

# **Business Analytics**

Chapter 2 - Descriptive Statistics



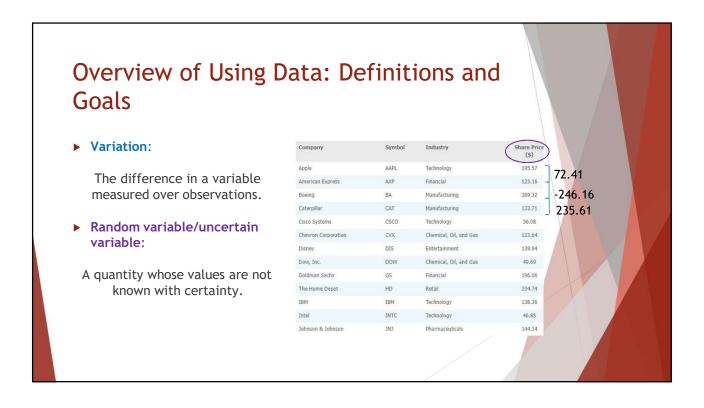
### Overview of Using Data: Definitions and Goals

### ► Data:

The facts and figures collected, analyzed, and summarized for presentation and interpretation.

Company	Symbol	Industry	Share Price (\$)	Volume
Apple	AAPL	Technology	195.57	21,060,685
American Express	AXP	Financial	123.16	2,387,770
Boeing	BA	Manufacturing	369.32	3,002,708
Caterpillar	CAT	Manufacturing	133.71	3,747,782
Cisco Systems	CSCO	Technology	56.08	25,533,426
Chevron Corporation	CVX	Chemical, Oil, and Gas	123.64	4,705,879
Disney	DIS	Entertainment	139.94	14,670,995
Dow, Inc.	DOW	Chemical, Oil, and Gas	49.69	4,002,257
Goldman Sachs	GS	Financial	196.06	1,828,219
The Home Depot	HD	Retail	204.74	3,583,573
IBM	IBM	Technology	138.36	2,797,803
Intel	INTC	Technology	46.85	16,658,127
Johnson & Johnson	JNJ	Pharmaceuticals	144.24	7,516,973

### Overview of Using Data: Definitions and Goals ▶ Variable: A characteristic or a quantity of American Express Financial 123.16 2,387,770 interest that can take on different Manufacturing 369.32 3,002,708 Caterpillar Manufacturing values. 3,747,782 Cisco Systems 56.08 25,533,426 Chemical, Oil, and Gas **▶** Observation: 14,670,995 Dow, Inc. Chemical, Oil, and Gas 49.69 4 002 257 A set of values corresponding to a Goldman Sachs 196.06 1,828,219 Financial The Home Depot 3,583,573 set of variables. 16,658,127 Johnson & Johnson Pharmaceuticals 7.516.973



### Types of Data - Population and Sample Data

□Population:

All elements of interest.

□Sample:

Subset of the population.

Are students in a classroom a population or sample?



### Types of Data

► Random sampling:

A sampling method to gather a representative sample of the population data.

- ▶ Is it truly a random sample?
- ▶ Does it really represent the population?
  - ▶ Where is your data coming from?
  - ▶ Who was polled?
  - ► How many people were polled?



### Types of Data (Slide 1 of 5)

### **▶** Quantitative data:

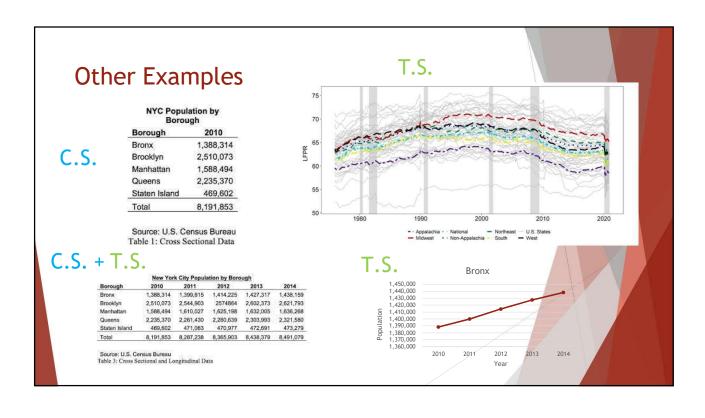
Data on which numeric and arithmetic operations, such as addition, subtraction, multiplication, and division, can be performed.

