

Example Advertising. sav

a)

$$\text{Revenue} \approx b_0 + b_1 \cdot$$

Television
advertising

$$b_0 = 88.638$$

$$b_1 = 1.604$$

b)

$$\text{Re-} \\ \text{ve-} \\ \text{nu-} \\ \text{e}$$

$$\approx b_0 + b_1 \cdot$$

Telev.
advert.

$$+ b_2 \cdot$$

Newsp.
adv.

$$b_0 = 83.230$$

$$b_1 = 2.290$$

$$b_2 = 1.301$$

c) no

1.604 is an estimate of the change in the Revenue for a one-unit (1000 €) change in the TV-Advertising; this means adding 1000 € more in TV-Advertising will cause an increase of 1604 € of the Revenue.

c) (continued) Advertising. sav

2.290 is an estimate of the expected increase (in 1000 €) in the revenue corresponding to an increase of 1000 € of the TV-advertising when the Newspaper-advertising costs are held constant.

$$d) \quad 83.230 + 2.290 \cdot 3.5 + 1.301 \cdot 1.8 \approx 93.6 \\ \approx 93600 \text{ €}$$

e) $R = 0.959$ strong correlation

$3.5 \in [2.0; 5.0]$
 $1.8 \in [1.5; 4.2]$ } $\Rightarrow 93.6$ is an interpolation

strong correlation plus interpolation generate reliable predicted values