# Question No: 04

# Setup

- Ensure the Python kernel has the necessary libraries: pandas, matplotlib and lets-plot, os, numpy, statsmodels, seaborn
- Ensure the Online Retail.xlsx file is in the data folder.

```
import matplotlib.pyplot as plt
import pandas as pd
import seaborn as sns
import os
from sklearn import tree
os.getcwd()
import numpy as np
import statsmodels.api as sm

from lets_plot import * # This imports all of ggplot2's functions
LetsPlot.setup_html()
```

### **Data Cleaning:**

Filter the data to exclude negative or zero values for "Quantity" and "UnitPrice". Why is this step necessary?

```
In [35]: df = pd.read_excel('D:/Data Science for Marketing-I/data/Online Retail.xlsx')
    df
```

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()[]	ГΙ	37		-

		InvoiceNo	StockCode	Description	Quantity	InvoiceDate	UnitPrice	CustomerID
•	0	536365	85123A	WHITE HANGING HEART T- LIGHT HOLDER	6	2010-12-01 08:26:00	2.55	17850.0
	1	536365	71053	WHITE METAL LANTERN	6	2010-12-01 08:26:00	3.39	17850.0
	2	536365	84406B	CREAM CUPID HEARTS COAT HANGER	8	2010-12-01 08:26:00	2.75	17850.0
	3	536365	84029G	KNITTED UNION FLAG HOT WATER BOTTLE	6	2010-12-01 08:26:00	3.39	17850.0
	4	536365	84029E	RED WOOLLY HOTTIE WHITE HEART.	6	2010-12-01 08:26:00	3.39	17850.0
	•••							
	541904	581587	22613	PACK OF 20 SPACEBOY NAPKINS	12	2011-12-09 12:50:00	0.85	12680.0
	541905	581587	22899	CHILDREN'S APRON DOLLY GIRL	6	2011-12-09 12:50:00	2.10	12680.0
	541906	581587	23254	CHILDRENS CUTLERY DOLLY GIRL	4	2011-12-09 12:50:00	4.15	12680.0
	541907	581587	23255	CHILDRENS CUTLERY CIRCUS PARADE	4	2011-12-09 12:50:00	4.15	12680.0
	541908	581587	22138	BAKING SET 9 PIECE RETROSPOT	3	2011-12-09 12:50:00	4.95	12680.0

541909 rows × 8 columns

#### In [36]: df.info()

<class 'pandas.core.frame.DataFrame'>
RangeIndex: 541909 entries, 0 to 541908
Data columns (total 8 columns):

#	Column	Non-Null Count	Dtype
0	InvoiceNo	541909 non-null	object
1	StockCode	541909 non-null	object
2	Description	540455 non-null	object
3	Quantity	541909 non-null	int64
4	InvoiceDate	541909 non-null	datetime64[ns]
5	UnitPrice	541909 non-null	float64
6	CustomerID	406829 non-null	float64
7	Country	541909 non-null	object

dtypes: datetime64[ns](1), float64(2), int64(1), object(4)

memory usage: 33.1+ MB

In [37]: df.head()

[3,],									
Out[37]:		InvoiceNo	StockCode	Description	Quantity	InvoiceDate	UnitPrice	CustomerID	Coui
	0	536365	85123A	WHITE HANGING HEART T- LIGHT HOLDER	6	2010-12-01 08:26:00	2.55	17850.0	Un Kinga
	1	536365	71053	WHITE METAL LANTERN	6	2010-12-01 08:26:00	3.39	17850.0	Un Kinga
	2	536365	84406B	CREAM CUPID HEARTS COAT HANGER	8	2010-12-01 08:26:00	2.75	17850.0	Un Kinga
	3	536365	84029G	KNITTED UNION FLAG HOT WATER BOTTLE	6	2010-12-01 08:26:00	3.39	17850.0	Un Kinga
	4	536365	84029E	RED WOOLLY HOTTIE WHITE HEART.	6	2010-12-01 08:26:00	3.39	17850.0	Un Kingc
	4								•
Tn [38].	٦.	4	include-'oh:	: <del>-</del> - 1 \					

In [38]: df.describe(include='object')

