

# Walmart Sales Prediction

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## Overview

### Sale Forecasts:

Reliable sales forecasting is essential for a business to enable it to produce the required quantity at the right time. Further, it allows to make the arrangement in advance for raw materials, equipment, labor, etc. Some firms manufacture on the order basis, but in general, firms produce the material in advance to meet the future demand.

Sales forecast can also be defined as an estimate of sales in terms of money or physical units for a specified future period under a proposed marketing plan and under an assumed set of economic and other forces outside the unit for which the forecast is made.

### Methodologies for deriving a forecast

Companies can base their forecasts on historical data, industry-wide comparisons, custom surveys, competition, economic trends, or a combination of the above.

### This project: : Walmart Sales Forecast

This project uses historical data to gain an insight into the sales of products at Walmart stores, and builds a model to predict future sales.

The variables analyzed within this set of data include:

- Price
- Fat Content
- Store visibility/placement
- Store Location
- Period/Year
- Item Type
- Outlet Type and Size

## Data Source

This dataset was downloaded from Kaggle, and it provides information on the historical sales data for Walmart stores in different cities for the year 2013. It has two files in CSV format:

- train.csv - The train dataset contains 11 independent variables and 1 target variable.
- test.csv - The test dataset contains the same set of independent variables but no target variable because that variable will be predicted.

## Data Wrangling

- The train and the test datasets were first imported into a Pandas Dataframe, and then merged into one Dataframe. The combined dataset has 14204 records and 13 columns.
