

## **UNDERSTAND VARIOUS SOURCES OF THE DATA**

### Two types of sources

Data can be generated from two types of sources

- Primary
- Secondary

### **SOURCES OF PRIMARY DATA**

- The sources of generating primary data are
  - Observation Method
  - Survey Method
  - Experimental Method

#### ***Observation method***

- The observation method involves human or mechanical observation of what people actually do or what events take place during a buying or consumption situation.
- “Information is collected by observing process at work.”
- The following are a few situations:
  - Service Stations-
    - Pose as a customer,
    - go to a service station and observe.
  - To evaluate the effectiveness of display of Dunlop Pillow Cushions-
  - In a departmental store, observer notes:-
    - How many pass by;
    - How many stopped to look at the display;
    - How many decide to buy.
  - Super Market-
    - Which is the best location in the shelf? Hidden cameras are used.
    - To determine typical sales arrangement and find out sales enthusiasm shown by various salesmen-
  - Normally this is done by an investigator using a concealed tape-recorder.
- Advantages of Observation Method
  - If the researcher observes and record events, it is not necessary to rely on the willingness and ability of respondents to report accurately.
  - The biasing effect of interviewers is either eliminated or reduced. Data collected by observation are, thus, more objective and generally more accurate.
- Disadvantages of Observation Method
  - The most limiting factor in the use of observation method is the inability to observe such things such as attitudes, motivations, customers/consumers state of mind, their buying motives and their images.
  - It also takes time for the investigator to wait for a particular action to take place.

- Personal and intimate activities, such as watching television late at night, are more easily discussed with questionnaires than they are observed.
- Cost is the final disadvantage of observation method.
- Under most circumstances, observational data are more expensive to obtain than other survey data.
- The observer has to wait doing nothing, between events to be observed.
- The unproductive time is an increased cost.

### ***Survey Method***

There are mainly 4 methods by which we can collect data through the Survey Method

- Telephonic Interview
- Personal Interview
- Mail Interview
- Electronic Interview

#### ***Telephonic Interview***

- Best method for gathering quickly needed information.
- Responses are collected from the respondents by the researcher on telephone.
- Advantages of Telephonic Interview
  - It is very fast method of data collection.
  - It has the advantage over “Mail Questionnaire” of permitting the interviewer to talk to one or more persons and to clarifying his questions if they are not understood.
  - Response rate of telephone interviewing seems to be a little better than mail questionnaires
  - The quality of information is better
  - It is less costly method and there are less administration problems
- Disadvantages of Telephonic Interview
  - They cant handle interview which need props
  - It cant handle unstructured interview
  - It cant be used for those questions which requires long descriptive answers
  - Respondents cannot be observed
  - People are reluctant to disclose personal information on telephone
  - People who don't have telephone facility cannot be approached

#### ***Personal Interviewing***

- It is the most versatile of the all methods. They are used when props are required along with the verbal response non-verbal responses can also be observed.
- Advantages of Personal Interview
  - The person interviewed can ask more questions and can supplement the interview with personal observation.
  - They are more flexible. Ord er of questions can be changed

- Knowledge of past and future is possible.
- In-depth research is possible.
- Verification of data from other sources is possible.
- The information obtained is very reliable and dependable and helps in establishing cause and effect relationship very early.
- Disadvantages of Personal Interview
  - It requires much more technical and administrative planning and supervision
  - It is more expensive
  - It is time consuming
  - The accuracy of data is influenced by the interviewer
  - A number of call banks may be required
  - Some people are not approachable

#### *Mail Survey*

- Questionnaires are sent to the respondents; they fill it up and send it back.
- Advantages of Mail Survey
  - It can reach all types of people.
  - Response rate can be improved by offering certain incentives.
- Disadvantages of Mail Survey
  - It can not be used for unstructured study.
  - It is costly.
  - It requires established mailing list.
  - It is time consuming.
  - There is problem in case of complex questions.

#### *Electronic Interview*

- Electronic interviewing is a process of recognizing and noting people, objects, occurrences rather than asking for information.
- For example-When you go to store, you notice which product people like to use.
- The Universal Product Code (UPC) is also a method of observing what people are buying.
- Advantages of Electronic Interview
  - There is no relying on willingness or ability of respondent.
  - The data is more accurate and objective.
- Disadvantages of Electronic Interview
  - Attitudes cannot be observed.
  - Those events which are of long duration cannot be observed.
  - There is observer bias. It is not purely objective.
  - If the respondents know that they are being observed, their response can be biased.
  - It is a costly method.