Out[38]:		InvoiceNo	StockCode	Description	Country
	count	541909	541909	540455	541909
	unique	25900	4070	4223	38
	top	573585	85123A	WHITE HANGING HEART T-LIGHT HOLDER	United Kingdom
	freq	1114	2313	2369	495478

```
In [39]: df = df[df['Quantity']>0]
    df = df[df['UnitPrice']>0]
```

ho the DataFrame to include only rows where the value in the Quantity column is greater than 0, filters the DataFrame to include only rows where the value in the UnitPrice column is greater than 0

```
In [40]: df
```

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	InvoiceNo	StockCode	Description	Quantity	InvoiceDate	UnitPrice	CustomerID
0	536365	85123A	WHITE HANGING HEART T- LIGHT HOLDER	6	2010-12-01 08:26:00	2.55	17850.0
1	536365	71053	WHITE METAL LANTERN	6	2010-12-01 08:26:00	3.39	17850.0
2	536365	84406B	CREAM CUPID HEARTS COAT HANGER	8	2010-12-01 08:26:00	2.75	17850.0
3	536365	84029G	KNITTED UNION FLAG HOT WATER BOTTLE	6	2010-12-01 08:26:00	3.39	17850.0
4	536365	84029E	RED WOOLLY HOTTIE WHITE HEART.	6	2010-12-01 08:26:00	3.39	17850.0
•••							
541904	581587	22613	PACK OF 20 SPACEBOY NAPKINS	12	2011-12-09 12:50:00	0.85	12680.0
541905	581587	22899	CHILDREN'S APRON DOLLY GIRL	6	2011-12-09 12:50:00	2.10	12680.0
541906	581587	23254	CHILDRENS CUTLERY DOLLY GIRL	4	2011-12-09 12:50:00	4.15	12680.0
541907	581587	23255	CHILDRENS CUTLERY CIRCUS PARADE	4	2011-12-09 12:50:00	4.15	12680.0
541908	581587	22138	BAKING SET 9 PIECE RETROSPOT	3	2011-12-09 12:50:00	4.95	12680.0

530104 rows × 8 columns

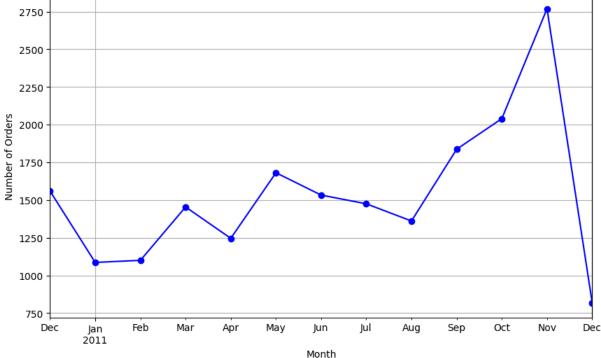
### **Time-Series Analysis of Number of Orders:**

Plot the total number of orders over time using a monthly aggregation. Explain how the code achieves this visualization. Why is excluding dates after December 1, 2011 helpful, and how does this impact the analysis?

```
In [41]: df['InvoiceDate'] = pd.to_datetime(df['InvoiceDate'])
         df['Month'] = df['InvoiceDate'].dt.to_period('M')
         # Monthly number of orders
         orders_by_month = df.groupby('Month')['InvoiceNo'].nunique()
In [42]: orders_by_month
Out[42]: Month
         2010-12 1559
         2011-01 1086
         2011-02 1100
         2011-03 1454
         2011-04 1246
         2011-05 1681
         2011-06 1533
         2011-07 1475
         2011-08 1361
         2011-09 1837
         2011-10 2040
         2011-11 2769
         2011-12
                   819
         Freq: M, Name: InvoiceNo, dtype: int64
In [43]: plt.figure(figsize=(10, 6))
         orders_by_month.plot(kind='line', marker='o', color='blue')
         plt.title("Total Number of Orders Over Time")
         plt.xlabel("Month")
         plt.ylabel("Number of Orders")
         plt.grid(True)
         plt.show()
```



