

# Analysis of Variance (ANOVA)

## Author Information

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## Overview

Analysis of Variance, commonly called ANOVA, is a group of statistical techniques that test the difference of means between three or more groups. ANOVA is an extension of t-tests. While t-tests examine the difference of means between two groups. ANOVA can test means between several groups.

In this project, we analyze a dataset containing information on product sales across different countries. The dataset includes variables such as date of sale, product category, country of sale, store, and the number of items sold. The primary objective of this project is to investigate whether there are significant differences in the number of items sold based on product category.

For this purpose, we will conduct a One-way ANOVA test.

## Dataset Information

The dataset used in this project is sourced from Kaggle's Playground Series Competition titled 'Forecasting Mini-Course Sales' (Playground Series - Season 3, Episode 19). The dataset contains the following columns:

- `date` : Date of a sale.
- `country` : The country where the sale was made.
- `store` : The store where the sale was made.
- `product` : The category of the product.
- `num_sold` : The number of items sold.

The dataset can be found on Kaggle's website at the following link (train\_data):

<https://www.kaggle.com/competitions/playground-series-s3e19/data>

Before proceeding with the analysis, we performed data cleaning and handled outliers, ensuring that the dataset is ready for exploration and ANOVA testing. Let's begin!

## Importing

```
In [ ]: # importing
import numpy as np
import pandas as pd
import matplotlib.pyplot as plt
import seaborn as sns
import matplotlib.ticker as mticker
```

```
In [ ]: # reading data
df = pd.read_csv('salesdata.csv')
df.head()
```

```
Out[ ]:
```

	<b>id</b>	<b>date</b>	<b>country</b>	<b>store</b>	<b>product</b>	<b>num_sold</b>
<b>0</b>	0	2017-01-01	Argentina	Kaggle Learn	Using LLMs to Improve Your Coding	63
<b>1</b>	1	2017-01-01	Argentina	Kaggle Learn	Using LLMs to Train More LLMs	66
<b>2</b>	2	2017-01-01	Argentina	Kaggle Learn	Using LLMs to Win Friends and Influence People	9
<b>3</b>	3	2017-01-01	Argentina	Kaggle Learn	Using LLMs to Win More Kaggle Competitions	59
<b>4</b>	4	2017-01-01	Argentina	Kaggle Learn	Using LLMs to Write Better	49

## Data Cleaning and Visualizations

```
In [ ]: # getting basic info on dataset
df.info()
```

```
<class 'pandas.core.frame.DataFrame'>
RangeIndex: 136950 entries, 0 to 136949
Data columns (total 6 columns):
 #   Column      Non-Null Count  Dtype  
--- 
 0   id          136950 non-null   int64  
 1   date        136950 non-null   object  
 2   country     136950 non-null   object  
 3   store        136950 non-null   object  
 4   product      136950 non-null   object  
 5   num_sold    136950 non-null   int64  
dtypes: int64(2), object(4)
memory usage: 6.3+ MB
```

```
In [ ]: # getting basic statistics
df.describe()
```

```
Out[ ]:
```