### ***Experimental Method***

- There are number of experimental designs that are used in carrying out an experiment.
- However, Market researchers have used 4 experimental designs most frequently.
- These are
  - CRD - Completely Randomized Design
  - RBD - Randomized Block Design
  - LSD - Latin Square Design
  - FD - Factorial Designs

#### **CRD - Completely Randomized Design**

- A completely randomized design (CRD) is one where the treatments are assigned completely at random so that each experimental unit has the same chance of receiving any one treatment.
- For the CRD, any difference among experimental units receiving the same treatment is considered as experimental error.
- Hence, CRD is appropriate only for experiments with homogeneous experimental units, such as laboratory experiments, where environmental effects are relatively easy to control.
- For field experiments, where there is generally large variation among experimental plots in such environmental factors as soil, the CRD is rarely used.

#### **RBD - Randomized Block Design**

- The term Randomized Block Design has originated from agricultural research.
- In this design several treatments of variables are applied to different blocks of land to ascertain their effect on the yield of the crop.
- Blocks are formed in such a manner that each block contains as many plots as a number of treatments so that one plot from each is selected at random for each treatment.
- The production of each plot is measured after the treatment is given.
- These data are then interpreted and inferences are drawn by using the analysis of Variance Technique so as to know the effect of various treatments like different doses of fertilizers, different types of irrigation etc.

#### **LSD - Latin Square Design**

- A Latin square is one of the experimental designs which has a balanced two way classification scheme say for example - 4 X 4 arrangement.
- In this scheme each letter from A to D occurs only once in each row and also only once in each column.
- The balance arrangement, it may be noted that, will not get disturbed if any row gets changed with the other.

- The balance arrangement achieved in a Latin Square is its main strength.
- In this design, the comparisons among treatments, will be free from both differences between rows and columns.
- Thus the magnitude of error will be smaller than any other design.

#### FD - Factorial Designs

- This design allows the experimenter to test two or more variables simultaneously.
- It also measures interaction effects of the variables and analyzes the impacts of each of the variables.
- In a true experiment, randomization is essential so that the experimenter can infer cause and effect without any bias.

### **SOURCES OF SECONDARY DATA**

The secondary data can be obtained through

1. Internal Sources - These are within the organization
2. External Sources - These are outside the organization

#### ***Internal Sources of Data***

- obtained with less time, effort and money than the external secondary data.
- more pertinent to the situation at hand since they are from within the organization.
- The internal sources include
  - Accounting resources- This gives so much information which can be used by the marketing researcher. They give information about internal factors.
  - Sales Force Report- It gives information about the sale of a product. The information provided is of outside the organization.
  - Internal Experts- These are people who are heading the various departments. They can give an idea of how a particular thing is working
  - Miscellaneous Reports- These are what information you are getting from operational reports. If the data available within the organization are unsuitable or inadequate, the marketer should extend the search to external secondary data sources.

#### ***External Sources of Data***

- External Sources are sources which are outside the company in a larger environment.
- Collection of external data is more difficult because the data have much greater variety and the sources are much more numerous.

*External data can be divided into following classes.*

- Government Publications- Government sources provide an extremely rich pool of data for the researchers. Data are available free of cost on internet websites.
- There are number of government agencies generating data. These are:
- Civil Registrar General
  - It is an office which generates demographic data.

