Walmart Business case study

1. Import the dataset and do usual data analysis steps like checking the structure & characteristics of the dataset.

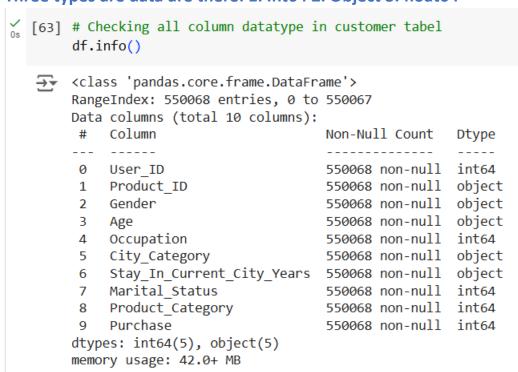
```
# Importing the given dataset import numpy as np import pandas as pd import matplotlib.pyplot as plt import seaborn as sbn

df=pd.read_csv('/content/walmart_data.csv')
```

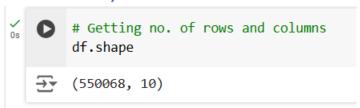


a. The data type of all columns in the "customers" table.

Three types are data are there: 1. Int64 2. Object 3. float64



b. You can find the number of rows and columns given in the dataset. Rows=550068, Columns=10



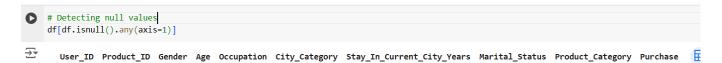
c. Check for the missing values and find the number of missing values in each Column.

There are no null values in the given dataset.



dtype: int64

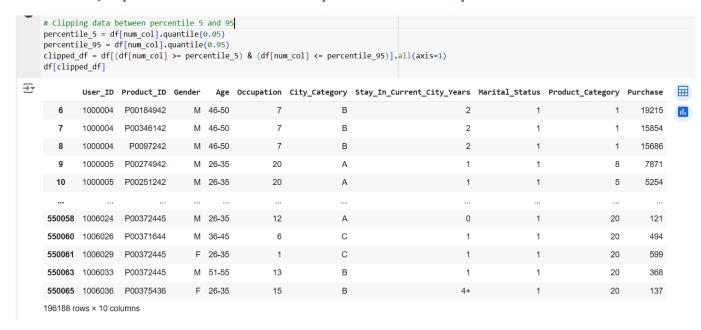
2. Detect Null values and outliers.



a. Find the outliers for every continuous variable in the dataset.

```
# Detecting ouliers
outliers = pd.DataFrame()
num_col = df.select_dtypes(include=['number']).columns
for col in num col:
   Q1 = df[col].quantile(0.25)
   Q3 = df[col].quantile(0.75)
   IQR = Q3 - Q1
   col_outliers = df[(df[col] < (Q1 - 1.5 * IQR)) | (df[col] > (Q3 + 1.5 * IQR))]
   outliers = pd.concat([outliers, col_outliers])
print(outliers)
       User ID Product ID Gender
                                 Age Occupation City Category
545915 1000001 P00375436 F
                                 0-17
                                               10
                                                             Α
                                                             C
545916 1000002 P00372445
                            M 55+
                                               16
545917 1000004 P00375436
                            M 46-50
                                               7
                                                             В
                          F 51-55
M 36-45
545918 1000006 P00375436
                                               9
                                                             Α
545919 1000007 P00372445
                                                1
                                                             В
               ...
...
                           ...
                                ...
                                              . . .
                                                           . . .
544488 1005815 P00116142 M 26-35
                                              20
                                                             В
544704 1005847 P00085342
                            F 18-25
                                              4
                                                             В
544743 1005852 P00202242
                            F 26-35
                                               1
                                                             Α
                                                             C
545663 1006002 P00116142
                            M 51-55
                                               0
545787 1006018 P00052842
                            M 36-45
                                                             C
                                                1
      Stay_In_Current_City_Years Marital_Status Product_Category Purchase
545915
                             2
                                                                      612
                                             0
                                                             20
545916
                                             0
                                                             20
                                                                      119
                             4+
545917
                              2
                                             1
                                                             20
                                                                      481
545918
                              1
                                             0
                                                             20
                                                                      480
545919
                              1
                                             1
                                                             20
                                                                      241
                                                             . . .
544488
                              1
                                             0
                                                             10
                                                                    23753
544704
                              2
                                             0
                                                             10
                                                                    23724
544743
                              0
                                             1
                                                             10
                                                                    23529
                              1
545663
                                             1
                                                             10
                                                                    23663
545787
                              3
                                                             10
                                                                    23496
[6830 rows x 10 columns]
```

b. Remove/clip the data between the 5 percentile and 95 percentile.



3. Data Exploration:

₹

a. What products are different age groups buying?

