White paper

Why Forecasting Accuracy Is a C-Suite Growth & Risk Discipline

The business case for making forecast accuracy a core executive capability — and the cost of getting it wrong.

NielsenIQ BASES | 2026

NielsenIQ

© 2026 Nielsen Consumer LLC. All rights reserved. Confidential and proprietary

Executive Summary

Innovation is a primary driver of enterprise growth — yet most launches fail to deliver sustained returns.

The issue is not creativity. It is decision quality in the presence of uncertainty. Across industries, forecasting errors drive misallocated capital, excess or constrained supply, underperforming ROI, and eroded leadership credibility.

This white paper examines why accurate, objective forecasting is no longer just a planning input — it is a core executive capability for protecting capital, managing risk, and delivering sustainable growth.

Key Findings

2x more profitable

Initiatives with accurate forecasts vs. least accurate

Only 9%

of companies grew innovation sales in the past year

75% diverge

of marketing plans diverge 10%+ from actual execution

30% too high erases profitability

Over-forecasted assumptions yield sharp declines

What's Inside

1. The current state of innovation and why most launches underperform
2. The financial impact of forecast accuracy on profitability
3. Why the market punishes inaccuracy — retailer and e-commerce dynamics
4. Hidden risks: cannibalization, year-two decline, and the restage trap
5. The execution gap between marketing plans and reality
6. A forecasting checklist for top performance

© 2025 Nielsen Consumer LLC. All rights reserved.

Confidential and proprietary

1. The Business Reality

Innovation drives growth — but most companies aren't capturing it.

9%

of companies grew their innovation sales in the past year

Both metrics have improved over five years, but the gap between leaders and laggards is widening.

2x

more likely to grow total sales if innovation sales are growing

This relationship holds consistently across geographies and super categories.

Innovation remains one of the primary drivers of enterprise growth. Yet across 20,000+ manufacturers in the US and EU, only a small fraction are growing innovation sales year over year. The issue is not a shortage of ideas — it is the quality of decisions made under uncertainty. Companies that do grow innovation consistently are twice as likely to grow total sales, making forecast-informed decision-making a strategic imperative.

Source: NIQ Innovation Measurement — US & EU, latest 52 weeks vs. prior 52 weeks, 20K+ manufacturers

Structural Pressures Driving Forecasting Risk

Innovation teams operate under mounting pressure: tighter budgets, faster launch cycles, and an increasing frequency of new product introductions. These constraints force organizations to make high stakes decisions with incomplete or “good enough” data. At the same time, key performance outcomes such as incrementality and long-term endurance are often measured inconsistently across the innovation lifecycle. As a result, many of the most critical postlaunch success metrics can only be reliably answered before launch—if an accurate forecast exists.

© 2025 Nielsen Consumer LLC. All rights reserved.
Confidential and proprietary

2. Financial Impact

Forecast accuracy has a direct, measurable impact on initiative profitability.

2.0x

Initiatives with the most accurate forecasts were 2x more profitable than those with the least accurate.