- It includes details of gender, age, occupation etc.
- Philippines Statistical Authority
  - publishes the national accounts statistics
  - contains estimates of national income for several years, growth rate, and rate of major economic activities.
  - Annual survey of Industries is also published.
  - gives information about the total number of workers employed, production units, material used and value added by the manufacturer.
- Director General of Commercial Intelligence
  - gives information about foreign trade i.e. import and export.
  - These figures are provided region-wise and country-wise.
- Ministry of Commerce and Industries
  - provides information on wholesale price index.
  - indices related to a number of sectors like food, fuel, power, food grains,
- Central Bank of Philippines
  - provides information on Banking Savings and investment.
  - also prepares currency and finance reports.
- National Sample Survey
  - provides social, economic, demographic, industrial and agricultural statistics.
- Labour Bureau
  - provides information on skilled, unskilled, white collared jobs etc
- Department of Economic Affairs
  - conducts economic survey and it also generates information on income, consumption, expenditure, investment, savings and foreign trade.
- State Statistical Abstract
  - gives information on various types of activities related to the state like - commercial activities, education, occupation etc.
- The Philippine Stock Exchange
  - publishes a directory containing financial accounts, key profitability and other relevant matter
- Various Associations of Press Media.
- Export Promotion Council.
- Syndicate Services
  - These services are provided by certain organizations which collect and tabulate the marketing information on a regular basis for a number of clients who are the subscribers to these services.
  - the services are designed in such a way that the information suits the subscriber.
  - These services are useful in television viewing, movement of consumer goods etc.
  - These services provide information data from both household as well as institution.
  - In collecting data from household they use three approaches
    - Survey- They conduct surveys regarding - lifestyle, sociographic, general topics.

- Mail Diary Panel- It may be related to 2 fields - Purchase and Media.
- Electronic Scanner Services- These are used to generate data on volume.
- They collect data for Institutions from Whole sellers Retailers, and Industrial Firms
- Importance of Syndicate Services
  - Syndicate services are becoming popular since the constraints of decision making are changing and we need more of specific decision-making in the light of changing environment.
  - Also Syndicate services are able to provide information to the industries at a low unit cost.
- Disadvantages of Syndicate Services
  - The information provided is not exclusive.
  - A number of research agencies provide customized services which suits the requirement of each individual organization.
- International Organization includes
  - The International Labour Organization (ILO)
    - publishes data on the total and active population, employment, unemployment, wages and consumer prices
  - The Organization for Economic Co-operation and development (OECD)
    - publishes data on foreign trade, industry, food, transport, and science and technology.
  - The International Monetary Fund (IMA)
    - publishes reports on national and international foreign exchange regulations.

### DATA QUALITY

- Data mining applications are often applied to data that was collected for another purpose, or for future, but unspecified applications.
- For that reason data mining cannot usually take advantage of the significant benefits of "addressing quality issues at the source."
- In contrast, much of statistics deals with the design of experiments or surveys that achieve a prespecified level of data quality.
- Because preventing data quality problems is typically not an option, data mining focuses on
  1. Detection and correction (called data cleaning ) of data quality problems
  2. Use of algorithms that can tolerate poor data quality.

### MEASUREMENT AND DATA COLLECTION ISSUES

- It is unrealistic to expect that data will be perfect.
- There may be problems due to human error, limitations of measuring devices, or flaws in the data collection process.

- Values or even entire data objects may be missing.
- In other cases, there may be spurious or duplicate objects; i.e., multiple data objects that all correspond to a single "real" object.
- For example, there might be two different records for a person who has recently lived at two different addresses.
- Even if all the data is present and "looks fine," there may be inconsistencies-a person has a height of 2 meters, but weighs only 2 kilograms.

### *Measurement and Data Collection Errors*

- Measurement error
  - Refers to any problem resulting from the measurement process.
  - A common problem is that the value recorded differs from the true value to some extent.
  - For continuous attributes, the numerical difference of the measured and true value is called the error.
- Data collection error
  - refers to errors such as omitting data objects or attribute values, or inappropriately including a data object.
  - For example, a study of animals of a certain species might include animals of a related species that are similar in appearance to the species of interest.
- Both measurement errors and data collection errors can be either systematic or random.
- Within particular domains, there are certain types of data errors that are commonplace, and there often exist well-developed techniques for detecting and/or correcting these errors.
- For example, keyboard errors are common when data is entered manually
- As a result, many data entry programs have techniques for detecting and, with human intervention, correcting such errors.

### *Noise and Artifacts*

- Noise is the random component of a measurement error.
- It may involve the distortion of a value or the addition of false objects.
- If a bit more noise were added to the time series, its shape would be lost.
- The term noise is often used in connection with data that has a spatial or temporal component.
- In such cases, techniques from signal or image processing can frequently be used to reduce noise and thus, help to discover patterns (signals) that might be "lost in the noise."
- However, the elimination of noise is frequently difficult, and much work in data mining focuses on devising robust algorithms that produce acceptable results even when noise is present.
- Data errors may be the result of a more deterministic phenomenon, such as a streak in the same place on a set of photographs.
- Such deterministic distortions of the data are often referred to as artifacts.



