

02_EBA2eSolutionsChapter2.pdf

02_EBA2e Case Soln Chapter2.pdf

Chapter 2 Descriptive Statistics

Solutions:

1.
 - a. Quantitative
 - b. Categorical
 - c. Categorical
 - d. Quantitative
 - e. Categorical

2.
 - a. The top 10 countries according to GDP are listed below.

| Country | Continent | GDP (millions of US\$) |
|----------------|---------------|------------------------|
| United States | North America | 15,094,025 |
| China | Asia | 7,298,147 |
| Japan | Asia | 5,869,471 |
| Germany | Europe | 3,577,031 |
| France | Europe | 2,776,324 |
| Brazil | South America | 2,492,908 |
| United Kingdom | Europe | 2,417,570 |
| Italy | Europe | 2,198,730 |
| Russia | Asia | 1,850,401 |
| Canada | North America | 1,736,869 |

- b. The top 5 countries by GDP located in Africa are listed below.

| Country | Continent | GDP (millions of US\$) |
|--------------|-----------|------------------------|
| South Africa | Africa | 408,074 |
| Nigeria | Africa | 238,920 |
| Egypt | Africa | 235,719 |
| Algeria | Africa | 190,709 |
| Angola | Africa | 100,948 |

3.
 - a. The sorted list of carriers appears below.

| Carrier | Previous Year On-time Percentage | Current Year On-time Percentage |
|------------------------|--|---------------------------------------|
| Blue Box Shipping | 88.4% | 94.8% |
| Cheetah LLC | 89.3% | 91.8% |
| Smith Logistics | 84.3% | 88.7% |
| Granite State Carriers | 81.8% | 87.6% |

| | | |
|-------------------|-------|-------|
| Super Freight | 92.1% | 86.8% |
| Minuteman Company | 91.0% | 84.2% |
| Jones Brothers | 68.9% | 82.8% |
| Honsin Limited | 74.2% | 80.1% |
| Rapid Response | 78.8% | 70.9% |

Blue Box Shipping is providing the best on-time service in the current year. Rapid Response is providing the worst on-time service in the current year.

b. The output from Excel with conditional formatting appears below.

| | A | B | C | D |
|----|------------------------|---------------|--------------|-----------------|
| | | Previous Year | Current Year | |
| | | On-time | On-time | Change in On- |
| 1 | Carrier | Percentage | Percentage | time Percentage |
| 2 | Blue Box Shipping | 88.4% | 94.8% | 6.4% |
| 3 | Cheetah LLC | 89.3% | 91.8% | 2.5% |
| 4 | Smith Logistics | 84.3% | 88.7% | 4.4% |
| 5 | Granite State Carriers | 81.8% | 87.6% | 5.8% |
| 6 | Super Freight | 92.1% | 86.8% | -5.3% |
| 7 | Minuteman Company | 91.0% | 84.2% | -6.8% |
| 8 | Jones Brothers | 68.9% | 82.8% | 13.9% |
| 9 | Honsin Limited | 74.2% | 80.1% | 5.9% |
| 10 | Rapid Response | 78.8% | 70.9% | -7.9% |

c. The output from Excel containing data bars appears below.

| | A | B | C | D |
|----|------------------------|---------------|--------------|-----------------|
| | | Previous Year | Current Year | |
| | | On-time | On-time | Change in On- |
| 1 | Carrier | Percentage | Percentage | time Percentage |
| 2 | Blue Box Shipping | 88.4% | 94.8% | 6.4% |
| 3 | Cheetah LLC | 89.3% | 91.8% | 2.5% |
| 4 | Smith Logistics | 84.3% | 88.7% | 4.4% |
| 5 | Granite State Carriers | 81.8% | 87.6% | 5.8% |
| 6 | Super Freight | 92.1% | 86.8% | -5.3% |
| 7 | Minuteman Company | 91.0% | 84.2% | -6.8% |
| 8 | Jones Brothers | 68.9% | 82.8% | 13.9% |
| 9 | Honsin Limited | 74.2% | 80.1% | 5.9% |
| 10 | Rapid Response | 78.8% | 70.9% | -7.9% |

d. The top 4 shippers based on current year on-time percentage (Blue Box Shipping, Cheetah LLC, Smith Logistics, and Granite State Carriers) all have positive increases from the previous year and high on-time percentages. These are good candidates for carriers to use in the future.

4. a. The relative frequency of D is $1.0 - 0.22 - 0.18 - 0.40 = 0.20$.

b. If the total sample size is 200 the frequency of D is $0.20 * 200 = 40$.

c. and d.

| Class | Relative Frequency | Frequency | % Frequency |
|-------|--------------------|-----------|-------------|
| A | 0.22 | 44 | 22 |

| | | | |
|-------|------|-----|-----|
| B | 0.18 | 36 | 18 |
| C | 0.40 | 80 | 40 |
| D | 0.20 | 40 | 20 |
| Total | 1.0 | 200 | 100 |

5. a. These data are categorical.

b.

| Show | Frequency | % Frequency |
|-------|-----------|----------------|
| Jep | 9 | 18 |
| JJ | 8 | 16 |
| BBT | 14 | 28 |
| THM | 6 | 12 |
| WoF | 13 | 26 |
| Total | 50 | 100 |

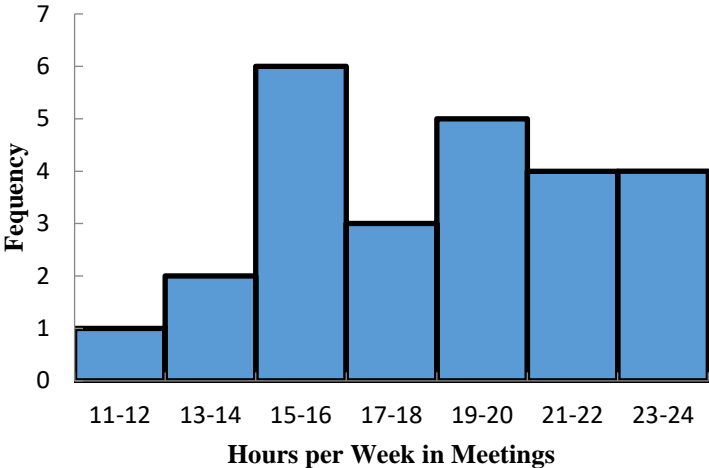
c. The largest viewing audience is for *The Big Bang Theory* and the second largest is for *Wheel of Fortune*.