Total Number of Orders Over Time



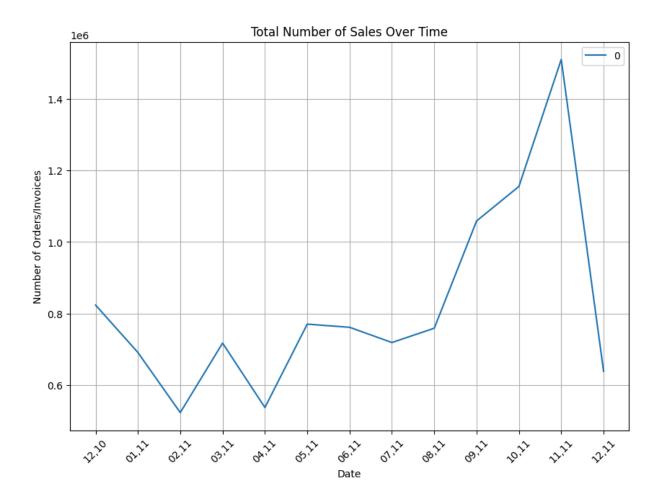
Orders fluctuated at lower levels in the first half of the year, followed by a strong growth phase starting in September. The peak in November suggests a significant seasonal influence. The sharp drop in December might be due to post-peak normalization or seasonality ending.

# **Revenue Analysis Over Time:**

Create a time-series plot for total revenue over time. Describe how revenue is calculated and interpret the trends observed. Why is ax.set\_ylim used, and how does adjusting this parameter affect the plot?

```
In [44]: df=df.loc[df['UnitPrice']>0]
         df['sales']=df['Quantity']*df['UnitPrice']
In [45]:
         monthly_revenue_df=df.set_index('InvoiceDate')['sales'].resample('M').sum()
         monthly_revenue_df
        C:\Users\Mr. Royal\AppData\Local\Temp\ipykernel_6612\3994170172.py:2: FutureWarning:
        'M' is deprecated and will be removed in a future version, please use 'ME' instead.
          monthly revenue df=df.set index('InvoiceDate')['sales'].resample('M').sum()
```

```
Out[45]: InvoiceDate
         2010-12-31 823746.140
                      691364.560
         2011-01-31
         2011-02-28 523631.890
         2011-03-31 717639.360
2011-04-30 537808.621
         2011-05-31 770536.020
         2011-06-30 761739.900
         2011-07-31
                      719221.191
         2011-08-31
                      759138.380
         2011-09-30 1058590.172
         2011-10-31 1154979.300
         2011-11-30 1509496.330
         2011-12-31 638792.680
         Freq: ME, Name: sales, dtype: float64
In [46]: # Assuming 'monthly_revenue_df' is already defined and indexed by date
         ax = pd.DataFrame(monthly_revenue_df.values).plot(
             grid=True,
             figsize=(10, 7),
         ax.set_xlabel('Date')
         ax.set_ylabel('Number of Orders/Invoices')
         ax.set_title('Total Number of Sales Over Time')
         # Formatting x-axis ticks for dates
         plt.xticks(
             range(len(monthly_revenue_df.index)),
             [x.strftime('%m,%y') for x in monthly_revenue_df.index],
             rotation=45
         )
         plt.show()
```



An overall upward or downward trend could indicate growth or decline in sales. There is a drop in sales from December 2010 to January 2011

Sales remain relatively stable with small peaks and dips from February to August 2011. During this time, sales fluctuate between 600,000 and 800,000.

Significant Growth: Sales start to rise sharply from September 2011, showing a dramatic increase through October and peaking in November 2011 at approximately 1,500,00

## Repeat vs. Unique Customers Analysis:

Analyze and plot the number of repeat and unique customers each month. How are repeat customers identified? Explain the use of a dual-axis plot to show both the customer count and repeat customer percentage. Why is this type of visualization effective?

```
In [47]: invoice_customerdf1=df.groupby(by=['InvoiceNo','InvoiceDate']).agg({
    'sales':sum,
    'CustomerID':max,
```

```
'Country':max,
}).reset_index()
invoice_customerdf1
```

C:\Users\Mr. Royal\AppData\Local\Temp\ipykernel\_6612\95178010.py:1: FutureWarning: T he provided callable <built-in function sum> is currently using SeriesGroupBy.sum. I n a future version of pandas, the provided callable will be used directly. To keep c urrent behavior pass the string "sum" instead.

invoice\_customerdf1=df.groupby(by=['InvoiceNo','InvoiceDate']).agg({
C:\Users\Mr. Royal\AppData\Local\Temp\ipykernel\_6612\95178010.py:1: FutureWarning: T
he provided callable <built-in function max> is currently using SeriesGroupBy.max. I
n a future version of pandas, the provided callable will be used directly. To keep c
urrent behavior pass the string "max" instead.