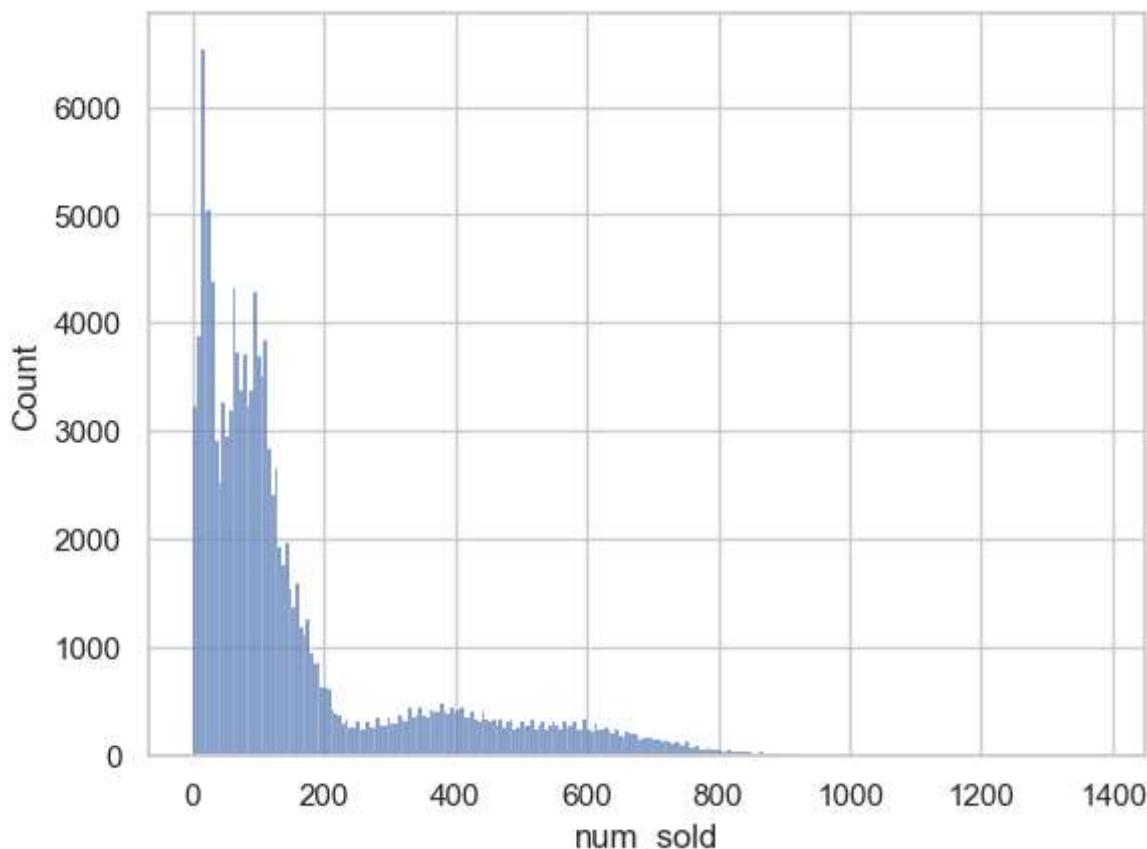
	<b>id</b>	<b>num_sold</b>
<b>count</b>	136950.00000	136950.000000
<b>mean</b>	68474.50000	165.522636
<b>std</b>	39534.20402	183.691575
<b>min</b>	0.00000	2.000000
<b>25%</b>	34237.25000	46.000000
<b>50%</b>	68474.50000	98.000000
<b>75%</b>	102711.75000	184.000000
<b>max</b>	136949.00000	1380.000000

```
In [ ]: # checking for null values
df.isna().sum()
```

```
Out[ ]: id      0  
date     0  
country  0  
store    0  
product   0  
num_sold 0  
dtype: int64
```

```
In [ ]: # checking sales distributions  
sns.histplot(x=df['num_sold'])
```

```
Out[ ]: <AxesSubplot: xlabel='num_sold', ylabel='Count'>
```



```
In [ ]: # getting product categories/names  
df['product'].unique()
```

```
Out[ ]: array(['Using LLMs to Improve Your Coding',  
               'Using LLMs to Train More LLMs',  
               'Using LLMs to Win Friends and Influence People',  
               'Using LLMs to Win More Kaggle Competitions',  
               'Using LLMs to Write Better'], dtype=object)
```

```
In [ ]: df.head()
```

	<b>id</b>	<b>date</b>	<b>country</b>	<b>store</b>	<b>product</b>	<b>num_sold</b>
<b>0</b>	0	2017-01-01	Argentina	Kaggle Learn	Using LLMs to Improve Your Coding	63
<b>1</b>	1	2017-01-01	Argentina	Kaggle Learn	Using LLMs to Train More LLMs	66
<b>2</b>	2	2017-01-01	Argentina	Kaggle Learn	Using LLMs to Win Friends and Influence People	9
<b>3</b>	3	2017-01-01	Argentina	Kaggle Learn	Using LLMs to Win More Kaggle Competitions	59
<b>4</b>	4	2017-01-01	Argentina	Kaggle Learn	Using LLMs to Write Better	49

```
In [ ]: # product sold per category  
df.groupby('product')['num_sold'].sum()
```

```
Out[ ]: product
Using LLMs to Improve Your Coding      6069281
Using LLMs to Train More LLMs          5993975
Using LLMs to Win Friends and Influence People 932564
Using LLMs to Win More Kaggle Competitions 5068313
Using LLMs to Write Better             4604192
Name: num_sold, dtype: int64
```