6. a. Least = 12, Highest = 23

b.

| Hours in Meetings per Week | Frequency | Percent Frequency |
|-------------------------------|-----------|----------------------|
| 11-12 | 1 | 4% |
| 13-14 | 2 | 8% |
| 15-16 | 6 | 24% |
| 17-18 | 3 | 12% |
| 19-20 | 5 | 20% |
| 21-22 | 4 | 16% |
| 23-24 | 4 | 16% |
| | 25 | 100% |

c.



The distribution is slightly skewed to the left.

7. a.

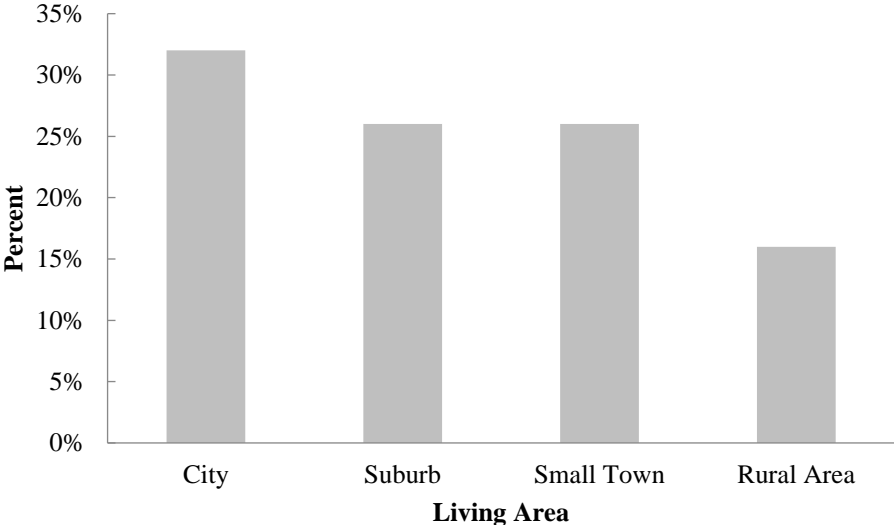
| Industry | Frequency | % Frequency |
|--------------|------------|-------------|
| Bank | 26 | 13% |
| Cable | 44 | 22% |
| Car | 42 | 21% |
| Cell | 60 | 30% |
| Collection | 28 | 14% |
| Total | 200 | 100% |

- b. The cellular phone providers had the highest number of complaints.
- c. The percentage frequency distribution shows that the two financial industries (banks and collection agencies) had about the same number of complaints. Also, new car dealers and cable and satellite television companies also had about the same number of complaints.

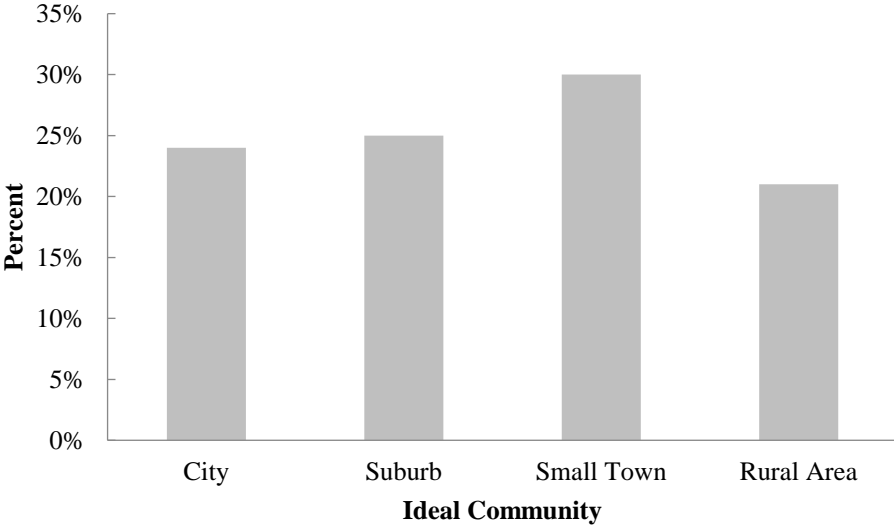
8. a.

| Living Area | Live Now | Ideal Community |
|--------------|-------------|-----------------|
| City | 32/100=32% | 24/100=24% |
| Suburb | 26/100=26% | 25/100=25% |
| Small Town | 26/100=26% | 30/100=30% |
| Rural Area | 16/100=16% | 21/100=21% |
| Total | 100% | 100% |

Where do you live now?



What do you consider the ideal community?



- b. Most adults are now living in a city (32%).
- c. Most adults consider the ideal community a small town (30%).
- d. Changes in percentages by living area: City -8%, Suburb -1%, Small Town +4%, and Rural Area +5%.
Suburb living is steady, but the trend would be that living in the city would decline while living in small towns and rural areas would increase.

9. a.

| Class | Frequency |
|--------|-----------|
| 12-14 | 2 |
| 15-17 | 8 |
| 18-20 | 11 |
| 21-23 | 10 |
| 24-26 | 9 |
| Total: | 40 |

b.

| Class | Relative Frequency | Percent Frequency |
|--------|--------------------|-------------------|
| 12-14 | 0.050 | 5.0% |
| 15-17 | 0.200 | 20.0% |
| 18-20 | 0.275 | 27.5% |
| 21-23 | 0.250 | 25.0% |
| 24-26 | 0.225 | 22.5% |
| Total: | 1.000 | 100.0% |

10.

| Class | Frequency | Cumulative Frequency |
|-------|-----------|----------------------|
| 10-19 | 10 | 10 |
| 20-29 | 14 | 24 |
| 30-39 | 17 | 41 |
| 40-49 | 7 | 48 |
| 50-59 | 2 | 50 |

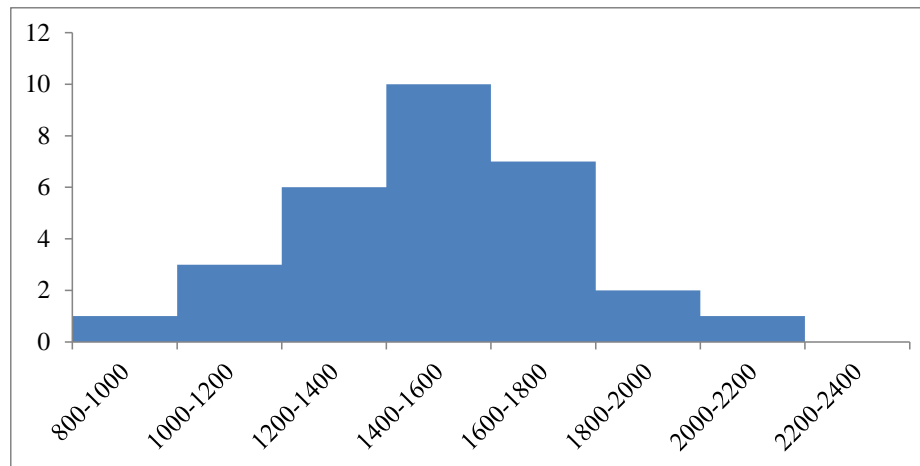
11. a – d.

