Module 2 Project - Northwind Analysis / SQL

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- Student pace: part time
- Scheduled project review date/time: 3/22/19 at 2:15pm PST
- Instructor name: Jeff Herman

Importing the libraries and databases

```
In [2]:
           # Importing required libraries
            import pandas as pd
            import numpy as np
            import matplotlib.pyplot as plt
            import seaborn as sns
            %matplotlib inline
            import sqlalchemy
            from sqlalchemy import create engine
            from sqlalchemy.orm import Session, sessionmaker
            from sqlalchemy import inspect
            from scipy import stats
            import statsmodels.api as sm
            from statsmodels.formula.api import ols
            from matplotlib.dates import DateFormatter
            import matplotlib.dates as mdates
            import warnings
            warnings.filterwarnings('ignore') # hide matplotlib warnings
```

```
In [3]: # Creating an engine and connecting to a database with SQLAlchemy engine = create_engine("sqlite://Northwind_small.sqlite", echo=False)

Session = sessionmaker(bind=engine)

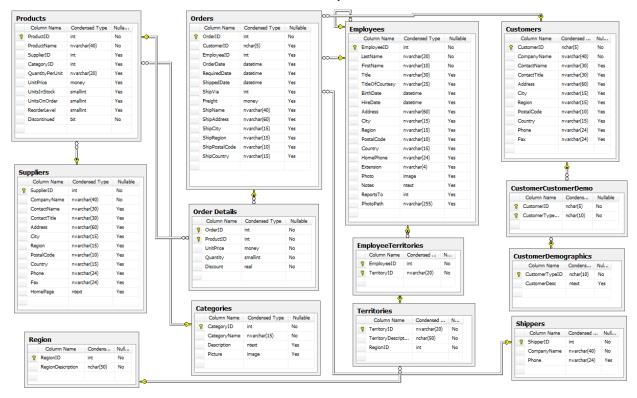
session = Session()

con = engine.connect()
```

Comparing schema table vs. table names

```
In [4]: inspector = inspect(engine)
print(inspector.get_table_names())

['Category', 'Customer', 'CustomerCustomerDemo', 'CustomerDemographic', 'Employee', 'EmployeeTerritory', 'Order', 'OrderDetail', 'Product', 'Region', 'Shipper', 'Supplier', 'Territory']
```



The number of schema names and table names show 13 tables total.

To analyze the SQL schema, I'll convert them into a Pandas dataframe

```
#convert sql tables into pandas dataframes

dfEmployee = pd.read_sql('SELECT * FROM [employee]', engine)

dfCategory = pd.read_sql('SELECT * FROM [category]', engine)

dfCustomer = pd.read_sql('SELECT * FROM [customer]', engine)

dfShipper = pd.read_sql('SELECT * FROM [shipper]', engine)

dfSupplier = pd.read_sql('SELECT * FROM [supplier]', engine)

dfOrder = pd.read_sql('SELECT * FROM [order]', engine)

dfProduct = pd.read_sql('SELECT * FROM [product]', engine)

dfOrderDetail = pd.read_sql('SELECT * FROM [orderdetail]', engine)

dfCustomerCustomerDemo = pd.read_sql('SELECT * FROM [customercustomerdemo]', engine)

dfRegion = pd.read_sql('SELECT * FROM [region]', engine)

dfRegion = pd.read_sql('SELECT * FROM [region]', engine)

dfTerritory = pd.read_sql('SELECT * FROM [territory]', engine)

dfEmployeeTerritory = pd.read_sql('SELECT * FROM [employeeterritory]', engine)
```

Part 1: EDA - What is Northwind exactly?