- The Fat content of the Items has different names for the same categories. They were combined into Low Fat and Regular.
- The establishment year of the outlets was subtracted from the current year, and added as a new variable, Outlet\_Year.
- There are some items with zero visibility. Perhaps these items are placed on top shelves or far behind other items, and not visible. So, the value was left unchanged.
- The item type was categorized into three broad categories : Food, Drink, Non-consumable.
- The missing values of the Item Weight were imputed based on the weight of other similar items, and those of the Outlet Size were replaced based on the Outlet Type.
- The cleaned data was split into train and test datasets and saved as a csv file. The Outlet Sales column was deleted from the test dataset.
- Size of the new data:

Dataset	Number of Records	Number of Columns
Train	8523	14
Test	5681	13

### Description of variables in the dataset

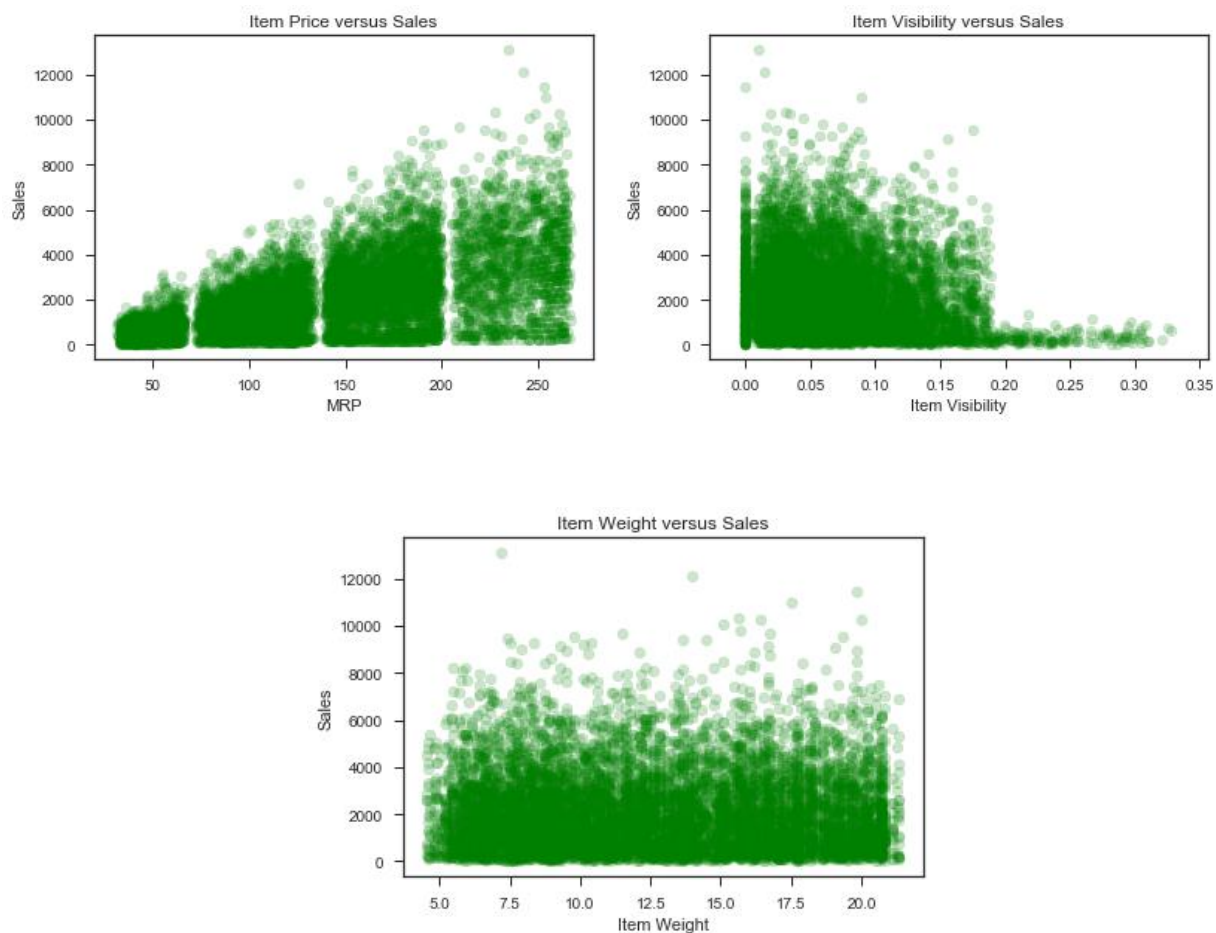
Item_Identifier	Unique product ID
Item_Weight	Weight of product
Item_Fat_Content	Whether the product is low fat or not
Item_Visibility	The % of total display area of all products in a store allocated to the product
Item_Type	The type of item (dairy, fruits, household items,..)
Item_MRP	Maximum Retail Price (list price) of the product
Item_Category	The category to which the product belongs (Food, Drink, Non-Consumable)
Outlet_Identifier	Unique store ID
Outlet_Establishment_Year	The year in which the store was established
Outlet_Size	The size of the store in terms of ground area covered
Outlet_Location_Type	The type of city in which the store is located
Outlet_Type	Whether the outlet is just a grocery store or some sort of supermarket
Item_Outlet_Sales	Sales of the product in the particular store. This is the outcome variable to be predicted.
Outlet_Age	Age of the outlet
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Outlet_Age	Age of the outlet

