#### Chapter 01

## Introduction to EDA and Descriptive Statistics

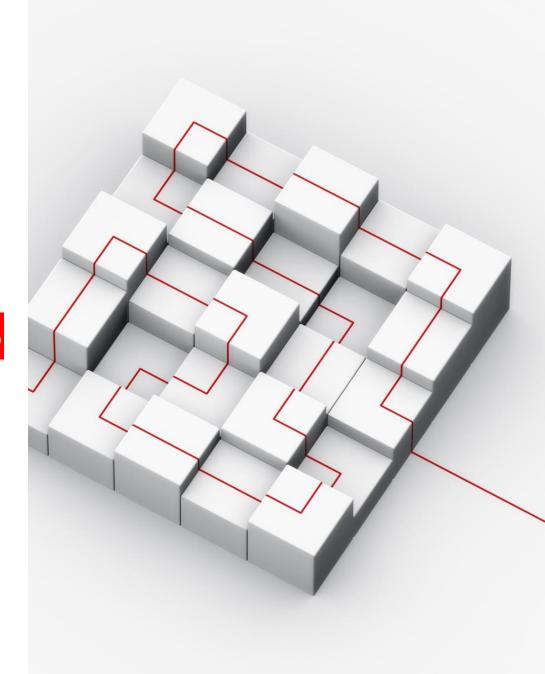
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### REVIEW ON DESCRIPTIVE STATISTICS



#### WHAT IS STATISTICS?



- Statistics is the branch of mathematics that deals with the collection, analysis, interpretation, presentation, and organization of data.
- It involves the use of various methods and techniques to collect and analyze data, and to draw conclusions from that data.
- Statistics is used in a wide range of fields, including business, economics, social sciences, healthcare, and engineering.

#### WHAT IS STATISTICS?

- The main goal of statistics is to make sense of data by providing a way to describe and summarize the information contained within it.
- This can involve calculating various measures such as averages, standard deviations, and correlations, as well as visualizing the data using graphs and charts.
- Statistics also involves using probability theory to model and analyze random events, and to make predictions based on data.



### **STATISTICS**

### Statistics:



## Descriptive Statistics

concerned with summarizing and describing data

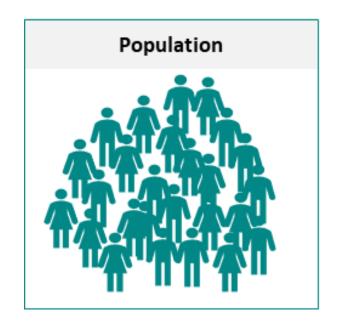


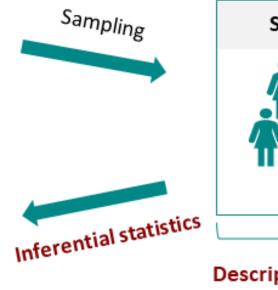
## Inferential Statistics

concerned with making predictions and drawing conclusions about a larger population based on a sample of data

## DESCRIPTIVE STATISTICS AND INFERENTIAL STATISTICS

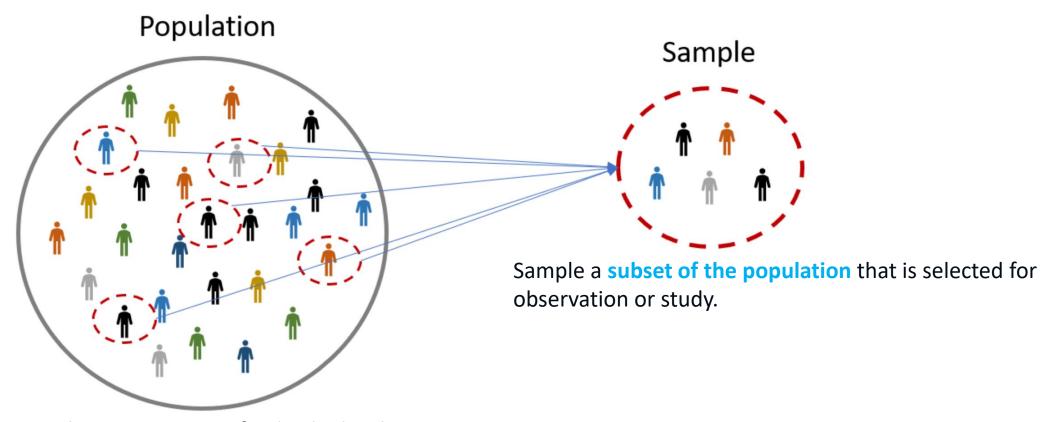






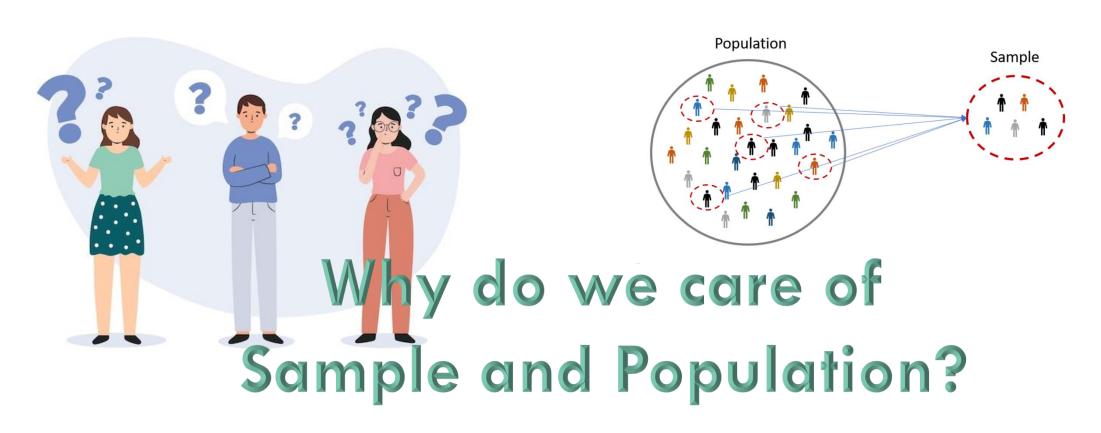


## POPULATION VS SAMPLE



Population is the **entire group** of individuals, objects, or events that we are interested in studying

### POPULATION VS SAMPLE



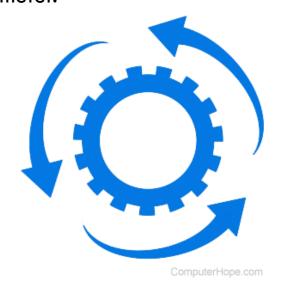
References: Population vs Sample

### STATISTIC VS PARAMETER

Slope

### Parameter

is a numerical characteristic of a the population.
For example, mean of the population is a parameter.



### Statistic

is a numerical characteristic of a sample, rather than the population. Examples of statistics include the mean, median, standard deviation, and correlation coefficient.