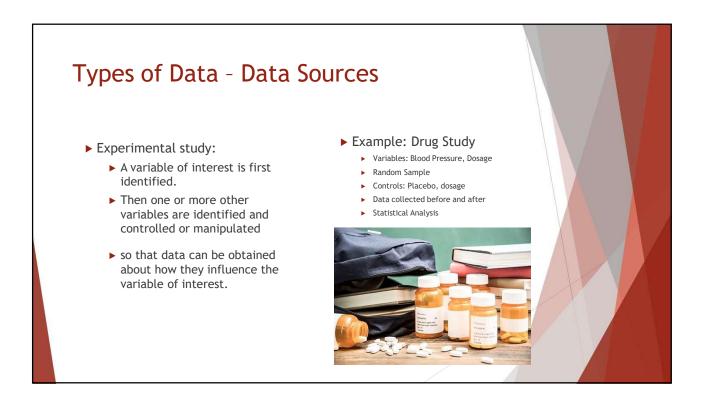
### ► Categorical data:

Data on which arithmetic operations cannot be performed.

		C	Q / //	Q
Company	Symbol	Industry	Share Price (\$)	Volume
Apple	AAPL	Technology	195.57	21,060,685
American Express	AXP	Financial	123.16	2,387,770
Boeing	BA	Manufacturing	369.32	3,002,708
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Intel	INTC	Technology	46,85	16,658,127
Johnson & Johnson	JNJ	Pharmaceuticals	144.24	7,516,973

# Types of Data Cross-sectional data: Data collected from several entities at the same, or approximately the same point in time. Data collected over several time periods.





### Types of Data - Data Sources

- □Nonexperimental study or observational study:
  - Makes no attempt to control the variables of interest.
  - ► A survey is perhaps the most common type of observational study.

Customer Opinion Questionnaire Used by Chops City Grill Restaurant



# Modifying Data in Excel Sorting and Filtering Data in Excel Conditional Formatting of Data in Excel

## Modifying Data in Excel

Table 2.2: 20 Top-Selling Automobiles in United States in February 2019

Rank (by February 2019 Sales)	Manufacturer	Model	Sales (February 2019)	Sales (February 2018)
1	Toyota	Corolla	29,016	25,021
2	Toyota	Camry	24,267	30,865
3	Honda	Civic	22,979	25,816
4	Honda	Accord	20,254	19,753
5	Nissan	Sentra	17,072	17,148
6	Nissan	Altima	16,216	19,703
7	Ford	Fusion	13,163	16,721
8	Chevrolet	Malibu	10,799	11,890

## Modifying Data in Excel

Table 2.2: 20 Top-Selling Automobiles in United States in February 2019 (cont.)

Rank (by February 2019 Sales)	Manufacturer	Model	Sales (February 2019)	Sales (February 2018)
9	Hyundai	Elantra	10,304	15,724
10	Kia	Soul	8,592	6,631
11	Chevrolet	Cruze	7,361	12,875
12	Nissan	Versa	7,410	7,196
13	Volkswagen	Jetta	7,109	4,592
14	Kia	Optima	7,212	6,402
15	Kia	Forte	6,953	7,662
16	Hyundai	Sonata	6,481	6,700

## Modifying Data in Excel

Table 2.2: 20 Top-Selling Automobiles in United States in February 2019 (cont.)

Rank (by February 2019 Sales)	Manufacturer	Model	Sales (February 2019)	Sales (February 20 <mark>18</mark> )
17	Tesla	Model 3	5,750	2,485
18	Dodge	Charger	6,547	7,568
19	Ford	Mustang	5,342	5,800
20	Ford	Fiesta	5,035	3,559

## Modifying Data in Excel

Figure 2.3: Data for 20 Top-Selling Automobiles Entered into Excel with Percent Change in Sales from 2018