| Class | Frequency | Relative Frequency | Cumulative Frequency | Cumulative Relative Frequency |
|--------|-----------|--------------------|----------------------|-------------------------------|
| 0-4 | 4 | 0.20 | 4 | 0.20 |
| 5-9 | 8 | 0.40 | 12 | 0.60 |
| 10-14 | 5 | 0.25 | 17 | 0.85 |
| 15-19 | 2 | 0.10 | 19 | 0.95 |
| 20-24 | 1 | 0.05 | 20 | 1.00 |
| Total: | 20 | 1.00 | | |

e. From the cumulative relative frequency distribution, 60% of customers wait 9 minutes or less.

12. a.

| Class | Frequency |
|-----------|-----------|
| 800-1000 | 1 |
| 1000-1200 | 3 |
| 1200-1400 | 6 |
| 1400-1600 | 10 |
| 1600-1800 | 7 |
| 1800-2000 | 2 |
| 2000-2200 | 1 |
| 2200-2400 | 0 |



- b. The distribution is slightly skewed to the right.
- c. The most common score for students is between 1400 and 1600. No student scored above 2200, and only 3 students scored above 1800. Only 4 students scored below 1200.

13. a. Mean = $\frac{10+20+12+17+16}{5} = 15$ or use the Excel function AVERAGE.

To calculate the median, we arrange the data in ascending order:

10 12 16 17 20

Because we have $n = 5$ values which is an odd number, the median is the middle value which is 16 or use the Excel function MEDIAN.

- b. Because the additional data point, 12, is lower than the mean and median computed in part a, we expect the mean and median to decrease. Calculating the new mean and median gives us mean = 14.5 and median = 14.

14. Without Excel, to calculate the 20th percentile, we first arrange the data in ascending order:

15 20 25 25 27 28 30 34

The location of the p th percentile is given by the formula $L_p = \frac{p}{100}(n + 1)$

For our data set, $L_{20} = \frac{20}{100}(8 + 1) = 1.8$. Thus, the 20th percentile is 80% of the way between the value in position 1 and the value in position 2. In other words, the 20th percentile is the value in position 1 (15) plus 0.80 time the difference between the value in position 2 (20) and position 1 (15). Therefore, the 20th percentile is

$15 + 0.80*(20-15) = 19$.

We can repeat the steps above to calculate the 25th, 65th and 75th percentiles. Or using Excel, we can use the function PERCENTILE.EXC to get:

25th percentile = 21.25

65th percentile = 27.85

75th percentile = 29.5

15. Mean = $\frac{53+55+70+58+64+57+53+69+57+68+53}{11} = 59.727$ or use the Excel function AVERAGE.

To calculate the median arrange the values in ascending order

53 53 53 55 57 57 58 64 68 69 70

Because we have $n = 11$, an odd number of values, the median is the middle value which is 57 or use the Excel function MEDIAN.

The mode is the most often occurring value which is 53 because 53 appears three times in the data set, or use the Excel function MODE.SNGL because there is only a single mode in this data set.

16. To find the mean annual growth rate, we must use the geometric mean. First we note that

$$3500 = 5000 [(x_1)(x_2) \cdots (x_9)], \text{ so } [(x_1)(x_2) \cdots (x_9)] = 0.700$$

where x_1, x_2, \dots are the growth factors for years, 1, 2, etc. through year 9.

Next, we calculate $\bar{x}_g = \sqrt[n]{(x_1)(x_2) \cdots (x_n)} = \sqrt[9]{0.70} = 0.961144$.

So the mean annual growth rate is $(0.961144 - 1)100\% = -0.38856\%$

17. For the Stivers mutual fund,

$$18000 = 10000 [(x_1)(x_2) \cdots (x_8)], \text{ so } [(x_1)(x_2) \cdots (x_8)] = 1.8$$

where x_1, x_2, \dots are the growth factors for years, 1, 2, etc. through year 8.

Next, we calculate $\bar{x}_g = \sqrt[n]{(x_1)(x_2) \cdots (x_n)} = \sqrt[8]{1.80} = 1.07624$

So the mean annual return for the Stivers mutual fund is $(1.07624 - 1)100 = 7.624\%$.

For the Trippi mutual fund we have:

$$10600 = 5000 [(x_1)(x_2) \cdots (x_8)], \text{ so } [(x_1)(x_2) \cdots (x_8)] = 2.12 \text{ and}$$

$$\bar{x}_g = \sqrt[n]{(x_1)(x_2) \cdots (x_n)} = \sqrt[8]{2.12} = 1.09848$$

So the mean annual return for the Trippi mutual fund is $(1.09848 - 1)100 = 9.848\%$.

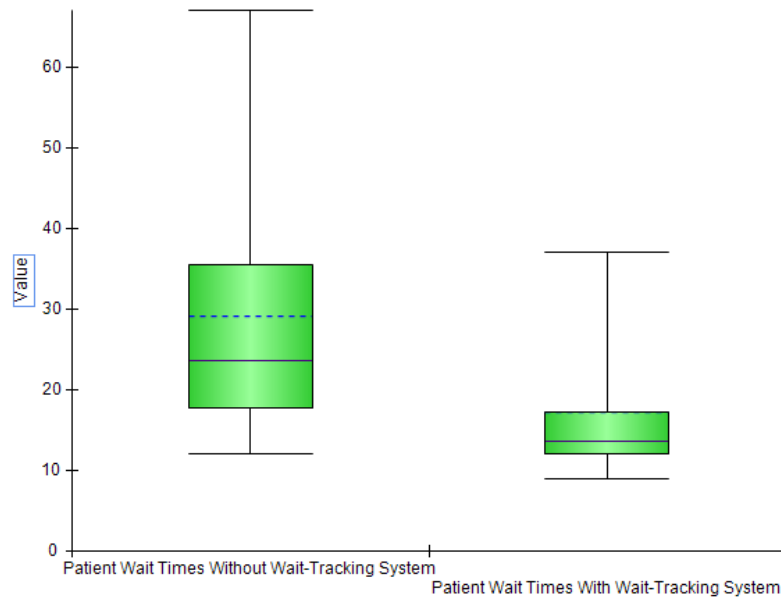
While the Stivers mutual fund has generated a nice annual return of 7.6%, the annual return of 9.8% earned by the Trippi mutual fund is far superior.

