Predictive Analytics and Propensity Modeling

DIGITAL BUSINESS

Predictive Analytics
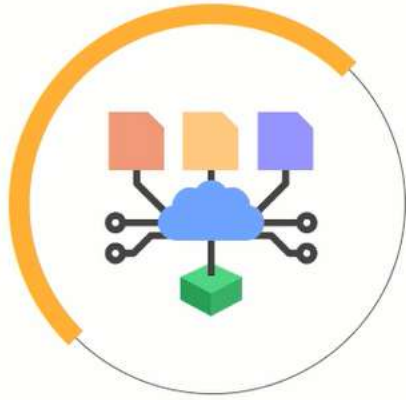
It is an area of study that analyzes data patterns to predict future trends.

Predictive Analytics: Uses

Promote cross-selling opportunities

Improve operations

Manage resources

Attract and retain profitable customers

Forecast inventory

Predictive Analytics: Types

Predictive models

Identify transactional and historical data patterns

Descriptive models

Exploit the database's historical data to produce a report

Decision models

Act as a starting point for a decision method

Propensity Model

It is a statistical analysis that predicts future actions using a variety of datasets.

Demographics

Past behavior

Psychographics

Propensity Model: Uses

Prioritize high-value customers

Increase the frequency and value of purchases

Attribute purchases to campaigns

Identify churn dangers and drops

Calculate the customer lifetime value