▶ In [6]: # A look at what prodcuts Northwind sells dfCategory.head()

Out[6]:

Descripti	CategoryName	ld	
Soft drinks, coffees, teas, beers, and a	Beverages	1	0
Sweet and savory sauces, relishes, spreads, an	Condiments	2	1
Desserts, candies, and sweet brea	Confections	3	2
Chees	Dairy Products	4	3
Breads, crackers, pasta, and cere	Grains/Cereals	5	4

▶ In [7]: dfCategory.tail()

Out[7]:

Description	CategoryName	ld	
Cheeses	Dairy Products	4	3
Breads, crackers, pasta, and cereal	Grains/Cereals	5	4
Prepared meats	Meat/Poultry	6	5
Dried fruit and bean curd	Produce	7	6
Seaweed and fish	Seafood	8	7

Northwind appears to be a food distributor

▶ In [8]: # Checking out the regions Northwind covers dfRegion.head()

Out[8]:

	ld	RegionDescription
0	1	Eastern
1	2	Western
2	3	Northern
3	4	Southern

```
▶ In [9]: dfTerritory.head()
```

Out[9]:

	ld	TerritoryDescription	RegionId
0	01581	Westboro	1
1	01730	Bedford	1
2	01833	Georgetow	1
3	02116	Boston	1
4	02139	Cambridge	1

Out[10]:

	CategoryName	Products	Revenue
0	Beverages	12	267868.1800
1	Dairy Products	10	234507.2850
2	Confections	13	167357.2250
3	Meat/Poultry	6	163022.3595
4	Seafood	12	131261.7375
5	Condiments	12	106047.0850
6	Produce	5	99984.5800
7	Grains/Cereals	7	95744.5875

```
▶ In [11]: print(cat_rev['Products'].sum(), 'products sold.')
```

77 products sold.

It seems Northwind sold 77 different types of products and Beverages and Dairy Products are the top sellers to their customer base.

▶ In [12]:

I wanted to see how many employees work at Northwind
dfEmployee.head()

Out[12]:

าDate	HireDate	Address	City	Region	PostalCode	Country	HomePhone	Extension	Photo
30-12- 08	2024-05- 01	507 - 20th Ave. E. Apt. 2A	Seattle	North America	98122	USA	(206) 555- 9857	5467	None
34-02- 19	2024-08- 14	908 W. Capital Way	Tacoma	North America	98401	USA	(206) 555- 9482	3457	None
95-08- 30	2024-04- 01	722 Moss Bay Blvd.	Kirkland	North America	98033	USA	(206) 555- 3412	3355	None
39-09- 19	2025-05- 03	4110 Old Redmond Rd.	Redmond	North America	98052	USA	(206) 555- 8122	5176	None
37-03- 04	2025-10- 17	14 Garrett Hill	London	British Isles	SW1 8JR	UK	(71) 555- 4848	3453	None

▶ In [13]: dfEmployee.tail()

Out[13]:

Date	HireDate	Address	City	Region	PostalCode	Country	HomePhone	Extension	Photo
7-03- 04	2025-10- 17	14 Garrett Hill	London	British Isles	SW1 8JR	UK	(71) 555- 4848	3453	None
5-07- 02	2025-10- 17	Coventry House Miner Rd.	London	British Isles	EC2 7JR	UK	(71) 555- 7773	428	None
2-05- 29	2026-01- 02	Edgeham Hollow Winchester Way	London	British Isles	RG1 9SP	UK	(71) 555- 5598	465	None
0-01- 09	2026-03- 05	4726 - 11th Ave. N.E.	Seattle	North America	98105	USA	(206) 555- 1189	2344	None
8-01- 27	2026-11- 15	7 Houndstooth Rd.	London	British Isles	WG2 7LT	UK	(71) 555- 4444	452	None

Out[14]:

	ld	LastName	FirstName	Title	Office	Orders_fulfilled	Unit_quantities_sold
0	5	Buchanan	Steven	Sales Manager	London	42	21252
1	8	Callahan	Laura	Inside Sales Coordinator	Seattle	104	23652
2	1	Davolio	Nancy	Sales Representative	Seattle	123	15624
3	9	Dodsworth	Anne	Sales Representative	London	43	18690
4	2	Fuller	Andrew	Vice President, Sales	Tacoma	96	42385
5	7	King	Robert	Sales Representative	London	72	46540
6	3	Leverling	Janet	Sales Representative	Kirkland	127	31408
7	4	Peacock	Margaret	Sales Representative	Redmond	156	29394
8	6	Suyama	Michael	Sales Representative	London	67	17635

There's a total of 9 Northwind employees. Four employees are in London and the remaining are in the US.

