

Lab 07

Predicting customer spending

We'll be using the customer.csv data set for this lab. The data set covers the demographic characteristics of some customers and the amount they spent over the past year at an online retailer.

1. Transform Income so that it looks more normal
2. Compute average spending by race
3. Compute average spending by sex
4. We have reason to believe that groups of Hispanic Men and Black Women spend differently from other groups, and from each other. Hint you may want to dummy code the variables to make interpretation easier.
5. We also believe that Asian Women with Higher education are great customers (spend more).
6. Fit a model to test the hypotheses in steps 4 and 5, report parameter estimates and R2
7. Of course income, and age probably play a factor in spending, so let's include those, report parameter estimates and R2
8. Describe the findings from your model