### *Precision, Bias, and Accuracy*

- In statistics and experimental science, the quality of the measurement process and the resulting data are measured by precision and bias.
- Precision
  - The closeness of repeated measurements (of the same quantity) to one another.
  - Precision is often measured by the standard deviation of a set of values.
- Bias
  - A systematic quantity being measured.
  - Bias is measured by taking the difference between the mean of the set of values and the known value of the quantity being measured.
  - Bias can only be determined for objects whose measured quantity is known by means external to the current situation.
- Accuracy
  - It is common to use the more general term, accuracy, to refer to the degree of measurement error in data.
  - The closeness of measurements to the true value of the quantity being measured.
  - Accuracy depends on precision and bias.
  - But there is no specific formula for accuracy in terms of these two quantities.
  - One important aspect of accuracy is the use of significant digits.
  - The goal is to use only as many digits to represent the result of a measurement or calculation as are justified by the precision of the data.

### *Outliers*

- Outliers are either
  1. data objects that have characteristics that are different from most of the other data objects in the data set, or
  2. values of an attribute that are unusual with respect to the typical values for that attribute.
- Outliers can be legitimate data objects or values.
- Unlike noise, outliers may sometimes be of interest.

### *Missing Values*

- It is not unusual for an object to be missing one or more attribute values.
- In some cases, the information was not collected; e.g., some people decline to give their age or weight.
- In other cases, some attributes are not applicable to all objects; e.g., often, forms have conditional parts that are filled out only when a person answers a previous question in a certain way, but for simplicity, all fields are stored.
- Missing values should be taken into account during the data analysis.
- Strategies for dealing with missing data, each of which may be appropriate in certain circumstances:

#### *Eliminate Data Objects or Attributes*

- A simple and effective strategy is to eliminate objects with missing values.
- However, even a partially specified data object contains some information, and if many objects have missing values, then a reliable analysis can be difficult or

impossible.

- However, if a data set has only a few objects that have missing values, then it may be convenient to omit them.
- A related strategy is to eliminate attributes that have missing values.
- This should be done with caution, however, since the eliminated attributes may be the ones that are critical to the analysis.

### *Estimate Missing Values*

- Sometimes missing data can be reliably estimated.
  - For example, consider a time series that changes in a reasonably smooth fashion, but has a few, widely scattered missing values.
  - In such cases, the missing values can be estimated using the remaining values.
  - As another example, consider a data set that has many similar data points.
  - In this situation, the attribute values of the points closest to the point with the missing value are often used to estimate the missing value.
  - If the attribute is continuous, then the average attribute value of the nearest neighbors is used
  - if the attribute is categorical, then the most commonly occurring attribute value can be taken.
- Ignore the Missing Value during Analysis
    - Many data mining approaches can be modified to ignore missing values.
    - For example, suppose that objects are being clustered and the similarity between pairs of data objects needs to be calculated.
    - If one or both objects of a pair have missing values for some attributes, then the similarity can be calculated by using only the attributes that do not have missing values.

### *Inconsistent Values*

- Data can contain inconsistent values.
- Consider an address field, where both a zip code and city are listed, but the specified zip code area is not contained in that city.
- It may be that the individual entering this information transposed two digits, or perhaps a digit was misread when the information was scanned from a handwritten form.
- it is important to detect and, if possible, correct such problems.
- Some types of inconsistencies are easy to detect. For instance, a person's height should not be negative.
- In some cases, it can be necessary to consult an external source of information.
- For example, when an insurance company processes claims for reimbursement, it checks the names and addresses on the reimbursement forms against a database of its customers.
- Once an inconsistency has been detected, it is sometimes possible to correct the data.
- A product code may have "check" digits, or it may be possible to double-check a product code against a list of known product codes, and then correct the code if it is incorrect, but close to a known code.
- The correction of an inconsistency requires additional or redundant information.

