

Can predictions with R help a small start-up company increase its potential sales?

Mircea Georgescu¹, Ionut Daniel Anastasiei¹

¹”Al. I. Cuza” University of Iasi, Romania

ABSTRACT

ERP solutions that include prediction modules are very expensive. According to a survey (Ly, 2019), small to medium-sized businesses can expect to pay between \$75,000 and \$750,000 for the implementation. The R statistical language is easy to use when it comes to implementing regressions on the actual data of companies, and the costs are nearly zero. Logistic regression was the statistical formula used for predictions and it intends to create a model to predict the probability of buying a product based on the annual income of a customer. To make these concepts easier to explain in this article, we considered a “toy problem” where you only have one customer characteristic (the customer’s annual income) and a data scientist from a small company that wants to predict if the customer will make the purchase. This matter can be expanded in future studies that can make predictions for multiple independent variables, either binomial or multinomial. Our article also accepts the vast importance of using digital marketing to reach potential customers; however, it is more important to predict a potential client’s behavior in terms of whether or not they will buy our solution, so that the company is able to set its own expectations.

KEYWORDS R Predictions; Logistic Regression; Sales; Digital Marketing

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