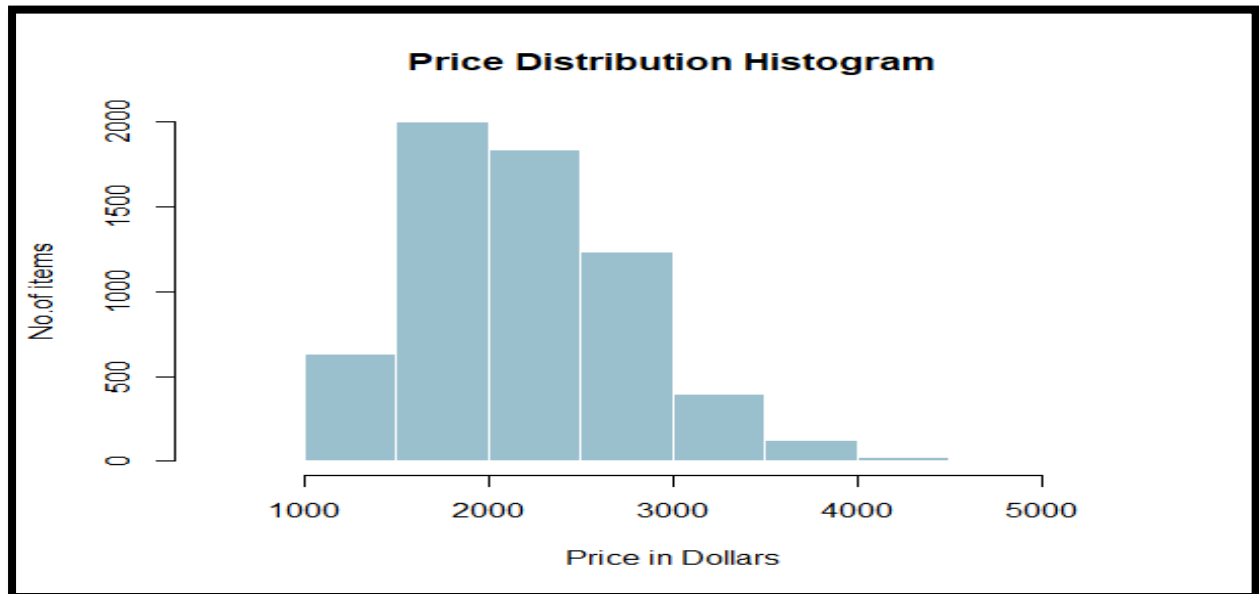


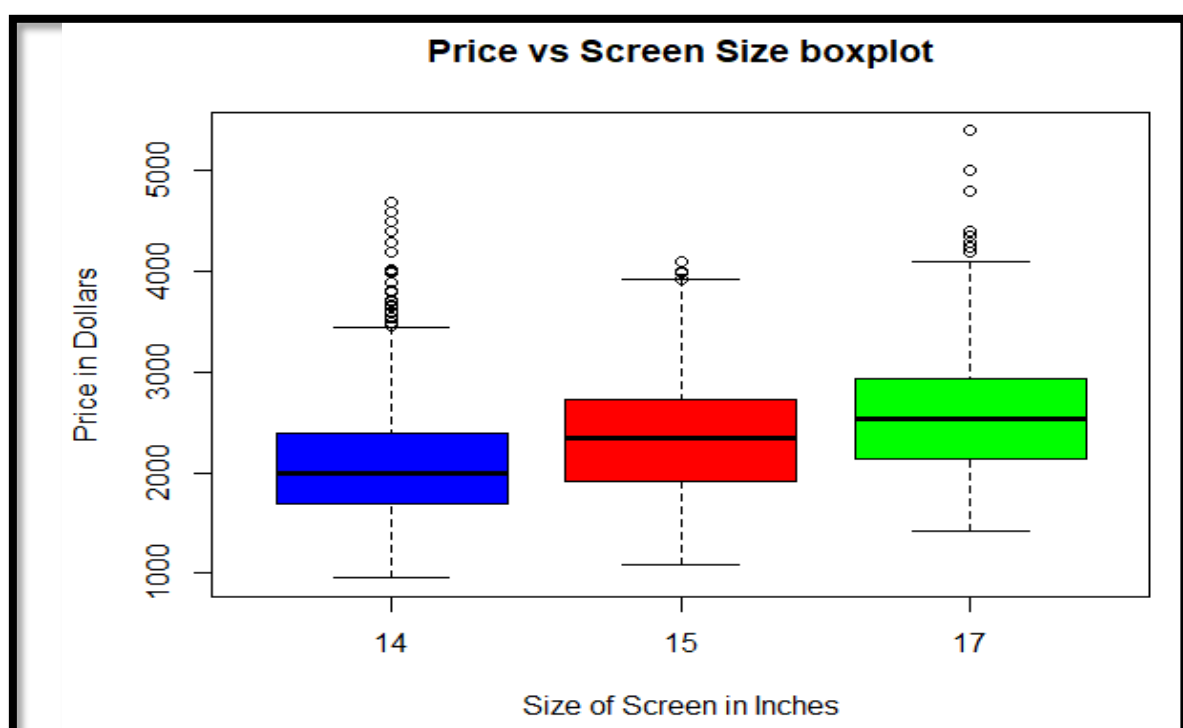
Management report for Pricing of Personal Computers between 1993-1995