1	A	В	C	D	E	F
	Rank (by February			Sales (February	Sales (February	Percent Change in
1	2019 Sales)	Manufacturer	Model	2019)	2018)	Sales from 2018
2	1	Toyota	Corolla	29016	25021	16.0%
3	2	Toyota	Camry	24267	30865	-21.4%
4	3	Honda	Civic	22979	25816	-11.0%
5	4	Honda	Accord	20254	19753	2.5%
6	5	Nissan	Sentra	17072	17148	-0.4%
7	6	Nissan	Altima	16216	19703	-17.7%
8	7	Ford	Fusion	13163	16721	-21.3%
9	8	Chevrolet Cruze	Malibu	10799	11890	-9.2%
10	9	Hyundai	Elantra	10304	15724	-34.5%
11	10	Kia	Soul	8592	6631	29.6%
12	11	Chevrolet	Cruze	7361	12875	-42.8%
13	12	Nissan	Versa	7410	7196	3.0%
14	13	Volkswagen	Jetta	7109	4592	54.8%
15	14	Kia	Optima	7212	6402	12.7%
16	15	Kia	Forte	6953	7662	-9.3%
17	16	Hyundai	Sonata	6481	6700	-3.3%
18	17	Tesla	Model 3	5750	2485	131.4%
19	18	Dodge	Charger	6547	7568	-13.5%
20	19	Ford	Mustang	5342	5800	-7.9%
21	20	Ford	Fiesta	5035	3559	41.5%

### Modifying Data in Excel (Slide 5 of 14)

Sorting and Filtering Data in Excel:

- ▶ To sort the automobiles by February 2018 sales:
  - ► Step 1: Select cells A1:F21.
  - ▶ Step 2: Click the Data tab in the Ribbon.
  - ▶ Step 3: Click **Sort** in the **Sort & Filter** group.
  - ▶ Step 4: Select the check box for My data has headers.
  - ▶ Step 5: In the first **Sort by** dropdown menu, select **Sales** (**February 2018**).
  - ▶ Step 6: In the Order dropdown menu, select Largest to Smallest.
  - ▶ Step 7: Click OK.

### Modifying Data in Excel Sales (February Figure 2.4: Using Excel's Sort Rank (by February Sales (February Percent Change in 2019 Sales) Manufacturer Model 2019) 2018) Sales from 2018 Function to Sort the Top-Selling Corolla 29016 25021 Toyota Automobiles Data Camry 24267 30865 -21.38% Toyota Honda -10.99% Hon Sort Niss \*Add Level X Delete Level D Copy Level -My data has headers Niss Fore Che Sort by Sales (February 2018) Values Hyu Kia 10 11 Che 13 Voll 14 15 Kia 16 17 18 Kia 16 Hyu Model 3 2485 131.39% 17 Tesla 18 6547 7568 -13.49% Dodge Charger Mustang -7.90% Ford

### Modifying Data in Excel

Figure 2.5: Top-Selling Automobiles Data Sorted by Sales in February 2018 Sales

1	A	В	C	D	E	F
1	Rank (by February 2019 Sales)	Manufacturer	Model	Sales (February 2019)	Sales (February 2018)	Percent Change in Sales from 2018
2	2	Toyota	Camry	24267	30865	-21.38%
3	3	Honda	Civic	22979	25816	-10.99%
4	1	Toyota	Corolla	29016	25021	15.97%
5	4	Honda	Accord	20254	19753	2.54%
6	6	Nissan	Altima	16216	19703	-17.70%
7	5	Nissan	Sentra	17072	17148	-0.44%
8	7	Ford	Fusion	13163	16721	-21.28%
9	9	Hyundai	Elantra	10304	15724	-34.47%
10	11	Chevrolet	Cruze	7361	12875	-42.83%
11	8	Chevrolet Cruze	Malibu	10799	11890	-9.18%
12	15	Kia	Forte	6953	7662	-9.25%
13	18	Dodge	Charger	6547	7568	-13.49%
14	12	Nissan	Versa	7410	7196	2.97%
15	16	Hyundai	Sonata	6481	6700	-3.27%
16	10	Kia	Soul	8592	6631	29.57%
17	14	Kia	Optima	7212	6402	12.65%
18	19	Ford	Mustang	5342	5800	-7.90%
19	13	Volkswagen	Jetta	7109	4592	54.81%
20	20	Ford	Fiesta	5035	3559	41.47%
21	17	Tesla	Model 3	5750	2485	131.39%

### Modifying Data in Excel

Sorting and Filtering Data in Excel (cont.):

- ▶ Using Excel's Filter function to see the sales of models made by Nissan:
  - ▶ Step 1: Select cells A1:F21.
  - ▶ Step 2: Click the **Data** tab in the Ribbon.
  - ▶ Step 3: Click Filter in the Sort & Filter group.
  - ▶ Step 4: Click on the Filter Arrow in column B, next to Manufacturer.
  - Step 5: If all choices are checked, you can easily deselect all choices by unchecking (Select All). Then select only the check box for Nissan.
  - ► Step 6. Click OK.