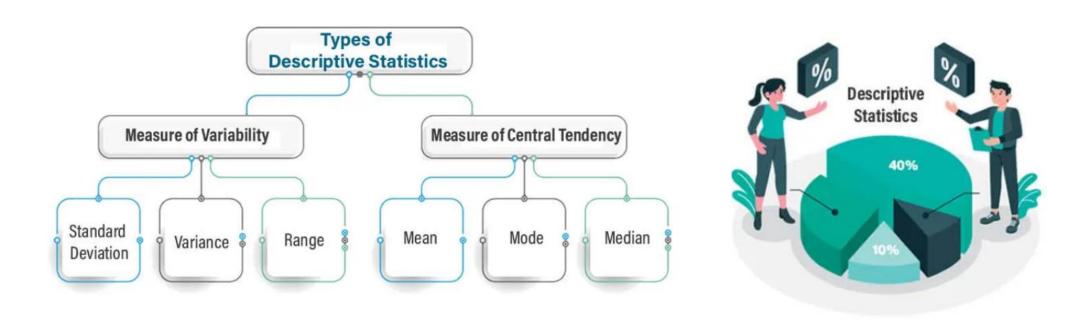
Mean	$\mu$ mu	$\bar{x}$
Proportion	p	$\widehat{p}$
Std. Dev.	σ sigma	$\boldsymbol{S}$
Correlation	O rho	r

B beta

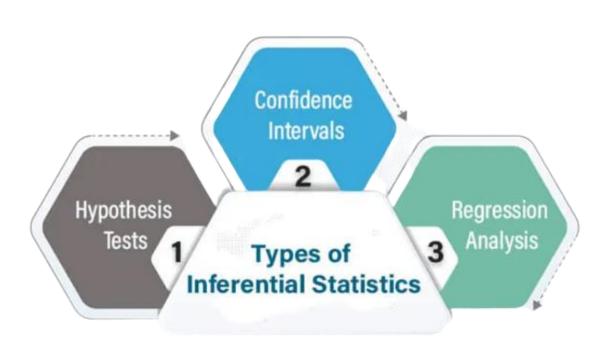
Parameter Statistic



# DESCRIPTIVE STATISTICS AND INFERENTIAL STATISTICS



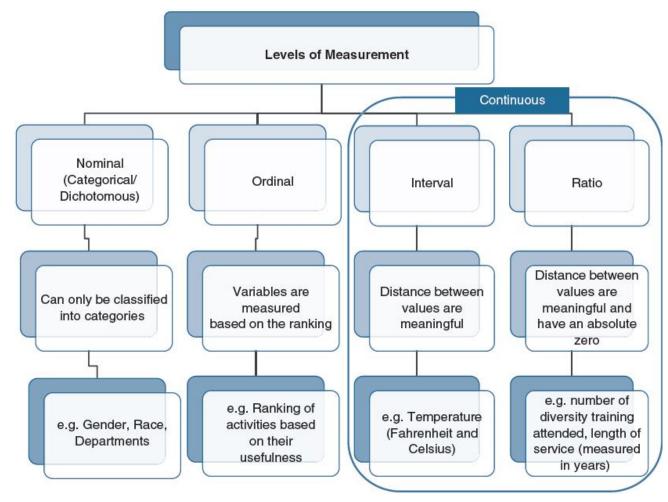
## DESCRIPTIVE STATISTICS AND INFERENTIAL STATISTICS





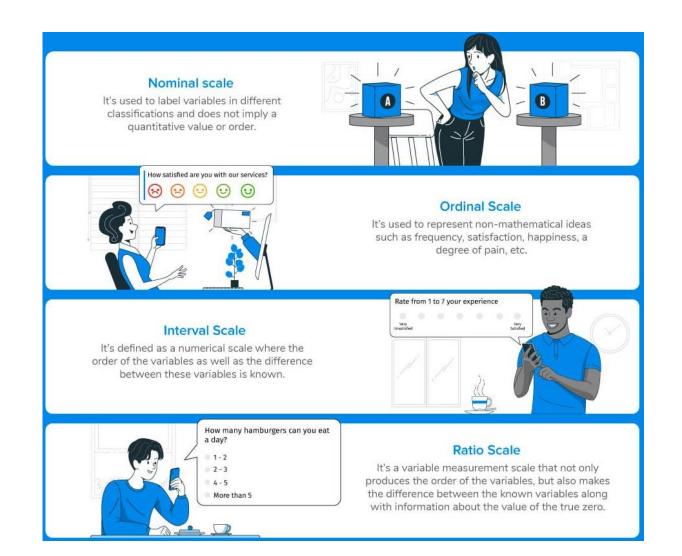
### LEVEL OF MEASUREMENT



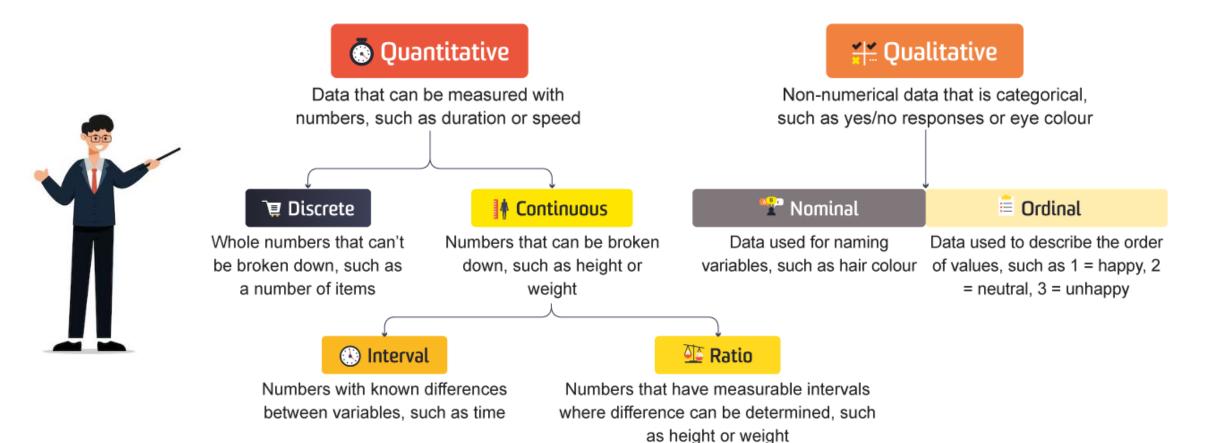


Watch video: Level of Measurement

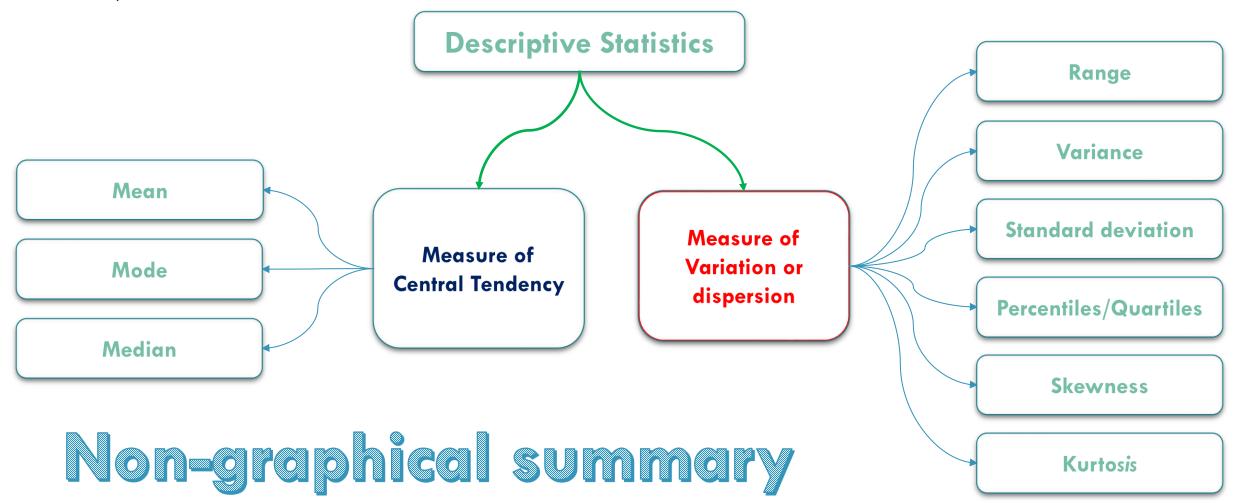
### **EXAMPLE: LEVEL OF MEASUREMENT**



# TYPES OF DATA: QUANTITATIVE VS QUALITATIVE



# DESCRIPTIVE STATISTICS: QUANTITATIVE OR NUMERICAL DATA



## DESCRIPTIVE STATISTICS: QUANTITATIVE OR NUMERICAL DATA



- Large amounts of data can be overwhelming.
- ☐ A single number can summarize information about a dataset, such as the central tendency or the dispersion of the dataset.
- □ A common data summary is the arithmetic mean or mean, which is the sum of the data values in a dataset divided by the number of values in the dataset.