The product names are way too long and can be a problem in the later part. So, let's shorten the names.

```
In [ ]: product_mapping = {
    'Using LLMs to Improve Your Coding': 'Improve_Coding',
    'Using LLMs to Train More LLMs': 'Train_More_LLMs',
    'Using LLMs to Win Friends and Influence People': 'Win_Influence',
    'Using LLMs to Win More Kaggle Competitions': 'Win_Kaggle',
    'Using LLMs to Write Better': 'Write_Better'
}

df['product_name'] = df['product'].map(product_mapping)
```

```
In [ ]: df.groupby('product_name')['num_sold'].sum()
```

```
Out[ ]: product_name
Improve_Coding      6069281
Train_More_LLMs     5993975
Win_Influence       932564
Win_Kaggle          5068313
Write_Better         4604192
Name: num_sold, dtype: int64
```

```
In [ ]: # checking sales distribution by product category

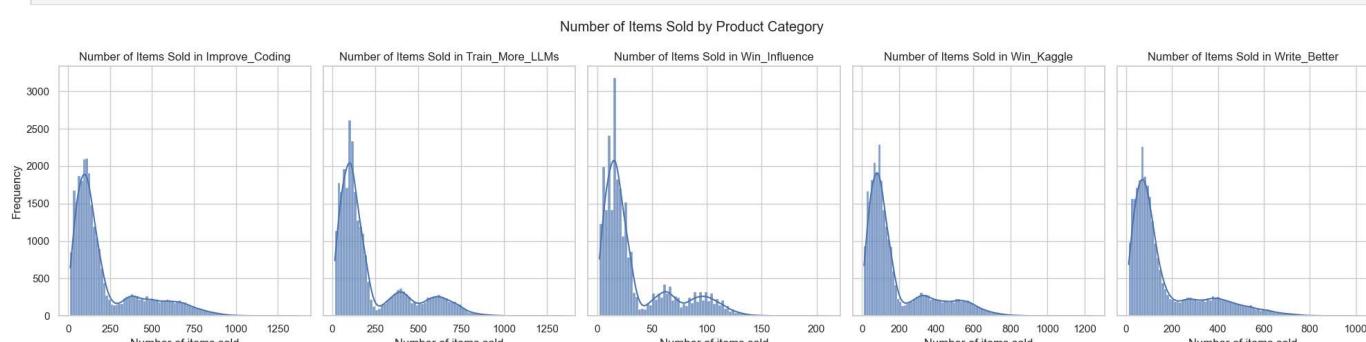
sns.set(style = 'whitegrid')
fig, axes = plt.subplots(1, 5, figsize = (20, 5), sharey=True)

# 1 row with 5 subplots, sharing y-axis

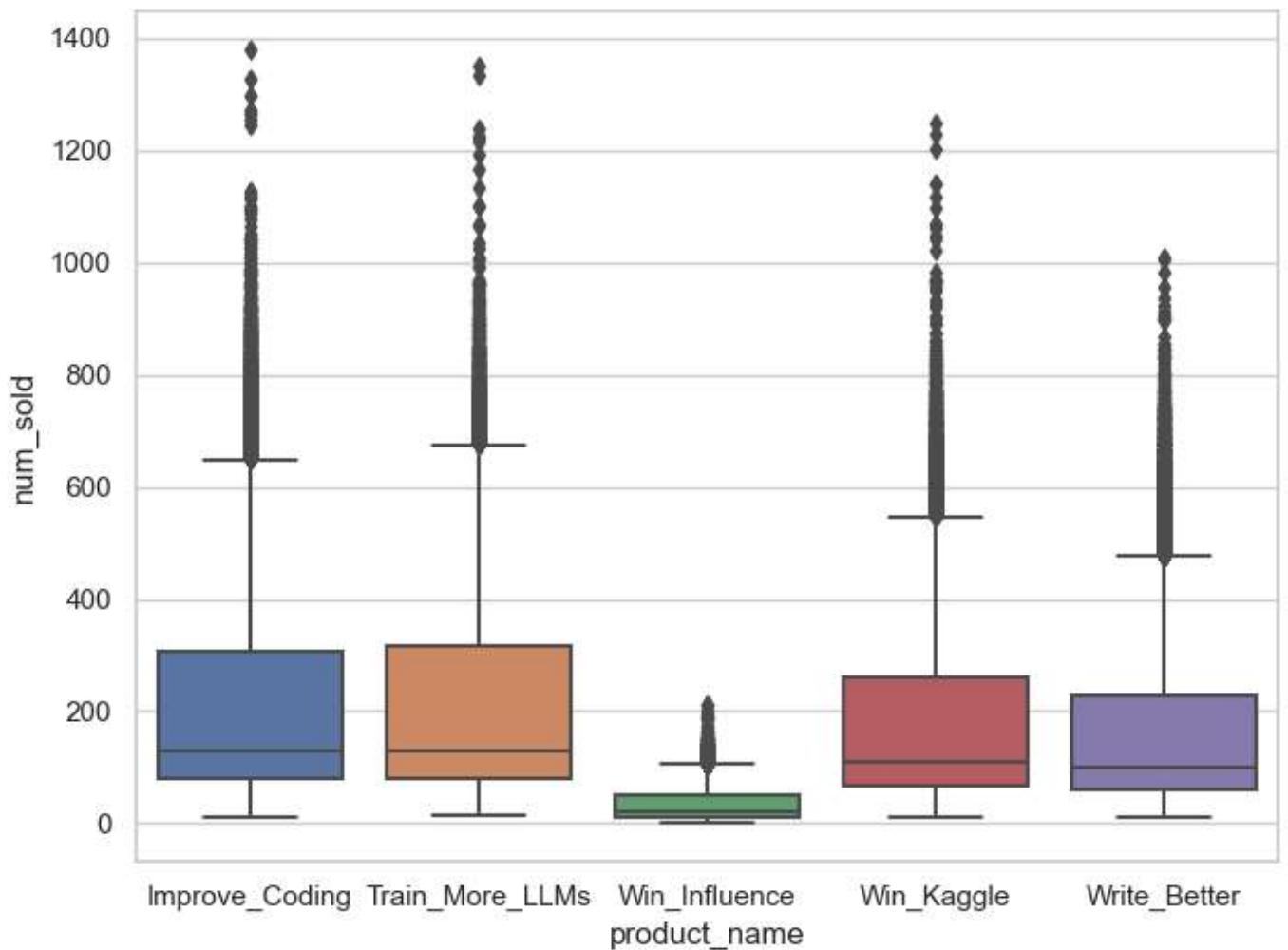
products = ['Improve_Coding', 'Train_More_LLMs', 'Win_Influence',
            'Win_Kaggle', 'Write_Better']

for i, product in enumerate(products):
    # enumerate() function is used to get both the index and the value of each day in the list
    # The index is stored in the variable i, and the day name is stored in the variable day
    product_data = df[df['product_name'] == product]
    sns.histplot(x='num_sold', data = product_data,
                 kde = True, alpha = 0.7, ax=axes[i])
    axes[i].set_xlabel('Number of items sold')
    axes[i].set_ylabel('Frequency')
    axes[i].set_title(f'Number of Items Sold in {product}')

plt.suptitle('Number of Items Sold by Product Category')
plt.tight_layout()
plt.show()
```



```
In [ ]: # checking boxplot distribution of total number of items sold per product category  
plt.figure(figsize=(8, 6))  
sns.boxplot(x=df['product_name'], y=df['num_sold'])  
plt.show()
```