### Modifying Data in Excel (Slide 9 of 14)

Figure 2.6: Top-Selling Automobiles Data Filtered to Show Only Automobiles Manufactured by Nissan

-24	A	В	C	D	E	F
	Rank (by February			Sales (February	Sales (February	Percent Change in
1	2019 Sales)	Manufacturer 🛪	Model *	2019)	2018)	Sales from 2018
6	5	Nissan	Sentra	17072	17148	-0.44%
7	6	Nissan	Altima	16216	19703	-17.70%
12	12	Nissan	Versa	7410	7196	2.97%

### Modifying Data in Excel (Slide 10 of 14)

### Conditional Formatting of Data in Excel:

- ▶ Makes it easy to identify data that satisfy certain conditions in a data set.
- To identify the automobile models in Table 2.2 for which sales had decreased from February 2018 to February 2019:
  - ▶ Step 1: Starting with the original data shown in Figure 2.3, select cells F1:F21.
  - ▶ Step 2: Click on the **Home** tab in the Ribbon.
  - ▶ Step 3: Click **Conditional Formatting** in the **Styles** group.
  - Step 4: Select Highlight Cells Rules, and click Less Than... from the dropdown menu.
  - ▶ Step 5: Enter 0% in the Format cells that are LESS THAN: box.
  - ▶ Step 6: Click OK.

### Modifying Data in Excel (Slide 11 of 14)

Figure 2.7: Using Conditional Formatting in Excel to Highlight Automobiles with Declining Sales from February 2018



### Modifying Data in Excel (Slide 12 of 14)

Figure 2.8: Using Conditional Formatting in Excel to Generate Data Bars for the Top-Selling Automobiles Data

	A	В	C	D	E	F
1	Rank (by February 2019 Sales)	Manufacturer	Model	Sales (February 2019)	Sales (February 2018)	Percent Change in Sales from 2018
2	1	Toyota	Corolla	29016	25021	15.97%
3	2	Toyota	Camry	24267	30865	-21.38%
4	3	Honda	Civic	22979	25816	-10.99%
5	4	Honda	Accord	20254	19753	2.54%
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7	6	Nissan	Altima	16216	19703	-17.70%
8	7	Ford	Fusion	13163	16721	-21.28%
9	8	Chevrolet Cruze	Malibu	10799	11890	-9.18%
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16	15	Kia	Forte	6953	7662	-9.25%
17	18	Dodge	Charger	6547	7568	-13.49%
18	16	Hyundai	Sonata	6481	6700	-3.27%
19	17	Tesla	Model 3	5750	2485	131.39%
20	19	Ford	Mustang	5342	5800	-7.90%
21	20	Ford	Fiesta	5035	3559	41.47%

### Modifying Data in Excel (Slide 13 of 14)

Conditional Formatting of Data in Excel (cont.):

- ▶ Quick Analysis button appears just outside the bottom-right corner of a group of selected cells.
- ▶ It provides shortcuts for Conditional Formatting, adding Data Bars, and other operations.

# Modifying Data in Excel (Slide 14 of 14) Figure 2.9 Excel Quick Analysis Button Formatting Options Charts Totals Tables Sparklines Data Bars Color... Icon Set Greater... Text... Clear... Conditional Formatting uses rules to highlight interesting data.

Frequency Distributions for Categorical Data Relative Frequency and Percent Frequency Distributions Frequency Distributions for Quantitative Data Histograms

**Cumulative Distributions** 

Creating Distributions from Data

Frequency Distributions for Categorical Data:

▶ Frequency distribution: A summary of data that shows the number (frequency) of observations in each of several nonoverlapping classes, typically referred to as bins.