# MEASURE OF CENTRAL TENDENCY: MEAN (AVERAGE)

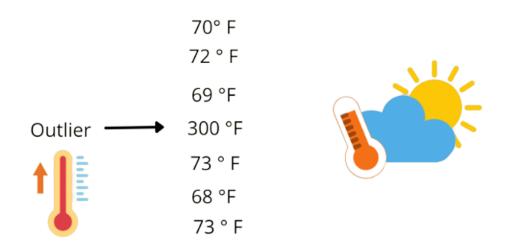
- The "Mean" is the average of the data.
- Average can be identified by summing up all the numbers and then dividing them by the number of observation.

Mean (x) = 
$$\frac{\sum x}{n}$$

#### **Example:**

Data - 10,20,30,40,50 and Number of observations = 5 Mean = [ 10+20+30+40+50 ] / 5 Mean = 30

Outliers influence the central tendency of the data.



## MEASURE OF CENTRAL TENDENCY: MEDIAN

- Median is the 50%<sup>th</sup> percentile of the data. It is exactly the center point of the data.
- Median can be identified by ordering the data and splits the data into two equal parts and find the number.
- It is the best way to find the center of the data.

Median of data doesn't effect by outlier

#### **Example:**





#### Median Formula

if *n* is odd,

$$median = \left(\frac{n+1}{2}\right)^{th}$$

if *n* is even,

$$median = \frac{\left(\frac{n}{2}\right)^{th} + \left(\frac{n}{2} + 1\right)^{th}}{2}$$

n = number of terms
th = n(th) number

## MEASURE OF CENTRAL TENDENCY: MODE

- Mode is frequently occurring data or elements.
- If an element occurs the highest number of times, it is the mode of that data. If no number in the data is repeated, then there is no mode for that data.
- There can be more than one mode in a dataset if two values have the same frequency and also the highest frequency.

Outliers don't influence the Mode.

The mode can be calculated for both
quantitative and qualitative data.

#### **Example:**

Data – 1,3,4,6,7,3,3,5,10,3 Mode is 3 because 3 has the highest frequency (4 times)



## MEASURE OF VARIATION OR DISPERSION

#### Why measure of dispersion is concerned?

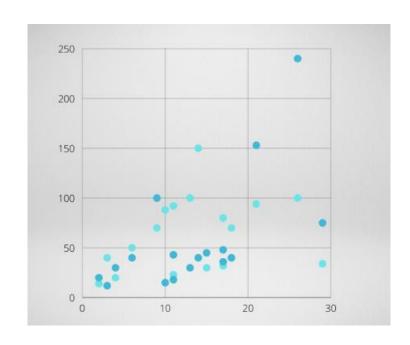
- The dispersion is the "Spread of the data". It measures how far the data is spread.
- In most of the dataset, the data values are closely located near the mean.
- On some other dataset, the values are widely spread out of the mean. These dispersions of data can be measured by

Standard deviation

Range

Inter quartile range

Variance



### **EXAMPLE: WHY MEASURE OF** VARIATION OR DISPERSION IS CONCERN?



### Money Matters

Two companies, each with 1,000 employees

Both same mean salary: \$100K But

C1: Every employee makes \$100K < 100M total

C2: Every employee makes \$1, CEO \$99,999,001

Which will you join?

100M-999

Same mean Very different distributions

Mean ain't all

Variation matters!

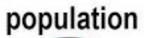
#### **VARIANCE**

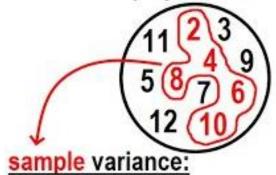
- The variance is a measure of variability. It is the average squared deviation from the mean.
- How far a value is from the mean is known as its deviation; the variance is the average of the squared deviations
- The symbol  $\sigma^2$  represents the population variance and the symbol for  $s^2$  represents

$$\sigma^2 = \frac{\sum (x - \mu)^2}{N}$$
 Population Variance

$$s^2 = \frac{\sum (x - \overline{x})^2}{n - 1}$$
 Sample Variance

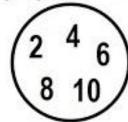
#### Population vs Sample Variance





$$s^2 = \frac{\sum (x_i - \overline{x})^2}{n - 1} = 10$$

#### population



#### population variance:

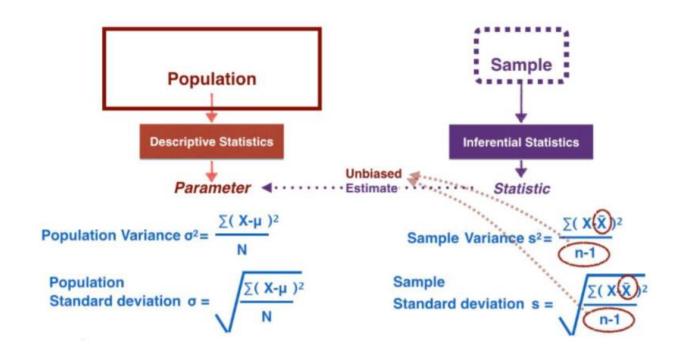
$$\sigma^2 = \frac{\sum (\mathbf{x}_i - \overline{\mathbf{x}})^2}{n} = 8$$

#### STANDARD DEVIATION

- The variance is a measure of variability. It is the average squared deviation from the mean.
- The symbol  $\sigma^2$  represents the population variance and the symbol for  $s^2$  represents sample variance.

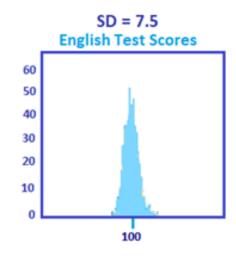
$$\sigma^2 = \frac{\sum (x - \mu)^2}{N}$$
 Population Variance

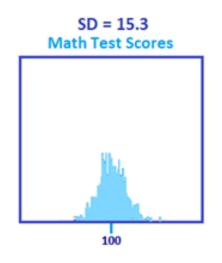
$$s^2 = \frac{\sum (x - \overline{x})^2}{n - 1}$$
 Sample Variance

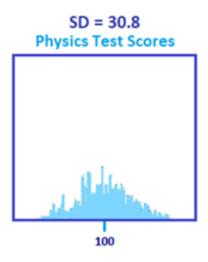


#### STANDARD DEVIATION









What does standard deviation tell you about students' performance in these tests?

