# CAPSTONE PROJECT M A R K E T I N G A N D R E T A I L A N A L Y T I C S

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## What is the problem?

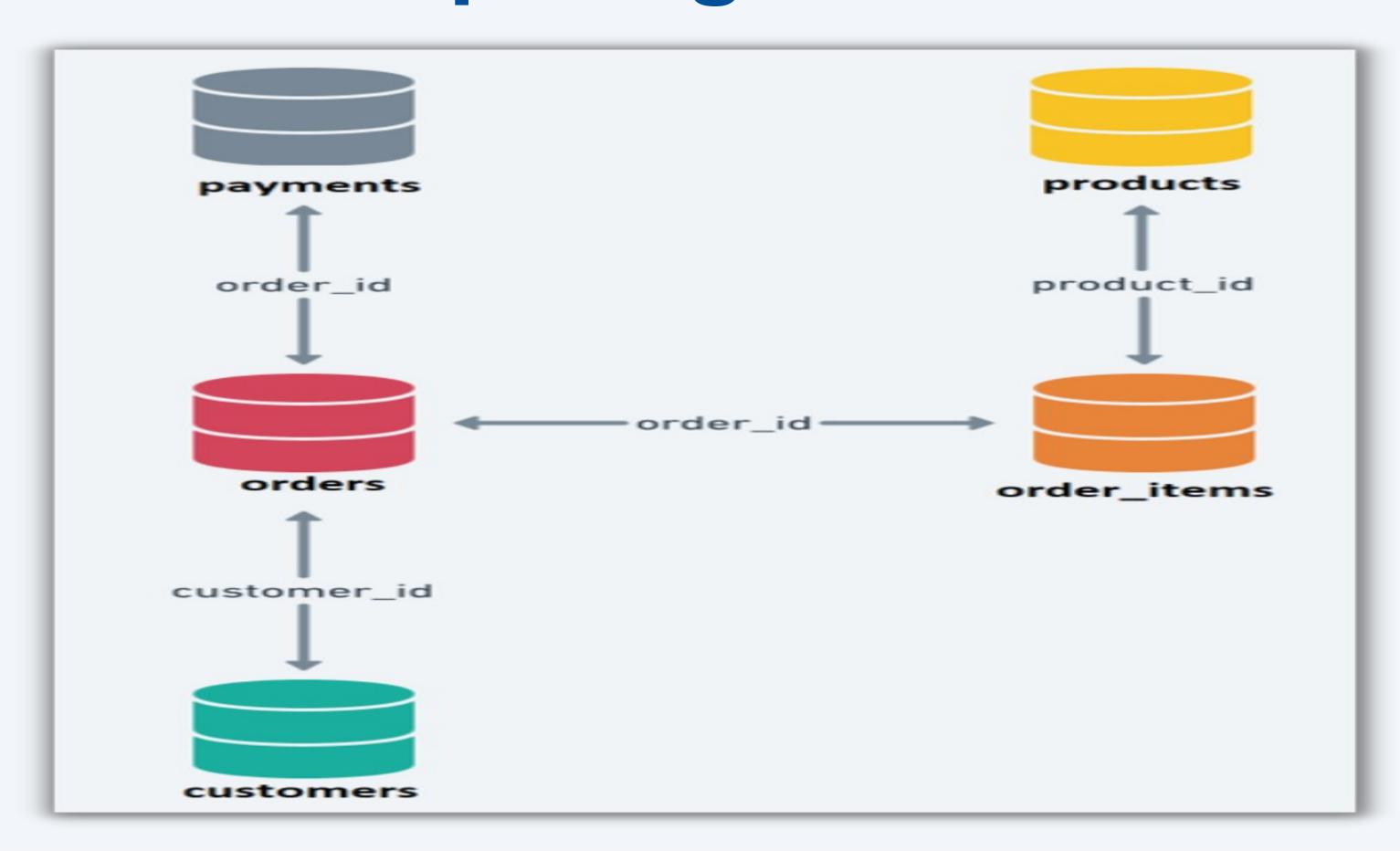
OList is an e-commerce company that has faced some losses recently and they want to manage their inventory very well so as to reduce any unnecessary costs that they might be bearing. In this assignment, you have to manage the inventory cost of this e-commerce company OList.

You need to identify top products that contribute to the revenue and also use market basket analysis to analyze the purchase behavior of individual customers to estimate with relative certainty, what items are more likely to be purchased individually or in combination with some other products. You need to help OList to identify the product categories which they can get rid of without significantly impacting business.

# Dataset Overview

Dataset name	Column Name	Description
orders	order_id	Unique identifier for an order, acts as the primary key of this table
orders	customer_id	Unique identifier for a customer, however, this table wont be unique at this
orders	order_status	Indicates the status of an order, for example: delivered, cancelled, processing
orders	order_purchase_timestamp	Timestamp when the order was made from the customer
orders	order_approved_at	Timestamp when the order was approved from the sellers' side
orders	order_delivered_timestamp	Timestamp when the order was delivered at customer's location
orders	order_estimated_delivery_date	Estimated date of delivery shared with the customer while placing the order
order_items	order_id	Unique identifier for an order
** **	Program 2012	Item number in each order. Order_id along with this column acts as the primary
order_items	order_item_id	key of this table
order_items	product_id	Unique identifier for a product
order_items	seller_id	Unique identifier for the seller
order_items	price	selling price of the product
order_items	shipping_charges	charges associated with the shipping of the product
customers	customer_id	Unique identifier for a customer, acts as the primary key of this table
customers	customer_zip_code_prefix	Customer's Zip code
customers	customer_city	Customer's Zip city
customers	customer_state	Customer's Zip state
payments	order_id	Unique identifier for an order, this table can have duplicates in this column
payments	payment_sequential	Povides the info of the sequence of payments for the given order
payments	payment_type	Type of payment like credit_card, debit_card etc.
payments	payment_installments	Payment installement number in case of credit cards
payments	payment_value	Trasaction value
products	product_id	Unique identifier for each product, acts as the primary key of this table
products	product_category_name	Name of the category the product belongs to
products	product_weight_g	Product weight in grams
products	product_length_cm	Product length in centimeters
products	product_height_cm	Product height in centimeters
products	product_width_cm	Product width in centimeters

