

Add AI to Your Skincare Company's Routine for Better Demand Forecasting Results

Just as we should add new products to our skincare routines to improve our complexion, adding advanced data analytics to your business routine can help improve your company's bottom line. But like finding the right products for your skin type, finding ways to enhance your demand forecasting techniques can feel overwhelming.

That's where the future of predictive analytics for skincare comes in: **demand forecasting 2.0.**

This new iteration of demand planning and forecasting is a comprehensive approach using artificial intelligence based on the world's data. Unlike traditional demand forecasting, demand forecasting 2.0 harnesses the power of external data allowing skincare brands to make data-driven decisions at scale.

Keep reading to explore the benefits of demand forecasting 2.0 for skincare companies and how it will give you a competitive edge in a saturated, [constantly-evolving industry](#).



What is Demand Forecasting 2.0?

Demand forecasting 2.0 goes beyond looking at your own internal data in a spreadsheet with a complicated, easily broken formula to forecast revenue. Instead, revenue management teams can utilize pre-built AI trained on the world's data to estimate and predict future demand, price elasticity, and competitor demand.

Sounds great, but how does demand forecasting 2.0 work?

To build predictive models, data scouts and engineers procure, cleanse, and organize vast amounts of historical data from a variety of external sources. Data scientists build advanced machine learning algorithms from this data to uncover hidden patterns and trends that may not be immediately apparent to human analysts.

This process allows skincare companies to unlock hyper-detailed, hyper-accurate, and hyper-flexible insights into customer behavior, competitor strategies, and market trends.



How is Demand Forecasting 2.0 Different from Traditional Demand Forecasting?

Demand forecasting 2.0 is a major improvement over traditional demand forecasting methods.

Traditional demand forecasting models are univariate; future predictions are based entirely on past sales. They ignore the effect of other important factors impacting demand, such as price changes, promotions, distribution tactics, or even macroeconomic factors such as inflation or unemployment levels.

Demand forecasting 2.0 does the opposite: it leverages the latest in AI to create multivariate forecasting models that incorporate not only the effect of past historic sales but also other factors such as price, promotion, ACV%, inflation, gas prices, and more.

With these models, revenue teams can see which factors have the greatest impact on explaining future demand. They can even simulate in real time how these factors impact demand.



How Can Skincare Companies Use Demand Forecasting 2.0?

Demand forecasting provides valuable insights that can be used to make data-driven decisions about product development, pricing, and marketing strategies—helping companies stay ahead of the competition.

With recommendation engines in eCommerce, your customers have AI helping them buy—shouldn't you have it helping you sell?

More accurately predict future sales volume

Revenue teams can forecast future sales volumes with a high degree of accuracy using historical data for their products, competitive products, and the broader market, all synthesized using AI-driven predictive analysis. This allows downstream, data-driven decisions about production schedules, inventory management, and resource allocation.

Analyze competitors

Next-generation demand planning and forecasting should provide competitor analysis. Unfortunately, most brands have a total blindspot when it comes to their competitors.

Demand forecasting 2.0 analyzes external historical data on competitors, so skincare companies can predict how their competitors will perform in the market and adjust their strategies accordingly. This insight can be used to gain a competitive edge by launching new products or adjusting pricing strategies.

Complete scenario modeling

Demand forecasting 2.0 also allows skincare companies to understand the impact of changes in their strategies. With AI, brands can simulate the impact of changing internal factors such as pricing and promotions, and external factors such as inflation, unemployment, and even viral outbreaks.

Skincare companies can also simulate different internal factors such as pricing or promotional strategies and use the data to inform decisions about future product development, pricing, or marketing strategies.

This scenario modeling allows brands to A/B test pricing and promotion strategies that both have a likelihood of success to gain valuable insights, rather than making an educated guess or doing a bunch of modeling by hand first.

By using [advanced scenario modeling](#) as a part of predictive demand forecasting exercises, skincare companies can gain valuable insights into their market and make informed decisions that help them stay ahead of the competition.



Demand Forecasting 2.0 Uses Cases for the Skincare Industry

Seasonality

Seasonal demand is a critical consideration for consumer goods—particularly skincare products—as the demand for products can vary significantly depending on the time of year, e.g. sunscreen demand peaking during the summer months. Seasonality is critical for predictability; however, most brands don't properly incorporate seasonality into their forecasts and don't deeply understand their seasonal cycles.