▶ In [15]: # I now want to get a sense of the Northwind customers and which region they're lo dfCustomer.head()

Out[15]:

	ld	CompanyName	ContactName	ContactTitle	Address	City	Region	PostalCoc
0	ALFKI	Alfreds Futterkiste	Maria Anders	Sales Representative	Obere Str. 57	Berlin	Western Europe	1220
1	ANATR	Ana Trujillo Emparedados y helados	Ana Trujillo	Owner	Avda. de la Constitución 2222	México D.F.	Central America	0502
2	ANTON	Antonio Moreno Taquería	Antonio Moreno	Owner	Mataderos 2312	México D.F.	Central America	0502
3	AROUT	Around the Horn	Thomas Hardy	Sales Representative	120 Hanover Sq.	London	British Isles	WA1 1E
4	BERGS	Berglunds snabbköp	Christina Berglund	Order Administrator	Berguvsvägen 8	Luleå	Northern Europe	S-958 2

▶ In [16]: dfCustomer.tail()

Out[16]:

	ld	CompanyName	ContactName	ContactTitle	Address	City	Region	Pc
86	WARTH	Wartian Herkku	Pirkko Koskitalo	Accounting Manager	Torikatu 38	Oulu	Scandinavia	
87	WELLI	Wellington Importadora	Paula Parente	Sales Manager	Rua do Mercado, 12	Resende	South America	(
88	WHITC	White Clover Markets	Karl Jablonski	Owner	305 - 14th Ave. S. Suite 3B	Seattle	North America	
89	WILMK	Wilman Kala	Matti Karttunen	Owner/Marketing Assistant	Keskuskatu 45	Helsinki	Scandinavia	
90	WOLZA	Wolski Zajazd	Zbyszek Piestrzeniewicz	Owner	ul. Filtrowa 68	Warszawa	Eastern Europe	

There are a total of 91 Northwind customers

```
▶ In [17]: customer_by_region = pd.read_sql_query('''SELECT c.Region
                                                         FROM Customer c
                                                     ''', engine)
            customer_by_region['Region'].value_counts()
  Out[17]: Western Europe
                               28
            North America
                               16
            South America
                               16
            Southern Europe
                               10
            British Isles
                                8
            Central America
                                4
            Northern Europe
            Scandinavia
                                3
            Eastern Europe
                                1
            Name: Region, dtype: int64
```

Overall, Northwind is a food distribution company with offices in London and the US. They are a relatively small company comprising of 9 employees. At quick glance, the London office appears to sell fewer products than the US. Northwind has 91 customers and the regions customers are located are in the table above. The top selling products are Beverages and Dairy Products.

Part 2: Hypothesis Testing

Questions:

- 1. Question 1: Does discount amount have a statistically significant effect on the quantity of a product in an order? If so, at what level(s) of discount?
- 2. Question 2: Is there a statistically significant difference in USA vs. London employee performance?
- 3. Question 3: Is there a statistical significance between discounts given by USA vs. London employees?
- 4. Question 4: Do USA or London employees have higher invoice totals?

Hypothesis 1: Does discount amount have a statistically significant effect on the quantity of a product in an order? If so, at what level(s) of discount?

• H_0 : The average number of products ordered is the same regardless of their being a discount

• H_{α} : The average number of products ordered with a discount is either higher or lower than orders without a discount

Out[54]:

	Quantity	Discount
0	12	0.0
1	10	0.0
2	5	0.0
3	9	0.0
4	40	0.0

```
▶ In [19]: df1.describe()
```

Out[19]:

	Quantity	Discount
count	2155.000000	2155.000000
mean	23.812993	0.056167
std	19.022047	0.083450
min	1.000000	0.000000
25%	10.000000	0.000000
50%	20.000000	0.000000
75%	30.000000	0.100000
max	130.000000	0.250000

```
▶ In [20]: df1.Discount.value_counts()
```

```
Out[20]: 0.00
                  1317
          0.05
                   185
          0.10
                   173
          0.20
                    161
          0.15
                   157
          0.25
                   154
          0.03
                      3
          0.02
                      2
          0.01
                      1
          0.04
                      1
          0.06
```