# Relationship Diagram of Entities -

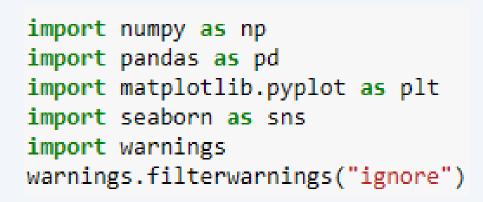


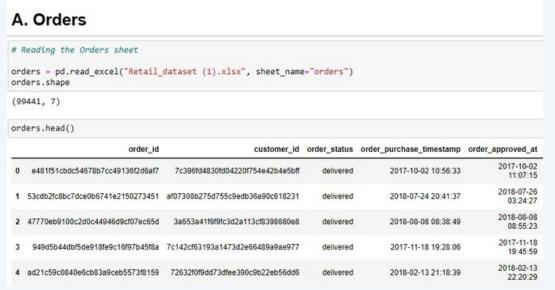
## Steps performed in this project.

- 1. Data exploration and cleaning: Imported the dataset and identified missing and duplicate values in each column and treated them accordingly. Also, treated data quality issues associated with the dataset.
- 2. EDA: Created appropriate visualizations to explore Dataset.
- 3. Market basket analysis: Using Apriori, identified the combinations of product categories that are ordered frequently

# Cleaning and EDA -

#### IMPORTING THE LIBRARIES READING ALL THE EXCEL SHEETS

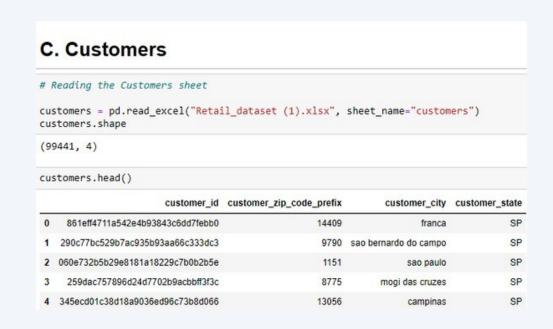


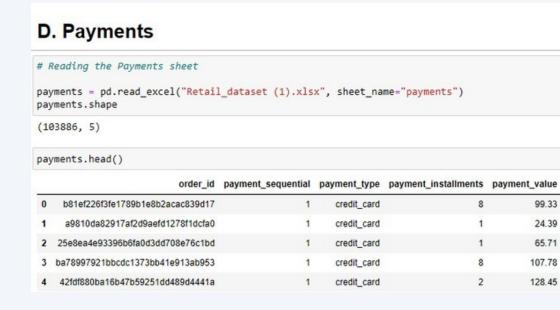


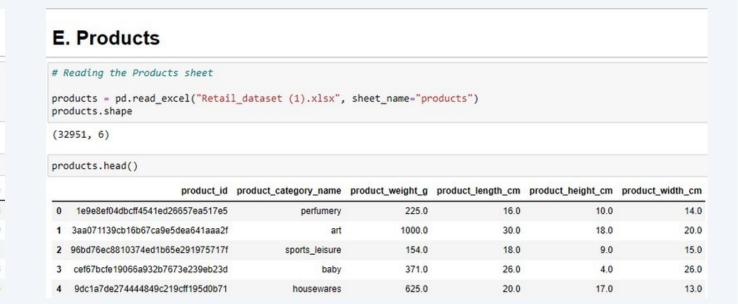


3 00024acbcdf0a6daa1e931b038114c75

4 00042b26cf59d7ce69dfabb4e55b4fd9







7634da152a4610f1595efa32f14722fc 9d7a1d34a5052409006425275ba1c2b4

1 ac6c3623068f30de03045865e4e10089 df560393f3a51e74553ab94004ba5c87 199 90

18 14

## **Treating Null values and Duplicates -**

```
# Checking if order_id is duplicate.
orders["order_id"].duplicated().sum()
#Checking missing values.
orders.isnull().sum().sort values(ascending=False)
order_approved_at
order_delivered_timestamp
order_id
customer_id
order status
order_purchase_timestamp
order_estimated_delivery_date
dtype: int64
#Imputing values of order_approved_at with order_purchase_timestamp
orders.order_approved_at.fillna(orders.order_purchase_timestamp,inplace=True)
#Imputing values of order delivered timestamp with order estimated delivery date
orders.order delivered timestamp.fillna(orders.order estimated delivery date, inplace=True)
#Checking again if any missing values are left.
orders.isnull().sum().sort_values(ascending=False)
order_id
customer id
order status
order_purchase_timestamp
order_approved_at
order delivered timestamp
order_estimated_delivery_date
dtype: int64
```

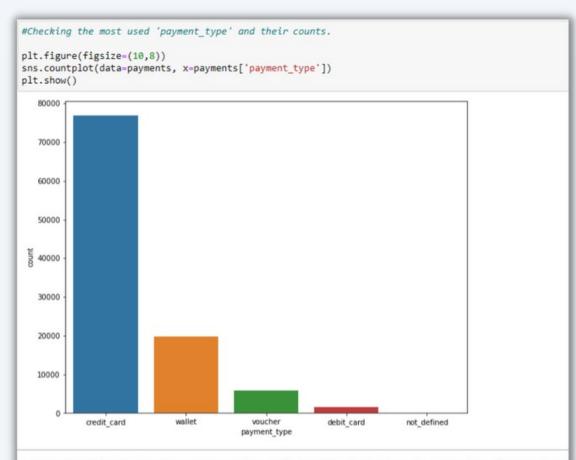
```
#Checking missing values.
order_items.isnull().sum().sort_values(ascending=False)
order id
order item id
                   0
product id
seller_id
price
                   0
shipping_charges
dtype: int64
# Checking if order id is duplicate.
order items["order id"].duplicated()
          False
          False
          False
          False
          False
          . . .
112645
          False
112646
          False
112647
         False
          False
112648
112649
         False
Name: order_id, Length: 112650, dtype: bool
```

```
# Checking Missing Values
customers.isnull().sum()
customer id
customer zip code prefix
customer_city
customer_state
dtype: int64
# Checking for duplicate values
customers.customer_id.duplicated().sum()
3345
# Dropping the duplicate values
customers.drop_duplicates(subset="customer_id", keep="first", inplace= True)
customers.shape
(96096, 4)
# Checking if any duplicates left
customers.customer_id.duplicated().sum()
```

