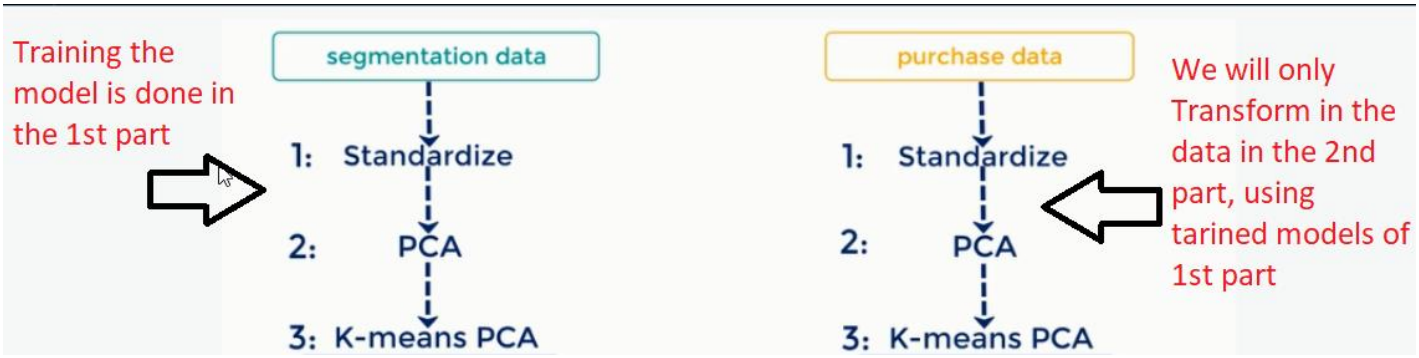
PURCHASE ANALYTICS

About the data:

- Targetting is done through analysis, marketing techniques can be decided
- Based on our analysis marketers will be able to know the behaviour of the customers, based on the price of the product.



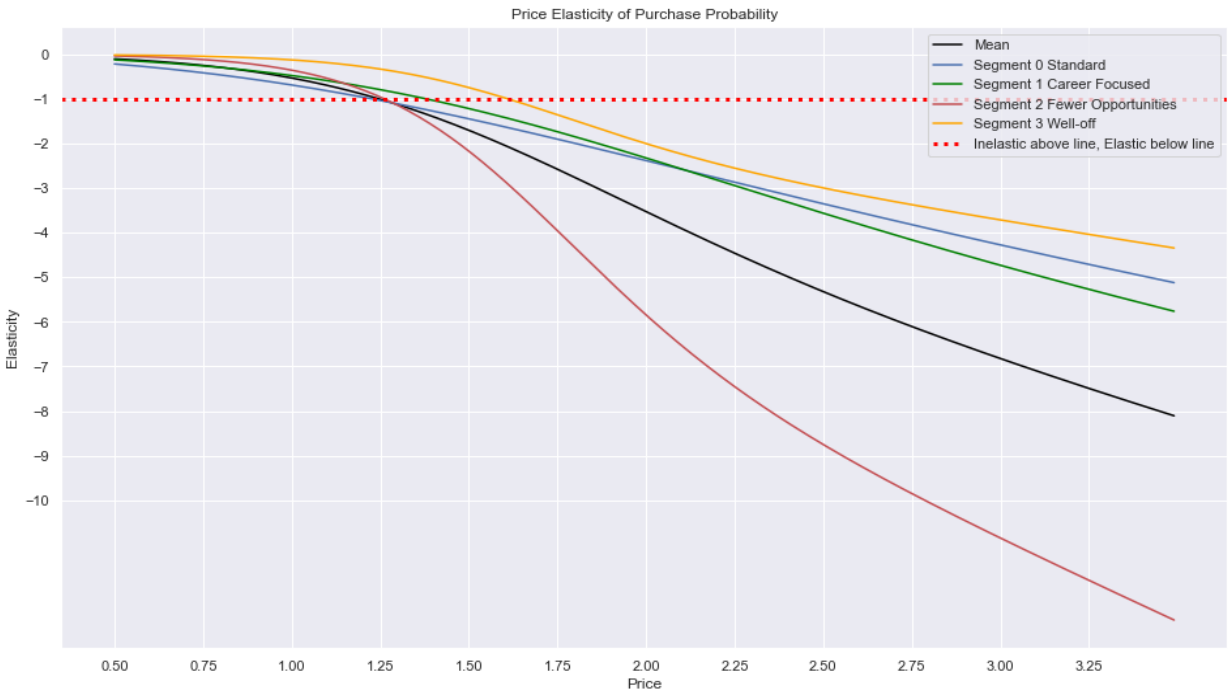
Marketing Mix is the main approach to positioning

1. To develop best product and offer it at the **right price** + through **right channels.**
2. In this project we will cover customer analytics that answers 2 fundamental questions about positioning and marketing mix:
   - Purchase Probability: ***Will the customer buy*** a product from a certain prod category or not when they enter a shop.
   - Brand Choice Probability: If they have decided that they will buy that product category, ***which brand are they going to choose***.
3. Marketing mix contains 4 variables, 4 Ps of marketing:
   - Product: Its features, design, branding
   - Price: Price, discounts
   - Promotion: To promote the product
   - Place: Distribution of product, where when how

Price Elasticity (PE)

1. How purchasing behaviour changes as process change.
   - PE = (%change is economic outcome of interest)/ (1% change in price)
     = (Y new – Y old/Y old)/ (X new- X old/X old)

1. Purchase Probability Model:
   <u>How price affects purchase decision, will a product be bought</u>?
   - Logistic Regression is used
   - To predict Incidence of purchase i.e., our **dependent variable is Incidence**. Our **dependent variable is price** – irrespective of the brand, as we want to know effect of price on whether the person buys any product or not.
   - Our aim is to get % change in purchase prob to 1% change in price v/s price graph: *Purchase probability elasticity v/s Price of product graph*



2. Brand Choice Model: **<u>How price changes prob of purchase of each brand?</u>**

   -Multi-nominal Logistic Regression is used