



Overview (Cont.)

- Predictive models are widely used today
 - E.g. use customer profile features (e.g. income, age, gender, education, employment) and past history of a customer to predict likelihood of default on loan
 - and use prediction to make loan decision
 - E.g. use past history of sales (by season) to predict future sales
 - And use it to decide what/how much to produce/stock
 - And to target customers
- Other examples of business decisions:
 - What items to stock?
 - What insurance premium to change?
 - To whom to send advertisements?