Alternatively, we can use Excel and the function GEOMEAN as shown below:

| | A | B | C | D | E |
|----|------------------------------------|-------------------|---------------|-------------------|---------------|
| 1 | | Stivers | | Trippi | |
| 2 | Year | End of Year Value | Growth Factor | End of Year Value | Growth Factor |
| 3 | 0 | \$10,000 | | \$5,000 | |
| 4 | 1 | \$11,000 | 1.100 | \$5,600 | 1.120 |
| 5 | 2 | \$12,000 | 1.091 | \$6,300 | 1.125 |
| 6 | 3 | \$13,000 | 1.083 | \$6,900 | 1.095 |
| 7 | 4 | \$14,000 | 1.077 | \$7,600 | 1.101 |
| 8 | 5 | \$15,000 | 1.071 | \$8,500 | 1.118 |
| 9 | 6 | \$16,000 | 1.067 | \$9,200 | 1.082 |
| 10 | 7 | \$17,000 | 1.063 | \$9,900 | 1.076 |
| 11 | 8 | \$18,000 | 1.059 | \$10,600 | 1.071 |
| 12 | | | | | |
| 13 | | | | | |
| 14 | Stivers Geometric Mean: 1.07623984 | | | | |
| 15 | Trippi Geometric Mean: 1.09847957 | | | | |

| | A | B | C | D | E |
|----|------|-------------------|----------------------------------|-------------------|---------------|
| 1 | | Stivers | | Trippi | |
| 2 | Year | End of Year Value | Growth Factor | End of Year Value | Growth Factor |
| 3 | 0 | 10000 | | 5000 | |
| 4 | 1 | 11000 | =B4/B3 | 5600 | =D4/D3 |
| 5 | 2 | 12000 | =B5/B4 | 6300 | =D5/D4 |
| 6 | 3 | 13000 | =B6/B5 | 6900 | =D6/D5 |
| 7 | 4 | 14000 | =B7/B6 | 7600 | =D7/D6 |
| 8 | 5 | 15000 | =B8/B7 | 8500 | =D8/D7 |
| 9 | 6 | 16000 | =B9/B8 | 9200 | =D9/D8 |
| 10 | 7 | 17000 | =B10/B9 | 9900 | =D10/D9 |
| 11 | 8 | 18000 | =B11/B10 | 10600 | =D11/D10 |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | Geometric Mean: =GEOMEAN(C3:C11) | | |
| 15 | | | Geometric Mean: =GEOMEAN(E4:E11) | | |

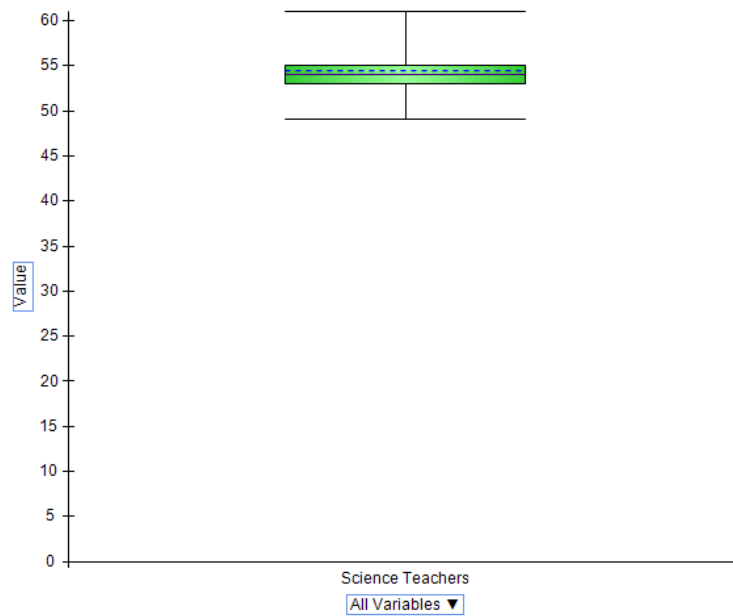
18. a. $\text{Mean} = \frac{\sum_{i=1}^n x_i}{n} = \frac{1291.5}{48} = 26.906$
- b. To calculate the median, we first sort all 48 commute times in ascending order. Because there are an even number of values (48), the median is between the 24th and 25th largest values. The 24th largest value is 25.8 and the 25th largest value is 26.1.
 $(25.8 + 26.1)/2 = 25.95$
 Or we can use the Excel function MEDIAN.
- c. The values 23.4 and 24.8 both appear three times in the data set, so these two values are the modes of the commute times. To find this using Excel, we must use the MODE.MULT function.
- d. Standard deviation = 4.6152. In Excel, we can find this value using the function STDEV.S. Variance = $4.6152^2 = 21.2998$. In Excel, we can find this value using the function VAR.S.
- e. The third quartile is the 75th percentile of the data. To find the 75th percentile without Excel, we first arrange the data in ascending order. Next we calculate $L_p = \frac{p}{100}(n + 1) = L_{75} = \frac{75}{100}(48 + 1) = 36.75$.
 In other words, this value is 75% of the way between the 36th and 37th positions. However, in our data the values in both the 36th and 37th positions are 28.5. Therefore, the 75th percentile is 28.5. Or using Excel, we can use the function PERCENTILE.EXC.
19. a. The mean waiting time for patients with the wait-tracking system is 17.2 minutes and the median waiting time is 13.5 minutes. The mean waiting time for patients without the wait-tracking system is 29.1 minutes and the median is 23.5 minutes.
- b. The standard deviation of waiting time for patients with the wait-tracking system is 9.28 and the variance is 86.18. The standard deviation of waiting time for patients without the wait-tracking system is 16.60 and the variance is 275.66.