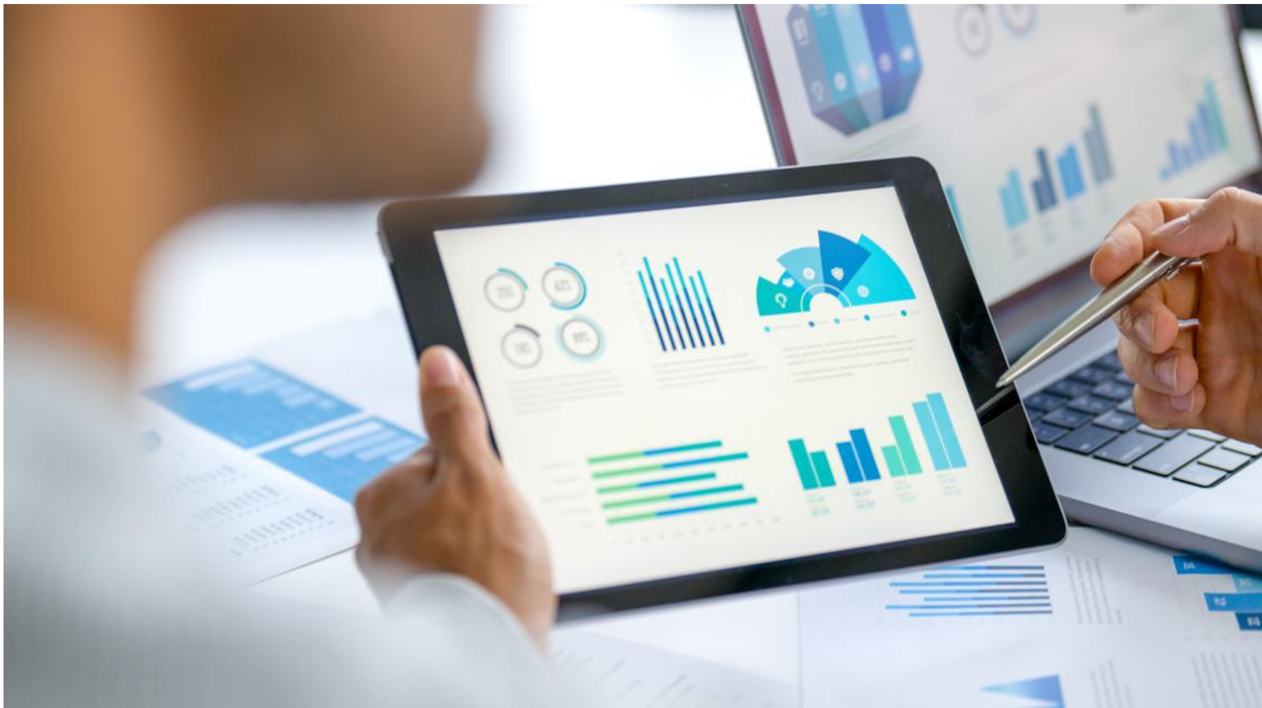
+30%

Profit improvement achievable with even modest accuracy gains — moving from ±50% to ±30% error.

A case study conducted by a leading US Fast Moving Consumer Goods manufacturer found even modest improvements in overall forecast accuracy results in significant profitability gains. At ±30% error, approximately 75% of the profitability target is met. At ±50%, teams still capture roughly 60%. Perfection isn't required — but directional accuracy is essential.

Error Range	±10%	±30%	±50%	±70%	±90%
Initiative NPV (Indexed)	84	72	72	60	52

Source: *Analysis comparing actual profitability with forecast accuracy for a leading US CPG manufacturer. NPV indexed to ±5% range.*



© 2026 Nielsen Consumer LLC. All rights reserved.
Confidential and proprietary

3. Risk Asymmetry

Over-forecasting does the greatest damage to profitability.

Over-Forecasting Risk

When actual volume is 30% below plan, all profit is erased — not reduced, erased. Supply, marketing, and trade commitments don't flex down.

Under-Forecasting Impact

Under-forecasting leaves money on the table, but doesn’t destroy profitability to the same degree. The risk is asymmetric.

Scenario	30% Too High	20% Too High	Forecast Hits (±5%)	Up to 30% Too Low
% of Profit Lost	–97%	–20%	0%	–19%

"The goal isn't conservative forecasting — it's realistic forecasting. Accuracy protects profit, preserves flexibility, and positions the business to win rather than recover."

When forecasts miss, the fallout shows up everywhere: misallocated marketing dollars, supply chain disruptions, missed opportunities — and eroded trust with leadership, retailers, and partners.

Confidential and proprietary

© 2025 Nielsen Consumer LLC. All rights reserved.

4. Market Dynamics

Why the market punishes inaccuracy — and why there's no safety net.

Retailer Pressure

40% *of retailers are rationalizing category space*

Retailers prioritize verified incremental growth, not volume reshuffling. They want fewer, better ideas backed by proof that those ideas grow the category. Store brands represent a significant threat, growing faster than branded items with a 24% growth projection by 2030.

E-Commerce Exposure

70% *of sales come from top half of page 1*

Algorithms decide fast. Most sales come from page one, and placement is driven by ratings, reviews, and velocity — all of which matter immediately. Amazon launches are 2x more likely to decline in Year 2 vs. brick-and-mortar. There is no 'launch and learn' window.

Consumer Pullback

64% *of consumers plan to buy and consume less*

Consumers are managing expenses more actively than ever. Private label brands now represent 19.2% of units sold. Forecasting accuracy keeps in-stock rates and sales velocities high — critical in an environment where every shelf slot must earn its place.

Source: *NIQ RMS Data; NIQ Consumer Outlook Mid-Year 2024; Kearney NIQ Private Label Study 2024; NIQ Shopping Insights Q1 2024*

© 2026 Nielsen Consumer LLC. All rights reserved.
Confidential and proprietary

5. Hidden Risks

Three risks that erode innovation value before teams realize it.