invoice\_customerdf1=df.groupby(by=['InvoiceNo','InvoiceDate']).agg({

Out[47]:		InvoiceNo	InvoiceDate	sales	CustomerID	Country
	0	536365	2010-12-01 08:26:00	139.12	17850.0	United Kingdom
	1	536366	2010-12-01 08:28:00	22.20	17850.0	United Kingdom
	2	536367	2010-12-01 08:34:00	278.73	13047.0	United Kingdom
	3	536368	2010-12-01 08:34:00	70.05	13047.0	United Kingdom
	4	536369	2010-12-01 08:35:00	17.85	13047.0	United Kingdom
	•••				•••	
	19997	581584	2011-12-09 12:25:00	140.64	13777.0	United Kingdom
	19998	581585	2011-12-09 12:31:00	329.05	15804.0	United Kingdom
	19999	581586	2011-12-09 12:49:00	339.20	13113.0	United Kingdom
	20000	581587	2011-12-09 12:50:00	249.45	12680.0	France
	20001	A563185	2011-08-12 14:50:00	11062.06	NaN	United Kingdom

20002 rows × 5 columns

```
In [48]: df_customer= df[df['CustomerID']==13047.0]['sales'].sum()
    df_customer
```

Out[48]: np.float64(3237.54)

```
In [49]: monthly_repeat_customer_df=invoice_customerdf1.set_index('InvoiceDate').groupby([pd
```

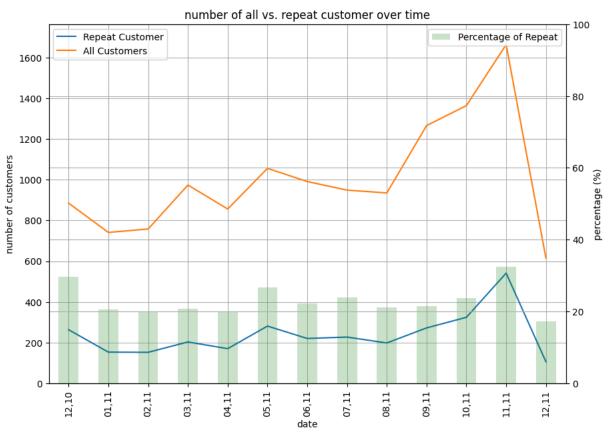
C:\Users\Mr. Royal\AppData\Local\Temp\ipykernel\_6612\3821557082.py:1: FutureWarning:
'M' is deprecated and will be removed in a future version, please use 'ME' instead.
 monthly\_repeat\_customer\_df=invoice\_customerdf1.set\_index('InvoiceDate').groupby([p d.Grouper(freq='M'),'CustomerID']).filter(lambda x:len(x)>1) ['CustomerID'].resample ('M').nunique()

```
In [50]: monthly_repeat_customer_df
```

```
263
         2010-12-31
         2011-01-31
                      153
                    152
         2011-02-28
         2011-03-31
                    203
         2011-04-30
                    170
         2011-05-31
                    281
         2011-06-30
                       220
         2011-07-31
                    227
         2011-08-31
                     198
         2011-09-30
                       272
         2011-10-31
                       324
         2011-11-30
                       541
         2011-12-31
                       106
         Freq: ME, Name: CustomerID, dtype: int64
In [51]: |monthly_unique_customer_df=df.set_index('InvoiceDate')['CustomerID'].resample('M')
       C:\Users\Mr. Royal\AppData\Local\Temp\ipykernel_6612\672356104.py:1: FutureWarning:
        'M' is deprecated and will be removed in a future version, please use 'ME' instead.
         monthly_unique_customer_df=df.set_index('InvoiceDate')['CustomerID'].resample
       ('M').nunique()
         Repeat customers percentage
In [52]: |monthly_repeat_percentage=monthly_repeat_customer_df/monthly_unique_customer_df*100
         monthly_repeat_percentage
Out[52]: InvoiceDate
         2010-12-31 29.717514
         2011-01-31 20.647773
         2011-02-28 20.052770
         2011-03-31 20.841889
         2011-04-30 19.859813
         2011-05-31 26.609848
         2011-06-30 22.199798
         2011-07-31 23.919916
         2011-08-31 21.176471
         2011-09-30 21.484992
         2011-10-31
                    23.753666
         2011-11-30
                       32.512019
         2011-12-31
                      17.235772
         Freq: ME, Name: CustomerID, dtype: float64
In [53]: ax = pd.DataFrame(monthly repeat customer df.values).plot(
             figsize=(10,7)
         pd.DataFrame(monthly_unique_customer_df.values).plot(
             ax=ax,
             grid=True
         ax2=pd.DataFrame(monthly_repeat_percentage.values).plot.bar(
             ax=ax,
             grid=True,
```