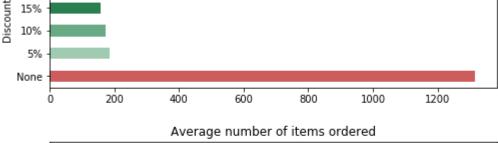
Name: Discount, dtype: int64

```
▶ In [21]: # It might be best to drop discounts at 1%, 2%, 3%, 4% and 6% since they contribut df1 = df1[df1.Discount.isin(['0.00', '0.05', '0.10', '0.15', '0.20', '0.25'])]
```

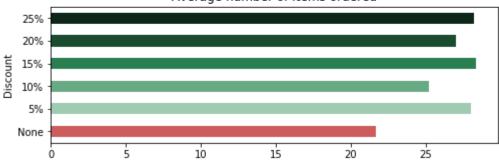
```
#In [22]: #dfOrderDetail.sort_values(by='Discount', ascending=False)
#create two data sets; one with the discount and one without
no_discount = dfOrderDetail[dfOrderDetail['Discount'] == 0.0]['Quantity'].values
discount = dfOrderDetail[dfOrderDetail['Discount'] != 0.0 ]['Quantity'].values
```

```
# Plotting the number of orders and average quantity of items ordered with differe
fig, (ax1, ax2) = plt.subplots(2, 1, figsize=(8,6))
df1.groupby(['Discount'])['Quantity'].count().plot(kind='barh', ax=ax1, colors=['i
df1.groupby(['Discount'])['Quantity'].mean().plot(kind='barh', ax=ax2, colors=['in
ax1.set_title('Total number of items ordered')
ax1.set_ylabel('Discount')
ax2.set_ylabel('Discount')
ax2.set_title('Average number of items ordered')
ax1.set_yticklabels(['None', '5%', '10%', '15%', '20%', '25%'])
ax2.set_yticklabels(['None', '5%', '10%', '15%', '20%', '25%'])
fig.subplots_adjust(hspace=0.4);
```





Total number of items ordered



```
In [51]: #find the mean and std for the two data sets
mu_no_discount = no_discount.mean()
mu_discount = discount.mean()
std_no_discount = no_discount.std()
std_discount = discount.std()
```

25% 20%

```
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In [52]:
            print('mu for no discount:', mu no discount)
            print('mu for discount:', mu discount)
            print('\n')
            print('std for no discount:', std no discount)
            print('std for discount:', std discount)
               mu for no discount: 21.715261958997722
               mu for discount: 27.10978520286396
               std for no discount: 17.500845477669806
               std for discount: 20.759042075141373
▶ In [53]: stats.ttest ind(no discount, discount)
  Out[53]: Ttest indResult(statistic=-6.4785631962949015, pvalue=1.1440924523215966e-10)
             RESULT: The null hypothesis is rejected since the p value is 1.14 e^{-10}. Having a discount or
             not does not affect price.
```

```
▶ In [26]:
           # Examing 5 discount datasets
            discount5 = dfOrderDetail[dfOrderDetail['Discount'] == 0.05]['Quantity'].values
            discount10 = dfOrderDetail[dfOrderDetail['Discount'] == 0.10]['Quantity'].values
            discount15 = dfOrderDetail[dfOrderDetail['Discount'] == 0.15]['Quantity'].values
            discount20 = dfOrderDetail[dfOrderDetail['Discount'] == 0.20]['Quantity'].values
In [27]:
           print('mu for 5% discount: ', discount5.mean())
           print('std for 5% discount: ', discount5.std())
            print('mu for 10% discount: ', discount10.mean())
            print('std for 10% discount: ', discount10.std())
            print('mu for 15% discount: ', discount15.mean())
            print('std for 15% discount: ', discount15.std())
            print('mu for 20% discount: ', discount20.mean())
            print('std for 20% discount: ', discount20.std())
              mu for 5% discount: 28.01081081081081
              std for 5% discount: 22.12763691763768
              mu for 10% discount: 25.23699421965318
              std for 10% discount: 21.125181975751996
              mu for 15% discount: 28.38216560509554
              std for 15% discount: 20.85635892029252
              mu for 20% discount: 27.024844720496894
              std for 20% discount: 18.774222551927533
```

```
In [28]: print(stats.ttest_ind(no_discount, discount5))
    print(stats.ttest_ind(no_discount, discount10))
    print(stats.ttest_ind(no_discount, discount15))
    print(stats.ttest_ind(no_discount, discount20))

Ttest_indResult(statistic=-4.418557901446638, pvalue=1.064949724167325e-05)
    Ttest_indResult(statistic=-2.423258752228738, pvalue=0.015500606526440095)
```