# EXERCISE: CALCULUS THE SUMMARY STATISTICS FOR SONG SIZE



Song	Artist	Genre	Size (MB)	Length (sec)
My Friends	D. Williams	Alternative	3.83	247
Up the Road	E. Clapton	Rock	5.62	378
Jericho	k.d. lang	Folk	3.48	225
Dirty Blvd.	L. Reed	Rock	3.22	209
Nothingman	Pearl Jam	Rock	4.25	275



What is the Average size of song? What genre are most popular (mode)?

### **RANGE**







#### Range = Maximum - Minimum

- Maximum Value = 100<sup>th</sup> Percentile
- Minimum Value = 0<sup>th</sup> Percentile
- Another measure of variation; not preferred because based on extreme values. However, it is a good measurement to observe the different and investigate the spread of dataset.

Goals Scored Over the Last 7 Games

range = 8

largest number smallest number

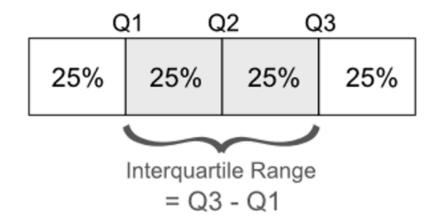
### PERCENTILE/QUARTILES

#### Common Percentiles

- Q3: Upper Quartile = 75<sup>th</sup> Percentile
- Q1: Lower Quartile = 25<sup>th</sup> Percentile
- One quarter of the values fall below the lower quartile and one quarter fall above the upper quartile

#### The Interquartile Range (IQR)

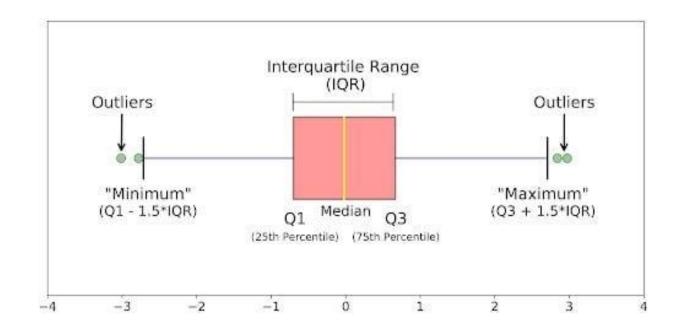
- IQR = 75<sup>th</sup> Percentile 25<sup>th</sup> Percentile
- A measure of variation based on quartiles
- Used to accompany the median (Q2)



### FIVE NUMBER SUMMARY IN BOXPLOT

#### The Five Number Summary

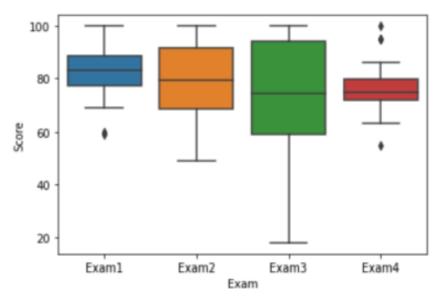
- Maximum
- Upper Quartile (Q3)
- Median
- Lower Quartile (Q1)
- Minimum





Don't confused Max and Min here with Max and Min of the data

### FIVE NUMBER SUMMARY IN BOXPLOT



#### The Five Number Summary

- Maximum
- Upper Quartile (Q3)
- Median
- Lower Quartile (Q1)
- Minimum



Why these values are concerned here?

### **RANGE**

#### Range = Maximum - Minimum

- Maximum Value = 100<sup>th</sup> Percentile
- Minimum Value = 0<sup>th</sup> Percentile
- Another measure of variation; not preferred because based on extreme values. However, it is a good measurement to observe the different and investigate the spread of dataset.

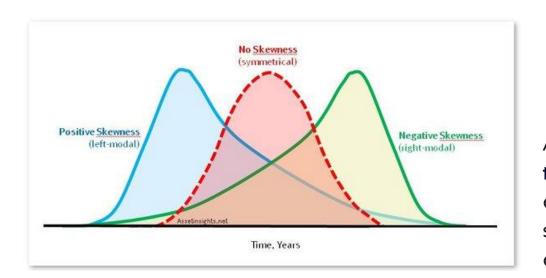


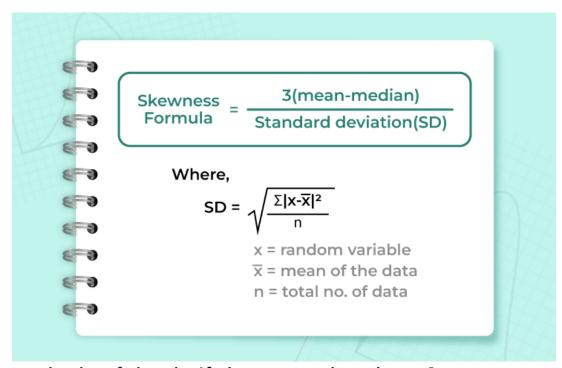
#### The Five Number Summary

- Maximum
- Upper Quartile (Q3)
- Median
- Lower Quartile (Q1)
- Minimum

#### **SHAPE OF DATA: SKEWNESS**

- **Skewness** is a measurement of the distortion of symmetrical <u>distribution</u> or asymmetry in a data set.
- Skewness is demonstrated on a bell curve when data points are not distributed symmetrically to the left and right sides of the median on a bell curve.
- If the bell curve is shifted to the left or the right, it is said to be skewed.





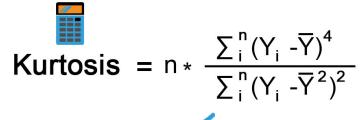
As a general rule of thumb: If skewness is less than -1 or greater than 1, the distribution is highly skewed. If skewness is between -1 and -0.5 or between 0.5 and 1, the distribution is moderately skewed. If skewness is between -0.5 and 0.5, the distribution is approximately symmetric.

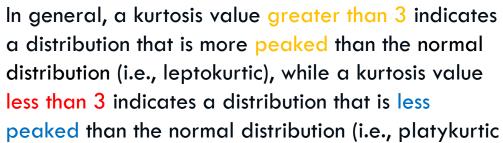
### **SHAPE OF DATA: KURTOSIS**

- Skewness and kurtosis are both measures of the shape of a probability distribution.
- Skewness measures the degree of asymmetry of a distribution, while kurtosis measures the degree of peakedness or flatness of a distribution relative to the normal distribution.



#### **Kurtosis Formula**



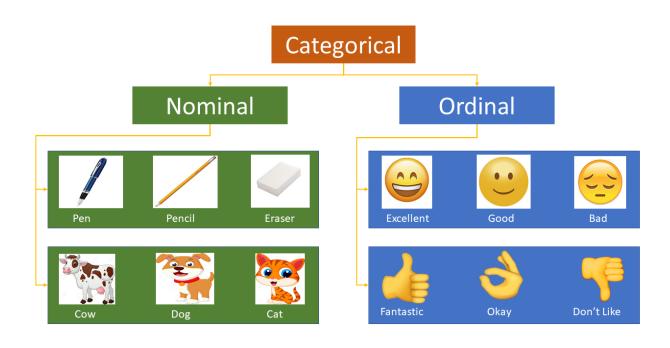


# GROUP DISCUSSION: SKEWNESS AND KURTOSIS

What is the important of skewness and Kurtosis for Data Analysis?

## DESCRIPTIVE STATISTICS: QUALITATIVE OR CATEGORICAL VARIABLES

- One way of displaying data for a single categorical variable is by using a table, or in particular a frequency distribution table.
- This is a table which displays the various categories for a variable, along with the corresponding frequencies (i.e. how often each category occurs in the data) and usually associated percentages (sometimes including cumulative percentages, which give the sum of all the percentages up to and including that row of the table).



