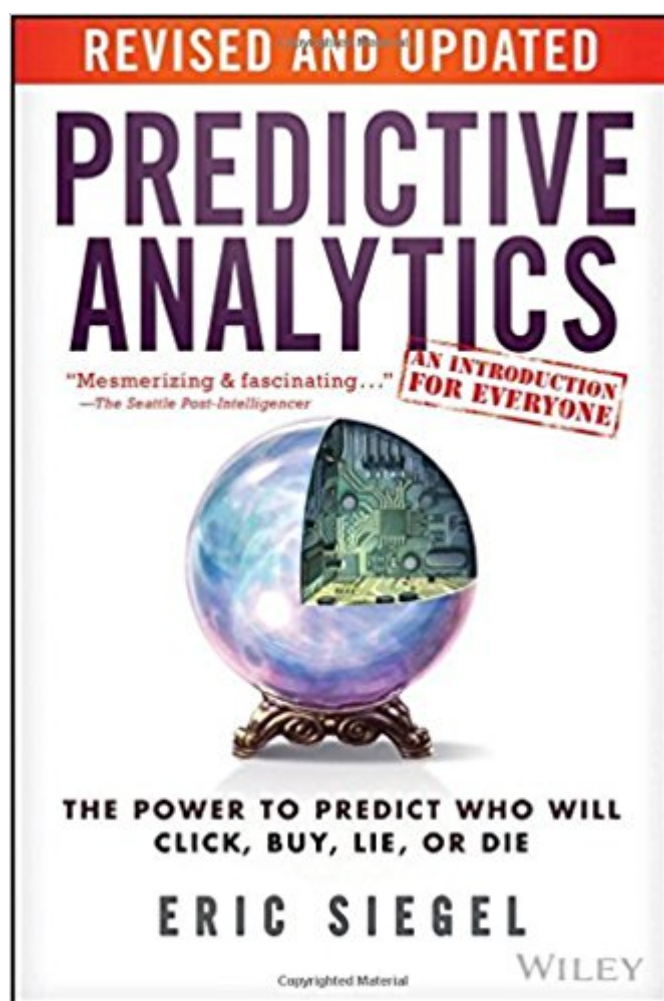


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# Predictive Analytics: The Power To Predict Who Will Click, Buy, Lie, Or Die



## Synopsis

"Mesmerizing & fascinating..." — The Seattle Post-Intelligencer

"The Freakonomics of big data." — Stein Kretzinger, founding executive of

Advertising.com Award-winning | Used by over 30 universities | Translated into 9 languages An

introduction for everyone. In this rich, fascinating — surprisingly accessible —

introduction, leading expert Eric Siegel reveals how predictive analytics (aka machine learning)

works, and how it affects everyone every day. Rather than a "how to" for hands-on

techies, the book serves lay readers and experts alike by covering new case studies and the latest

state-of-the-art techniques. Prediction is booming. It reinvents industries and runs the world.

Companies, governments, law enforcement, hospitals, and universities are seizing upon the power.

These institutions predict whether you're going to click, buy, lie, or die. Why? For good reason:

predicting human behavior combats risk, boosts sales, fortifies healthcare, streamlines

manufacturing, conquers spam, optimizes social networks, toughens crime fighting, and wins

elections. How? Prediction is powered by the world's most potent, flourishing

unnatural resource: data. Accumulated in large part as the by-product of routine tasks, data is

the unsalted, flavorless residue deposited en masse as organizations churn away. Surprise! This

heap of refuse is a gold mine. Big data embodies an extraordinary wealth of experience

from which to learn. Predictive analytics (aka machine learning) unleashes the power of

data. With this technology, the computer literally learns from data how to predict the future

behavior of individuals. Perfect prediction is not possible, but putting odds on the future drives

millions of decisions more effectively, determining whom to call, mail, investigate, incarcerate, set up

on a date, or medicate. In this lucid, captivating introduction — now in its Revised and

Updated edition — former Columbia University professor and Predictive Analytics World

founder Eric Siegel reveals the power and perils of prediction: What type of mortgage risk Chase