RESULT: Similarly, the p values for each category are less than the test statistic. So I will reject the null hypothesis.

Ttest_indResult(statistic=-4.411192556207304, pvalue=1.1027809944864872e-05)
Ttest_indResult(statistic=-3.6019486047561884, pvalue=0.00032631258591041463)

Hypothesis 2: Is there a statistically significant difference in USA vs. London employee performance?

 H_0 : There is no difference in performance between USA and London employees

 H_{α} : There is a difference in performance between USA and London employees

```
# Incorporating the database
employees_orders = pd.read_sql_query( '''

SELECT O.EmployeeId, E.Country, COUNT(0.Id) AS Tot
FROM [Order] AS O
JOIN Employee as E
ON O.EmployeeId = E.Id
GROUP BY O.EmployeeId

''' ,engine)

employees_orders
```

Out[47]:

	Employeeld	Country	Total_Orders
0	1	USA	123
1	2	USA	96
2	3	USA	127
3	4	USA	156
4	5	UK	42
5	6	UK	67
6	7	UK	72
7	8	USA	104
8	9	UK	43

```
#find the mean and std for the two data sets
usa = employees_orders[employees_orders.Country == 'USA']['Total_Orders']
london = employees_orders[employees_orders.Country == 'UK']['Total_Orders']
```

```
mu_usa = usa.mean()
std_usa = usa.std()
mu_london = london.mean()
std_london = london.std()
```

```
print('mu for usa:', mu_usa)
print('std for usa:', std_usa)
print('\n')
print('mu for london:', mu_london)
print('std for london:', std_london)
```

mu for usa: 0.05282923755513548 std for usa: 0.0823848377442701

mu for london: 0.06549295774647888 std for london: 0.08574460634032187

```
In [33]: stats.ttest_ind(usa, london)
Out[33]: Ttest_indResult(statistic=4.758164460817313, pvalue=0.002063854331616113)
```

RESULT: The p value is 0.002 which shows that I must reject the null hypothesis Result of the test shows that there is a statistically significant difference in employee performance between the 2 office.

Hypothesis 3: Is there a statistical significance between discounts given by USA vs. London employees?

 H_0 : There is no difference in discounts given by from USA and London employees

 H_{α} : There is a difference in discounts given by from USA and London employees

Out[34]:

	Discount	Country
0	0.00	UK
1	0.00	UK
2	0.00	UK
3	0.00	UK
4	0.00	UK
5	0.00	USA
6	0.15	USA
7	0.15	USA
8	0.05	USA
9	0.05	USA
10	0.00	USA
11	0.05	USA
12	0.05	USA
13	0.00	USA
14	0.00	USA
15	0.00	USA
16	0.00	USA
17	0.15	UK
18	0.15	UK
19	0.00	UK
20	0.00	UK
21	0.00	UK
22	0.00	UK
23	0.00	UK
24	0.00	USA
25	0.00	USA
26	0.00	USA
27	0.00	USA
28	0.00	USA