## Non-graphical summary

## DESCRIPTIVE STATISTICS: QUALITATIVE OR CATEGORICAL VARIABLES

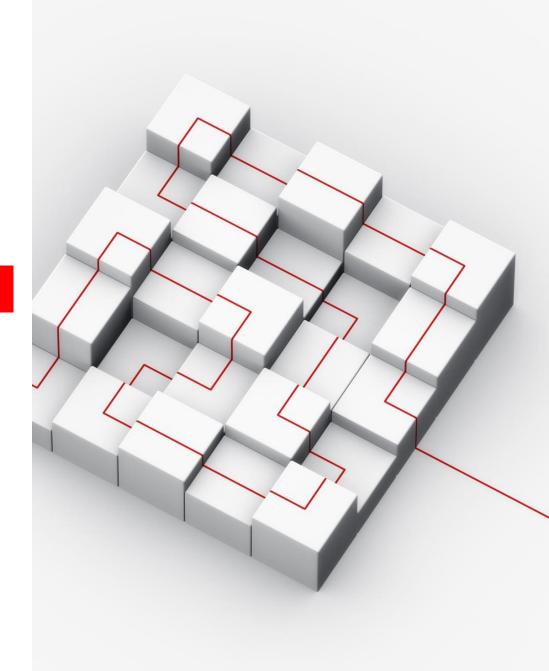
For example, the following is a frequency table showing the frequency of each category of marital status in a sample of 80 people, along with the corresponding percentages:



#### Marital status

		Frequency	Percent	Cumulative Percent
Valid	Single	44	55.0	55.0
	Married	29	36.3	91.3
	Other	7	8.8	100.0
	Total	80	100.0	

## DESCRIPTIVE STATISTICS WITH DATA VISUALIZATION



## **DATA**

Data is information, especially facts, picture, text, audio or numbers, usually collected or computed for purposes of analysis.





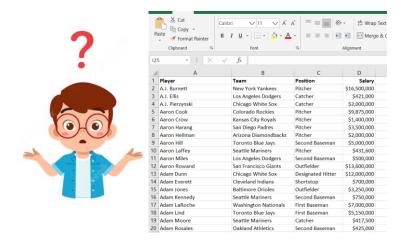
#### WHAT IS DATA VISUALIZATION?



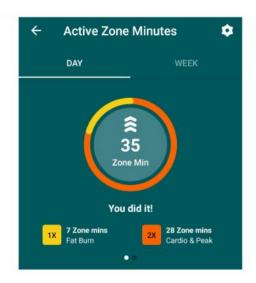
- Data visualization is the graphical or visual representation of data.
- trends, patterns, outliers, and correlations.

#### INTRODUCTION

Imagine you're presented with a spreadsheet containing columns and rows of data. You probably won't be able to decipher the data without delving into it, and it's unlikely that you'll be able to spot trends and patterns at first glance. Now imagine seeing the same data presented as a bar chart, or on a color-coded map. It's much easier to see what the data is telling you, right?







## TWO MAIN PURPOSES OF DATA **VISUALIZATION**



## **Exploration**



When faced with a new dataset, one of the first things you'll do is carry out an exploratory data analysis. At this stage, visualizations can make it easier to get a sense of what's in your dataset and to spot any noteworthy trends or anomalies. Ultimately, you're getting an initial lay of the land and finding clues as to what the data might be trying to tell you.



## **Explanation**



Once you've conducted your analysis and have figured out what the data is telling you, you'll want to share these insights with others—key business stakeholders who can take action based on the data, for example, or public audiences who have an interest in your topic area. Explanatory data visualizations help you tell this story, and it's up to you to determine which visualizations will help you to do so most effectively.

# EFFECTIVE DATA VISUALIZATION AT A GLANCE



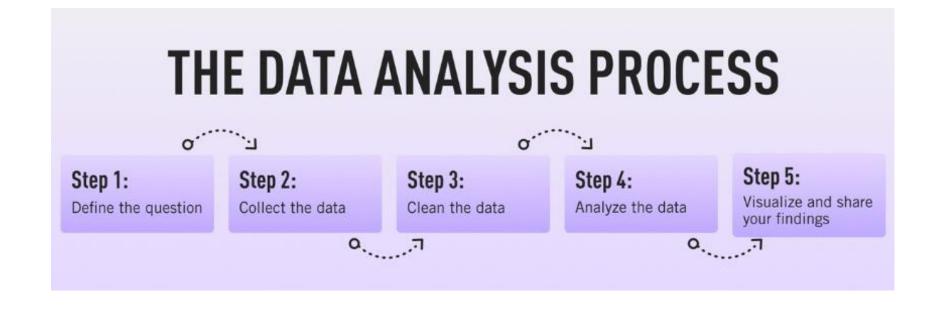
#### Data visualization allows you to:

- Get an initial understanding of your data by making trends, patterns, and outliers easily visible to the naked eye
- Comprehend large volumes of data quickly and efficiently
- Communicate insights and findings to non-data experts, making your data accessible and actionable
- Tell a meaningful and impactful story, highlighting the most relevant information for a given context

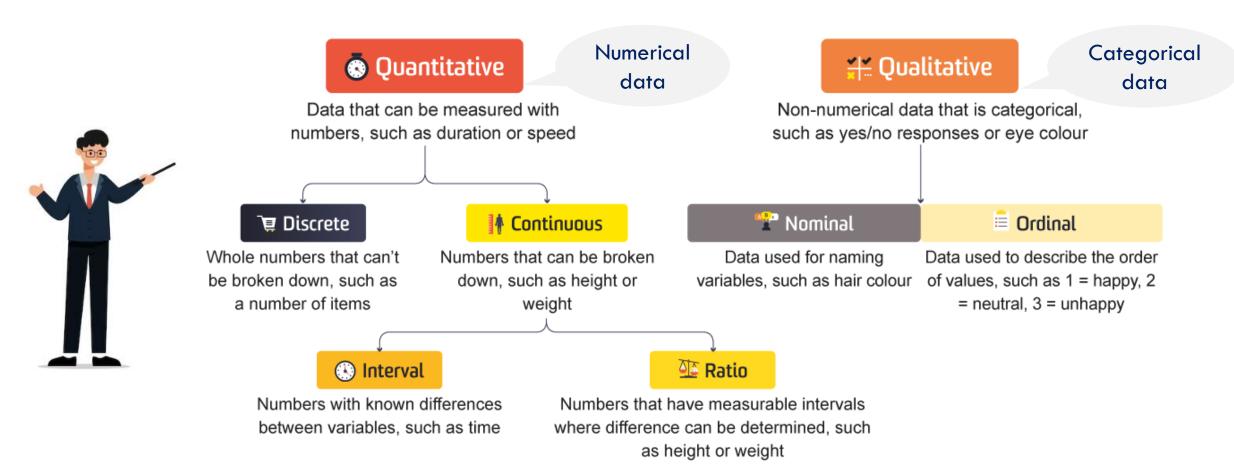
## WHEN DO DATA VISUALIZATION

Aside from exploratory data visualization which takes place in the early stages, data visualization usually comprises the final step in the data analysis process. To recap, the data analysis process can be set out as follows:



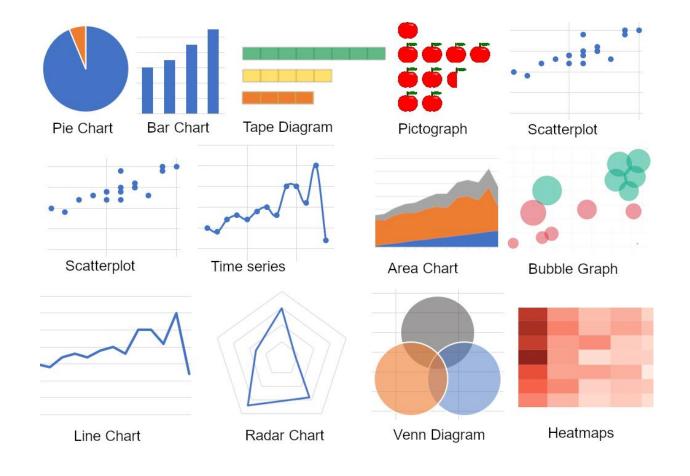


# RECALL: DATA VISUALIZATION LINK WITH TYPES OF DATA



# COMMON TYPES OF DATA VISUALIZATION

While descriptive
statistics' summaries
are useful for
condensing
information, visual
summaries can
provide even more
context and detail in a
small amount of space.
Here are examples of
graphs that are
commonly used:

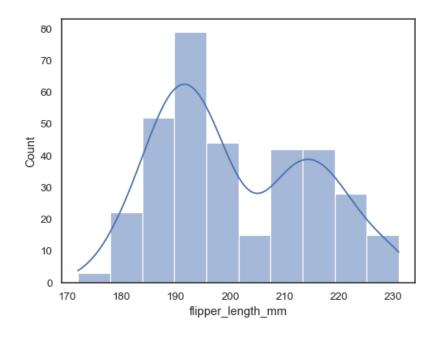


#### **HISTOGRAM**

A histogram is a graphical representation of the distribution of numerical data. It consists of a series of bars, where the height of each bar represents the frequency or relative frequency of data values falling within a particular interval or "bin" on the horizontal axis.

#### **Histogram Uses:**

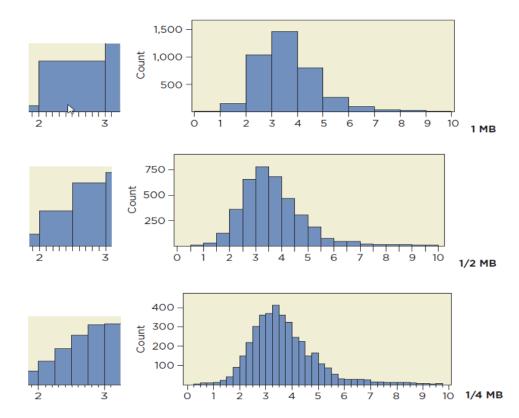
- When the data is continuous.
- When you want to represent the shape of the data's distribution (e.g. normal?).
- When you want to see whether the outputs of two or more processes are different.
- To summarize large data sets graphically.
- To communicate the data distribution quickly to others.



### **HISTOGRAM**

#### Histogram of Song Sizes

- Using intervals of different lengths yield different histograms
- Narrow intervals
   expose details
   smoothed over by
   wider intervals
- Most software
   packages determine
   the right length to use
   automatically



	Method formula bins	Method formula width
Square-root	√n	$\frac{\text{max (values)} - \text{min (values)}}{\sqrt{n}}$
Sturges 1926	ceil (log <sub>2</sub> n) + 1	$\frac{\text{max } (values) - \text{min } (values)}{\text{ceil } (\log_2 n) + 1}$
Rice 1944	2* <sup>3</sup> √ <i>n</i>	$\frac{\max{(values)} - \min{(values)}}{2^* \sqrt[3]{n}}$
Scott 1979	$\frac{\max{(values) - \min{(values)}}}{3.5*} \frac{\text{stdev}(values)}{\sqrt[3]{n}}$	$3.5* \frac{\text{stdev (values)}}{\sqrt[3]{n}}$
Freedman- Diaconis 1981	$\frac{\max{(values)} - \min{(values)}}{2^* \frac{IQR{(values)}}{\sqrt[3]{n}}}$	2* <sup>IQR (values)</sup> <sup>3</sup> √n

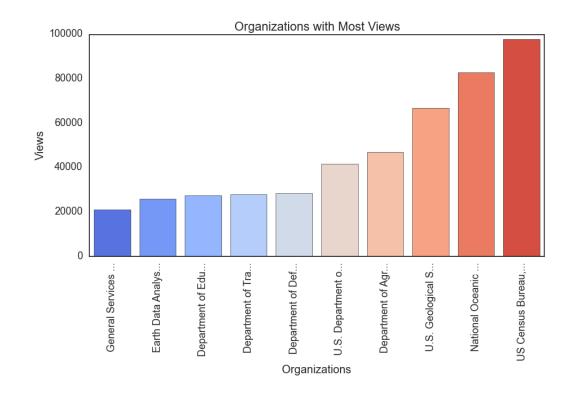
Histograms of Song Sizes – Different Intervals

#### **BAR CHART**

Bar charts represent categorical data with rectangular bars (to understand what is categorical data see <u>categorical</u> data examples). Bar graphs are among the most popular types of graphs and charts in economics, statistics, marketing, and visualization in <u>digital customer experience</u>.

#### **Bar chart Uses:**

- Bar charts represent categorical data with rectangular bars (to understand what is categorical data see <u>categorical data examples</u>).
- Bar graphs are among the most popular types of graphs and charts in economics, statistics, marketing, and visualization in <u>digital customer</u> <u>experience</u>.



## **EXAMPLE: LOOKING AT DATA**

Which hosts send the most visitors to Amazon's Web site?

- The Data set consists of 188996 visits
- Host is a categorical variable
- To answer this equation we must describe the variable in *Host*

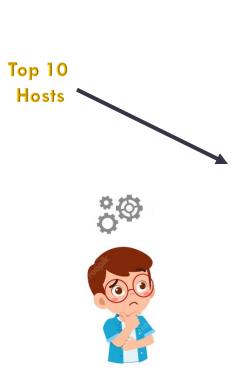
For example:

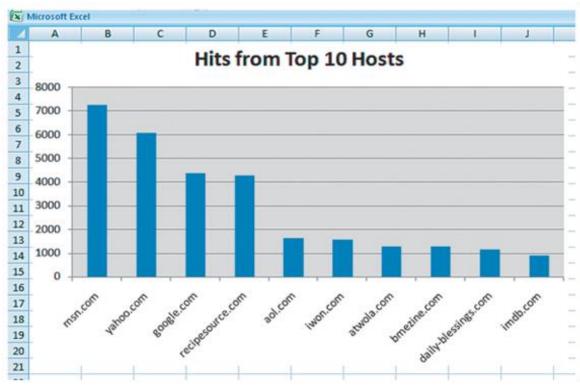
5 observations of visits in Amazon

Purchase	Host	Householdsize	Region	Income Range	
No	msn.com	5	North central	35-50 k	
No		5	West	50-75 k	
No	google.com	4	West	50-75 k	
Yes	yahoo.com	3	North Central	35-50 k	
No	dealtime.com	4	South	<15 k	

## **EXAMPLE: LOOKING AT DATA**

Host	Frequency	Proportion
Typed "amazon.com"	89,919	0.47577
msn.com	7,258	0.03840
yahoo.com	6,078	0.03216
google.com	4,381	0.02318
recipesource.com	4,283	0.02266
aol.com	1,639	0.00867
iwon.com	1,573	0.00832
atwola.com	1,289	0.00682
bmezine.com	1,285	0.00680
daily-blessings.com	1,166	0.00617
imdb.com	886	0.00469
couponmountain.com	813	0.00430
earthlink.net	790	0.00418
popupad.net	589	0.00312
overture.com	586	0.00310
dotcomscoop.com	577	0.00305
netscape.com	544	0.00288
dealtime.com	543	0.00287
att.net	533	0.00282
postcards.org	532	0.00281
24hour-mall.com	503	0.00266
Other	63,229	0.33455
Total	188,996	1.00





### **GROUPED BAR CHART**

A grouped bar chart is a type of bar chart that displays multiple sets of data side-by-side, with each set of data represented by a group of bars. The bars within each group are typically clustered together and are visually connected, while the groups themselves are separated by some amount of space.