### *Duplicate Data*

- A data set may include data objects that are duplicates, or almost duplicates, of one another.
- Many people receive duplicate mailings because they appear in a database multiple times under slightly different names.
- To detect and eliminate such duplicates, two main issues must be addressed.
  - First, if there are two objects that actually represent a single object, then the values of corresponding attributes may differ, and these inconsistent values must be resolved.
  - Second, care needs to be taken to avoid accidentally combining data objects that are similar, but not duplicates, such as two distinct people with identical names.
- The term deduplication is often used to refer to the process of dealing with these issues.
- In some cases, two or more objects are identical with respect to the attributes measured by the database, but they still represent different objects.
- Here, the duplicates are legitimate, but may still cause problems for some algorithms if the possibility of identical objects is not specifically accounted for in their design.

### ISSUES RELATED TO APPLICATIONS

- Data quality issues can also be considered from an application viewpoint.
- There are many issues that are specific to particular applications and fields.
  - Timeliness
    - Some data starts to age as soon as it has been collected.
    - In particular, if the data provides a snapshot of some ongoing phenomenon or process, such as the purchasing behavior of customers or Web browsing patterns, then this snapshot represents reality for only a limited time.
    - If the data is out of date, then so are the models and patterns that are based on it.
  - Relevance
    - The available data must contain the information necessary for the application.
    - Consider the task of building a model that predicts the accident rate for drivers.
    - If information about the age and gender of the driver is omitted, then it is likely that the model will have limited accuracy unless this information is indirectly available through other attributes.
    - Making sure that the objects in a data set are relevant is also challenging.
  - Sampling bias
    - which occurs when a sample does not contain different types of objects in proportion to their actual occurrence in the population.
    - For example, survey data describes only those who respond to the survey.
    - Because the results of a data analysis can reflect only the data that is present, sampling bias will typically result in an erroneous analysis.

- Knowledge about the Data
  - Ideally, data sets are accompanied by documentation that describes different aspects of the data.
  - The quality of this documentation can either aid or hinder the subsequent analysis.
  - For example, if the documentation identifies several attributes as being strongly related, these attributes are likely to provide highly redundant information, and we may decide to keep just one.
  - If the documentation is poor, however, and fails to tell us, for example, that the missing values for a particular field are indicated with a -9999, then our analysis of the data may be faulty.
  - Other important characteristics are the precision of the data, the type of features (nominal, ordinal, interval, ratio), the scale of measurement (e.g., meters or feet for length), and the origin of the data.

## **Data Preprocessing**

### *Data Preprocessing*

- Steps that should be applied to make the data more suitable for data mining.
- Consists of a number of different strategies and techniques that are interrelated in complex ways.

### *Strategies and techniques*

- (1) Aggregation
- (2) Sampling
- (3) Dimensionality reduction
- (4) Feature subset selection
- (5) Feature creation
- (6) Discretization and binarization
- (7) Variable transformation

### *Two categories of Strategies and techniques*

- Selecting data objects and attributes for the analysis.
- Creating/changing the attributes.

### *Goal:*

- To improve the data mining analysis with respect to time, cost, and quality.

### **Aggregation**

- Quantitative attributes are typically aggregated by taking a sum or an average.
- A qualitative attribute can either be omitted or summarized.

### *Motivations for aggregation*

- smaller data sets resulting from data reduction require less memory and processing time.
- hence aggregation uses more expensive data mining algorithms.
- aggregation can act as a change of scope or scale by providing a high-level view of the data instead of a low-level view.

### *Disadvantage of aggregation*

- potential loss of interesting details.

### Sampling

- An approach for selecting a subset of the data objects to be analyzed.

#### *Key principle for effective sampling*

- a sample is representative if it has approximately the same property of interest as the original set of data.
- If the mean (average) of the data objects is the property of interest, then a sample is representative if it has a mean that is close to that of the original data.

#### *Sampling Approaches*

- Random sampling.
- Progressive or Adaptive Sampling

#### *Random sampling*

- Sampling without replacement: as each item is selected, it is removed from the set of all objects that together constitute the population.
- Sampling with replacement: objects are not removed from the population as they are selected for the sample. same object can be picked more than once.

#### *Progressive or Adaptive Sampling*

- Difficult to determine proper sample size.
- So adaptive or progressive sampling schemes are used.
- These approaches start with a small sample, and then increase the sample size until a sample of sufficient size has been obtained.

### Discretization and Binarization

#### *Discretization*

- Transform a continuous attribute into a categorical attribute.

#### *Binarization*

- Transform both continuous and discrete attributes into one or more binary attributes.

### Variable transformation

- A transformation that is applied to all the values of a variable.