We see lots of outliers in the boxplot. So, we will remove the outliers.

```
In [ ]: # defining function to remove outliers  
# here we use the iqr method to remove outliers  
  
def remove_outliers(dataframe, target_column, category_column):  
  
    cleaned_dataframe = pd.DataFrame()  
  
    grouped_data = dataframe.groupby(category_column)  
  
    for category, category_data in grouped_data:  
        Q1 = category_data[target_column].quantile(0.25)  
        Q3 = category_data[target_column].quantile(0.75)  
        IQR = Q3 - Q1  
  
        lower_limit = Q1 - 1.5 * IQR  
        upper_limit = Q3 + 1.5 * IQR  
  
        cleaned_category_data = category_data[  
            (category_data[target_column] >= lower_limit) &  
            (category_data[target_column] <= upper_limit)  
        ]  
        cleaned_dataframe = pd.concat([cleaned_dataframe, cleaned_category_data],  
                                     ignore_index=True)  
  
    return cleaned_dataframe
```

```
In [ ]: cleaned_df = remove_outliers(df, 'num_sold', 'product_name')
```

```
In [ ]: cleaned_df.head()
```

```
Out[ ]:
```

	<b>id</b>	<b>date</b>	<b>country</b>	<b>store</b>	<b>product</b>	<b>num_sold</b>	<b>product_name</b>
<b>0</b>	0	2017-01-01	Argentina	Kaggle Learn	Using LLMs to Improve Your Coding	63	Improve_Coding
<b>1</b>	5	2017-01-01	Argentina	Kaggle Store	Using LLMs to Improve Your Coding	88	Improve_Coding
<b>2</b>	10	2017-01-01	Argentina	Kaggazon	Using LLMs to Improve Your Coding	340	Improve_Coding
<b>3</b>	15	2017-01-01	Canada	Kaggle Learn	Using LLMs to Improve Your Coding	202	Improve_Coding
<b>4</b>	20	2017-01-01	Canada	Kaggle Store	Using LLMs to Improve Your Coding	274	Improve_Coding