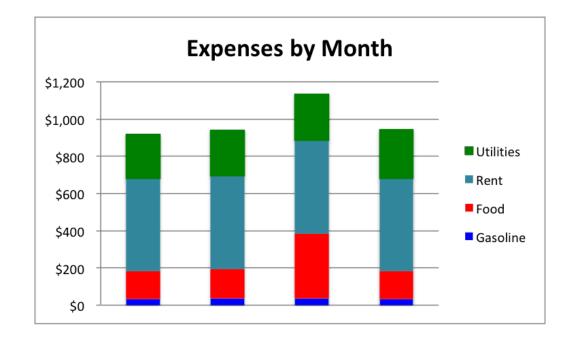
#### **Bar chart Uses:**

- Comparing multiple subcategories
- Comparing across multiple groups
- Highlighting differences
- Visualizing trends



#### STACKED BAR CHART

A **stacked bar chart** is a type of bar chart that displays multiple sets of data stacked on top of each other, with each set of data represented by a segment of the bar. The bars in a stacked bar chart are divided into segments, with each segment representing a different category or subcategory. Each segment is colored differently to represent a different variable or data series.

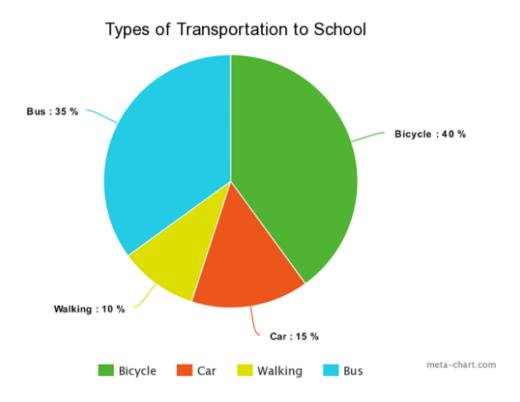


#### PIE CHART

When it comes to statistical types of graphs and charts, the **pie chart** (or the circle chart) has a crucial place and meaning. It displays data and statistics in an easy-to-understand 'pie-slice' format and illustrates **numerical proportion**.

#### Pie Chart Uses:

- When you want to create and represent the composition of something.
- It is very useful for displaying nominal or ordinal categories of data.
- To show percentage or proportional data.
- When comparing areas of growth within a business such as profit.
- Pie charts work best for displaying data for 3 to
  7 categories.

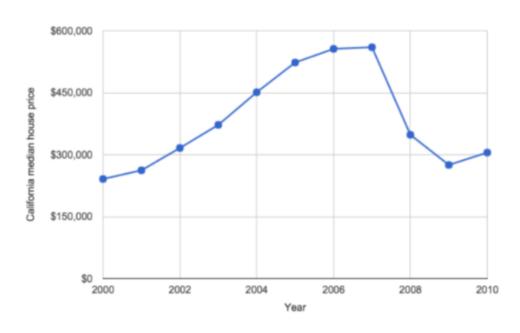


#### LINE GRAPH

A line graph, also known as a line chart, is a type of graph that displays data as a series of points connected by straight lines. Line graphs have an x-axis and a y-axis. In the most cases, time is distributed on the horizontal axis. The graph typically has two axes, with the horizontal axis representing the independent variable (such as time, distance, or category) and the vertical axis representing the dependent variable (such as temperature, sales, or quantity)

#### Line Graphs Uses:

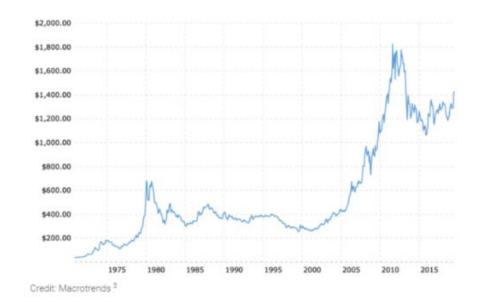
- When you want to show trends. For example, how house prices have increased over time or categories.
- When you want to make predictions based on a data history over time.
- When comparing two or more different variables, situations, and information over a given period of time.



#### TIME SERIES GRAPH

Time series graphs and line graphs are both types of graphs used to visualize how a variable changes over time. Time series graphs are specifically designed to display time-related data, while line graphs can be used to display any type of data.

- **1.Trend analysis:** Time series graphs are particularly effective for identifying trends and patterns in data over time.
- **2.Seasonal analysis:** Time series graphs can also be useful for identifying seasonal patterns in data.
- **3.Forecasting:** Time series graphs can be used to make predictions about future trends or patterns in data.
- **4.Comparing multiple variables:** Time series graphs can be effective for comparing how multiple variables change over time.



### **AREA CHART**

Area charts show the change in one or several quantities over time. They are very similar to the line chart. However, the area between axis and line are usually filled with colors.

#### **MONTHLY SALES DATA**

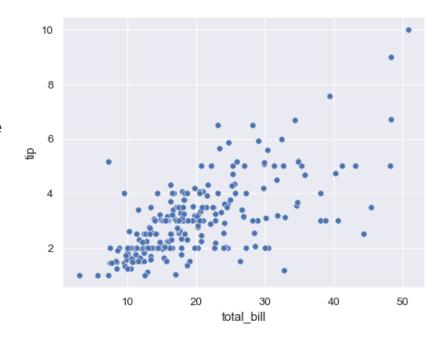


#### **SCATTER PLOT**

The scatter plot is an X-Y diagram that shows a relationship between two variables. It is used to plot data points on a vertical and a horizontal axis. The purpose is to show how much one variable affects another.

#### Scatter plot uses:

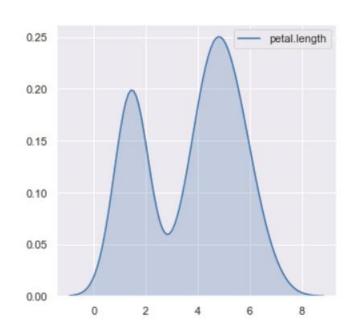
- When trying to find out whether there is a relationship between 2 variables.
- To predict the behavior of dependent variable based on the measure of the independent variable.
- When having paired numerical data.
- When working with <u>root cause analysis tools</u> to identify the potential for problems.
- When you just want to visualize the correlation between 2 large datasets.