With demand forecasting 2.0, companies can predict demand for sunscreen during the summer months, for example, allowing them to make informed decisions about production schedules, inventory management, and resource allocation. This information can be used to ensure that the company is well-prepared to meet customer demand during peak seasons and avoid stockouts or overstocking.

Demand forecasting 2.0 helps brands to optimize their pricing strategies for seasonality by predicting demand for different price points and setting prices that maximize revenue while remaining competitive in the market.

New market competitors

As the skincare industry evolves, new competitor brands are **popping up every day**. To stay ahead of the competition, skincare companies can use demand forecasting 2.0 to analyze historical competitor data and make informed decisions about their marketing strategies.

Big data, AI-fueled predictive analysis delivers insights into the demand for competitive products, as well as likely pricing strategies, marketing tactics, promotional plans, and product development plans. This information can be used to inform decisions about the company's own product development, pricing, and marketing strategies.

Understanding the competitive landscape is critical to meet the evolving needs and preferences of the market. Ultimately, demand forecasting 2.0 can help skincare companies stay ahead of the curve and remain at the forefront of the industry, even in the face of proliferating competition.

Changing skincare trends

In the fast-paced and highly competitive skincare industry, the ability to identify emerging trends and act on them quickly is crucial for maintaining a competitive edge, and demand forecasting 2.0 provides skincare companies with the tools they need to do just that—before their competitors do.

AI for CPG can help companies uncover emerging trends and make data-driven decisions about product development and marketing strategies to capitalize on them. This enables companies to be the first to bring new and exciting products to market, meeting the ever-changing needs and preferences of their customers.



You Need Demand Forecasting 2.0—Here's Why

Skincare companies face intense competition, rapidly changing customer preferences and a constantly evolving market landscape. To stay ahead of the curve, companies need to make data-driven decisions and leverage the power of predictive intelligence.

Demand forecasting 2.0 is **part of the analytics marathon**; these powerful, predictive models represent the first 25 miles so decision-makers only need to cross the finish line. Companies can gain a competitive edge by being the first to identify emerging skincare trends, forecast future demand for products, and simulate various scenarios to make data-driven decisions.

Demand forecasting 2.0 provides an effective solution to this challenge, enabling brands to extract valuable insights from vast amounts of data to predict future demand, competitor trends, and price elasticity. But building this type of advanced data analytics system in-house would be costly and time-consuming, and not feasible for most companies.



Demand Forecasting 2.0: The Richest Ingredient in Skincare

Using AI as a part of your brand planning strategy is no longer a luxury, but a necessity. Implementing demand forecasting 2.0 solutions can help skincare companies stay ahead of the competition, make informed business decisions, and ultimately increase their bottom line.

With the help of AI and machine learning algorithms, companies can gain insights into not only their own internal data but also competitor demand, price elasticity, and trends early on.

This is where the expertise of WorldQuant Predictive comes into play. Our proprietary platform, **Quanto™**, extracts signals from thousands of data sources worldwide and requires none of your own data, which means you get immediate value on day one. Quanto has been proven at Fortune 200 retail and CPG companies, and we've set our sites on helping skincare brands next.

The idea of leveraging artificial intelligence might seem overwhelming, but with the help of a vendor who has data science deeply embedded in their DNA, like WorldQuant Predictive, businesses can implement demand forecasting 2.0 without the costly and time-consuming burden of building it in-house. With a data-driven approach, skincare companies can meet the ever-evolving demands of their customers, staying relevant and successful in a highly competitive industry.

Don't wait to gain a competitive edge in the skincare industry.

Request a demo of Quanto™ today to see what demand forecasting 2.0 can do for your business.

Who We Are

WorldQuant Predictive answers high-value business questions with ready-made, AI-powered predictive solutions. Our intuitive cloud platform Quanto™, hosts an array of industry-specific solutions that predict outcomes, simulate scenarios and optimize for results with ready-made, reliable data science. We find signals others miss.

WorldQuant Predictive, founded by Igor Tulchinsky, is a separate entity from WorldQuant, LLC, a global quantitative asset management firm.