1. Underestimated Cannibalization

73% of recent launches are variety or size extensions. Close-in extensions feel safer and often sell well initially, but they draw 2x more heavily from the parent brand than new-to-category launches. 25% of all new products actually shrink their parent brand. The key is understanding when extensions drive real growth versus reshuffling existing volume.

2. Year-Two Decline

55% of innovations decline in Year 2, and 69% decline again in Year 3. Only 20% show meaningful growth after launch year. Many manufacturers assume a stable or growing business in year two, but the data shows this is the exception, not the rule. Year-one success does not guarantee endurance — forecasting helps quantify that future risk before full commitment.

3. The Restage Trap

60% of restages fail to reverse a downward trend, while 80% of strong launches continue to grow. Once momentum is lost, it is extraordinarily difficult to recover. Getting the launch right the first time — grounded in an accurate forecast — is far more effective and less costly than trying to fix a struggling product after it's already in market.

Sources: NIQ Innovation Measurement; NIQ Global Innovation Incrementality; BASES 10-year historical analysis

© 2025 Nielsen Consumer LLC. All rights reserved. Confidential and proprietary

6. The Execution Gap

Plans look great on paper — but execution tells a different story.

75%

of marketing plans overstated or understated by 10%+ versus actual in-market execution

30%

average forecasting impact driven by variance in planning assumptions vs. execution

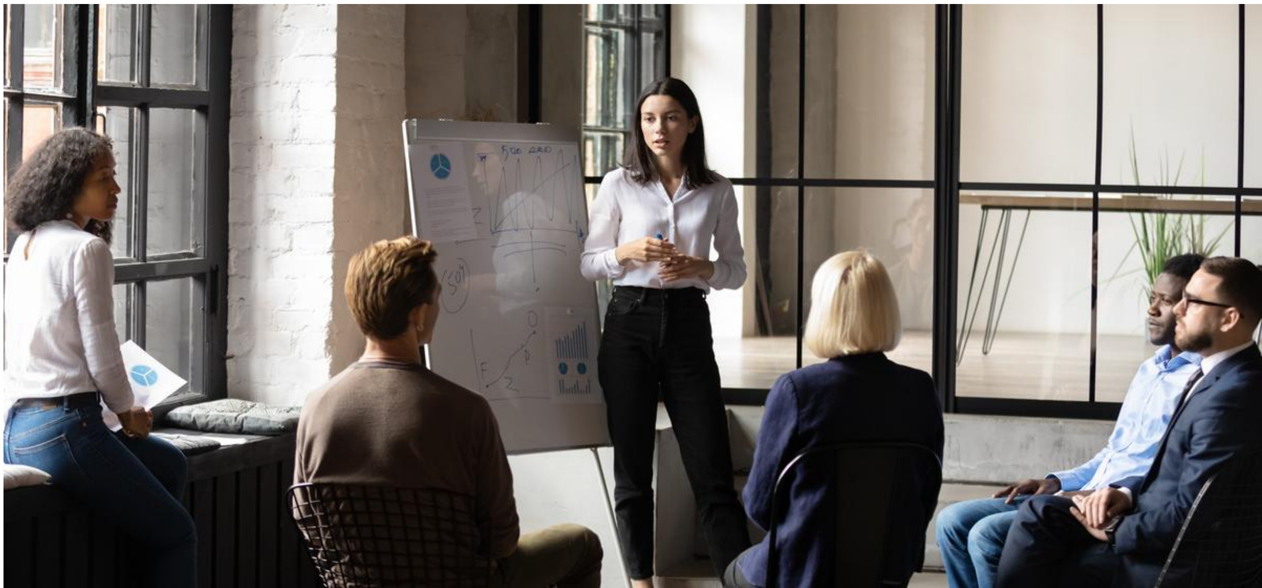
Where Forecast Error Originates

75%+ of forecast error is caused by unrealistic marketing support assumptions — areas like distribution, advertising, and trade promotion that diverge from actual execution.

Source	Distribution	Advertising	Trade Promo	Price Change	External	Positioning	Consumer Promo	Product Perf.
% of Error	33%	27%	14%	7.6%	6.1%	5.3%	3.9%	3.2%

Teams aren't careless — but optimistic timing, spend levels, and execution assumptions creep in. When those assumptions feed the forecast, every decision built on top begins to wobble. The best defense: ground your plan in historical execution data and run scenario analyses.