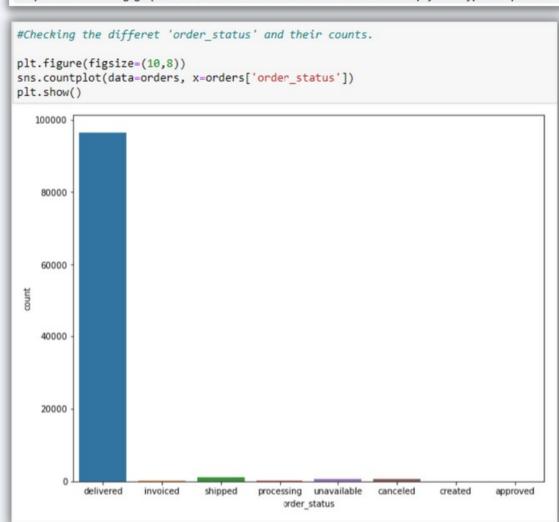
```
#Checking the payments 'not defined' affected rows
payments[payments['payment_type']=='not_defined']
                              order_id payment_sequential payment_type payment_installments payment_value
 51280 4637ca194b6387e2d538dc89b124b0ee
                                                         not_defined
 57411 00b1cb0320190ca0daa2c88b35206009
                                                         not_defined
                                                                                                0.0
 94427 c8c528189310eaa44a745b8d9d26908b
                                                                                                0.0
# Since there are only 3 recors affected, we can drop these records.
i=payments[payments['payment_type']=='not_defined'].index
payments.drop(i, axis=0, inplace=True)
# Checking Missing values
payments.isnull().sum()
order id
payment_sequential
payment_type
payment installments
payment_value
dtype: int64
```

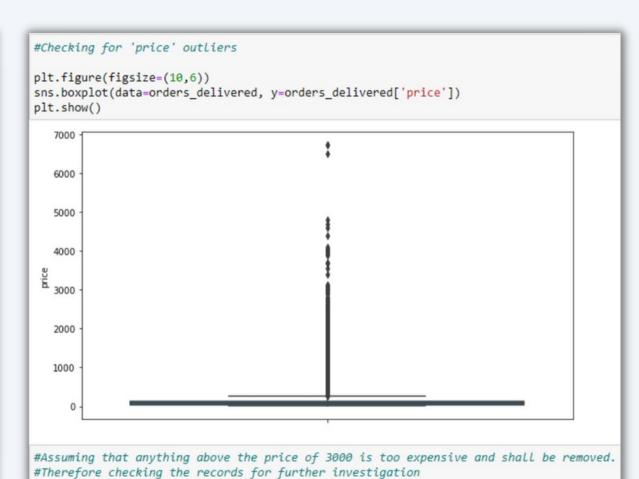
```
# Checking the Missing Values
products.isna().sum()
product_id
product category name
                        170
product_weight_g
product length cm
product height cm
 product width cm
dtype: int64
#Checking the mode of "product_category_name" for imputing the categorical variable - 'product_category_name
products["product_category_name"].mode()[0]
 'toys'
#Imputing the product_category_name NULL values
products["product_category_name"].fillna(products["product_category_name"].mode()[0], inplace=True)
#Checking missing values again for remaing columns.
products.isna().sum().sort_values(ascending=False)
product_weight_g
product_length_cm
product_height_cm
product_width_cm
product id
product_category_name
dtype: int64
```

## EDA -



As per the following graph we can see that credit Card is the most used payment type for purchase.





orders\_delivered[orders\_delivered['price']>3000].head()



```
# Toys are usually not that costly, therefore the prices are outliers.
# Checking the correct measure for imputation using skewness
plt.figure(figsize=(15,4))
sns.distplot(orders_delivered.price)
plt.axvline(orders_delivered.shipping_charges.mean(), color="red")
plt.axvline(orders_delivered.shipping_charges.median(), color="green")
plt.show()
   0.007
   0.006
   0.005
   0.004
   0.003
   0.002
   0.001
   0.000
                            1000
                                           2000
                                                          3000
                                                                         4000
                                                                                         5000
                                                                                                        6000
                                                                                                                       7000
                                                                price
```

## MARKET BASKET ANALYSIS

**Association Rule Mining** is primarily used when you want to identify an association between different items in a set, then find frequent patterns in a transactional database, relational databases (RDBMS).

