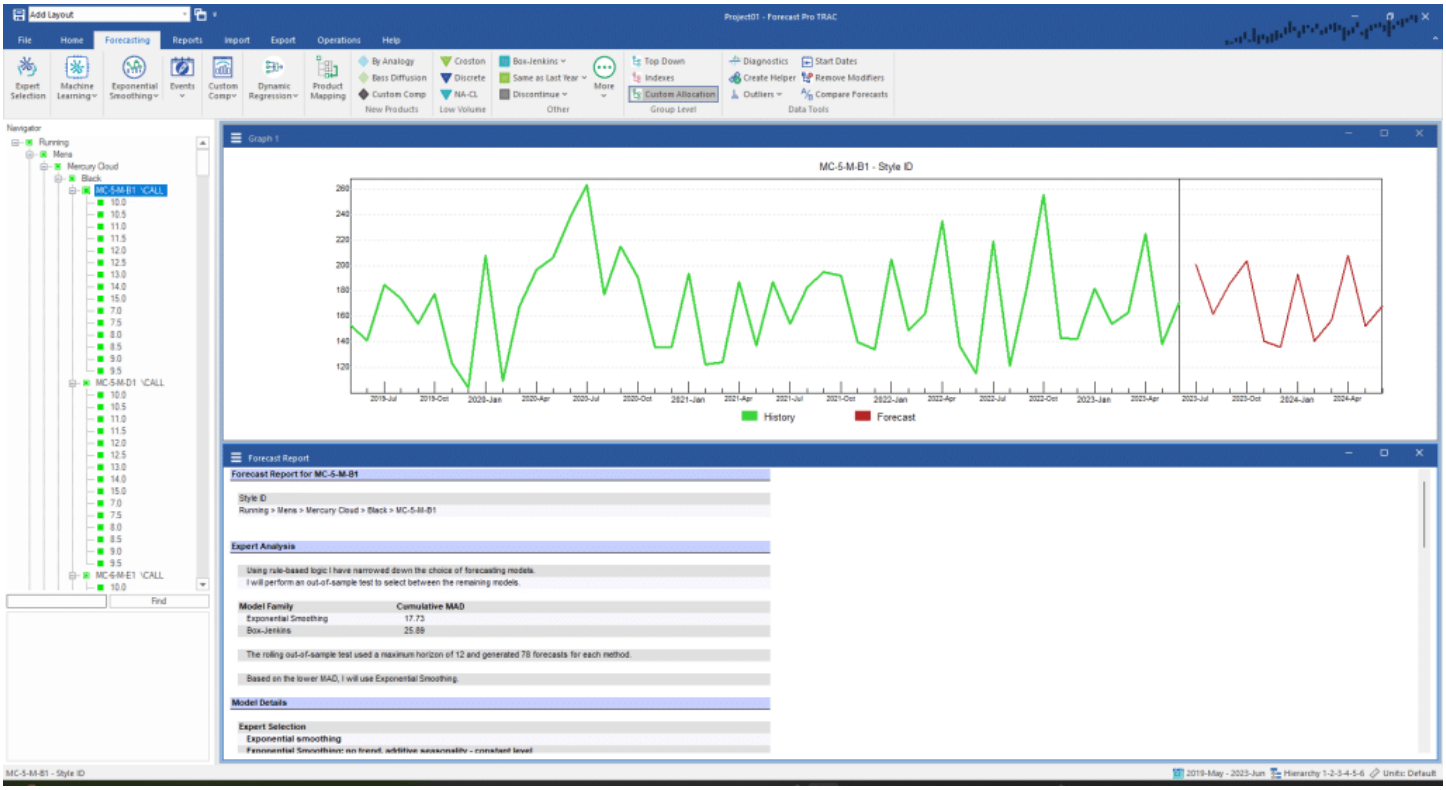
The **CALL** column in the file *Running Shoes – Custom Allocation.xlsx* contains the size breakdowns to use for the allocations. If you examine the file you will notice that all of the Men's shoes use consistent size proportions to define the allocation between the Style ID and Size levels. The

Women’s shoes also use (different) consistent proportions.

Since the size of runners’ feet is not changing rapidly in time, using a size chart or a historic frequency analysis chart to perform the allocation rather than explicitly forecasting each shoe-by-size combination based on its historic demand is likely to yield a more accurate forecast.

Select *Running>Mens>Mercury Cloud>Black>MC-5-M-B1* on the Navigator. Select the **Forecasting** tab and click the Custom Allocation icon in the Group level group. Notice that the **\CALL** modifier now appears on *Running>Mens>Mercury Cloud>Black> MC-5-M-B1*. This instructs Forecast Pro to use a custom allocation to break down the *Running>Mens>Mercury Cloud>Black> MC-5-M-B1* group forecast to the various sizes.

In our example we wish to use the custom allocation for all size breakdowns. Right click *Running>Mens>Mercury Cloud>Black> MC-5-M-B1* on the Navigator to invoke the context menu. Select **Apply Modifier(s) to>This Level** to place the **\CALL** modifier on all Style ID’s. Your screen should now match the one below.



After you have examined the output, exit Forecast Pro.