Source: BASES Validation Database; 2024 Analysis of ~80 validated marketing plans



Confidential and proprietary

© 2025 Nielsen Consumer LLC. All rights reserved.

7. Stage-gate Integration

Forecasting turns stage gates into true growth and capital governance mechanisms.

Stage Gate	CEO Lens (Growth)	CFO Lens (Capital)
Opportunity Sizing	Choose which opportunity spaces merit pursuit based on realistic expansion potential; kill low-ceiling ideas early.	Decide whether the opportunity justifies further investment; avoid early spend where upside is weak or cannibalization risk is high.
Concept Prioritization	Prioritize concepts with projected scale, endurance, and advantage; align portfolio to growth ambition.	Approve incremental funding based on expected returns and downside exposure; concentrate capital on higher-confidence bets.
Launch Approval	Decide if the initiative is ready to win in-market and merits leadership sponsorship.	Approve marketing and supply commitments using realistic assumptions; prevent over-investment from optimistic plans.
Post-Launch Review	Double down, course-correct, or exit based on early performance vs. forecast; reinforce faster decisions.	Reallocate or withdraw capital before losses compound; stop underperformers from absorbing incremental spend.

Accurate forecasting helps scale winners and stop value leakage early — turning stage gates into true growth and capital governance mechanisms.

© 2026 Nielsen Consumer LLC. All rights reserved. Confidential and proprietary

8. Best Practices

The forecasting checklist for top performance.

Ensure Your Projects Are Realistic

The average marketing plan error results in a 30% volume difference. Ground your plan in historical execution data and run scenario analysis to understand what needs to be true.

Confirm Innovation Won't Cannibalize Your Brand

25% of all new products shrink their parent brand. Look beyond volume to assess the actual incremental growth potential your product provides.

Know Where You Stand In Your Category

Evaluate velocity potential compared to shelf competitors. Over half of new products decline in Year 2, largely due to low velocity and weak competitive positioning.

Look Beyond Launch

Factors like product superiority and sustained marketing support drive Year 2 endurance. A strong product can deliver 70% better financial performance in its second year.

An accurate forecast anchors the entire innovation lifecycle — from early opportunity sizing through post-launch performance management.

Confidential and proprietary

© 2025 Nielsen Consumer LLC. All rights reserved.

9. Proven Results

NIQ BASES: validated accuracy at unmatched global scale.

±9%

Median forecast error validated against actual in-market results

Best-in-industry accuracy

550K+

Forecasts delivered across 70 different markets globally

Unmatched scale

3.4K+

Real launch reviews completed globally including full validations

Rigorous validation

75%

Of BASES forecasts land within ±20% of actual versus 20% for internal

Case study proof

What Sets BASES Apart

- **Objectivity** — Independent, data-anchored forecasting that removes internal bias and over-optimism
- **Real-Time Market Data** — Continuous access to NIQ's omnichannel data, recalibrated with every launch
- **Demand-Based Modeling** — Ideal for new-to-world innovations where share-based models break down
- **Closed-Loop Learning** — Forecasts validated against real sales data, with learnings fed forward to improve future accuracy
- **MASB Certified** — BASES is the ONLY forecasting model to pursue and pass the Marketing Accountability Standards Board (MASB) global protocol.

