

## 1.3.2: Qualitative Forecasting

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### Qualitative Forecasting

**Qualitative forecasting** techniques are subjective, based on the opinion and judgment of consumers and experts; they are appropriate when past data are not available. They are usually applied to intermediate- or long-range decisions.

In the following, we discuss some examples of qualitative forecasting techniques:

#### Executive Judgement (Top Down)

Groups of high-level executives will often assume responsibility for the forecast. They will collaborate to examine market data and look at future trends for the business. Often, they will use statistical models as well as market experts to arrive at a forecast.

#### Sales Force Opinions (Bottom up)

The sales force in a business are those persons most close to the customers. Their opinions are of high value. Often the sales force personnel are asked to give their future projections for their area or territory. Once all of those are reviewed, they may be combined to form an overall forecast for district or region.

#### Delphi Method

This method was created by the Rand Corporation in the 1950s. A group of experts are recruited to participate in a forecast. The administrator of the forecast will send out a series of questionnaires and ask for inputs and justifications. These responses will be collated and sent out again to allow respondents to evaluate and adjust their answers. A key aspect of the Delphi method is that the responses are anonymous, respondents do not have any knowledge about what information has come from which sources. That permits all of the opinions to be given equal consideration. The set of questionnaires will go back and forth multiple times until a forecast is agreed upon.

#### Market Surveys

Some organizations will employ market research firms to solicit information from consumers regarding opinions on products and future purchasing plans.

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