Out[50]: InvoiceDate

```
secondary_y=True, # graph la right side y axis varum (secoundary_y = true)
   color='green',
   alpha=0.2
ax.set_xlabel('date')
ax.set_ylabel('number of customers')
ax.set_title('number of all vs. repeat customer over time')
ax2.set_ylabel('percentage (%)')
ax.legend(['Repeat Customer','All Customers'])
ax2.legend(['Percentage of Repeat'],loc='upper right')
ax.set_ylim([0,monthly_unique_customer_df.values.max()+100])
ax2.set_ylim([0,100])
plt.xticks( #position
   range(len(monthly_repeat_customer_df.index)),
   [x.strftime('%m,%y') for x in monthly_repeat_customer_df.index],# convert the t
   rotation=45
plt.show()
```



- \* Repeat customers are identified by checking if a customer ID appears in previous months, indicating they have made multiple purchases.
  - A dual-axis plot shows the total customer count on one axis and the repeat customer percentage on another, allowing easy comparison of both metrics over time.

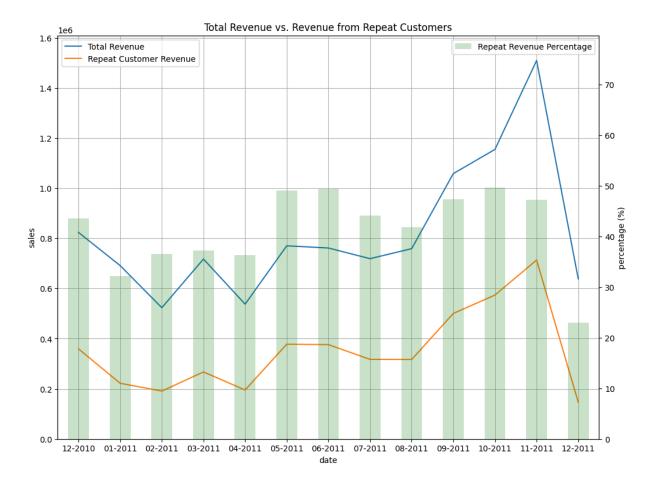
 This visualization is effective because it provides a clear view of the relationship between the total customer base and the retention rate, helping identify trends in customer loyalty.

## **Revenue from Repeat Customers:**

Compute and plot monthly revenue from repeat customers. Why is it important to track this metric separately from overall revenue? How would this information influence business strategies for customer retention?

```
In [54]: |monthly_rev_repeat_customer_df=invoice_customerdf1.set_index('InvoiceDate').groupby
          monthly_rev_repeat_customer_df
        C:\Users\Mr. Royal\AppData\Local\Temp\ipykernel_6612\469262344.py:1: FutureWarning:
         'M' is deprecated and will be removed in a future version, please use 'ME' instead.
          monthly_rev_repeat_customer_df=invoice_customerdf1.set_index('InvoiceDate').groupb
        y([pd.Grouper(freq='M'),'CustomerID']).filter(lambda x:len(x)>1).resample('M').sum()
        ['sales']
Out[54]: InvoiceDate
          2010-12-31 359170.60
          2011-01-31 222124.00
          2011-02-28 191067.27
2011-03-31 267390.48
          2011-04-30 195474.18
2011-05-31 378197.04
          2011-06-30 376307.26
          2011-07-31 317475.00
2011-08-31 317134.25
          2011-09-30 500663.36
2011-10-31 574006.87
          2011-11-30 713775.85
          2011-12-31 146833.97
          Freq: ME, Name: sales, dtype: float64
In [55]: |monthly_rev_perc_repeat_customer_df=monthly_rev_repeat_customer_df/monthly_revenue_
          monthly_rev_perc_repeat_customer_df
```

```
Out[55]: InvoiceDate
         2010-12-31 43.602098
         2011-01-31 32.128346
         2011-02-28 36.488853
         2011-03-31 37.259729
         2011-04-30 36.346420
         2011-05-31 49.082331
         2011-06-30 49.401017
         2011-07-31 44.141497
         2011-08-31 41.775552
         2011-09-30 47.295296
         2011-10-31 49.698455
         2011-11-30 47.285696
         2011-12-31
                       22.986170
         Freq: ME, Name: sales, dtype: float64
In [56]: | ax = pd.DataFrame(monthly_revenue_df.values).plot(figsize=(12,9))
         pd.DataFrame(monthly_rev_repeat_customer_df.values).plot(
             ax=ax,
             grid=True,
         ax.set_xlabel('date')
         ax.set_ylabel('sales')
         ax.set_title('Total Revenue vs. Revenue from Repeat Customers')
         ax.legend(['Total Revenue', 'Repeat Customer Revenue'])
         ax.set_ylim([0, max(monthly_revenue_df.values)+100000])
         ax2 = ax.twinx()
         pd.DataFrame(monthly_rev_perc_repeat_customer_df.values).plot(
             ax=ax2,
             kind='bar',
             color='g',
             alpha=0.2
         ax2.set_ylim([0, max(monthly_rev_perc_repeat_customer_df.values)+30])
         ax2.set_ylabel('percentage (%)')
         ax2.legend(['Repeat Revenue Percentage'])
         ax2.set_xticklabels([
             x.strftime('%m-%Y') for x in monthly_rev_perc_repeat_customer_df.index
         ])
         plt.show()
```