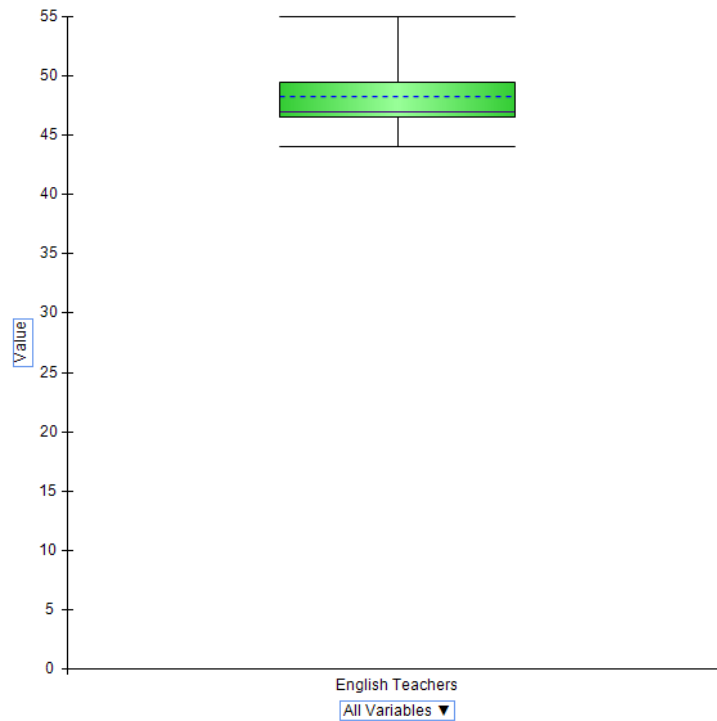
c and d.

e. Wait times for patients with the wait-tracking system are substantially shorter than those for patients without the wait-tracking system. However, some patients with the wait-tracking system still experience long waits.

20. a. The median number of hours worked for science teachers is 54.
- b. The median number of hours worked for English teachers is 47.
- c.



d.



- e. The box plots show that science teachers spend more hours working per week than English teachers. The box plot for science teachers also shows that most science teachers work about the same amount of hours; in other words, there is less variability in the number of hours worked for science teachers.
21. a. Recall that the mean patient wait time without wait-time tracking is 29.1 and the standard deviation of wait times is 16.6. Then the z -score is calculated as, $z = \frac{37-29.1}{16.6} = 0.48$.
- b. Recall that the mean patient wait time with wait-time tracking is 17.2 and the standard deviation of wait times is 9.28. Then the z -score is calculated as, $z = \frac{37-17.2}{9.28} = 2.13$.
As indicated by the positive z -scores, both patients had wait times that exceeded the means of their respective samples. Even though the patients had the same wait time, the z -score for the sixth patient in the sample who visited an office with a wait tracking system is much larger because that patient is part of a sample with a smaller mean and a smaller standard deviation.
- c. To calculate the z -score for each patient waiting time, we can use the formula $z = \frac{x_i - \bar{x}}{s}$ or we can use the Excel function STANDARDIZE. The z -scores for all patients follow.

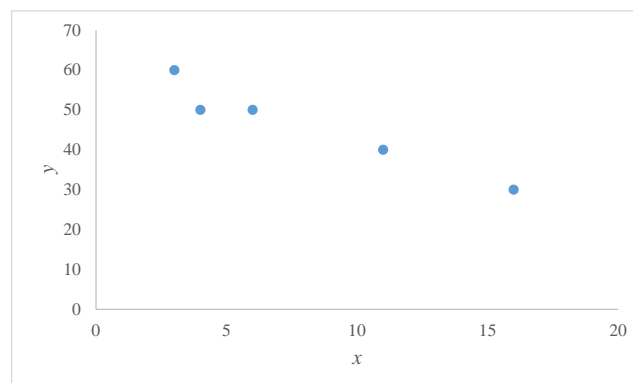
| Without Wait-Tracking System | | With Wait-Tracking System | |
|------------------------------|------------|---------------------------|------------|
| Wait Time | z -Score | Wait Time | z -Score |
| 24 | -0.31 | 31 | 1.49 |
| 67 | 2.28 | 11 | -0.67 |
| 17 | -0.73 | 14 | -0.34 |
| 20 | -0.55 | 18 | 0.09 |
| 31 | 0.11 | 12 | -0.56 |
| 44 | 0.90 | 37 | 2.13 |

| | | | |
|----|-------|----|-------|
| 12 | -1.03 | 9 | -0.88 |
| 23 | -0.37 | 13 | -0.45 |
| 16 | -0.79 | 12 | -0.56 |
| 37 | 0.48 | 15 | -0.24 |

No z-score is less than -3.0 or above +3.0; therefore, the z-scores do not indicate the existence of any outliers in either sample.

22. a. According to the empirical rule, approximately 95% of data values will be within two standard deviations of the mean. 4.5 is two standard deviation less than the mean and 9.3 is two standard deviations greater than the mean. Therefore, approximately 95% of individuals sleep between 4.5 and 9.3 hours per night.
- b. $z = \frac{8-6.9}{1.2} = 0.9167$
- c. $z = \frac{6-6.9}{1.2} = -0.75$
23. a. 615 is one standard deviation above the mean. The empirical rule states that 68% of data values will be within one standard deviation of the mean. Because a bell-shaped distribution is symmetric half of the remaining values will be greater than the (mean + 1 standard deviation) and half will be below (mean - 1 standard deviation). In other words, we expect that $0.5*(1 - 68\%) = 16\%$ of the data values will be greater than (mean + 1 standard deviation) = 615.
- b. 715 is two standard deviations above the mean. The empirical rule states that 95% of data values will be within two standard deviations of the mean, and we expect that $0.5*(1 - 95\%) = 2.5\%$ of data values will be above two standard deviations above the mean.
- c. 415 is one standard deviation below the mean. The empirical rule states that 68% of data values will be within one standard deviation of the mean, and we expect that $0.5*(1 - 68\%) = 16\%$ of data values will be below one standard deviation below the mean. 515 is the mean, so we expect that 50% of the data values will be below the mean. Therefore, we expect $50\% - 16\% = 36\%$ of the data values will be between the mean and one standard deviation below the mean (between 414 and 515).
- d. $z = \frac{620-515}{100} = 1.05$
- e. $z = \frac{405-515}{100} = -1.10$

24. a.



- b. There appears to be a negative linear relationship between the x and y variables.

- c. Without Excel, we can use the calculations shown below to calculate the covariance:

| x_i | y_i | $(x_i - \bar{x})$ | $(y_i - \bar{y})$ | $(x_i - \bar{x})(y_i - \bar{y})$ |
|-------|-------|-------------------|-------------------|----------------------------------|
| 4 | 50 | -4 | 4 | -16 |
| 6 | 50 | -2 | 4 | -8 |
| 11 | 40 | 3 | -6 | -18 |
| 3 | 60 | -5 | 14 | -70 |
| 16 | 30 | 8 | -16 | -128 |

$$\bar{x} = 8$$

$$\bar{y} = 46$$

$$s_{xy} = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{n-1} = \frac{-16-8-18-70-128}{4} = -60$$

Or, using Excel, we can use the COVARIANCE.S function.

The negative covariance confirms that there is a negative linear relationship between the x and y variables in this data set.

- d. To calculate the correlation coefficient without Excel, we need the standard deviation for x and y: $s_x = 5.43, s_y = 11.40$. Then the correlation coefficient is calculated as:

$$r_{xy} = \frac{s_{xy}}{s_x s_y} = \frac{-60}{(5.43)(11.40)} = -0.97.$$

Or we can use the Excel function CORREL.

