Econ

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Economics Project The analysis will seek to explain the effectiveness of the different variables used in the model, the variable include a constant (c), price, end cap, demo, demo3, demo5, natural and fitness. From the excel output, variable c represent the intercept and it is the point at which the regression line cuts the vertical axis whereas the coefficients of the variable represents the slope of the regression line, the coefficient of price is – 22. 49817 and this implies that for every increase of 1 in the x-axis the value on the y-axis will change by -22. 49817. Similarly, the variable with a positive coefficient such as demo which is 118. 3667 implies that an increase of 1 on the x-axis causes the value on the y-axis change by 118. 3667.

T-statistics aim at determining whether the mean of one set of data differs from the average of another set. According to the T-statistic output, the variable price, end cap and natural have a negative value of T-statistics and therefore they are not statistically significant to the model and this makes the value of R- squared to be 0. 416237. Since the three variable with a negative value are not important in the model we remove them and the adjusted value of R-squared reduces to 0. 397912, this implies that the variables of the model are more accurate and less correlated. F-statistic is a test of the relationship of different variables that differs in variability. The F-statistic of 22. 71486 is the significant difference between the variables that remained after removing the ones with a negative T-statistic