Predictive Analytics for
Automotive Industry

How Predictive Analytics can help in Automotive Industry?

The automotive industry is one of the largest sectors in many countries. This industry has nearly doubled in the last five years. The automotive industry includes the industries involved in the Development, Manufacturing, Marketing and Selling of motor vehicles. It is one of the world's most economic sectors by revenue.

The automotive industry has been facing many challenges nowadays. In automotive industry, there is always irregularity in Demand, Customer Behaviour, Quality of Product and Maintenance etc. Predictive analytics can help the industry in these areas to optimize their operation and increase the revenue. Here are few cases:

Customer Segmentation

Customer segmentation is the practice of dividing a customer into groups of individuals that are similar in specific ways relevant to Marketing such as age, gender, interests and spending habits.

Predictive Analytics algorithms (clustering) are able to divide customers into different groups based on many more variables. In automotive industry, if you want to know which type of customers buy the particular product or brand then you can use the product based on clustering or brand based clustering respectively. Once the company segments, the customer into different groups, the company can then decide a different strategy to each group and focus on what each kind of customer needs at any given moment.

Customer Lifetime Value

Customer lifetime value is a prediction of all the value a business will derive from their entire relationship with a customer. Customer Lifetime Value can help you to understand your customers. Customer lifetime value also helps you to make important business decisions about your business in various fields like sales, marketing, product development etc.

Predictive Analytics can be used to find the future customer lifetime value. It identifies the historical factors that maximized return on customer engagements in the past and accordingly predict the future customer lifetime value for a particular period. When company knows the future customer lifetime value in advance then that company can make decisions about various customers.

Churn Prevention

Customer churn means when a customer ceases his or her relationship with a company. It is always more expensive and difficult to acquire a new customer than it is to retain a current paying customer. Reduce the customer churn is the key goal for every business.

Predictive Analytics used to find which customer is at high risk. So, the company can focus on that customer and try not to end the relationship. In the automotive company, to predict which customers are likely to end the relationship & who would not? The predictive analytics analyse the historical pattern of the customers of both types who would not end the relationship and who would end the relationship. And, accordingly predict the customer is at high risk.

Quality Assurance

Customers have high expectations from quality of the product. If these expectations are not fulfilled it will result in lower satisfaction and loss of loyalty which will increase the customer churn and would reduce the success of business.

Predictive Analytics used the historical data and builds a model to predict the future of a component will be defective or not. In Automotive Industry, if there is an indication of future component defect, then the company can take the preventive action.

Sentiment Analysis

Sentiment Analysis means extract the data from publicly available data sources like online reviews and media discussion to understand what the customer thoughts are about the company and the product.

With the help of Sentiment analysis, the company can improve the quality of products as well as can identify new opportunities.

Risk Modelling

Risk modelling refers to the use of predictive modelling techniques to determine the risk level of your business.

Various techniques can be used to predict the price movement and the economic development that affect your business. It also identifies the threats to the business so that company can take decision and avoid the financial loss.

Predictive Maintenance

The sudden malfunctioning of technical equipment can stop the business resulting in unmet delivery expectations, potential contract penalties and loss of revenue. So, every company wants to avoid this unplanned machine failure.

Predictive Maintenance can predict the future equipment malfunctioning and failure that will ultimately minimize the risk of unplanned equipment failure. Hence, the company can plan for the maintenance of the equipment.

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