The correlation coefficient indicates a strong negative linear association between the x and y variables in this data set.

25. a. The scatter chart indicates that there may be a positive linear relationship between profits and market capitalization.

- b. Without Excel, we can use the calculations below to find the covariance and correlation coefficient:

| x_i | y_i | $(x_i - \bar{x})$ | $(y_i - \bar{y})$ | $(x_i - \bar{x})^2$ | $(y_i - \bar{y})^2$ | $(x_i - \bar{x})(y_i - \bar{y})$ |
|-----------|----------|-------------------|-------------------|---------------------|---------------------|----------------------------------|
| 313.2 | 1891.9 | -2468.57 | -35259.75 | 6093826.70 | 1243249856.32 | 87041077.46 |
| 631 | 81458.6 | -2150.77 | 44306.95 | 4625801.88 | 1963105961.23 | -95293962.27 |
| 706.6 | 10087.6 | -2075.17 | -27064.05 | 4306321.16 | 732462715.10 | 56162440.18 |
| -29 | 1175.8 | -2810.77 | -35975.85 | 7900415.30 | 1294261667.17 | 101119754.14 |
| 4,018.00 | 55188.8 | 1236.23 | 18037.15 | 1528270.20 | 325338838.31 | 22298108.67 |
| 959 | 14115.2 | -1822.77 | -23036.45 | 3322482.24 | 530677954.29 | 41990095.01 |
| 6,490.00 | 97376.2 | 3708.23 | 60224.55 | 13750986.48 | 3626996616.98 | 223326625.02 |
| 8,572.00 | 157130.5 | 5790.23 | 119978.85 | 33526789.60 | 14394924834.35 | 694705416.89 |
| 12,436.00 | 95251.9 | 9654.23 | 58100.25 | 93204200.49 | 3375639237.48 | 560913323.32 |
| 1,462.00 | 36461.2 | -1319.77 | -690.45 | 1741786.89 | 476718.98 | 911231.51 |
| 3,461.00 | 53575.7 | 679.23 | 16424.05 | 461356.46 | 269749471.38 | 11155745.66 |
| 854 | 7082.1 | -1927.77 | -30069.55 | 3716288.47 | 904177740.20 | 57967105.40 |
| 369.5 | 3461.4 | -2412.27 | -33690.25 | 5819035.66 | 1135032836.38 | 81269899.40 |
| 399.8 | 12520.3 | -2381.97 | -24631.35 | 5673770.32 | 606703323.37 | 58671077.30 |
| 278 | 3547.6 | -2503.77 | -33604.05 | 6268852.91 | 1129232068.00 | 84136732.35 |
| 9,190.00 | 32382.4 | 6408.23 | -4769.25 | 41065440.67 | 22745730.18 | -30562451.36 |
| 599.1 | 8925.3 | -2182.67 | -28226.35 | 4764038.47 | 796726743.27 | 61608740.10 |
| 2,465.00 | 9550.2 | -316.77 | -27601.45 | 100341.80 | 761839953.07 | 8743248.48 |

| | | | | | | |
|-----------|----------|----------|-----------|-------------------|---------------------|--------------------|
| 3,527.00 | 65917.4 | 745.23 | 28765.75 | 555371.12 | 827468465.86 | 21437166.03 |
| 602 | 13819.5 | -2179.77 | -23332.15 | 4751387.41 | 544389148.36 | 50858664.40 |
| 2,655.00 | 26651.1 | -126.77 | -10500.55 | 16070.06 | 110261516.43 | 1331130.81 |
| 1,455.70 | 21865.9 | -1326.07 | -15285.75 | 1758455.66 | 233654103.75 | 20269937.85 |
| 276 | 3417.8 | -2505.77 | -33733.85 | 6278871.98 | 1137972527.00 | 84529189.10 |
| 617.5 | 3681.2 | -2164.27 | -33470.45 | 4684054.86 | 1120270915.23 | 72439011.75 |
| 11,797.00 | 182109.9 | 9015.23 | 144958.25 | 81274412.67 | 21012894710.67 | 1306832306.01 |
| 567.6 | 12522.8 | -2214.17 | -24628.85 | 4902538.79 | 606580172.87 | 54532401.62 |
| 697.8 | 10514.8 | -2083.97 | -26636.85 | 4342921.55 | 709521692.00 | 55510332.79 |
| 634 | 8560.5 | -2147.77 | -28591.15 | 4612906.27 | 817453766.09 | 61407146.21 |
| 109 | 1381.6 | -2672.77 | -35770.05 | 7143687.40 | 1279496361.62 | 95605031.46 |
| 4,979.00 | 66606.5 | 2197.23 | 29454.85 | 4827829.60 | 867588283.54 | 64719150.12 |
| 5,142.00 | 53469.4 | 2360.23 | 16317.75 | <u>5570696.31</u> | <u>266269017.70</u> | <u>38513683.74</u> |
| | | | Total | 368589209.4 | 62647162947 | 3954149359 |

$$s_{xy} = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{n - 1} = \frac{3954149359}{30} = 131804978.6$$

$$s_x = \sqrt{\frac{\sum(x_i - \bar{x})^2}{n - 1}} = \sqrt{\frac{368589209.4}{30}} = 3505.18$$

$$s_y = \sqrt{\frac{\sum(y_i - \bar{y})^2}{n - 1}} = \sqrt{\frac{62647162947}{30}} = 45697.25$$

$$r_{xy} = \frac{s_{xy}}{s_x s_y} = \frac{131804978.6}{(3505.18)(45697.25)} = 0.8229$$

Or using Excel, we use the formula = COVARIANCE.S(B2:B32,C2:C32) to calculate the covariance, which is 131804978.638. This indicates that there is a positive relationship between profits and market capitalization.

