



A CLOSE LOOK AT PREDICTIVE ANALYTICS

FROM AN ECOMMERCE ANGLE

“AS DATA PILES UP, WE HAVE OURSELVES A GENUINE GOLD RUSH. BUT DATA ISN’T THE GOLD. I REPEAT, DATA IN ITS RAW FORM IS BORING CRUD. THE GOLD IS WHAT’S DISCOVERED THEREIN.”

ERIC SIEGEL,
THE AUTHOR OF PREDICTIVE ANALYTICS: THE POWER
TO PREDICT WHO WILL CLICK, BUY, LIE, OR DIE /

WHAT IS PREDICTIVE ANALYTICS?

Predictive analytics analyzes current and historical data via statistical techniques and machine learning to define the patterns to predict the likelihood of a possible action. In the context of eCommerce, this action is usually defined as a purchase. In the early days of eCommerce, only massive online retailers could afford to fund predictive analytics practices. Luckily in today's online shopping world, even the smallest eCommerce websites has the chance to benefit from predictive models.

USES IN ECOMMERCE



Personalization, churn prediction, cross-selling, retention are the main focus areas of predictive analytics in online retail.

RFM (recency, frequency, monetary value) model is defined to guide the marketers to understand their most valuable customers and ensure customer retention.

Predictive analytics can also be interpreted as data mining techniques that uses your customer data to automatically build a predictive model specialized for your business. When applied on a huge database including customer behaviour data, predictive analytics finds the right way to combine predictors by building a model optimized according to the this data.

LINK WITH DATA MINING



CUSTOMER BEHAVIOUR



Customer behaviour is usually irrational and taste-based but it is possible to understand the patterns associated with this behaviours. Especially during online shopping, clickstream behaviour of the visitors can help predictive analytics and marketing professionals predict the next best action.

- Buttons clicked
- Pages visited (type of pages, data included on the pages etc.)
- Products purchased (product ids, prices, discount %, brand etc. data)
- Reviews left
- Customer service inquiries shared with support
- Return purchases
- Recency, frequency and monetary value of the visits
- Traffic sources
- Demographics of the visitors
- Social media posts

INDICATORS OF BEHAVIOURAL PATTERNS



MASSIVE DATA? NOT REALLY



When predictive analytics is considered, it is often thought that a huge data pool is required. It is easier to use predictive analytics for eCommerce as clickstream data is often rich with many different types of data.

Even the smallest eCommerce websites attract hundreds of visits per month. Every visitor views at least 2-3 pages per visit and every page reveals a huge amount of data on the purchase patterns of these visitors. Even though the visit is not converted into an order, it is still possible to predict the taste pattern and predictions of that visitor.

ECOMMERCE CLICKSTREAM DATA



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TIPS AND TRICKS FOR THE SMB ECOMMERCE

Marketing apps empowered with predictive analytics are able to help even small to mid sized online retailers understand patterns in their data. SaaS marketing apps work on cloud thus do not come with upfront costs. Most solutions also offer a free trial and commission based pricing options after the trial period. Now it is the right time to start using a predictive analytics software if you are running an SMB eCommerce business.

THANK YOU!

LOOKING FOR INTERESTING
CONTENT ON
PERSONALIZATION AND
SMB ECOMMERCE?

[PERSONALIZATION RESOURCES](#)