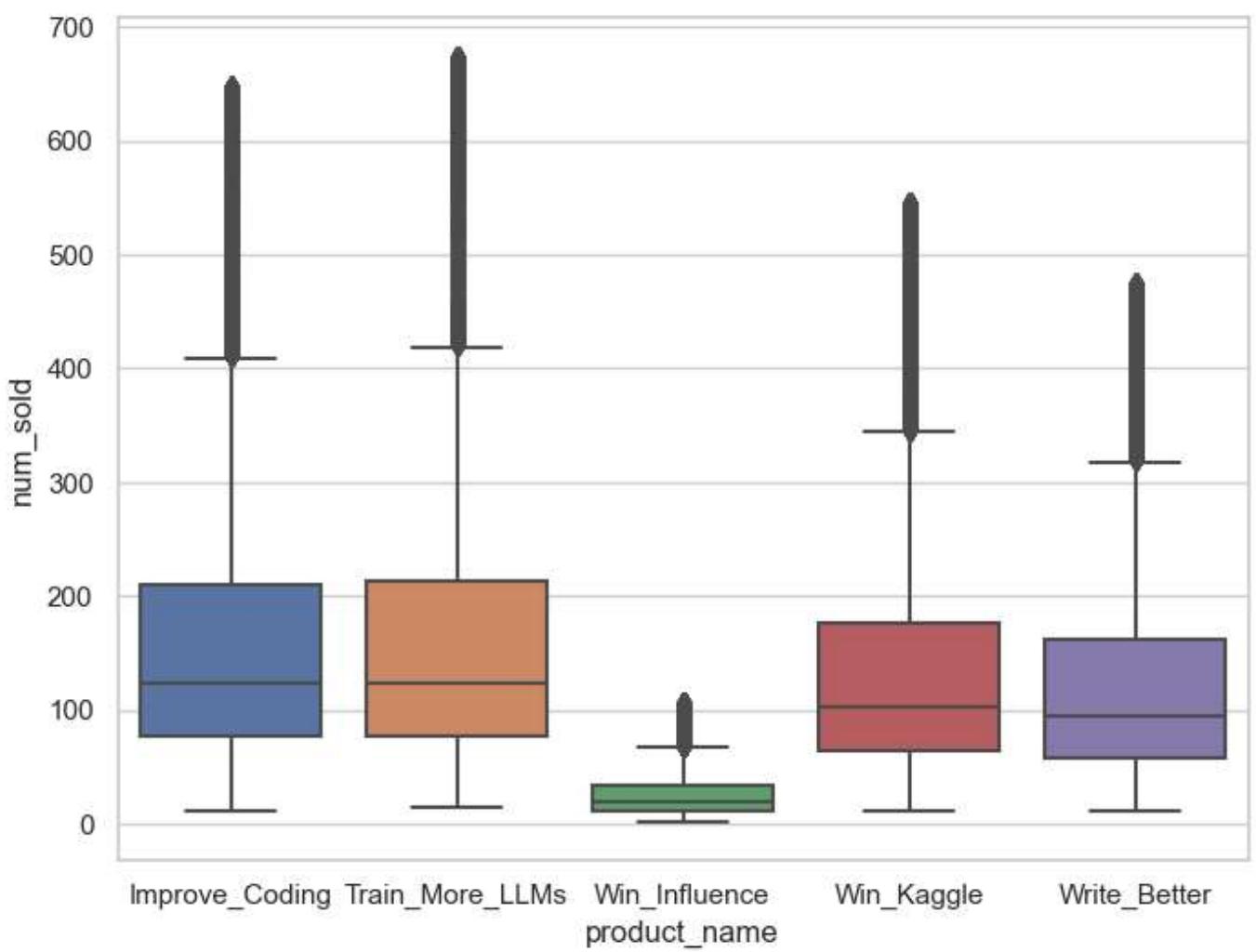
```
In [ ]: cleaned_df.groupby('product_name')['num_sold'].sum()
```

```
Out[ ]:
```

product_name	num_sold
Improve_Coding	4661310
Train_More_LLMs	5010724
Win_Influence	793906
Win_Kaggle	3945711
Write_Better	3455967

Name: num\_sold, dtype: int64

```
In [ ]: plt.figure(figsize=(8, 6))
sns.boxplot(x=cleaned_df['product_name'], y=cleaned_df['num_sold'])
plt.show()
```



```
In [ ]: # checking difference between original and cleaned dataset
print('Original:\n',df.groupby('product_name')['num_sold'].sum())
print('Cleaned:\n',cleaned_df.groupby('product_name')['num_sold'].sum())
```

Original:

product_name	num_sold
Improve_Coding	6069281
Train_More_LLMs	5993975
Win_Influence	932564
Win_Kaggle	5068313
Write_Better	4604192

Cleaned:

product_name	num_sold
Improve_Coding	4661310
Train_More_LLMs	5010724
Win_Influence	793906
Win_Kaggle	3945711
Write_Better	3455967

```
In [ ]: # visualizing total number of products sold per category

total_sold_per_product = cleaned_df.groupby('product_name')['num_sold'].sum().reset_index()

plt.figure(figsize=(8, 6))
sns.barplot(x=total_sold_per_product['product_name'],
            y=total_sold_per_product['num_sold'])
plt.xticks(rotation=45) # rotating x-axis labels for better readability
plt.xlabel('Product Name')
plt.ylabel('Total Number of Items Sold')

# converting total number of products sold to Millions
def millions_format(x, pos):
```