- c. In the Excel file, we use the formula =CORREL(B2:B32,C2:C32) to calculate the correlation coefficient, which is 0.8229. This indicates that there is a strong linear relationship between profits and market capitalization.
26. a. Without Excel, we can use the calculations below to find the correlation coefficient:

| x_i | y_i | $(x_i - \bar{x})$ | $(y_i - \bar{y})$ | $(x_i - \bar{x})^2$ | $(y_i - \bar{y})^2$ | $(x_i - \bar{x})(y_i - \bar{y})$ |
|-------|-------|-------------------|-------------------|---------------------|---------------------|----------------------------------|
| 7.1 | 7.02 | 0.2852 | 0.6893 | 0.0813 | 0.4751 | 0.1966 |
| 5.2 | 5.31 | -1.6148 | -1.0207 | 2.6076 | 1.0419 | 1.6483 |
| 7.8 | 5.38 | 0.9852 | -0.9507 | 0.9706 | 0.9039 | -0.9367 |
| 7.8 | 5.40 | 0.9852 | -0.9307 | 0.9706 | 0.8663 | -0.9170 |
| 5.8 | 5.00 | -1.0148 | -1.3307 | 1.0298 | 1.7709 | 1.3505 |
| 5.8 | 4.07 | -1.0148 | -2.2607 | 1.0298 | 5.1109 | 2.2942 |
| 9.3 | 6.53 | 2.4852 | 0.1993 | 6.1761 | 0.0397 | 0.4952 |
| 5.7 | 5.57 | -1.1148 | -0.7607 | 1.2428 | 0.5787 | 0.8481 |
| 7.3 | 6.99 | 0.4852 | 0.6593 | 0.2354 | 0.4346 | 0.3199 |
| 7.6 | 11.12 | 0.7852 | 4.7893 | 0.6165 | 22.9370 | 3.7605 |
| 8.2 | 7.56 | 1.3852 | 1.2293 | 1.9187 | 1.5111 | 1.7028 |
| 7.1 | 12.11 | 0.2852 | 5.7793 | 0.0813 | 33.3998 | 1.6482 |
| 6.3 | 4.39 | -0.5148 | -1.9407 | 0.2650 | 3.7665 | 0.9991 |
| 6.6 | 4.78 | -0.2148 | -1.5507 | 0.0461 | 2.4048 | 0.3331 |
| 6.2 | 5.78 | -0.6148 | -0.5507 | 0.3780 | 0.3033 | 0.3386 |
| 6.3 | 6.08 | -0.5148 | -0.2507 | 0.2650 | 0.0629 | 0.1291 |
| 7.0 | 10.05 | 0.1852 | 3.7193 | 0.0343 | 13.8329 | 0.6888 |
| 6.2 | 4.75 | -0.6148 | -1.5807 | 0.3780 | 2.4987 | 0.9719 |

Chapter 2

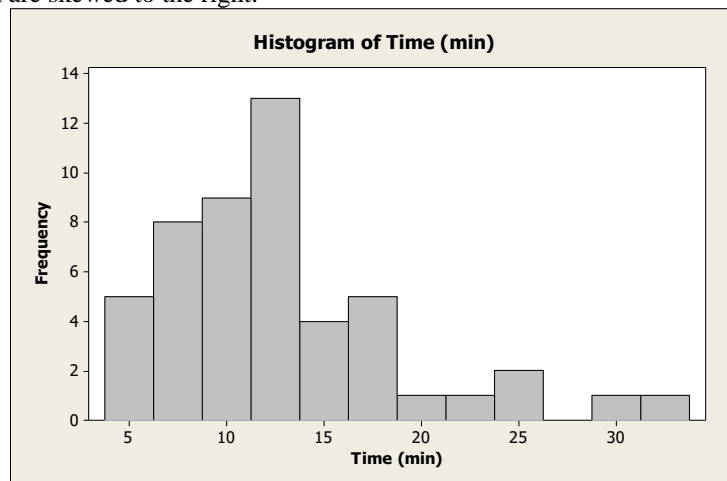
Descriptive Statistics

Case Problem: Heavenly Chocolates Website Traffic

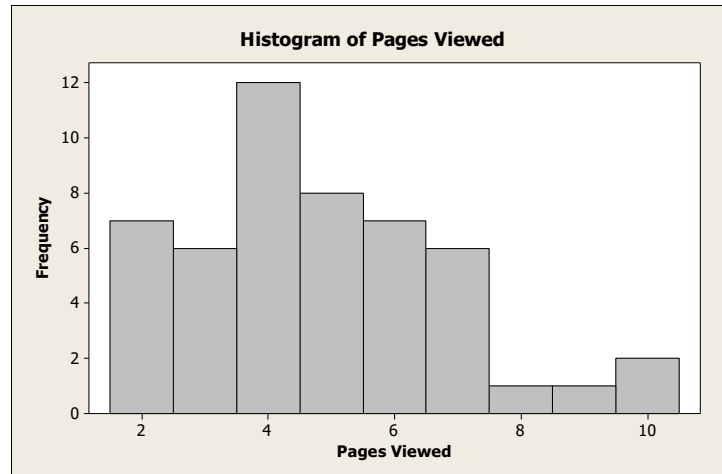
1. Descriptive statistics for the time spent on the website, number of pages viewed, and amount spent are shown below.

| | Time (min) | Pages Viewed | Amount Spent (\$) |
|--------------------|-------------------|---------------------|--------------------------|
| Mean | 12.8 | 4.8 | 68.13 |
| Median | 11.4 | 4.5 | 62.15 |
| Standard Deviation | 6.06 | 2.04 | 32.34 |
| Range | 28.6 | 8 | 140.67 |
| Minimum | 4.3 | 2 | 17.84 |
| Maximum | 32.9 | 10 | 158.51 |
| Sum | 640.5 | 241 | 3406.41 |

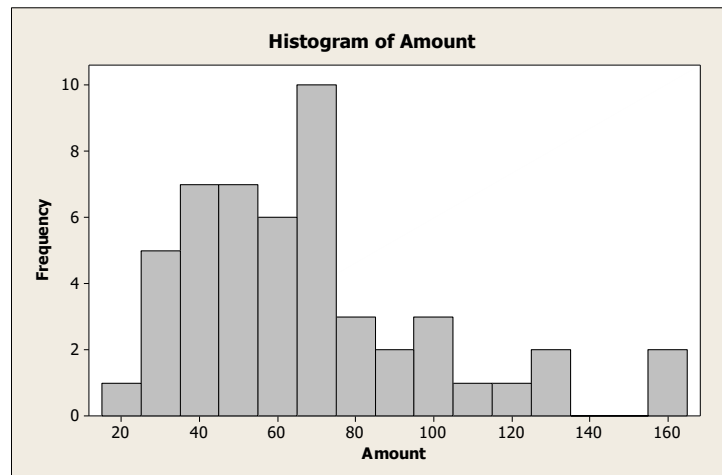
The mean time a shopper is on the Heavenly Chocolates website is 12.8 minutes, with a minimum time of 4.3 minutes and a maximum time of 32.9 minutes. The following histogram demonstrates that the data are skewed to the right.



The mean number of pages viewed during a visit is 4.8 pages with a minimum of 2 pages and a maximum of 10 pages. A histogram of the number of pages viewed indicates that the data are slightly skewed to the right.