**Apriori Algorithm** is a widely used and well-known Association Rule algorithm and is a popular algorithm used in market basket analysis. It is also considered accurate and overtop other algorithms. It helps to find frequent item sets in transactions and identifies association rules between these items.

```
#Installing the package Machine learning Extension - mlxtend
pip install mlxtend
Collecting mlxtend
 Downloading mlxtend-0.21.0-py2.py3-none-any.whl (1.3 MB)
Requirement already satisfied: pandas>=0.24.2 in c:\users\karti\anaconda3\lib\site-packages (from mlxtend) (1.4.2)
Requirement already satisfied: setuptools in c:\users\karti\anaconda3\lib\site-packages (from mlxtend) (61.2.0)
Requirement already satisfied: scipy>=1.2.1 in c:\users\karti\anaconda3\lib\site-packages (from mlxtend) (1.7.3)
Requirement already satisfied: numpy>=1.16.2 in c:\users\karti\anaconda3\lib\site-packages (from mlxtend) (1.21.5)
Requirement already satisfied: joblib>=0.13.2 in c:\users\karti\anaconda3\lib\site-packages (from mlxtend) (1.1.0)
Requirement already satisfied: scikit-learn>=1.0.2 in c:\users\karti\anaconda3\lib\site-packages (from mlxtend) (1.0.2)
Requirement already satisfied: matplotlib>=3.0.0 in c:\users\karti\anaconda3\lib\site-packages (from mlxtend) (3.5.1)
Requirement already satisfied: python-dateutil>=2.7 in c:\users\karti\anaconda3\lib\site-packages (from matplotlib>=3.0.0->mlxt
end) (2.8.2)
Requirement already satisfied: pyparsing>=2.2.1 in c:\users\karti\anaconda3\lib\site-packages (from matplotlib>=3.0.0->mlxtend)
(3.0.4)
Requirement already satisfied: pillow>=6.2.0 in c:\users\karti\anaconda3\lib\site-packages (from matplotlib>=3.0.0->mlxtend)
(9.0.1)
Requirement already satisfied: fonttools>=4.22.0 in c:\users\karti\anaconda3\lib\site-packages (from matplotlib>=3.0.0->mlxten
d) (4.25.0)
Requirement already satisfied: packaging>=20.0 in c:\users\karti\anaconda3\lib\site-packages (from matplotlib>=3.0.0->mlxtend)
Requirement already satisfied: kiwisolver>=1.0.1 in c:\users\karti\anaconda3\lib\site-packages (from matplotlib>=3.0.0->mlxten
d) (1.3.2)
Requirement already satisfied: cycler>=0.10 in c:\users\karti\anaconda3\lib\site-packages (from matplotlib>=3.0.0->mlxtend) (0.
11.0)
Requirement already satisfied: pytz>=2020.1 in c:\users\karti\anaconda3\lib\site-packages (from pandas>=0.24.2->mlxtend) (2021.
Requirement already satisfied: six>=1.5 in c:\users\karti\anaconda3\lib\site-packages (from python-dateutil>=2.7->matplotlib>=
3.0.0->mlxtend) (1.16.0)
Requirement already satisfied: threadpoolctl>=2.0.0 in c:\users\karti\anaconda3\lib\site-packages (from scikit-learn>=1.0.2->ml
xtend) (2.2.0)
Installing collected packages: mlxtend
Successfully installed mlxtend-0.21.0
```

```
#Load apriori and association modules from mlxtend.frequent_patterns
from mlxtend.frequent_patterns import apriori
from mlxtend.frequent_patterns import association_rules

#Updating orders_delivered dataframe with only the required columns for analysis

orders_delivered = orders_delivered[['order_id','product_category_name', 'order_item_id']]

#Checking the duplicates after updating

orders_delivered.duplicated().sum()

#841

#Dropping the duplicates keeping the first occurence

orders_delivered.drop_duplicates(keep='first', inplace=True)

#Creating prd_combo dataframe using pandas pivot, this is required for basket analysis

prd_combo = pd.pivot_table(data=orders_delivered,index='order_id',columns='product_category_name', values='order_item_id',fill_value=0)
```

```
#Creating prd combo dataframe using pandas pivot, this is required for basket analysis
prd combo = pd.pivot table(data=orders delivered,index='order id',columns='product category name',
                                values='order item id',fill value=0)
prd combo.head()
           product_category_name agro_industry_and_commerce air_conditioning art arts_and_craftmanship audio auto baby bed_bath_table
                        order_id
                                                      0.0
                                                                     0.0
                                                                                                                            0.0
00010242fe8c5a6d1ba2dd792cb16214
                                                                                                   0.0
                                                                                                        0.0
                                                                         0
 00018f77f2f0320c557190d7a144bdd3
                                                      0.0
                                                                     0.0
                                                                                                        0.0
                                                                                                              0.0
                                                                                                                            0.0
 000229ec398224ef6ca0657da4fc703e
                                                      0.0
                                                                     0.0 0
                                                                                                             0.0
                                                                                                                            0.0
                                                                                                        0.0
00024acbcdf0a6daa1e931b038114c75
                                                      0.0
                                                                     0.0
                                                                                                        0.0
                                                                                                             0.0
                                                                                                                            0.0
 00042b26cf59d7ce69dfabb4e55b4fd9
                                                      0.0
                                                                     0.0
                                                                                                            0.0
                                                                                              0 0.0 0.0
                                                                                                                            0.0
5 rows x 70 columns
```

```
#For basket analysis encoding the data to 1s and 0s
def encdata(x):
   if x<=0:
       return 0
   if x>=1:
       return 1
prd_combo_encode = prd_combo.applymap(encdata)
prd_combo_encode.shape
(96477, 70)
#As reuired by the assignment, dropping the Product_cataegories (columns) whose sum value (total_sale)
#is less than equal to 5
for column in prd_combo_encode.columns:
    if (prd_combo_encode[column].sum(axis=0, skipna=True)<=5):</pre>
       prd_combo_encode.drop(column, inplace=True, axis=1)
prd_combo_encode.shape
(96477, 61)
```

#Selecting only those order_ids where at least two items were purchased to find product combinations.  #This is reuired else the 'Toys' product_category will affect the whole analysis.  #Because the Support value for 'Toys' is biased due to its too much presence as single item orders								
<pre>prd_combo_encode = prd_combo_encode[(prd_combo_encode&gt;0).sum(axis=1)&gt;=2] prd_combo_encode.head()</pre>								
product_category_name	agro_industry_and_commerce	air_conditioning	art	audio	auto	baby	bed_bath_table	books_general_interest
order_id								
00337fe25a3780b3424d9ad7c5a4b35e	0	0	0	0	0	0	1	(
00946f674d880be1f188abc10ad7cf46	0	0	0	0	0	0	0	(
00bcee890eba57a9767c7b5ca12d3a1b	0	0	0	0	0	0	0	(
01144cadcf64b6427f0a6580a3033220	0	0	0	0	0	0	0	
	0	0	0	0	0	0	4	(

