## Contents

Preface  ix  
Acknowledgments  xi  

**Chapter 1  About Data**  1  
  1.1  Introduction  2  
  1.2  Why Data Are Needed  4  
  1.3  Sources of Data  5  
  1.4  Data Scales  11  
  1.5  Summary  15  
  1.6  Problems  16  
  1.7  Case Study: Green’s Gym—Part 1  17  

**Chapter 2  Data Collection in Surveys**  19  
  2.1  Introduction  20  
  2.2  Questionnaires  21  
  2.3  Sampling  33  
  2.4  Summary  46  
  2.5  Problems  47  
  2.6  Case Study: Green’s Gym—Part 2  51  
  2.7  References  51  

**Chapter 3  Describing Data from a Single Variable**  53  
  3.1  Introduction  54  
  3.2  Example: Order Processing in an Herbal Tea Mail Order Business  57  
  3.3  Descriptive Statistics with the JMP Distribution Platform  58  
  3.4  Interpretation of Descriptive Statistics  64  
  3.5  Practical Advice and Potential Problems  71  
  3.6  Summary  76
3.7 Problems 77
3.8 Case Study: New Web Software Testing 79

Chapter 4 Statistical Models 81
4.1 Introduction 82
4.2 Classification of Statistical Models 90
4.3 Model Validation 97
4.4 Summary 100
4.5 Problems 101
4.6 Case Study: Models of Advertising Effectiveness 102

Chapter 5 Discrete Probability Distributions 105
5.1 Introduction to Distributions 106
5.2 Discrete Distributions 111
5.3 Binomial Distribution 113
5.4 Distributions of Two Discrete Random Variables \((Y_1, Y_2)\) 118
5.5 Summary 124
5.6 Problems 126
5.7 Case Study: Assessing Financial Investments 128

Chapter 6 Continuous Probability Distributions 131
6.1 Introduction to Continuous Distributions 132
6.2 Characteristics of Continuous Distributions 132
6.3 Uniform Distribution 135
6.4 The Normal Distribution 136
6.5 Central Limit Theorem 146
6.6 Sampling Distributions 148
6.7 Summary 152
6.8 Problems 154
6.9 Case Study: Julie’s Lakeside Candy 156
Chapter 7  Confidence Intervals  159
  7.1  Introduction  160
  7.2  Point Estimates of Mean and Standard Deviation  160
  7.3  Confidence Intervals for Mean and Standard Deviation  165
  7.4  Detail Example: Package Delivery Times of Herbal Teas  169
  7.5  JMP Analysis of Herbal Tea Package Delivery Times  170
  7.6  Prediction and Tolerance Intervals  174
  7.7  Summary  180
  7.8  Problems  181
  7.9  References  183

Chapter 8  Hypothesis Tests for a Single Variable Y  185
  8.1  Introduction to Hypothesis Testing  186
  8.2  Sample Size Needed to Test \( H_0: \text{Mean} = \mu_0 \) versus \( H_A: \text{Mean} = \mu_A \)  203
  8.3  Summary  216
  8.4  Problems  217
  8.5  Case Study: Traffic Speed Limit Change  221

Chapter 9  Comparing Two Means  223
  9.1  Introduction  224
  9.2  Two-Sample \( t \)-Test  227
  9.3  Paired \( t \)-Test  233
  9.4  Paired \( t \)-Test versus Two-Sample \( t \)-Test on the Same Data  238
  9.5  Summary  241
  9.6  Problems  241
  9.7  Case Study: Westville Meat Processing Plant  244
  9.8  References  246

Chapter 10  Comparing Several Means with One-Way ANOVA  247
  10.1  Introduction  248
  10.2  Detail Example: Training Method and Time to Learn  253
Chapter 10  One-Way ANOVA in JMP  254
10.3  One-Way ANOVA in JMP  254
10.4  Checking Assumptions of ANOVA Model  265
10.5  Summary  272
10.6  Problems  273
10.7  Case Study: Carpal Tunnel Release Surgery  276

Chapter 11  Two-Way ANOVA for Comparing Means  277
11.1  Introduction  278
11.2  Two-Way ANOVA without Replications  280
11.3  Two-Way ANOVA with Equally Replicated Data  292
11.4  Two-Way ANOVA with Unequal Replications  306
11.5  Summary  306
11.6  Problems  307
11.7  Case Study: Fish Catch near Oil Rig  312

Chapter 12  Proportions  315
12.1  Introduction  316
12.2  Proportions from a Single Sample  317
12.3  Chi-Square Test for Equality of k Proportions  327
12.4  Summary  334
12.5  Problems  335
12.6  Case Study: Incomplete Rebate Submissions  337

Chapter 13  Tests for Independence  339
13.1  Statistical Independence of Two Nominal Variables  340
13.2  Stratification in Cross-Classified Data  352
13.3  Summary  364
13.4  Problems  364
13.5  Case Study: Financial Management Customer Satisfaction Survey  366
13.6  References  367
Chapter 14  Simple Regression Analysis  369
  14.1  Introduction  370
  14.2  Detail Example: Yield in a Chemical Reactor  374
  14.3  JMP Analysis of the Yield in a Chemical Reactor Example  377
  14.4  Interpretation of Basic Regression Outputs  381
  14.5  How Good Is the Regression Line?  393
  14.6  Important Considerations  397
  14.7  Summary  401
  14.8  Problems  402
  14.9  Case Study: Lost Time Occupational Injuries  405

Chapter 15  Simple Regression Extensions  407
  15.1  Simple Correlation  408
  15.2  Regression and Stock Market Returns  417
  15.3  Curvilinear Regression  426
  15.4  Summary  438
  15.5  Problems  439
  15.6  Case Studies  444

Chapter 16  Multiple Regression Analysis  447
  16.1  Introduction  448
  16.2  Detail Example: Profits of Bank Branches  451
  16.3  JMP Analysis of Bank Branch Profits Example  453
  16.4  Evaluating Model Assumptions and Goodness of Fit  462
  16.5  Model Interpretation  468
  16.6  Summary  475
  16.7  Problems  476
  16.8  Case Study: Forbes Global 2000 High Performers  479
  16.9  References  480

Chapter 17  Multiple Regression with Nominal Variables  481
  17.1  Introduction  482
  17.2  Detail Example: Loan Amount versus Sales Revenues  483
Contents

17.3 Difference of Intercepts of Two Parallel Lines  485
17.4 Regression Models Including Nominal Variables with Three or More Levels  490
17.5 Both Intercept and Slope of Two Lines Are Different  495
17.6 Summary  501
17.7 Problems  501
17.8 Case Study: Coffee Sales  505

Chapter 18 Finding a Good Multiple Regression Model  507

18.1 Introduction  508
18.2 Detail Example: Profit of Bank Branches  510
18.3 All Possible Regression Models  512
18.4 Stepwise Regression  516
18.5 Candidate Models  523
18.6 Model Recommendation  530
18.7 Summary  533
18.8 Problems  534
18.9 Case Studies  539

Chapter 19 Exponential Smoothing Models for Time Series Data  541

19.1 Introduction  542
19.2 Detail Example: 10-Year Treasury Note Closing Prices  543
19.3 Smoothing Models  550
19.4 Summary  569
19.5 Problems  569
19.6 Case Study: Lockheed Martin Stock in Changing Times  572
19.7 References  573

Index  575