Bank predicted before the recession. Predicting which people will drop out of school, cancel a

subscription, or get divorced before they even know it themselves. Why early retirement predicts a

shorter life expectancy and vegetarians miss fewer flights. Five reasons why organizations predict

death — including one health insurance company. How U.S. Bank and Obama for America

calculated the way to most strongly persuade each individual. Why the NSA wants all your data:

machine learning supercomputers to fight terrorism. How IBM's Watson computer

used predictive modeling to answer questions and beat the human champs on

TV's Jeopardy! How companies ascertain untold, private truths — how Target figures out

you're pregnant and Hewlett-Packard deduces you're about to quit your job. How judges and parole

boards rely on crime-predicting computers to decide how long convicts remain in prison. 182 examples from Airbnb, the BBC, Citibank, ConEd, Facebook, Ford, Google, the IRS, LinkedIn, Match.com, MTV, Netflix, PayPal, Pfizer, Spotify, Uber, UPS, Wikipedia, and more. How does predictive analytics work? This jam-packed book satisfies by demystifying the intriguing science under the hood. For future hands-on practitioners pursuing a career in the field, it sets a strong foundation, delivers the prerequisite knowledge, and whets your appetite for more. A truly omnipresent science, predictive analytics constantly affects our daily lives. Whether you are a consumer of it or consumed by it get a handle on the power of Predictive Analytics.

## Book Information

Paperback: 368 pages

Publisher: Wiley; 2 edition (January 11, 2016)

Language: English

ISBN-10: 1119145678

ISBN-13: 978-1119145677

Product Dimensions: 5.9 x 1.1 x 8.8 inches

Shipping Weight: 1.1 pounds (View shipping rates and policies)

Average Customer Review: 4.0 out of 5 stars 302 customer reviews

Best Sellers Rank: #10,468 in Books (See Top 100 in Books) #7 in Books > Business & Money > Management & Leadership > Planning & Forecasting #10 in Books > Business & Money > Economics > Econometrics #30 in Books > Business & Money > Marketing & Sales > Consumer Behavior

## Customer Reviews

Predictive Analytics: The Power to Predict Who Will Click, Buy, Lie, or Die Q & A with Author Eric Siegel Did Nate Silver use predictive analytics to forecast Obama's 2012 election? No—but Obama did use predictive analytics to help get elected. Nate Silver made election forecasts for each state as a whole: which way would a state trend, overall? In the meantime, the Obama campaign was using predictive analytics to render per-voter predictions. Moving beyond forecasting, true power comes in influencing the future rather than speculating on it—the *raison d'être* of predictive analytics. Nate Silver publicly competed to win election forecasting, while Obama's analytics team quietly competed to win the election itself. Specifically, team Obama drove per-voter campaign decisions by way of per-vote

predictions. Why does early retirement predict a shorter life expectancy & why do vegetarians miss fewer flights? These are two more colorful examples of the multitudes of predictive discoveries waiting within data. University of Zurich discovered that, for a certain working category of males in Austria, each additional year of early retirement decreases life expectancy by 1.8 months. They conjecture that this could be due to unhealthy habits such as smoking and drinking following retirement. One airline discovered that customers who preorder a vegetarian meal are more likely to make their flight, with the interpretation that knowledge of a personalized or specific meal awaiting the customer provides an incentive, or establishes a sense of commitment. Predictive analytics seeks out such predictive connections and then works to see how they may combine together for more precise prediction.

What are the hottest trends in predictive analytics? There have been many exciting improvements in the core technology of predictive analytics. One is "uplift modeling" (a.k.a. "persuasion modeling"), which predicts influence. ..in order to do influence. The Obama campaign used it to influence voters in the 2012 presidential election; marketing uses it to more adeptly persuade customers; and medicine uses it to better select per-patient treatments. This topic is the focus of the final chapter of this book. Another hot trend is ensemble models. Like the collective intelligence that spawns the wisdom of a crowd of people, we see the same effect with a crowd of predictive models. Each model alone may be fairly primitive such as a few simple rules, so it gets prediction wrong a lot, as an individual person trying to predict also does. But have them come together as a group and there emerges a new level of predictive performance. Does the NSA use predictive analytics, and how does that impact the amount of data collected on us? It's a foregone conclusion that the world's largest spy organization employing the world's largest number of Ph.D. mathematicians considers predictive analytics a strategic priority. Predictive analytics realizes a great potential for law enforcement: The automatic discovery of new suspects. The value of this capability multiplies the incentive to collect increasing amounts of data about civilians. The NSA needs data about everyone, including those of us with no connection to crime whatsoever. It's not to spy on us but to establish a quantitative baseline. This in turn only amplifies the stakes of the contentious security-versus-privacy debate.