#### Generating frequent itemsets from a list of items

First step in generation of association rules is to get all the frequent itemsets. Frequent itemsets are the ones which occur at least a minimum number of times in the transactions.

```
'''Call apriori function and passing minimum support here we are passing 3%, which means at least 3% in total number of transaction the item should be present.'''
#Support - This measure gives an idea of how frequent `ItemSet` is in all the transactions.

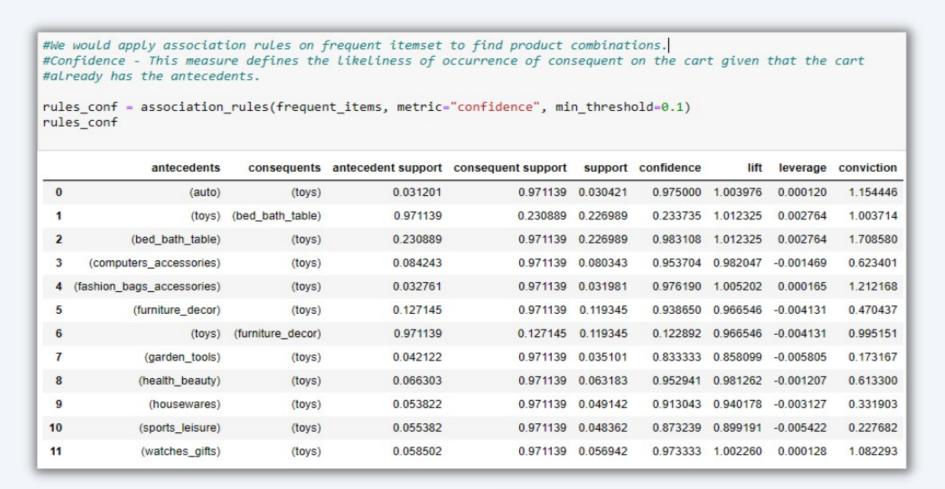
frequent_items = apriori(prd_combo_encode, min_support=0.03, use_colnames=True)
frequent_items
```

C:\Users\karti\anaconda3\lib\site-packages\mlxtend\frequent\_patterns\fpcommon.py:111: DeprecationWarning: DataFrames with non-b ool types result in worse computationalperformance and their support might be discontinued in the future.Please use a DataFrame with bool type warnings.warn(

	support	itemsets
0	0.031201	(auto)
1	0.230889	(bed_bath_table)
2	0.084243	(computers_accessories)
3	0.032761	(fashion_bags_accessories)
4	0.127145	(furniture_decor)
5	0.042122	(garden_tools)
6	0.066303	(health_beauty)
7	0.053822	(housewares)
8	0.055382	(sports_leisure)
9	0.971139	(toys)
10	0.058502	(watches_gifts)
11	0.030421	(auto, toys)
12	0.226989	(toys, bed_bath_table)
13	0.080343	(computers_accessories, toys)
14	0.031981	(fashion_bags_accessories, toys)
15	0.119345	(furniture_decor, toys)
16	0.035101	(garden_tools, toys)
17	0.063183	(health_beauty, toys)
18	0.049142	(housewares, toys)
19	0.048362	(sports_leisure, toys)
20	0.056942	(toys, watches_gifts)

#### Generating all possible rules from the frequent item set.

After the frequent item set are generated, identifying rules such as Confidence and Lift.



#Lift - This measure defines the likeliness of occurrence of consequent on the cart given that the cart already #has the antecedent, but controlling the popularity of consequent. #Here we are setting based on lift and keeping minimum lift as >1. rules\_lift=rules\_conf[(rules\_conf['lift'] > 1)] rules\_lift antecedents consequents antecedent support consequent support support confidence lift leverage conviction 0 0.031201 0.971139 0.030421 0.975000 1.003976 0.000120 1.154446 (auto) (toys) 0.971139 1 (bed bath table) 0.230889 0.226989 0.233735 1.012325 0.002764 1.003714 0.230889 0.971139 0.226989 0.983108 1.012325 0.002764 1.708580 (bed\_bath\_table) (toys) 0.032761 1.212168 (fashion\_bags\_accessories) (toys) 0.971139 0.031981 1.005202 11 (watches gifts) (toys) 0.058502 0.971139 0.056942 0.973333 1.002260 0.000128 1.082293 As required by the assignment, cleaned datasets are needed, therefore Exporting cleaned dataset to an excel and other Market Basket metrics data to create dashboard using Tableau.

```
#Extracting the clean datasheets to be uploaded
with pd.ExcelWriter(r"C:\Users\karti\OneDrive\Desktop\Clean_Retail_dataset.xlsx") as excel_sheets:
    #Extracting the clean datasheets
    orders.to_excel(excel_sheets, sheet_name="orders", index=False)
    order_items.to_excel(excel_sheets, sheet_name="order_items", index=False)
    products.to excel(excel_sheets, sheet_name="products", index=False)
    customers.to_excel(excel_sheets, sheet_name="customers", index=False)
    payments.to excel(excel sheets, sheet name="payments", index=False)
#Extracting the additional markest basket metrics data to be visualized
#Taking care of the frozenset before exporting
frequent_items["itemsets"] = frequent_items["itemsets"].apply(lambda x: ', '.join(list(x))).astype("unicode")
rules_conf["antecedents"] = rules_conf["antecedents"].apply(lambda x: ', '.join(list(x))).astype("unicode")
rules_conf["consequents"] = rules_conf["consequents"].apply(lambda x: ', '.join(list(x))).astype("unicode")
rules_lift["antecedents"] = rules_lift["antecedents"].apply(lambda x: ', '.join(list(x))).astype("unicode")
rules_lift["consequents"] = rules_lift["consequents"].apply(lambda x: ', '.join(list(x))).astype("unicode")
with pd.ExcelWriter(r"C:\Users\karti\OneDrive\Desktop\Apriori_Market_basket.xlsx") as excel_sheets:
    frequent_items.to_excel(excel_sheets, sheet_name="support", index=False)
    rules conf.to excel(excel sheets, sheet name="confidence", index=False)
    rules lift.to excel(excel sheets, sheet name="lift", index=False)
```