The mean amount spent for an on-line shopper is \$68.13 with a minimum amount spent of \$17.84 and a maximum amount spent of \$158.51. The following histogram indicates that the data are skewed to the right.



2. Summary by Day of Week

| Day of Week | Frequency | Total Amount Spent (\$) | Average Amount Spent (\$) |
|--------------------|------------------|--------------------------------|----------------------------------|
| Sunday | 5 | 218.15 | 43.63 |
| Monday | 9 | 813.38 | 90.38 |
| Tuesday | 7 | 414.86 | 59.27 |
| Wednesday | 6 | 341.82 | 56.97 |
| Thursday | 5 | 294.03 | 58.81 |
| Friday | 11 | 945.43 | 85.95 |
| Saturday | 7 | 378.74 | 54.11 |
| Total | 50 | 3406.41 | 68.13 |

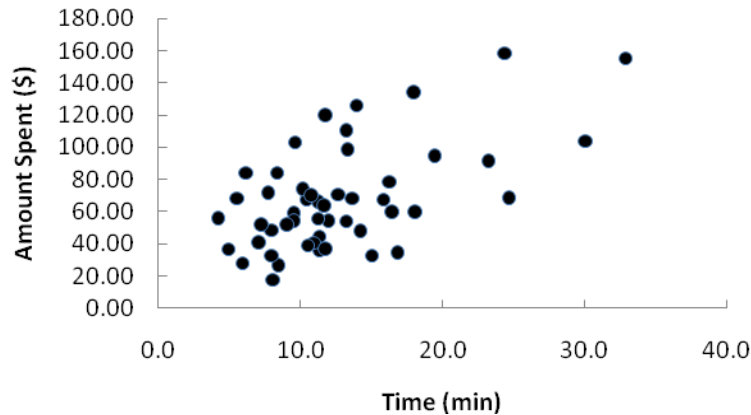
The above summary shows that Monday and Friday are the best days in terms of both the total amount spent and the average amount spent per transaction. Friday had the most purchases (11) and the highest value for total amount spent (\$945.43). Monday, with nine transactions, had the highest average amount spent per transaction (\$90.38). Sunday was the worst sales day of the week in terms of number of transactions (5), total amount spent (\$218.15), and average amount spent per transaction (\$43.63). However, the sample size for each day of the week are very small, with only Friday having more than ten transactions. We would suggest a larger sample size be taken before recommending any specific strategy based on the day of week statistics.

3. Summary by Type of Browser

| Browser | Frequency | Total Amount Spent (\$) | Average Amount Spent (\$) |
|----------------|------------------|--------------------------------|----------------------------------|
| Firefox | 16 | 1228.21 | 76.76 |
| Chrome | 27 | 1656.81 | 61.36 |
| Other | 7 | 521.39 | 74.48 |

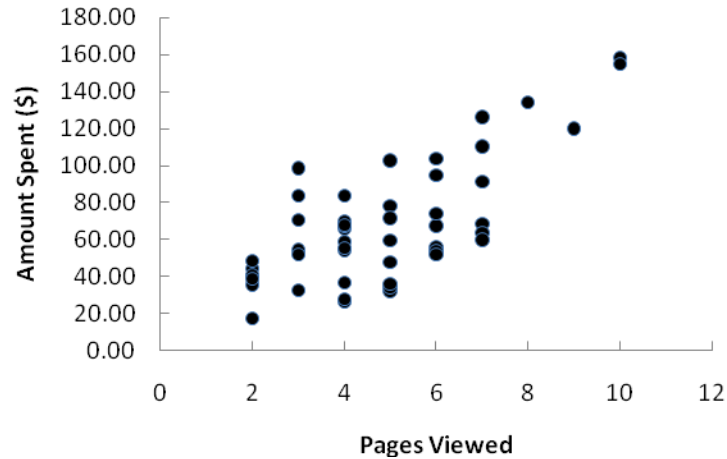
Chrome was used by 27 of the 50 shoppers (54%). But, the average amount spent by customers who used Chrome (\$61.36) is less than the average amount spent by customers who used Firefox (\$76.76) or some other type of browser (\$74.48). This result would suggest targeting special promotion offers to Firefox users or users of other types of browsers. But, before recommending any specific strategies based upon the type of browser, we would suggest taking a larger sample size.

4. A scatter diagram showing the relationship between time spent on the website and the amount spent follows:



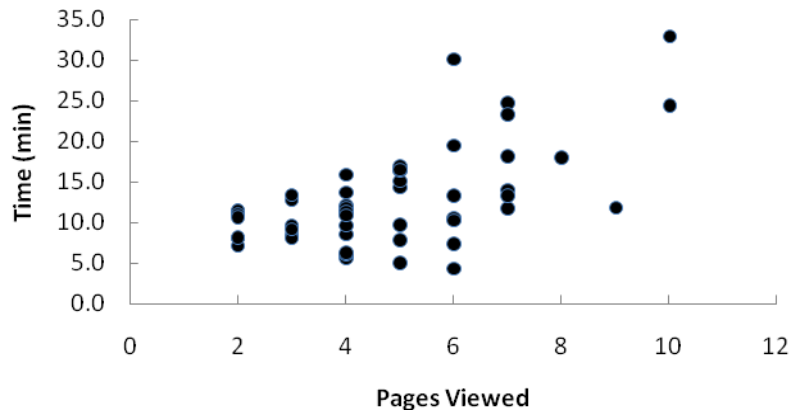
The sample correlation coefficient between these two variables is .580. The scatter diagram and the sample correlation coefficient indicate a positive relationship between time spent on the website and the total amount spent. Thus, the sample data support the conclusion that customers who spend more time on the website spend more.

5. A scatter diagram showing the relationship between the number of pages viewed and the amount spent follows:



The sample correlation coefficient between these two variables is $.724$. The scatter diagram and the sample correlation coefficient indicate a positive relationship between time spent on the website and the number of pages viewed. Thus, the sample data support the conclusion that customers who view more website pages spend more.

6. A scatter diagram showing the relationship between the number of pages viewed and the time spent on the website follows:



The sample correlation coefficient between these two variables is $.596$. The scatter diagram and the sample correlation coefficient indicate a positive relationship between the number of pages viewed and the time spent on the website.

Summary: The analysis indicates that on-line shoppers who spend more time on the company's website and/or view more website pages spend more money during their visit to the website. If Heavenly Chocolates can develop an attractive website such that on-line shoppers are willing to spend more time on the website and/or view more pages, there is a good possibility that the company will experience greater sales. And, consideration should also be given to developing marketing strategies based upon possible differences in sales associated with the day of the week as well as differences in sales associated with the type of browser used by the customer.