1. **Chose Segment 1 (VIP) and Segment 5 (Regular) from top 3 segment**

Dependent Variable: Profit

Independent Variable: Revenue, Order No, Recency, Quantity, Payment Method

1. **Dummy Coding Payment Method (AX, MC, VI, OT, AX was significant)**
2. **Original Regression Model and Hypothesis**

**Profit = β0 + β1·Revenue + β2·Order No + β3·Recency + β4·Quantity + β5·AX + ε**

Null and Alternative Hypothesis:

H0: β1 = β2 = β3 = β4 = β5 = 0 (No relation with Profit, Profit = β0 + ε)

H1: At least one βi is not equal to ZERO

Or: Not all βi’s are equal to ZERO

1. **Calibration and Run Regression Model**
2. Set filter to choose 60% of Segment 1’s data (two steps, 60% cases and then select cases if (filter1\_calibration=1)&(K\_meanswards6\_1=1) )
3. Ran Regression model and check output to remove insignificant independent variables (Check ANOVA Sig. to reject null hypothesis, R square and contribution, each independent variable’s coefficients Sig.)
4. **Regression Assumptions and Issues (Residuals & Multicollinearity & Outliers)**
5. Residual Mean should be 0.000
6. All variables’ VIF < 4
7. Checked LEV variable, removed data that >.05; checked .02 < data < .05 if needed to remove
8. **Finalized all independent variables and Ran Final Regression Model (Checked all things in step 4 (2))**
9. **Validation and Prepare for further managerial implications**
10. Set filter to choose 40% of Segment 1’s data (two steps, 40% cases and then select cases if (filter1\_calibration=0)&(K\_meanswards6\_1=1) )
11. Computed variable using final regression model and compared with Profit variable in data view
12. Ran correlation analysis with computed profit and original profit, checked Pearson Correlation to see if the model was a good fit