Measuring the Effects of Promotion

The following questions relate to the data set Econ494_ps1 which contains US retail scanner data on Robert Mondavi Private Select wine.

1. Describe the trend in average weekly sales by month and promotion.
   a. Construct a table showing average weekly sales by month and promotion.
   b. Construct a bar graph showing average weekly sales by month and promotion.
   c. Construct a “naïve” regression model measuring the effect of promotion by month.
      Note, your regression model should be consistent with your bar graph.
   d. When is promotion most effective and least effective?

2. Accounting for price.
   a. Construct a more realistic regression model measuring the effect of promotion by month. Show your regression output. Use the “outreg” function.
   b. Construct a table showing predicted average weekly sales by month and promotion at the mean price. In your table include the “lift” in sales due to promotion in both unit and percentage form. You may want to export your table to Excel.
   c. Construct a graph showing predicted average weekly sales by month and promotion at the mean price. You may want to use Excel.
   d. When is promotion most effective and least effective?
   e. Compare the effects of promotion in this model with the effects of promotion in the previous model. Explain fully.