

Multiple Regression, F Tests – Solutions

COR1-GB.1305 – Statistics and Data Analysis

Multiple Regression

1. We used $n = 294$ from the 2003 Zagat restaurant guide for New York City to fit a regression model, with “Price” as the response variable and “Food,” “Decor,” and “Service” as predictor variables. Here is the output:

Analysis of Variance

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Regression	3	49418.0	16472.7	330.49	0.000
Food	1	19.1	19.1	0.38	0.537
Decor	1	3257.8	3257.8	65.36	0.000
Service	1	5938.5	5938.5	119.14	0.000
Error	290	14454.5	49.8		
Lack-of-Fit	245	12075.7	49.3	0.93	0.640
Pure Error	45	2378.8	52.9		
Total	293	63872.5			

Model Summary

S	R-sq	R-sq(adj)	R-sq(pred)
7.05997	77.37%	77.14%	76.68%

Coefficients

Term	Coef	SE Coef	T-Value	P-Value	VIF
Constant	-20.69	2.31	-8.96	0.000	
Food	-0.103	0.167	-0.62	0.537	2.21
Decor	1.026	0.127	8.08	0.000	2.33
Service	2.555	0.234	10.92	0.000	4.05

Regression Equation

Price = -20.69 - 0.103 Food + 1.026 Decor + 2.555 Service

- (a) Interpret the coefficient of “Food” in the context of the estimated multiple regression model. How can this value be negative?

Solution: In a regression model with Food, Decor, and Service, increasing Food by 1 point while holding all other predictors constant decreases the mean value of Price by 0.10.

This is saying that when comparing restaurants with the same Decor and Service, those with higher Food quality tend to be cheaper on average.

- (b) Does “Food” have utility in explaining “Price” beyond what is explained by “Decor” and “Service”?

Solution: To answer this question, we perform a test with the hypotheses

$$H_0 : \beta_1 = 0$$

$$H_a : \beta_1 \neq 0$$

The p -value is given in the minitab output as $p = .537$. Thus, there is no significant evidence (at level .05) that Food has utility in explaining Price usage beyond what is explained by Decor and Service.

- (c) Give a 95% confidence interval for the amount that mean price goes up when we increase food quality rating by 1 point but we hold decor and service ratings constant.

Solution: With $\alpha = .05$ and $n - k - 1 = 294 - 3 - 1 = 290$ degrees of freedom, we have $t_{\alpha/2} \approx z_{.025} \approx 2$. The 95% confidence interval for β_1 is

$$\begin{aligned} & \hat{\beta}_1 \pm t_{\alpha/2} \cdot \text{SE}(\hat{\beta}_1), \\ & -0.1034 \pm 2 \cdot 0.1672, \\ & -0.1034 \pm 0.3344, \end{aligned}$$

or $(-0.7722, 0.5654)$.

2. In the previous problem, we found that “Food” was not useful for explaining “Price” after adjusting for “Decor” and “Service.” After removing “Food” from the regression model, we get a new regression fit:

Analysis of Variance

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Regression	2	49399	24699.5	496.60	0.000
Decor	1	3802	3802.2	76.45	0.000
Service	1	10586	10586.2	212.84	0.000
Error	291	14474	49.7		
Lack-of-Fit	143	7232	50.6	1.03	0.421
Pure Error	148	7241	48.9		
Total	293	63873			

Model Summary

S	R-sq	R-sq(adj)	R-sq(pred)
7.05247	77.34%	77.18%	76.84%

Coefficients

Term	Coef	SE Coef	T-Value	P-Value	VIF
Constant	-21.39	2.01	-10.63	0.000	
Decor	1.051	0.120	8.74	0.000	2.10
Service	2.455	0.168	14.59	0.000	2.10

Regression Equation

Price = -21.39 + 1.051 Decor + 2.455 Service

Use this regression model to answer the following questions.

- (a) Interpret the coefficient of “Service” in the context of the estimated multiple regression model.

Solution: In a regression model with Decor and Service, increasing Service by 1 point while holding Decor constant increases the mean value of Price by \$2.45.

- (b) Does Service have utility in explaining Price beyond what is explained by Decor?

Solution: To answer this question, we perform a test with the hypotheses

$$H_0 : \beta_2 = 0$$

$$H_a : \beta_2 \neq 0$$

The p -value is given in the minitab output as $p = 0.000$. Thus, there is significant evidence (at level 0.1%) that Service has utility in explaining Price beyond what is explained by Decor.

