* Rather use Bernoulli process than Poisson distribution (discrete and upper and lower limits of transactions in a timeframe)
* Also more appropriate when very rare occasions, like cruise ship travels
* Also possible to model the number of weeks where a purchase occurs rather than the number of purchases in a timeframe
* Pareto/NBD as underlying model for a customer-base analysis exercise
* Develop a discrete-time analog of the Pareto/NBD model
* Make some assumptions
* Need to compute the parameters of the model

Model evaluation

* Predicted vs. actual frequency of repeat transactions (number of people making 1,2,3,… repeat transactions)
* Compare predicted and actual (cumulative) repeat transactions
* Which effect do recency and frequency have (e.g. what number of transactions is a customer predicted to make in the next 5 years when he bought every year except the last year or a customer with lower frequency but higher recency?)
  + Is the result intuitive?
* How much transactions are the “low-probability” groups predicted to make?
* Pooled cohort model parameters and 1995 model parameters are similar: Reliability of the model and “poolability” of the cohorts
* Pareto/NBD model
  + Model the number of donations over time might be appropriate