Goal: Our goal was to assess how price varies with attributes such as Processor Speed in Mhz, Hard drive size (MB), RAM size (MB), Screen size (IN), CD ROM, Multimedia kit (speakers, sound card, etc.), No. of ads, Year, Month, Quarter.

The graph given below shows consumers were willing to pay \$2000 on a computer between the year 1993-1995.



1. Price vs Screen size



Interpretation: From the graph of price vs screen size, it is obvious that the spread for all 3 screen sizes is almost the same i.e. the price for each screen size does not vary a lot for each screen size. However, the median price for screen size 17 is higher than the other two. To investigate the relationship between price of computers and screen size of computers we carried out analysis in R and found out that there was a weak positive relationship between the two. Our analysis showed that the price of computers increases by \$189.967 for each extra inch of screen size. There is more variation in the prices of screen size 14" and 17" since customers may have bought extra features such as a better RAM, HDD size and multimedia kit along with the computer.

2. Analysis of variation in price due to all attributes combined

On studying all the attributes with price, we were able to conclude that 68.5% of the disparity in price was due to these attributes.

Ram size alone explained 38.8% of the variation in price i.e. people were willing to pay a huge price for a larger RAM size as it helps with network enhancement and it can run more program at a faster rate, once the memory is upgraded.

With increase in HDD size, the customers were willing to pay a higher price i.e. 18.5% of the variation in price is by explained HDD size. The reason behind this is that, greater the HDD size more space is available to store data.

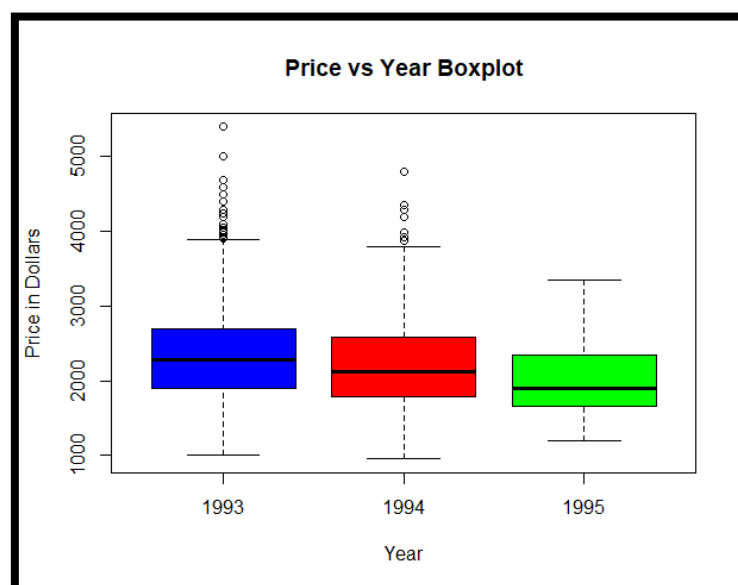
The rest of the attributes explain the change in price by a small percentage ranging from 0.3 percent to 8 percent.

Price over time

On performing analysis for price with month, year and quarter we obtained the following results:

- When price was investigated against month and quarter separately, there was no relationship found between these parameters.
- However, when price was evaluated against year, our analysis showed that price was inversely related i.e. price for computers had decreased from 1993 – 1995. Technological advancement, cheap labour and easy access to raw material could be the prime reasons for the decrease in price over the years.

The graph below gives a visual representation of our findings.



Conclusion:

It is safe to say that RAM size is a major contributor to fluctuation in price of computer, followed by HDD size. Since only 68.5% of the variation is explained by our model the rest 31.5% can be due to other factors that have not been considered in our project.

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