

Using Market Demand To Manage Production Levels



Challenge:

COVID-19 will impact the end users' behavior which will change the market demand for Utah manufacturers' products. As manufacturers prepare for stabilization and recovery, it will be essential to understand which behaviors – if any – will return to what they were like before. The new market demand will determine how Utah manufacturers scale production. Certain end users, such as the health care industry, are likely to see increased demand. While others, such as aerospace, are likely to experience severe decreased demand, before returning to pre-COVID-19 levels. It is certain that post COVID-19 market demand for Utah manufactured products will not be the same as pre-COVID-19. Individual manufacturers do not have the resources to estimate and project the impending changes in market demand.

Free Education

Solution:

UIRA is conducting a macroeconomic study and forecast for the products made by Utah manufacturers. The five-year forecast will be based on revenues and will be adjusted quarterly for changing economic conditions. As Utah enters the recovery phase in October 2020, UIRA will provide a report with the discussion of the macroeconomic outlook for Utah's manufacturing, plus offer Utah manufacturing companies a confidential forecast for revenues based on NAICS codes. The companies will be able to enter the NAICS codes and 2019 revenues into the model to receive two forecasts for revenues: Low, which assumes we don't have a vaccine and the health measures remain in effect, and high, which assumes a vaccine is found within the next 12 months. Manufacturing companies may choose to adjust production rates based on revenue forecasts for specific NAICS codes.

Utah's manufacturers will have the benefit of a macroeconomic study and forecast for their products, plus a confidential customized forecast for their specific products.

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