What is the coolest thing predictive analytics has done? One of the most inspirational accomplishments of predictive analytics is IBM's "Jeopardy!"-playing Watson computer, which triumphed against the all-time human champions on the TV quiz show. The questions can be

about most any topic, are intended for humans to answer, and can be complex grammatically. It turns out that predictive modeling is the way in which Watson succeeds in determining the answer to a question: it predicts, "Is this candidate answer the correct answer to this question?" It knocks off one correct answer after another. It's incredible. What are companies predicting about me as a customer? Here are just a few examples: - Facebook predicts which of 1,500 candidate posts (on average) will be most interesting to you in order to personalize your ordered news feed. - Microsoft helped develop technology that, based on GPS data, accurately predicts one's location up to multiple years beforehand. - Target predicts customer pregnancy from shopping behavior, thus identifying prospects to contact with offers related to the needs of a newborn's parents. - Tesco (UK) annually issues 100 million personalized coupons at grocery cash registers across 13 countries. Predictive analytics increased redemption rates by a factor of 3.6. - Netflix sponsored a \$1 million competition to predict which movies you will like in order to improve movie recommendations. - One top-five U.S. health insurance company predicts the likelihood an elderly insurance policy holder will die within 18 months in order to trigger end-of-life counseling.

Praise for "Predictive Analytics"

"Mesmerizing & fascinating..."

•The Seattle Post-Intelligencer

"Littered with lively examples..."

•The Financial Times

"What Nate Silver did for poker and politics, this does for everything else. A broad, well-written book easily accessible to non-nerd readers."

•David Leinweber, author of "Nerds on Wall Street: Math, Machines and Wired Markets"

"Predictive Analytics" is not only a deeply informative dive into a topic that is critical to virtually every sector of business today, it is also a delight to read." •Geoffrey Moore, author of "Crossing the Chasm"

"The most readable (for we laymen) 'big data' book I've come across. By far. Great vignettes/stories." •Tom Peters, co-author of "In Search of Excellence"

"An operating manual for twenty-first-century life. Drawing predictions from big data is at the heart of nearly everything, whether it's in science, business, finance, sports, or politics. And Eric Siegel is the ideal guide." •Stephen Baker, author of "The Numerati and Final Jeopardy: The Story of Watson, the Computer That Will Transform Our World"

"Simultaneously entertaining, informative, and nuanced. Siegel goes behind the hype and makes the science exciting." •Rayid Ghani, Chief Data Scientist, Obama for America 2012 Campaign

"Moneyball" for business, government, and healthcare." •Jim Sterne, founder,

eMetrics Summit; chairman, Digital Analytics Association

TRANSLATED INTO 9 LANGUAGES USED IN COURSES AT MORE THAN 30 UNIVERSITIES In this rich, fascinating and surprisingly accessible introduction, leading expert Eric Siegel reveals how predictive analytics works, and how it affects everyone every day. Trendsetters like Chase, Facebook, Google, HP, IBM, Match.com, Netflix, the NSA, Pfizer, Target, and Uber are seizing upon the power of big data to predict human behavior—including yours. Why? Predictive analytics reinvents industries and runs the world. Read on to discover how it combats risk, boosts sales, fortifies healthcare, optimizes social networks, toughens crime fighting, and wins elections. "What Nate Silver did for poker and politics, this does for everything else." David Leinweber, author of Nerds on Wall Street "The Freakonomics of big data." Stein Kretsinger, founding executive, Advertising.com "A deeply informative dive into a topic that is critical to virtually every sector of business today." Geoffrey Moore, author of Crossing the Chasm "Moneyball for business, government, and healthcare." Jim Sterne, founder, eMetrics Summit Learn more: [www.ThePredictionBook.com](http://www.ThePredictionBook.com)

ERIC SIEGEL, PhD, is the founder of Predictive Analytics World and executive editor of The Predictive Analytics Times. A former Columbia University professor, he is a renowned speaker, educator, and leader in the field.

