

Let us comment on the results of the study.

Robert Parker predicted that the 1986 Bordeaux wine is very good to sometimes exceptional.

On the other hand, Ashenfelter said that the 1986 Bordeaux wine is mediocre.

And made the prediction that the 1989 Bordeaux would be the wine of the century and the 1990 Bordeaux would be even better.

In wine options, the 1989 Bordeaux wine sold for more than twice the price of 1986.

And the 1990 Bordeaux wine sold for even higher prices.

Later, Ashenfelter predicted that the 2000 and the 2003 Bordeaux wines would be great.

And in this case, Robert Parker stated the 2000 is the greatest vintage Bordeaux has ever produced, in agreement with Ashenfelter.

So what is the analytics edge in this case?

What we have developed is a linear regression model, a simple but rather powerful model for predicting quality of wines.

It only used few variables and we have seen that it predicted wine prices quite well.

In fact, in many cases it outperformed wine expert's opinions.

And what is impressive, in this first introductory lecture to linear regression, is that an analytics approach that uses data to build a model that improves decision making is effective in a traditionally qualitative problem.