#### **DENSITY PLOT**

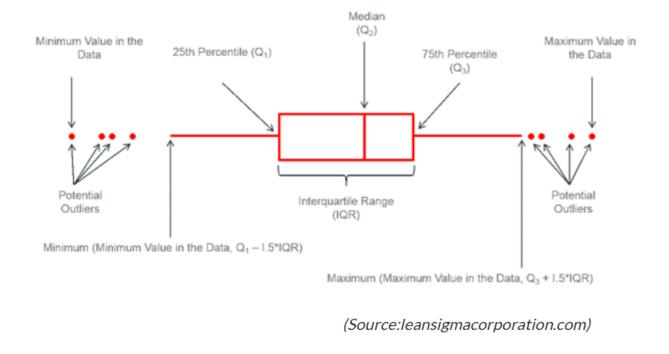
A density plot is like a smoother version of a histogram. Generally, the kernel density estimate is used in density plots to show the probability density function of the variable. A continuous curve, which is the kernel is drawn to generate a smooth density estimation for the whole data.

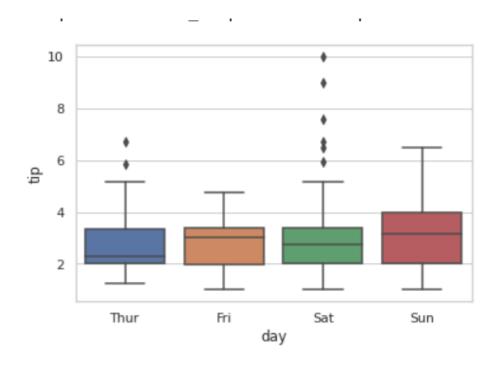
- Identify the shape of the distribution: Density plots can help you to identify the shape of the distribution of a continuous variable. For example, a normal distribution will have a symmetrical bell-shaped curve, while a bimodal distribution will have two peaks.
- Compare distributions: Density plots can be used to compare the distributions of different variables or subsets of the same variable. By overlaying multiple density plots on the same graph, you can easily see how the distributions differ or overlap.
- Identify outliers: Density plots can be used to identify outliers or extreme values in the data. Outliers will be visible as points outside the main body of the distribution.



#### **BOX PLOTS**

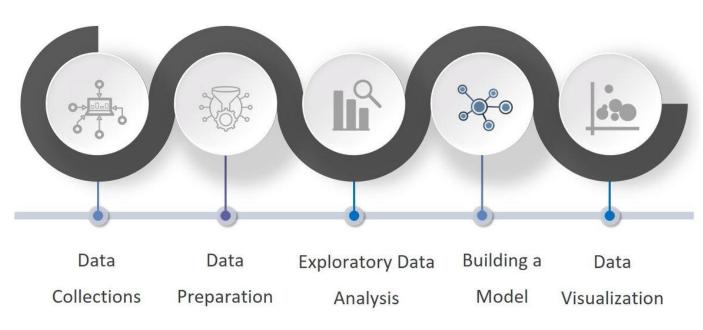
A box-plot is a very useful and standardized way of **displaying the distribution** of data based on a five-number summary (minimum, first quartile, second quartile(median), third quartile, maximum). It helps in understanding these parameters of the distribution of data and is extremely helpful in **detecting outliers**.





# UNIVARIATE AND MULTIVARIATE ANALYSIS

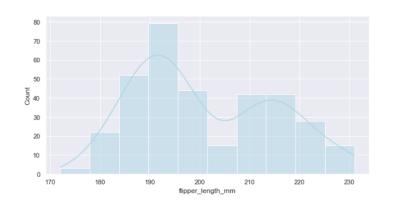
#### **Data Science Process**



**Exploratory Data Analysis (EDA)** is a crucial method used in statistics and data science to analyze and understand datasets is majorly performed using the following methods:

- Univariate analysis: provides summary statistics for each field in the raw data set (or) summary only on one variable.
- Pivariate analysis: is performed to find the relationship between each variable in the dataset and the target variable of interest (or) using 2 variables and finding the relationship between them.
- Multivariate analysis: is performed to understand interactions between different fields in the dataset (or) finding interactions between variables more than 2.

## **UNIVARIATE ANALYSIS**



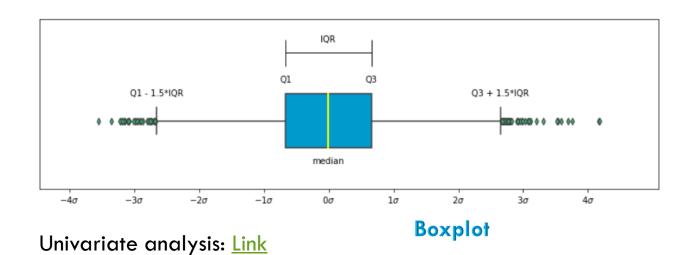
Land to Ocean Ratio Land to Ocean area Pie Chart

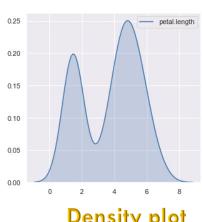


Bar chart

Pie chart

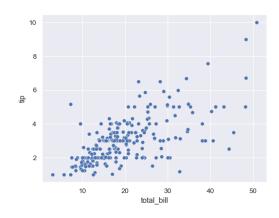
Line and time series graph





**Density plot** 

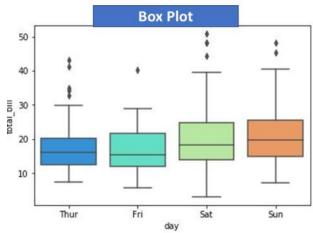
### **BIVARIATE ANALYSIS**



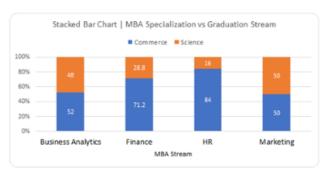
**Scatter plot** 

CROSSTAB		MBA Specialization				
		Business Analytics	Finance	HR	Marketing	Row Total
Graduation Stream	Commerce	13	57	21	35	126
	Science	12	23	4	35	74
	Column Total	25	80	25	70	200

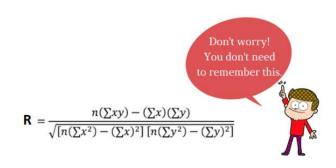
Crosstab



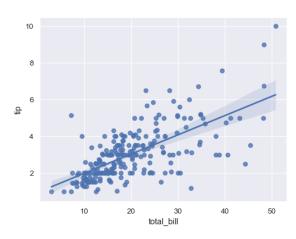
**Multiple boxplot** 



Stacked bar plot

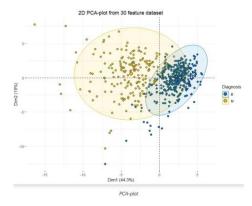


#### **Correlation coefficient**

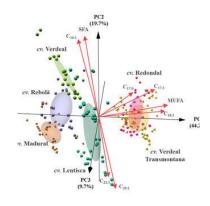


**Linear regression** 

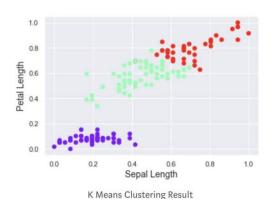
### **MULTIVARIATE ANALYSIS**



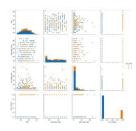
**Principal Component Analysis (PCA)** 



Linear Discriminant Analysis (LDA)



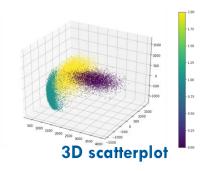
**Clustering Analysis** 

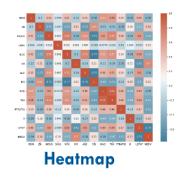


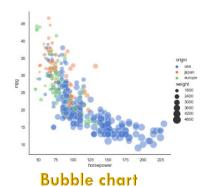
Pair plot



Line and time series graph







## **Q&A**