Table 2.3: Data from a Sample of 50 Soft Drink Purchases

Coca-Cola
Diet Coke
Pepsi
Diet Coke
Coca-Cola
Coca-Cola
Dr. Pepper
Diet Coke
Pepsi
Pepsi
Coca-Cola
Dr. Pepper
Sprite
Coca-Cola
Diet Coke
Coca-Cola
Coca-Cola
Coca-Cola

Sprite
Coca-Cola
Diet Coke
Coca-Cola
Diet Coke
Coca-Cola
Sprite
Pepsi
Coca-Cola
Coca-Cola
Coca-Cola
Coca-Cola
Pepsi
Coca-Cola
Sprite
Dr. Pepper
Pepsi
Diet Coke

Pepsi Coca-Cola Coca-Cola Pepsi Dr. Pepper Coca-Cola Diet Coke Pepsi Pepsi Pepsi Pepsi Coca-Cola Dr. Pepper Pepsi Sprite

### Creating Distributions from Data

Table 2.4: Frequency Distribution of Soft Drink Purchases

Soft Drink	Frequency
Coca-Cola	19
Diet Coke	8
Dr. Pepper	5
Pepsi	13
Sprite	5
Total	50

- ► The frequency distribution summarizes information about the popularity of the five soft drinks:
  - ► Coca-Cola is the leader.
  - ▶ Pepsi is second.
  - ▶ Diet Coke is third.
  - ▶ Sprite and Dr. Pepper are tied for fourth.

Figure 2.10: Creating a Frequency Distribution for Soft

Drinks Data in Excel

4	A	В	С	D	E
1	Sampl	e Data		Bins	
2	Coca-Cola	Coca-Cola		Coca-Cola	19
3	Diet Coke	Sprite		Diet Coke	8
4	Pepsi	Pepsi		Dr. Pepper	5
5	Diet Coke	Coca-Cola		Pepsi	13
6	Coca-Cola	Pepsi		Sprite	5
7	Coca-Cola	Sprite			
8	Dr. Pepper	Dr. Pepper			
9	Diet Coke	Pepsi			
10	Pepsi	Diet Coke			
11	Pepsi	Pepsi			
12	Coca-Cola	Coca-Cola			
13	Dr. Pepper	Coca-Cola			
14	Sprite	Diet Coke			
15	Coca-Cola	Pepsi			
16	Diet Coke	Pepsi			
17	Coca-Cola	Pepsi			
18	Coca-Cola	Coca-Cola			
19	Diet Coke	Dr. Pepper			
20	Coca-Cola	Sprite			
21	Coca-Cola	Coca-Cola			
22	Coca-Cola	Coca-Cola			
23	Sprite	Pepsi			
24	Coca-Cola	Dr. Pepper			
25	Coca-Cola	Pepsi			
26	Diet Coke	Pepsi			

### Creating Distributions from Data

Relative Frequency and Percent Frequency Distributions:

- ► Relative frequency distribution: A tabular summary of data showing the relative frequency for each bin.
- ▶ Percent frequency distribution: Summarizes the percent frequency of the data for each bin.
  - □Used to provide estimates of the relative likelihoods of different values of a random variable.

Table 2.5: Relative Frequency and Percent Frequency Distributions of Soft Drink Purchases

Soft Drink	Relative Frequency	Percent Frequency (%)
Coca-Cola	0.38	38
Diet Coke	0.16	16
Dr. Pepper	0.10	10
Pepsi	0.26	26
Sprite	0.10	10
Total	1.00	100

### Creating Distributions from Data

Frequency Distributions for Quantitative Data:

- ► Three steps necessary to define the classes for a frequency distribution with quantitative data:
  - 1. Determine the number of nonoverlapping bins.
  - 2. Determine the width of each bin.
  - 3. Determine the bin limits.

### APPROXIMATE BIN WIDTH

Largest data value — smallest data value

Number of bins

(2.1)

Table 2.6: Year-End Audit Times (Days)

12	14	19	18
15	15	18	17
20	27	22	23
22	21	33	28
14	18	16	13

### Creating Distributions from Data

Table 2.7: Frequency, Relative Frequency, and Percent Frequency Distributions for the Audit Time Data

<b>Audit Times</b>		Relative	Percent
(days)	Frequency	Frequency	Frequency
10–14	4	0.20	20
15–19	8	0.40	40
20–24	5	0.25	25
25–29	2	0.10	10
30–34	1	0.05	5