- (c) Give a 95% confidence interval for the amount that mean Price goes up when we increase Service by 1 point but we hold Decor constant.

Solution: With $\alpha = .05$ and $n - k - 1 = 294 - 2 - 1 = 291$ degrees of freedom, we have $t_{\alpha/2} \approx z_{.025} = 2$. The 95% confidence interval for β_2 is

$$\hat{\beta}_2 \pm t_{\alpha/2} \cdot \text{SE}(\hat{\beta}_2),$$

$$2.4546 \pm 2 \cdot 0.1682,$$

$$2.4546 \pm 0.3364$$

or (2.1182, 2.7910).

Regression F Tests

3. Locate the regression F statistic and the corresponding p value in the output from the previous problem.

(a) How is the regression F statistic computed?

Solution:

$$F = \frac{\text{MSR}}{\text{MSE}} = \frac{38186}{6714} = 5.69.$$

(b) How many numerator and denominator degrees of freedom are there in the regression F statistic?

Solution: $k = 3$ numerator degrees of freedom; $n - k - 1 = 39$ denominator degrees of freedom.

(c) How is the p -value computed?

Solution: We find $P(F \geq 5.69)$, the probability that an F -distributed random variable with 3 numerator degrees of freedom and 39 denominator degrees of freedom is greater than or equal to 5.69. This can be done using an F table, or by using Minitab. (You are not expected to know how to use an F table.)

(d) What are the null and alternative hypothesis for the regression F test?

Solution:

$H_0 : \beta_1 = \beta_2 = \beta_3 = 0$ (the regression model is useless)

$H_1 : \beta_j \neq 0$ for some $j = 1, 2$, or 3 (the regression model has use in explaining email)

(e) Based on the p -value, what is the conclusion of the regression F test (use a significance level of 5%)?

Solution: The p -value is 0.002, which is less than $\alpha = .05$. Thus, we reject the null hypothesis at level 5%. There is evidence that the model is useful for explaining email usage.

More Multiple Regression

4. We have a dataset measuring the price (\$), size (ft²), number of bedrooms, and age (years) of 518 houses in Easton, Pennsylvania. We fit a regression model to explain price in terms of the other variables.

Analysis of Variance

Source	DF	Adj SS	Adj MS	F-Value	P-Value
Regression	3	85029785549	28343261850	178.18	0.000
SIZE	1	53484452975	53484452975	336.24	0.000
BEDROOM	1	156773465	156773465	0.99	0.321
AGE	1	279354141	279354141	1.76	0.186
Error	514	81760176401	159066491		
Lack-of-Fit	509	80933266401	159004453	0.96	0.607
Pure Error	5	826910000	165382000		
Total	517	1.66790E+11			

Model Summary

S	R-sq	R-sq(adj)	R-sq(pred)
12612.2	50.98%	50.69%	50.19%

Coefficients

Term	Coef	SE Coef	T-Value	P-Value	VIF
Constant	25875	3555	7.28	0.000	
SIZE	39.20	2.14	18.34	0.000	1.71
BEDROOM	-1145	1153	-0.99	0.321	1.71
AGE	-354	267	-1.33	0.186	1.01

Regression Equation

$$\text{PRICE} = 25875 + 39.20 \text{ SIZE} - 1145 \text{ BEDROOM} - 354 \text{ AGE}$$

- (a) Do the signs of the coefficients make sense to you? Explain any apparent contradictions between what you would expect and what the Minitab output indicates.

Solution:

We would expect Price to be positively associated with Size and Bedroom (bigger houses tend to be more expensive), but negatively associated with Age (older houses tend to be cheaper). However, in the multiple regression model with all three variables as predictors, the coefficient of Bedroom is negative. We can explain this apparent contradiction by noting that the regression coefficient measures the change in mean price when Bedroom is increased *and all other predictors are held constant*. If we hold Size constant while increasing Bedroom, then the bedrooms get smaller.

(b) What does the result of the t test on the coefficient of Size indicate?

Solution: The coefficient is significant ($p < 0.001$). Size has the ability to explain Price beyond what is explained by Bedroom and Age.

(c) What does the result of the t test on the coefficient of Bedroom indicate?

Solution: The coefficient is not significant ($p = 0.321$). Bedroom does not convey additional information in explaining Price beyond what is explained by Size and Age.

(d) What does the result of the regression F test indicate?

Solution: The test statistic is significant ($p < 0.001$). Thus, there is statistically significant evidence that the model is useful in explaining Price.