

CASE STUDY -2

1. The value of the correlation is greater than ".5",so we can conclude that there is a high positive correlation between sales and the amount spent on advertising. So we can say that they are directly proportional to each other.
2. In order to find whether his model is predicting the exact or nearby figures to the sales already given, he needs to check the R-squared value. Higher the R-square value, higher the variation is explained by the input variable, hence better the model. Here the R-square is 0.98, so as the R-square is large, the error decreases and the data points moves closer to the regression line.
3. The Squared Error = 18803.92
4. Using the formula of the regression line $y=mx+e$;
The sales figure in the 10 year if the advertising was done for 60 Million Euros is: 1573.050