

EMBA Project

Submission deadline: 11/6/2020

The abilities to evaluate accurately the existing energy market conditions and to identify the future directions, are skills for a successful manager. In other words, the capacity to spot trends in the market and the ability to explain the reasons for observed changes within the same market undeniably constitute strong competing advantages with respect to other managers. Developing these skills requires constant examination of the market conditions by using real data along with the appropriate statistical analysis.

Assume yourself as a highly ranked manager in a large competitive company operating in the restaurant sector. Additionally, company's sales are taking place in Los Angeles. For creating a competitive pricing policy, subject of interest is to determine those factors shaping the price for a single meal in the Los Angeles restaurant establishments, along with their respective impact. Write a short report to the Managing Director of your company explaining your empirical findings (and the implied practical usefulness) and the approach you followed to obtain them.

The data set to be used has been retrieved after surveying 1247 restaurants in Los Angeles. The variables collected are (i) price for a single meal in US \$, (ii) food quality, (iii) service quality and (iv) décor quality. The scale for variables (ii), (iii) and (iv), are score values ranging from 1 to 30, with 30 being the best.

Executives are expected to work individually. In more detail, you are expected to prepare a short report investigating the general pricing conditions in the market by using regression analysis. A general assumption that is made about the empirical functional form is the following:

$$\text{Price}_i = \alpha_0 + \alpha_1 * \text{Food}_i + \alpha_2 * \text{Service}_i + \alpha_3 * \text{Decor}_i + e_i \quad (1)$$

where, Price_i is the price of restaurant i for a single meal in US \$, Food_i is the food quality for each restaurant i , Service_i is the service quality for each restaurant i , Decor_i is the decor quality for each restaurant i , e_i is the random error-term assuming the usual properties and finally, $\alpha_0, \alpha_1, \alpha_2$ and α_3 are parameters to be estimated.¹

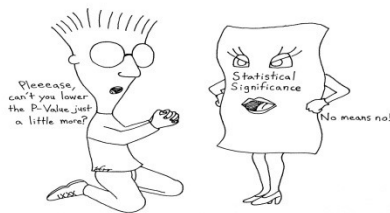
¹ The parameters can be estimated using an Econometric/Statistical software such as E-views. Alternatively, other open source software can be used (e.g. Gretl) or even excel.

Overall, the expected structure of the report for the Managing Director should contain: a) a short introduction, b) the methodological framework, c) data presentation (figures) of the variables used, d) the estimation results e) discussion of the results and f) conclusions.

Indicatively, your report, apart from other things, should provide frequency distribution tables for the variables, descriptive statistics of the variables, figures of the variables and a Table of estimates.

Keep in mind that if a student wishes to submit a course work for her own benefit, a simple summary report is not acceptable. Also, simply copying and pasting some parts of other articles is not acceptable. Presenting only tables and figures is not acceptable. It is expected that the student to deliver a well-written report. The paper should not be longer than 10 pages (font size 12 and double-spaced).

Good Luck!



Always deliver more than expected