## Exploratory Data Analysis

### Hypotheses

1. **Location:** Stores located in Tier 1 (urban) cities should have higher sales because of the higher income levels of people there.
2. **Size:** Stores which are very big in size should have higher sales as they act like one-stop-shops and people would prefer getting everything from one place.
3. **Age:** Loyal customers
4. **Type:** Supermarkets are bigger and carry more items than grocery stores.
5. **Visibility:** The placement of a product in the store and on the shelves can impact sales.
6. **Type of Item:** Necessities tend to sell more than other items.

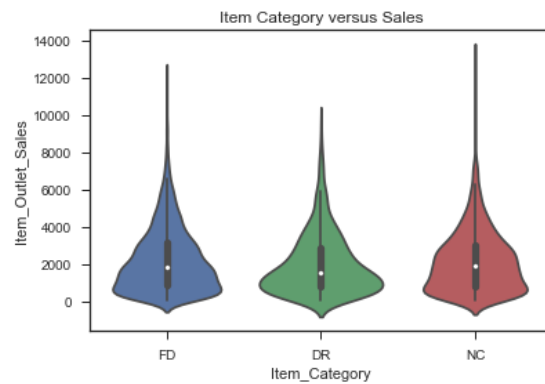
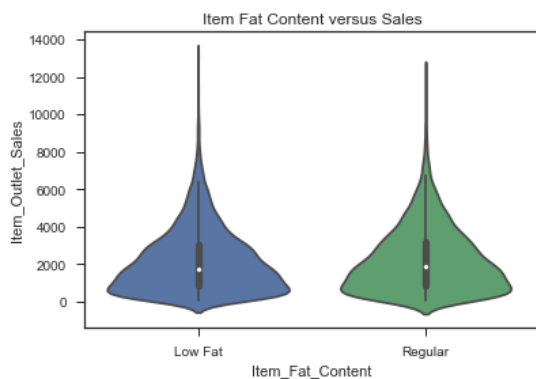
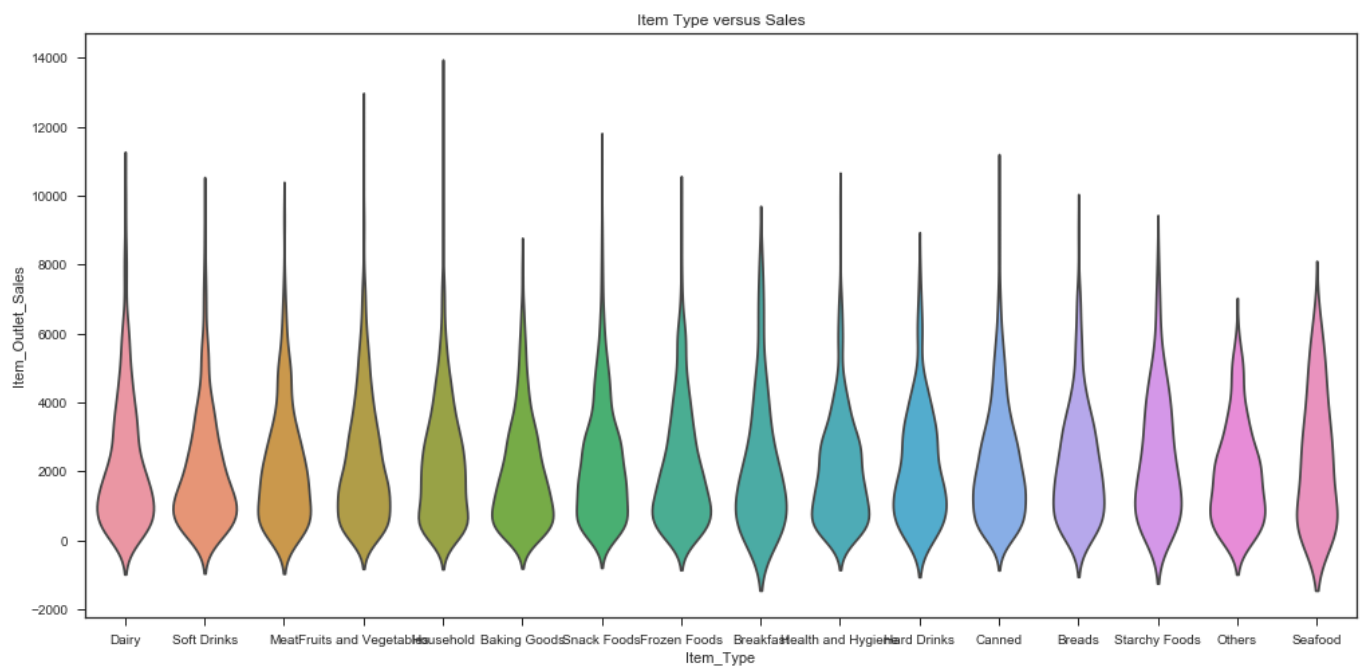
### Relationship between item price, visibility, weight AND sales



- The item price shows four different groups of prices .
- Items with very high visibility are seen to have lower sales.
- There is no clear trend between the weight of the item and its price. The sales are spread across the entire range of weight.

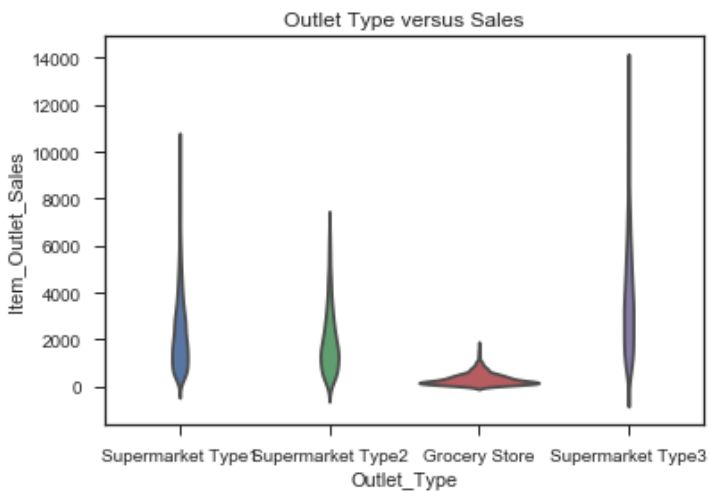
### Distribution of sales across all categories

The distribution of sales for the different categories was visualized with a violin plot. The width of the violin plot indicates the concentration of data at that level. The height shows the range of sales.