	Discount	Country
29	0.20	USA
2125	0.15	USA
2126	0.15	USA
2127	0.25	USA
2128	0.25	USA
2129	0.25	USA
2130	0.20	USA
2131	0.00	USA
2132	0.00	USA
2133	0.02	USA
2134	0.05	USA
2135	0.10	USA
2136	0.00	USA
2137	0.05	USA
2138	0.00	USA
2139	0.03	USA
2140	0.03	USA
2141	0.04	USA
2142	0.00	USA
2143	0.00	USA
2144	0.05	USA
2145	0.00	USA
2146	0.02	USA
2147	0.00	USA
2148	0.00	USA
2149	0.06	USA
2150	0.03	USA
2151	0.00	USA
2152	0.01	USA
2153	0.00	USA
2154	0.00	USA

2155 rows × 2 columns

```
■ In [35]:
           #find the mean and std for the two data sets
           usa = us_london_discount[us_london_discount.Country == 'USA']['Discount']
            london = us london discount[us london discount.Country == 'UK']['Discount']
▶ In [36]:
           mu usa = usa.mean()
            std usa = usa.std()
           mu london = london.mean()
            std london = london.std()
■ In [48]:
           print('mu for usa:', mu_usa)
            print('std for usa:', std_usa)
            print('\n')
            print('mu for london:', mu_london)
            print('std for london:', std london)
              mu for usa: 0.05282923755513548
              std for usa: 0.0823848377442701
              mu for london: 0.06549295774647888
              std for london: 0.08574460634032187
▶ In [38]: stats.ttest_ind(usa, london)
  Out[38]: Ttest_indResult(statistic=-3.109889948576017, pvalue=0.0018960759380324476)
№ In [ ]:
```

RESULT: There is statistically significant difference in discount amount between employees from USA and London. This result shows we must reject null hypothesis.

Hypothesis 4: Do USA or London employees have higher invoice totals?

 H_0 : London invoice totals are higher than USA invoices totals

 H_{α} : London invoice totals are lower than USA invoice totals

```
# In [39]: #A way of measuring "effect" relative to the parameters of the
#control and treatment groups.
# 0.2 may be considered a "small" effect; 0.5 "medium"; 0.8 "large"

def cohend(control, treatment):
    numer = control.mean() - treatment.mean()
    var = ((len(control) * control.var()) + (len(treatment) * treatment.var())) /
    denom = np.sqrt(var)
    return numer / denom
```

```
▶ In [42]: usa_invoices.head()
```

Out[42]:

	Orderld	Invoice_total
0	10262	584.0
1	10268	1101.2
2	10276	420.0
3	10278	1488.8
4	10279	351.0

```
In [43]:
           #Taking a Look at the data
            london invoices.head()
  Out[43]:
               Orderld Invoice_total
                10248
            0
                            440.00
             1
                10254
                            556.62
            2
                10269
                            642.20
             3
                10297
                           1420.00
                10320
                            516.00
■ In [44]:
            #Value to compare to p-value
            alpha = 0.05
            #A control group from the London invoices
            #A treatment group from the USA invoices
            control2 = london invoices['Invoice total']
            treatment2 = usa invoices['Invoice total']
           print('USA invoice mu:', treatment2.mean())
In [45]:
            print('Number of USA invoices:', len(treatment2))
            print('\n')
            print('London invoice mu:', control2.mean())
            print('Number of London invoices:', len(control2))
              USA invoice mu: 1520.150702970297
              Number of USA invoices: 606
              London invoice mu: 1538.3112209821427
              Number of London invoices: 224
▶ In [46]:
            t2, p2 = stats.ttest ind(control2, treatment2, equal var = False)
            print('T stat is', t2)
            print('P-value is', p2)
            if p2 > alpha:
                print('Cohen\'s D is', cohend(control2, treatment2))
              T stat is 0.12383782386231988
              P-value is 0.9015080381474158
              Cohen's D is 0.005109731621820012
```

RESULT: The p value is 0.90, which is greater than 0.05, so we must fail to reject the null hypothesis.

Conclusions:

- Hypothesis 1: There is a significant increase in quantity of products ordered when a discount is applied or not
- Hypothesis 2: There is statistically significant difference in orders quantity between two groups of employees from USA and London
- Hypothesis 3: Results shows there is statistically significant difference in discount amount between employees from USA and London
- Hypothesis 4: Invoice totals from the London office are just about average (or higher) when compared to the USA offices.