Eric Siegel is telling it all regarding predictive analytics. He suggests people are having their behavior examined and collected by corporations, political think tanks, etc. Great read!

As a professional with extensive operations & development background I wish I could have read this book when I began my journey into Data Science. I am someone who has used and built traditional business intelligence tools over the last fifteen years this book is fantastic at framing how Predictive Analytics is being used and for what specific business benefits. The book is intentionally not filled with math formulas (which may turn off some) but it focuses more on use cases of how the businesses around you are leveraging the data they already collect through daily operations. It's about how they are gaining a better insight into where their efforts are best spent to maximize their return on investment or capitalize on a previously masked rich subset of their existing customer base. If you're looking for a technical breakdown of how these algorithms work or are applied there are dozens of other books that Eric recommends as followup (referenced in probably the best notes

section of any book I've ever seen). If you want a taste of the kind of information that you'll find in the book you should look on the Predictive Analytic World website for his keynote speech he did in Boston last year. It's a great book overview and convinced me to purchase the book.-Greg

Fantastic book! Great concepts about business analytics that can be applied in the field.

BUY, BUY, BUY. This book is an excellent nontechnical introduction to predictive analytics. I recently entered this industry, with curiosity but without a strong data science background. This book was very helpful in getting me started. Moreover, the author is accessible! He answers his e-mails, promptly. His book is rich with both humor and insightful examples. For generalists who want to understand the business applications of predictive analytics, this book is a must read. Brooks E., controller, Nervana Systems ( Deep Learning platform technology)

This book is a great resource for all aspects and uses of predictive analytics. It was one of my first introductions into the field and inspired me to take a Data Science course and expand my knowledge of the industry. I enjoyed reading the book because it expanded my imagination of the applications of PA. The author even responded to my email!

I am currently an Ed.D. doctoral candidate, researching my dissertation on Predictive Analytics related to Recruitment and Retention in Massive Open Online Courses (MOOCs). I enjoyed the book immensely as it served to provoke analysis of possible uses in other industries that may be applied to MOOC construction. At the same time, it was clear and concise enough to benefit the novice consumer who is just starting out and trying to understand how predictive analytics function.

This is a great book on the Topic. What are you going to learn. Predictive analytics, which represents a data mining or statistical solution derived from techniques and algorithms that can be used with unstructured or structured data to arrive at outcomes, has been in use for some time. Indeed, the discipline has been in use with structured data for several decades. However, the visibility and subsequent market adoption of the discipline have increased significantly in recent years as computer power has increased. Processing memory and speed have increased at exponential rates, and this novel fact has been reported on by the media. For example, TIME magazine reported that the typical smartphone in 2012 had greater computing power than all the computers it took to send Apollo 11 to the moon in 1969. Furthermore, the cost of computing power

has decreased as quickly as the speed and memory capabilities have increased. This revolution in computing capability has put predictive analytics in reach of mainstream business, as a predictive model can produce outcomes in minutes rather than days. In the past, businesses could not afford the computing power necessary to gather and interpret data that changed continuously in real time. This lack of cost effective options presented obstacles to integrating the output of a predictive model into the business process. Now, with the price per CPU decreasing and the computer power increasing, predictive analytics has become a practical, even necessary tool, for most organizations. Hope this helps, overall a great book, Eric Siegel great book we should talk sometime..:)

Predictive Analytics: The Power to Predict Who Will Click, Buy, Lie, or Die is a must read for anyone and everyone, technical and non-technical, that is serious about wanting to improve their business. It explains the amazing potential and power of predictive analytics in a truly enlightening, entertaining, and witty fashion. Fern Halper, the Director of TDWI Research, said in a recent article, "predictive analytics is a technology whose time has finally come". This book takes a giant leap in making that statement true by taking us from 0 to 60 mph about what PA is and how it works and by providing a plethora of dramatic examples of how this technology has already been successfully used in a wide variety of industries. My favorite witticism in the book is: "The elephant in the room is that there is no elephant in the room." What a great way to help us put big data into perspective! Jerry Sabuda President, Sabuda Technology Solutions LLC Pittsburgh PA

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