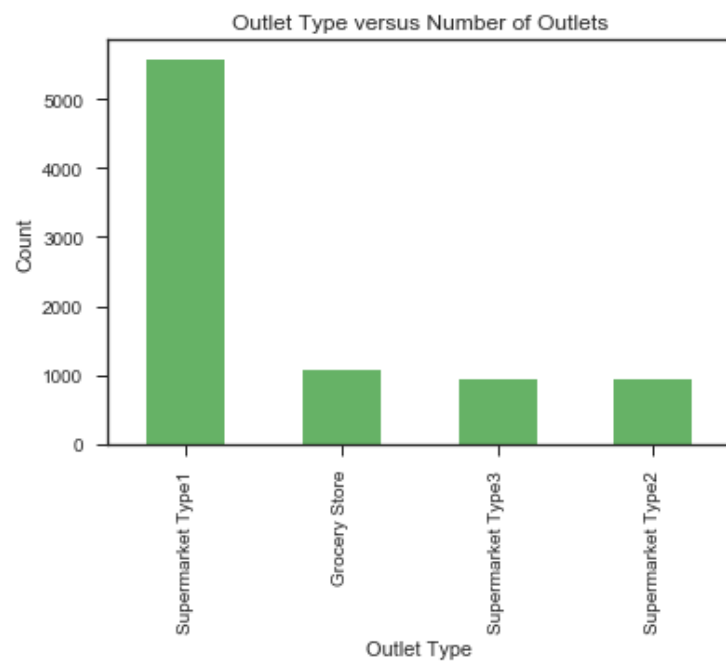


- The distribution of sales across the item types is not very distinct.
- The distribution of sales of Regular and Low Fat items is very similar.
- Drinks have a wider distribution and lower sales as compared to food and non-consumable items. Non-consumables have the largest range of sales.

## Outlet Type

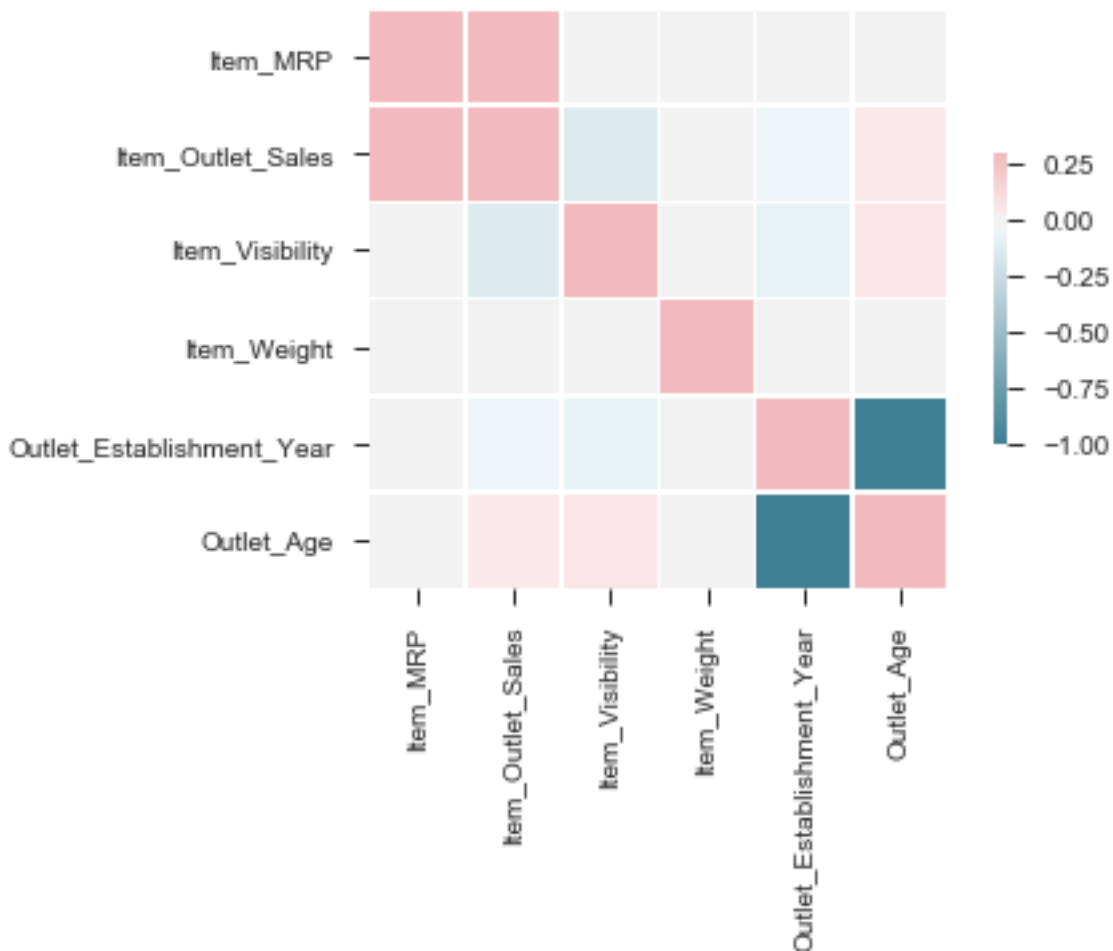


Outlet Type	Outlet Size
Grocery Store	Small
Supermarket Type 1	Small
Supermarket Type 2	Medium
Supermarket Type 3	Medium



- Grocery stores have a higher concentration of data points around the lower sales while the supermarkets have a wide range of item sales.
- Supermarket Type3 has the highest sales and Grocery Store has the lowest. Since Grocery Stores are small, they carry fewer types of items.
- Even though supermarkets Type1 are small, their sales are high because they are larger in number as compared to the other types of outlets.

#### Correlation between the variables



There is a strong correlation between the item price and sales, and a negative correlation between age and establishment year; age was derived from establishment year.