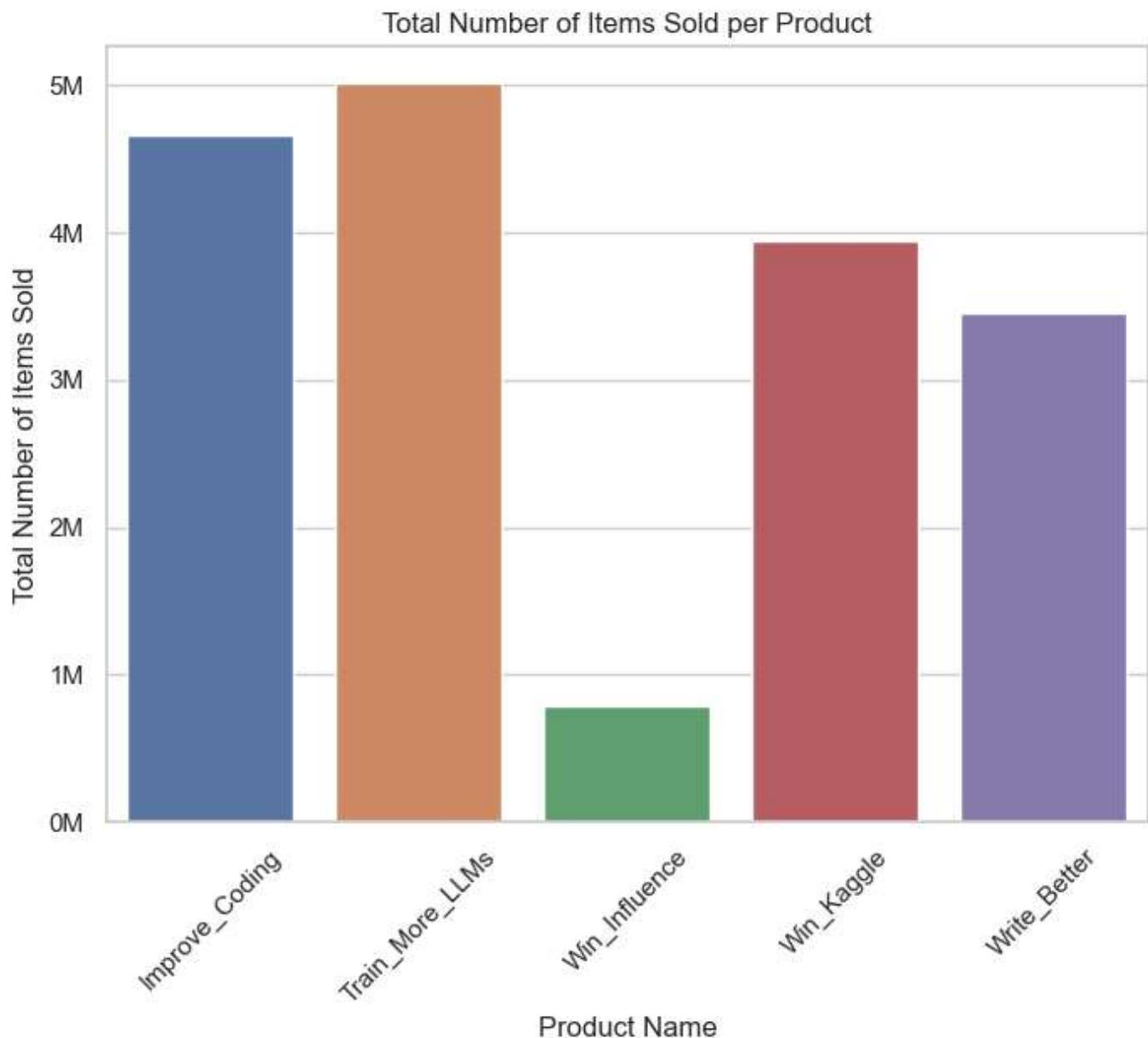
```

        return f'{int(x/1e6)}M'

formatter = mticker.FuncFormatter(millions_format)
plt.gca().yaxis.set_major_formatter(formatter)

plt.title('Total Number of Items Sold per Product')
plt.show()

```



The barplot shows difference in total number of products sold per category and we can see some differences among the categories. But are the differences statistically significant?

## One-way ANOVA

At this point, we would like to run a one-way ANOVA test to check whether there is a statistically significant difference in number of products sold based on product category.

To run ANOVA, we need to create a regression model.

```
In [ ]: import statsmodels.api as sm
from statsmodels.formula.api import ols
```

```
In [ ]: # constructing and fitting model
formula = 'num_sold ~ C(product_name)'
model = ols(formula = formula, data = cleaned_df).fit()
model.summary()
```

Out[ ]:

## OLS Regression Results

<b>Dep. Variable:</b>	num_sold	<b>R-squared:</b>	0.165
<b>Model:</b>	OLS	<b>Adj. R-squared:</b>	0.165
<b>Method:</b>	Least Squares	<b>F-statistic:</b>	6367.
<b>Date:</b>	Wed, 26 Jul 2023	<b>Prob (F-statistic):</b>	0.00
<b>Time:</b>	23:12:26	<b>Log-Likelihood:</b>	-8.1116e+05
<b>No. Observations:</b>	128850	<b>AIC:</b>	1.622e+06
<b>Df Residuals:</b>	128845	<b>BIC:</b>	1.622e+06
<b>Df Model:</b>	4		

**Covariance Type:** nonrobust

		coef	std err	t	P> t	[0.025	0.975]
	<b>Intercept</b>	182.6174	0.821	222.431	0.000	181.008	184.227
<b>C(product_name)[T.Train_More_LLMs]</b>		9.4747	1.155	8.204	0.000	7.211	11.738
<b>C(product_name)[T.Win_Influence]</b>		-152.3469	1.153	-132.099	0.000	-154.607	-150.086
<b>C(product_name)[T.Win_Kaggle]</b>		-28.5603	1.160	-24.619	0.000	-30.834	-26.287
<b>C(product_name)[T.Write_Better]</b>		-46.5611	1.162	-40.053	0.000	-48.840	-44.283

