Building Event Models Overview

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Event adjustment models extend exponential smoothing by allowing you to adjust for events like sales promotions, business interruptions and moveable holidays. You can adjust for events of several different types. These could be promotions of different types or sizes, or different moveable holidays like Easter and Ramadan. Forecast Pro knows these occurrences simply as events of types 1, 2, etc.

Event adjustment models work almost the same as seasonal index models. In a seasonal index model, each month gets its own index, which is updated each time that month recurs. In an event adjustment model, each event type gets *its* own index, which is updated each time an event of that type recurs. The difference is that while January recurs every 12 months, an event of type 1 usually recurs irregularly.

Since Forecast Pro knows that January occurs every 12 months, you don't have to provide that information. To implement event adjustment, however, you must construct an event schedule which indicates where the events occurred historically, and if applicable, where they will occur during the forecast period. This is accomplished either interactively using the Event Manager or you can create the event schedule outside of Forecast Pro (for example in Excel) and import it using the data manager.

In this lesson you will use an event models to capture the relationship between sales and promotions. You will also use an event model to capture seasonal patterns in weekly data.