The repeat revenue percentage values (8.0 and 6.5) suggest that a notable portion of total revenue comes from repeat customers.

The graph likely shows how repeat customer revenue contributes to overall revenue over time, helping to identify trends and the effectiveness of customer retention strategies.

# Popular Items Over Time:

Analyze monthly sales data for different products and create a plot that visualizes the quantity trends over time

C:\Users\Mr. Royal\AppData\Local\Temp\ipykernel\_6612\814040035.py:3: FutureWarning:
'M' is deprecated and will be removed in a future version, please use 'ME' instead.
pd.Grouper(freq='M'), 'StockCode'

InvoiceDate	StockCode	
2010-12-31	10002	251
	10120	16
	10125	154
	10133	130
	10135	411
•••	•••	•••
2011-12-31	DCGSSBOY	1
	DOT	16
	M	819
	POST	124
	gift_0001_10	1

34069 rows × 1 columns

Out[58]:		StockCode	Quantity
	0	23084	14954
	1	22197	12460
	2	22086	7908
	3	85099B	5909
	4	22578	5366
	•••		
	2934	35638A	1
	2935	35638B	1
	2936	35818B	1
	2937	90152A	1
	2938	90160B	1

2939 rows × 2 columns

# highlighting the top 5 items with a custom date format and labeled axes

```
In [59]: date_item_df = pd.DataFrame(
    df.loc[
    df['StockCode'].isin([23084, 84836, 22197, 23086, '8500981'])
    ]. set_index('InvoiceDate').groupby([
    pd.Grouper(freq='M'),'StockCode'
    ])['Quantity'].sum()
    )
    date_item_df
C:\Usens\Mn. Royal\AppData\Local\Tomp\invkoppol_6612\2086855463_pv:5: Futupoklapping:
```

C:\Users\Mr. Royal\AppData\Local\Temp\ipykernel\_6612\3086855463.py:5: FutureWarning:
'M' is deprecated and will be removed in a future version, please use 'ME' instead.
 pd.Grouper(freq='M'),'StockCode'

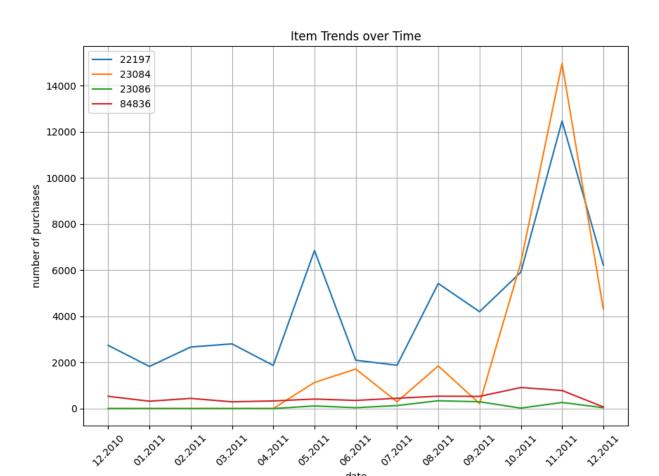
Out[59]: Quantity

InvoiceDate	StockCode	
2010-12-31	22197	2738
	84836	530
2011-01-31	22197	1824
	84836	318
2011-02-28	22197	2666
	84836	440
2011-03-31	22197	2803
	84836	292
2011-04-30	22197	1869
	84836	330
2011-05-31	22197	6849
	23084	1131
	23086	112
	84836	412
2011-06-30	22197	2095
	23084	1713
	23086	37
	84836	352
2011-07-31	22197	1876
	23084	294
	23086	129
	84836	446
2011-08-31	22197	5421
	23084	1847
	23086	338
	84836	535
2011-09-30	22197	4196
	23084	215
	23086	294