© 2026 Nielsen Consumer LLC. All rights reserved. Confidential and proprietary

Best-in-Class Forecasting as a Competitive Advantage

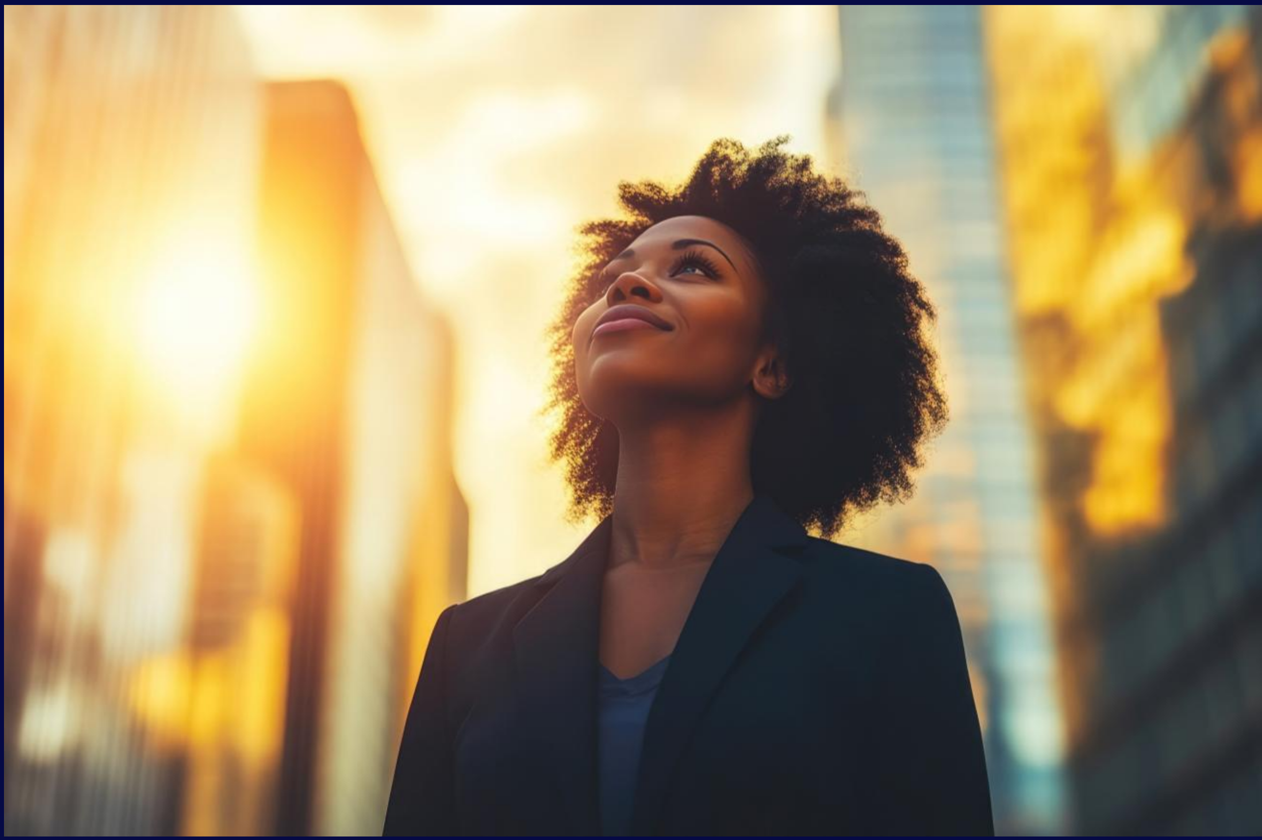
Best-in-class innovation planning integrates forecasting across the full end-to-end innovation lifecycle—from early opportunity sizing and concept prioritization to launch planning, postlaunch validation, and in-market optimization. Demand based models, grounded in validated consumer research and real market data, enable more realistic volume estimates, clearer views of incrementality, and earlier identification of risk. Conversely, share-based forecasting models often fail to accurately capture new to the category, new to the world innovations. Continuous learning loops, postlaunch recalibration, and objective external perspectives further reinforce forecast accuracy and decision confidence.

Conclusion

Innovation success is not a matter of creativity alone; it is a function of disciplined, data-anchored decision making with Demand-based models being the best-in-class means toward achieving these objectives. In an environment defined by execution risk, retailer scrutiny, and rapid market feedback, accurate forecasting has become foundational to innovation credibility and growth. Organizations that invest in objective, validated forecasting capabilities are better positioned to make harder decisions earlier, allocate resources more effectively, and consistently convert innovation into sustained business performance.

© 2026 Nielsen Consumer LLC. All rights reserved. Confidential and proprietary

Ready to improve your forecasting accuracy?



NielsenIQ BASES helps companies consistently achieve better innovation outcomes — developing successful innovations faster, making better decisions based on predictive market understanding, and executing launches to maximize potential.

Request a Forecast Consultation

nielseniq.com/bases

bases@nielseniq.com

© 2026 Nielsen Consumer LLC. All rights reserved.

Confidential and proprietary

Confidential and proprietary
© 2026 Nielsen Consumer LLC. All rights reserved.

© 2026 Nielsen Consumer LLC. All rights reserved.

About NIQ

NielsenIQ (NIQ) is a leading consumer intelligence company, delivering the most complete understanding of consumer buying behavior and revealing new pathways to growth. Our global reach spans over 90 countries covering approximately 85% of the world's population and more than $7.2 trillion in global consumer spend. With a holistic retail read and the most comprehensive consumer insights—delivered with advanced analytics through state-of-the-art platforms—NIQ delivers the Full View™.

For more information, please visit www.niq.com.