## Main highlights from Market Basket Analysis

### Top five products categories in groups of twos are:

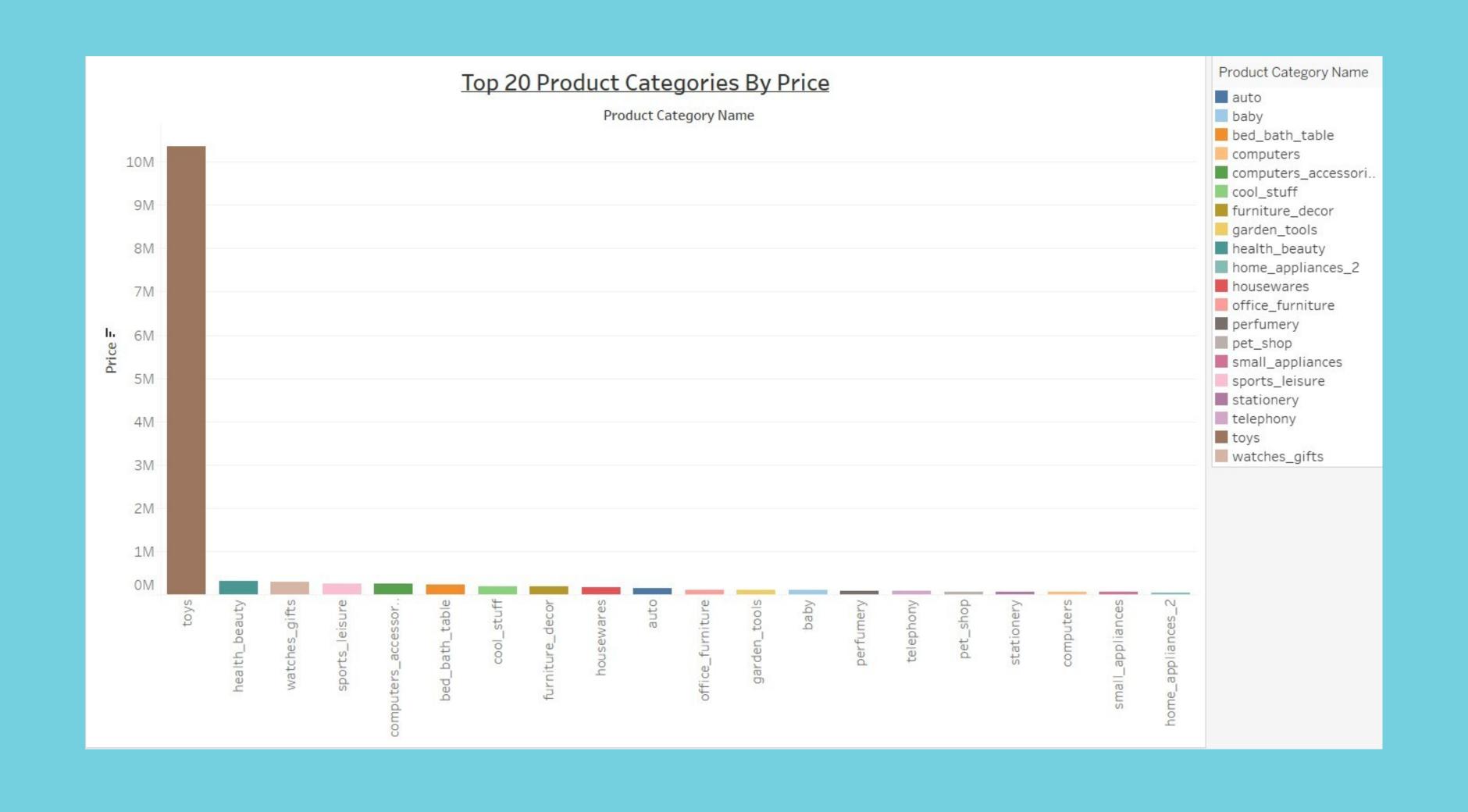
- 1. Toys and Bed Bath Table
- 2. Toys and Fashion Bags Accessories
- 3. Toys and Auto
- 4. Toys and Watches Gift
- 5. Toys and Health & Beauty

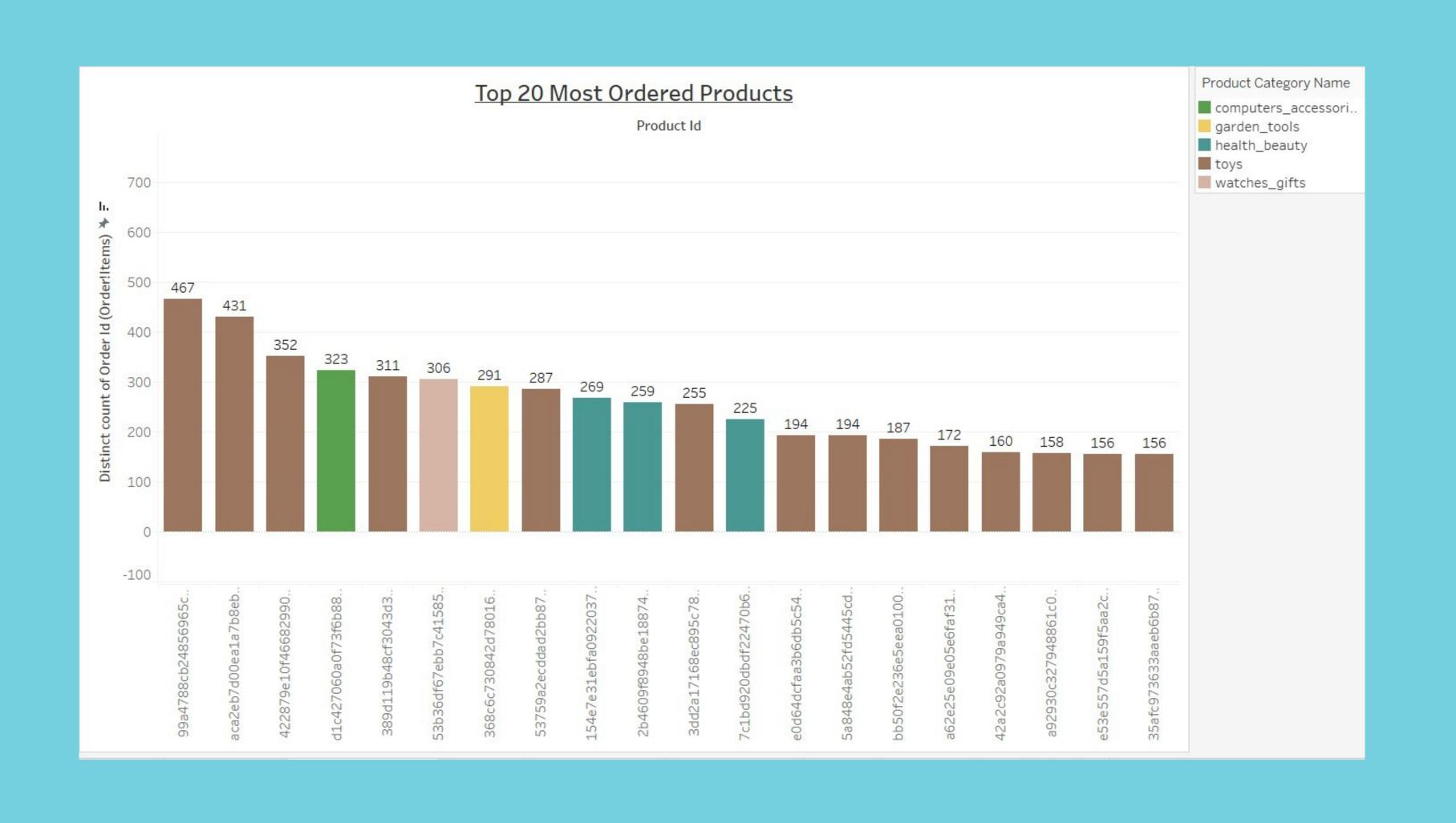
## Top five products categories in groups of three are:

- 6.Toys, Cine photos and Telephony
- 7. Toys, Home Construction and Computer Accessories 3. Toys,
- Garden Tools and Computer Accessories 4. Toys Furniture Decor and
- Electronics
- 5.Toys, Furniture Decor and Health and Beauty

# Visualizing Insights using Tableau

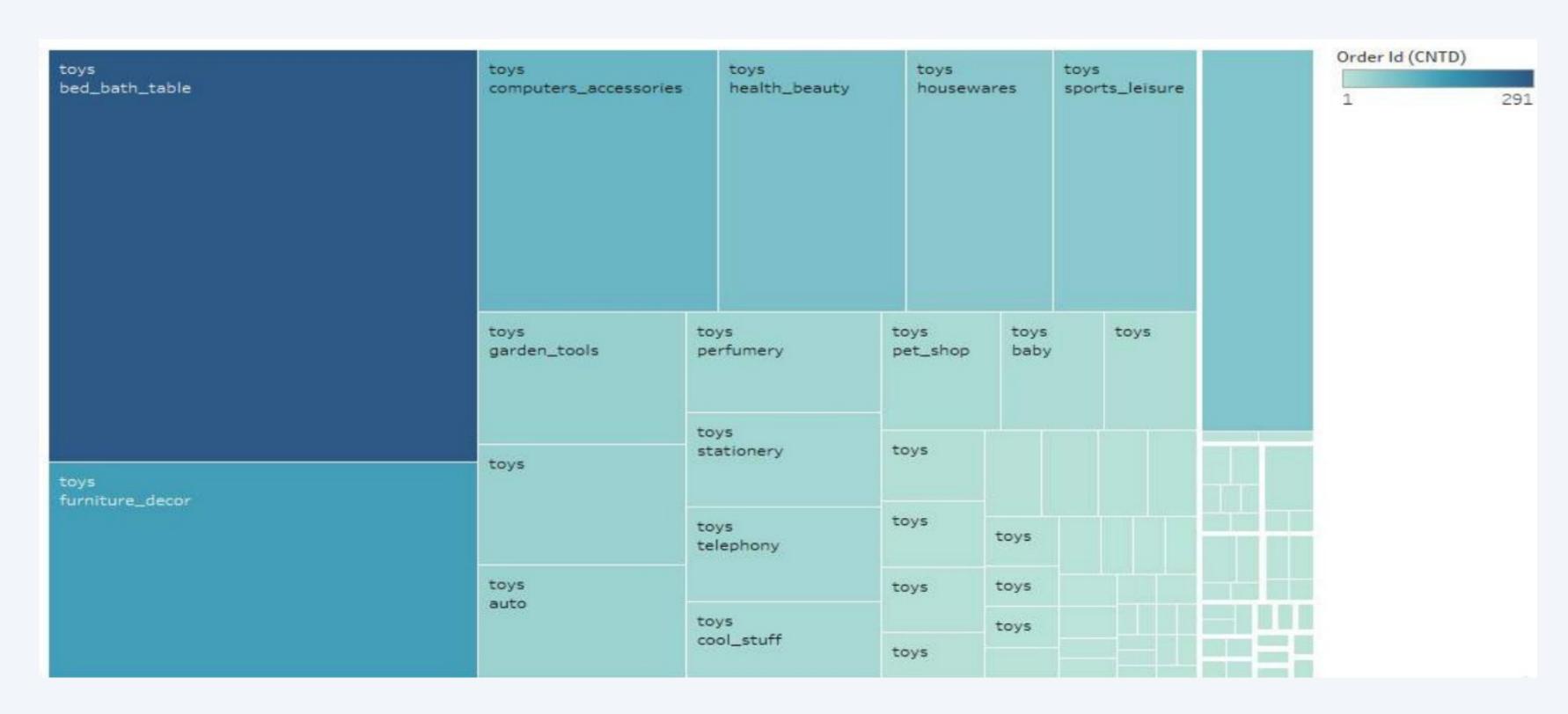


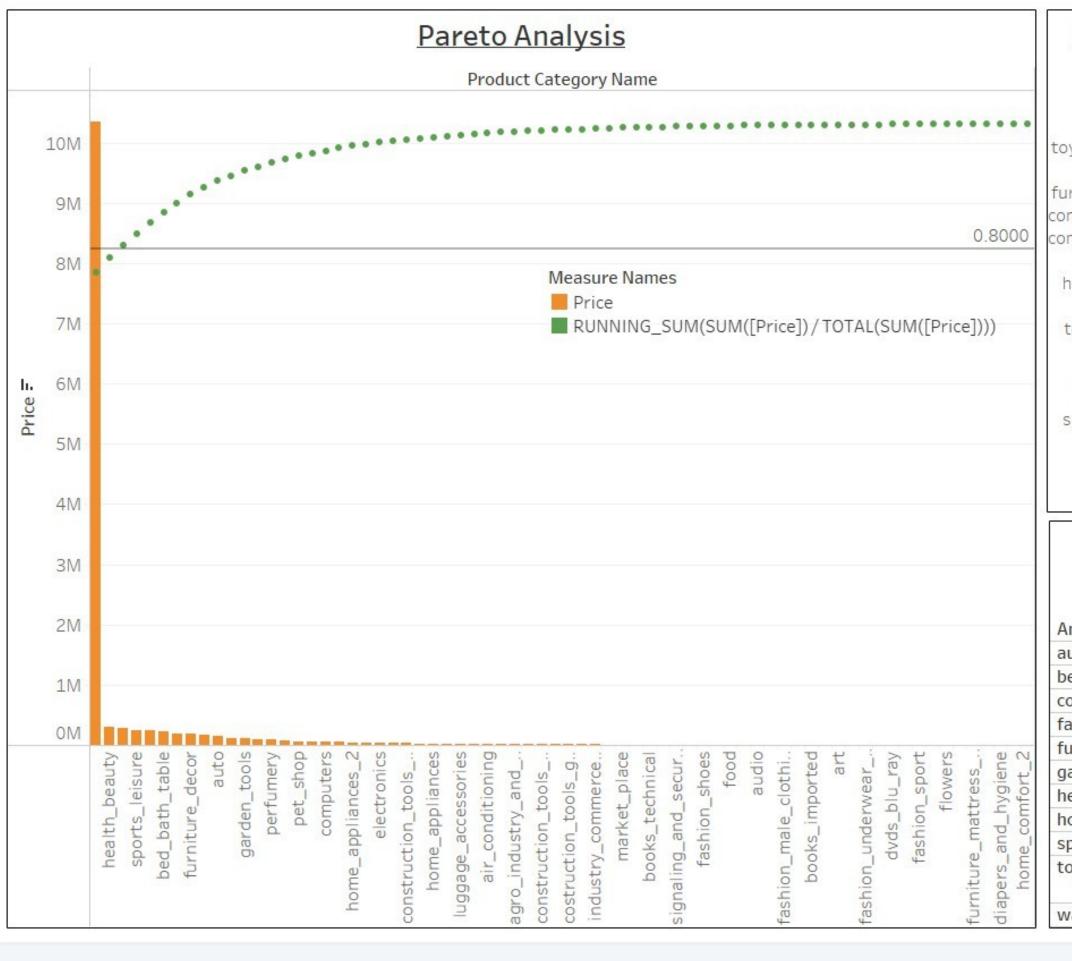


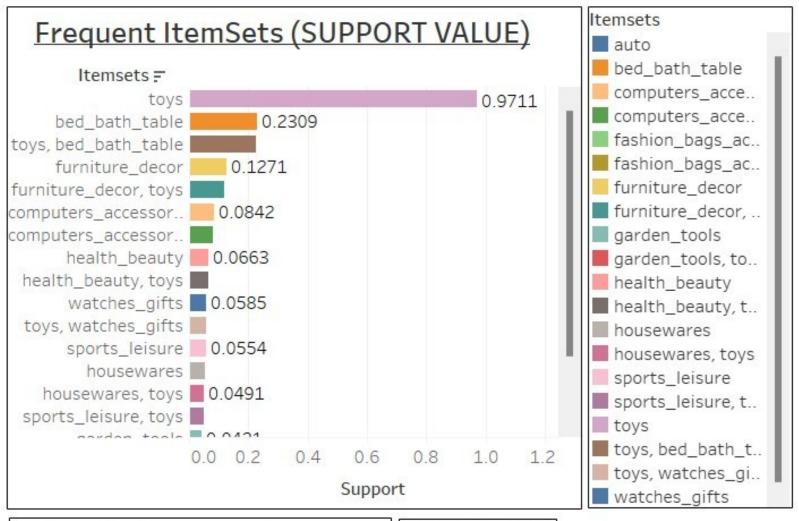




## Market Basket Analysis for Two items at a time

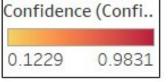


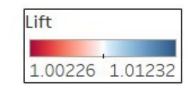




## <u>(Confidence Value)</u>

Antecedents (Con	Conseque =	
auto	toys	0.9750
bed_bath_table	toys	0.9831
computers_acces	toys	0.9537
fashion_bags_ac	toys	0.9762
furniture_decor	toys	0.9387
garden_tools	toys	0.8333
health_beauty	toys	0.9529
housewares	toys	0.9130
sports_leisure	toys	0.8732
toys	bed_bath_table	0.2337
	furniture_decor	0.1229
watches_gifts	toys	0.9733





## Product Combinations (Lift > 1)

Antecedents	Consequents	
bed_bath_table	toys	1.01232
toys	bed_bath_table	1.01232
fashion_bags_ac	toys	1.00520
auto	toys	1.00398
watches_gifts	toys	1.00226

## Main Observations -

- It is observed that around 20 product categories account for 80% of Overall Sale count.
- Toys and bed\_bath\_table account for the highest number of sales
- Followed by the basket of Toys and furniture\_decor.
- Close to 40-50 % of the sales of furniture decor, bed bath table, sports\_leisure, fashion bags and accessories and auto have low frequency or hardly any sale.
- Flowers, home comfort, fashion children's clothing, furniture mattress and upholstery, security and services and many more have hardly any sale