#### Quantity

InvoiceDate	StockCode	
	84836	527
2011-10-31	22197	5907
	23084	6323
	23086	19
	84836	911
2011-11-30	22197	12460
	23084	14954
	23086	264
	84836	782
2011-12-31	22197	6217
	23084	4311
	23086	35
	84836	69

Out[60]:	StockCode	22197	23084	23086	84836
	InvoiceDate				
	2010-12-31	2738.0	0.0	0.0	530.0
	2011-01-31	1824.0	0.0	0.0	318.0
	2011-02-28	2666.0	0.0	0.0	440.0
	2011-03-31	2803.0	0.0	0.0	292.0
	2011-04-30	1869.0	0.0	0.0	330.0
	2011-05-31	6849.0	1131.0	112.0	412.0
	2011-06-30	2095.0	1713.0	37.0	352.0
	2011-07-31	1876.0	294.0	129.0	446.0
	2011-08-31	5421.0	1847.0	338.0	535.0
	2011-09-30	4196.0	215.0	294.0	527.0
	2011-10-31	5907.0	6323.0	19.0	911.0
	2011-11-30	12460.0	14954.0	264.0	782.0
	2011-12-31	6217.0	4311.0	35.0	69.0



The graph provides insights into purchasing trends over time, helping to identify seasonal patterns, growth or decline in sales, and item performance.

It can highlight anomalies or unusual events that may require further investigation.

Businesses can use this data to optimize inventory management, marketing strategies, and product offerings to align with customer demand.

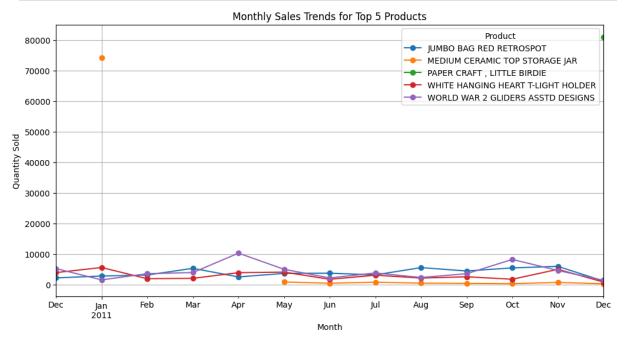
```
In [62]: # Aggregate product sales by month
    product_sales = df.groupby(['Month', 'Description'])['Quantity'].sum().reset_index(
    # Identify top 5 products overall
    top_products = product_sales.groupby('Description')['Quantity'].sum().nlargest(5).i

# Filter for top products
    top_product_sales = product_sales[product_sales['Description'].isin(top_products)]

# Pivot for visualization
    pivot = top_product_sales.pivot(index='Month', columns='Description', values='Quant

# Plot trends for top 5 products
    pivot.plot(kind='line', figsize=(12, 6), marker='o')
    plt.title("Monthly Sales Trends for Top 5 Products")
    plt.ylabel("Quantity Sold")
    plt.xlabel("Month")
    plt.grid()
```

```
plt.legend(title="Product")
plt.show()
```



#### 9

#### **Outlier in January 2011:**

MEDIUM CERAMIC TOP STORAGE JAR (orange line) has a significant spike in sales, with over 80,000 units sold. This appears to be an anomaly, as it drastically exceeds all other monthly sales for any product. WORLD WAR 2 GLIDERS ASSTD DESIGNS (purple line) shows periodic spikes, particularly in April, September, and November. JUMBO BAG RED RETROSPOT (blue line) maintains steady sales throughout the year, with a slight peak in November.

#### **Seasonal Trends:**

November emerges as a strong sales month across multiple products, likely due to holiday demand or promotions. Sales for all products sharply decline in December 2011, mirroring seasonal trends observed in other analyses.