**Omnibus:** 35115.376    **Durbin-Watson:** 2.530**Prob(Omnibus):** 0.000    **Jarque-Bera (JB):** 77857.811**Skew:** 1.588    **Prob(JB):** 0.00**Kurtosis:** 5.100    **Cond. No.** 5.85

## Notes:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.

Based on the model summary table, the products' associated beta coefficients all have a p-value of less than 0.05. But we can't be sure if there is a significant difference for number of items sold between the various product category. This is where one-way ANOVA comes in.

**Null Hypothesis**

$$H_0 : \mu_{\text{Improve\_Coding}} = \mu_{\text{Train\_More\_LLMs}} = \mu_{\text{Win\_Influence}} = \mu_{\text{Win\_Kaggle}} = \mu_{\text{Write\_Better}}$$

There is no difference in the number of items sold based on product category.

**Alternative Hypothesis**

$$H_0 : \mu_{\text{Improve\_Coding}} = \mu_{\text{Train\_More\_LLMs}} = \mu_{\text{Win\_Influence}} = \mu_{\text{Win\_Kaggle}} = \mu_{\text{Write\_Better}}$$

There is a difference in the number of items sold based on product category.

In [ ]:

```
# one way anova
sm.stats.anova_lm(model)
```

	df	sum_sq	mean_sq	F	PR(>F)
C(product_name)	4.0	4.381593e+08	1.095398e+08	6366.695742	0.0
Residual	128845.0	2.216795e+09	1.720513e+04	NaN	NaN

Since the p-value (column PR(>F)) is less than 0.05, we can reject the null hypothesis that the mean of the number of items sold is the same for each product category. So, there is a statistically significant difference in sales across product category.

## ANOVA Post-hoc Test

In the one-way ANOVA performed to test the differences in the total number of items sold based on product categories, the null hypothesis was rejected, indicating that there was a significant difference among the product categories. We can continue on to run a post hoc test. The post hoc test is useful because the one-way ANOVA does not tell us which products are associated with different quantities sold. The post hoc test will give us more information.

```
In [ ]: from statsmodels.stats.multicomp import pairwise_tukeyhsd
tukey_oneway = pairwise_tukeyhsd(endog=cleaned_df['num_sold'],
                                 groups=cleaned_df['product_name'], alpha=0.05)
tukey_oneway.summary()
```

Out[ ]: Multiple Comparison of Means - Tukey HSD, FWER=0.05

group1	group2	meandiff	p-adj	lower	upper	reject
Improve_Coding	Train_More_LLMs	9.4747	0.0	6.3246	12.6248	True
Improve_Coding	Win_Influence	-152.3469	0.0	-155.4928	-149.201	True
Improve_Coding	Win_Kaggle	-28.5603	0.0	-31.7248	-25.3958	True
Improve_Coding	Write_Better	-46.5611	0.0	-49.7321	-43.3901	True
Train_More_LLMs	Win_Influence	-161.8216	0.0	-164.9503	-158.6929	True
Train_More_LLMs	Win_Kaggle	-38.035	0.0	-41.1824	-34.8876	True
Train_More_LLMs	Write_Better	-56.0358	0.0	-59.1898	-52.8818	True
Win_Influence	Win_Kaggle	123.7866	0.0	120.6434	126.9297	True
Win_Influence	Write_Better	105.7858	0.0	102.636	108.9356	True
Win_Kaggle	Write_Better	-18.0008	0.0	-21.1691	-14.8325	True

Each row represents a pairwise comparison between the number of items sold for two product categories. The reject column tells us which null hypotheses we can reject. Based on the values in that column, we can reject each null hypothesis.

### Test 1: Improve\_Coding vs. Train\_More\_LLMs

$$H_0 : \mu_{\text{Improve\_Coding}} = \mu_{\text{Train\_More\_LLMs}}$$

The total number of items sold in Improve\_Coding and Train\_More\_LLMs are the same.

$$H_1 : \mu_{\text{Improve\_Coding}} \neq \mu_{\text{Train\_More\_LLMs}}$$

The total number of items sold in Improve\_Coding and Train\_More\_LLMs are not the same.

**Result:** We can reject the null hypothesis that the total number of items sold in Improve\_Coding and Train\_More\_LLMs are the same.

### Test 2: Improve\_Coding vs. Win\_Influence

$$H_0 : \mu_{\text{Improve\_Coding}} = \mu_{\text{Win\_Influence}}$$

The total number of items sold in Improve\_Coding and Win\_Influence are the same.

$$H_1 : \mu_{\text{Improve\_Coding}} \neq \mu_{\text{Win\_Influence}}$$

The total number of items sold in Improve\_Coding and Win\_Influence are not the same.

