Statistics in business

Statistics in Business Statistics is a field of study that describes collecting a set of data and inferring information from the data so collected. There are two types of statistics-- descriptive and inferential statistics. Statistics have different levels of measurement. The levels of measurement are: nominal, ordinal, interval and ratio. Last two are much more precise in the measurements of data.

Businesses face countless choices everyday and the right decision making is crucial for the survival and growth of the company. Statistical methods and techniques help make the right decision from the numerous choices that are available to the decision maker.

Businesses come across multiple investment options at any given time. Each investment option provides numerous risk-reward outcomes. It becomes important for a decision maker to make a correct choice and statistical tools come handy there to make the most appropriate choice based on the company or risk taker's temperament.

The demographic changes and distributions are important for a marketer to make any marketing decisions. By studying demographic changes and making necessary inferences with regard to age, gender, income levels and many other socio-economic factors about its potential customers, the marketer chooses its target market and set its product pricing so as to maximize companys revenue. The marketer needs not only relevant data but they need to organize those data in such a fashion that it could provide meaningful answers to the business questions raised.

Insurance business too uses statistical tools in solving business problems. Insurance business largely deals with uncertainties and yet decisions such as

premium rates calculation, agent attrition and productivity rates are

calculated purely based on statistical methods.

References

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