**Result:** We can reject the null hypothesis that the total number of items sold in Improve\_Coding and Win\_Influence are the same.

### Test 3: Improve\_Coding vs. Win\_Kaggle

$$H_0 : \mu_{\text{Improve\_Coding}} = \mu_{\text{Win\_Kaggle}}$$

The total number of items sold in Improve\_Coding and Win\_Kaggle is the same.

$$H_1 : \mu_{\text{Improve\_Coding}} \neq \mu_{\text{Win\_Kaggle}}$$

The total number of items sold in Improve\_Coding and Win\_Kaggle is not the same.

**Result:** We can reject the null hypothesis that the total number of items sold in Improve\_Coding and Win\_Kaggle is the same.

### Test 4: Improve\_Coding vs. Write\_Better

$$H_0 : \mu_{\text{Improve\_Coding}} = \mu_{\text{Write\_Better}}$$

The total number of items sold in Improve\_Coding and Write\_Better is the same.

$$H_1 : \mu_{\text{Improve\_Coding}} \neq \mu_{\text{Write\_Better}}$$

The total number of items sold in Improve\_Coding and Write\_Better is not the same.

**Result:** We can reject the null hypothesis that the total number of items sold in Improve\_Coding and Write\_Better is the same.

### Test 5: Train\_More\_LLMs vs. Win\_Influence

$$H_0 : \mu_{\text{Train\_More\_LLMs}} = \mu_{\text{Win\_Influence}}$$

The total number of items sold in Train\_More\_LLMs and Win\_Influence is the same.

$$H_1 : \mu_{\text{Train\_More\_LLMs}} \neq \mu_{\text{Win\_Influence}}$$

The total number of items sold in Train\_More\_LLMs and Win\_Influence is not the same.

**Result:** We can reject the null hypothesis that the total number of items sold in Train\_More\_LLMs and Win\_Influence is the same.

### Test 6: Train\_More\_LLMs vs. Win\_Kaggle

$$H_0 : \mu_{\text{Train\_More\_LLMs}} = \mu_{\text{Win\_Kaggle}}$$

The total number of items sold in Train\_More\_LLMs and Win\_Kaggle is the same.

$$H_1 : \mu_{\text{Train\_More\_LLMs}} \neq \mu_{\text{Win\_Kaggle}}$$

The total number of items sold in Train\_More\_LLMs and Win\_Kaggle is not the same.

**Result:** We can reject the null hypothesis that the total number of items sold in Train\_More\_LLMs and Win\_Kaggle is the same.

#### **Test 7: Train\_More\_LLMs vs. Write\_Better**

$$H_0 : \mu_{\text{Train\_More\_LLMs}} = \mu_{\text{Write\_Better}}$$

The total number of items sold in Train\_More\_LLMs and Write\_Better is the same.

$$H_1 : \mu_{\text{Train\_More\_LLMs}} \neq \mu_{\text{Write\_Better}}$$

The total number of items sold in Train\_More\_LLMs and Write\_Better is not the same.

**Result:** We can reject the null hypothesis that the total number of items sold in Train\_More\_LLMs and Write\_Better is the same.

#### **Test 8: Win\_Influence vs. Win\_Kaggle**

$$H_0 : \mu_{\text{Win\_Influence}} = \mu_{\text{Win\_Kaggle}}$$

The total number of items sold in Win\_Influence and Win\_Kaggle is the same.

$$H_1 : \mu_{\text{Win\_Influence}} \neq \mu_{\text{Win\_Kaggle}}$$

The total number of items sold in Win\_Influence and Win\_Kaggle is not the same.

**Result:** We can reject the null hypothesis that the total number of items sold in Win\_Influence and Win\_Kaggle is the same.

#### **Test 9: Win\_Influence vs. Write\_Better**

$$H_0 : \mu_{\text{Win\_Influence}} = \mu_{\text{Write\_Better}}$$

The total number of items sold in Win\_Influence and Write\_Better is the same.

$$H_1 : \mu_{\text{Win\_Influence}} \neq \mu_{\text{Write\_Better}}$$

The total number of items sold in Win\_Influence and Write\_Better is not the same.

**Result:** We can reject the null hypothesis that the total number of items sold in Win\_Influence and Write\_Better is the same.

#### **Test 10: Win\_Kaggle vs. Write\_Better**

$$H_0 : \mu_{\text{Win\_Kaggle}} = \mu_{\text{Write\_Better}}$$

The total number of items sold in Win\_Kaggle and Write\_Better is the same.

$$H_1 : \mu_{\text{Win\_Kaggle}} \neq \mu_{\text{Write\_Better}}$$

The total number of items sold in Win\_Kaggle and Write\_Better is not the same.

**Result:** We can reject the null hypothesis that the total number of items sold in Win\_Kaggle and Write\_Better is the same.

## **Conclusion**

We can conclude that there is a statistically significant difference in sales based on product category. The ANOVA post-hoc test showed that there were significant differences among all categories.