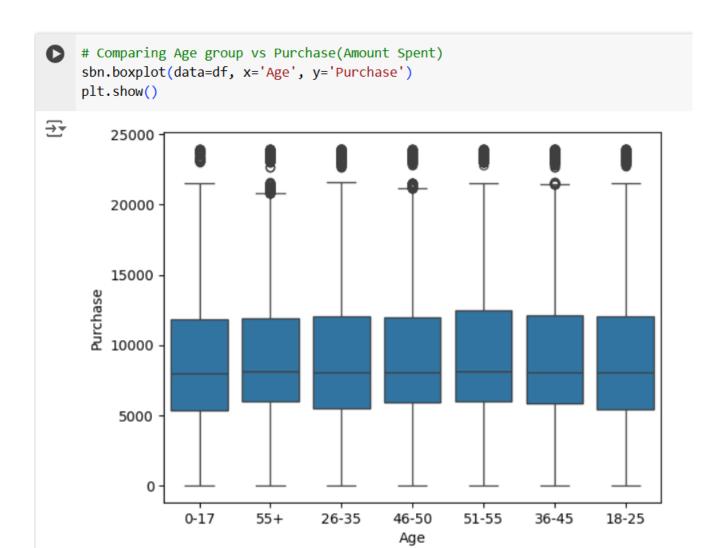


	Product_Category
Age	
0-17	20
18-25	20
26-35	20
36-45	20
46-50	20
51-55	20
55+	20

dtype: int64

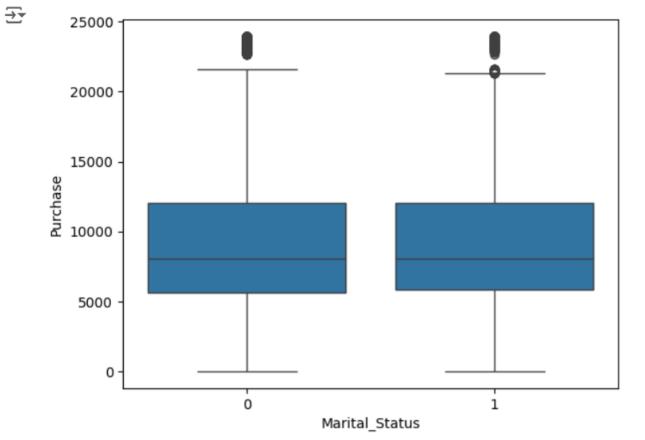
b. Is there a relationship between age, marital status, and the amount spent?

• Median Amount spent in each Age group is almost equal.



Median Amount spent is equal for single and married people both.

Comparing Matrital_Status vs Purchase(Amount Spent)
sbn.boxplot(data=df, x='Marital_Status', y='Purchase')
plt.show()



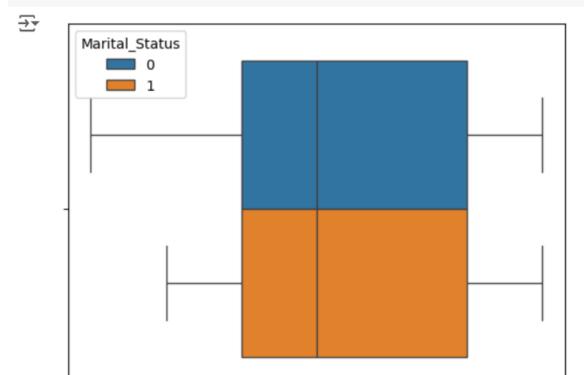
Median Age for single and married people is same.

0-17

55+

26-35

```
[99] # Comparing Age group vs Marital_Status
sbn.boxplot(data=df, x='Age', hue='Marital_Status')
plt.show()
```



46-50 Age 51-55

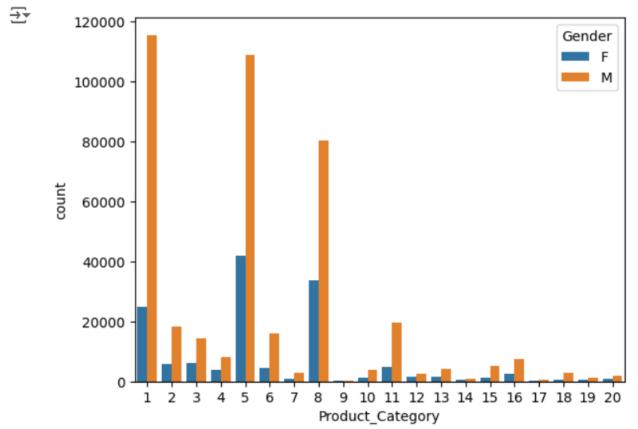
36-45

18-25

d. Are there preferred product categories for different genders?

- Top five Product Categories preferred by male people are 1,5,8,11 and 16 in descending order.
- Similarly top 5 Categories preferred by female people are 5,8,1,11 and 16 in descending order.

```
[109] # Comparing preferred Product_Category with Gender
    sbn.countplot(data=df, x='Product_Category', hue='Gender')
    plt.show()
```



4. How does gender affect the amount spent?

95% confidence interval for average amount spent is given below for male and female separately.

a. From the above calculated CLT answer the following questions.

i. Is the confidence interval computed using the entire dataset wider for one of the genders? Why is this the case?

Ans. No, Confidence interval for entire dataset in not wider because for entire dataset, n (sample size) is increased and then standard error decrease, consequently value (MU+SE) or (MU-SE) in decreased. In case of male category, it is less wide due increased sample size.

But in case of female category, confidence interval for entire dataset is observed wider as compared to female purchase because of female purchase is less dispersed, resulting value of standard error less.

```
# Comparing total_mean vs male_mean vs female_mean mu,mu_m,mu_f

(9263.968712959126, 9437.526040472265, 8734.565765155476)

[7] # Comparing total_SD vs male_SD vs female_SD sd,sd_m,sd_f

(5023.060827959972, 5092.180063635943, 4767.215738016988)
```

$$\left(ar{x}-z\cdotrac{\sigma}{\sqrt{n}},ar{x}+z\cdotrac{\sigma}{\sqrt{n}}
ight)$$

ii. How is the width of the confidence interval affected by the sample size?

Ans. Width of the confidence interval in inversely proportional with square root of sample size, Large sample size reduces the standard error, leading to a more precise estimate and narrower interval.

$$\left(ar{x}-z\cdotrac{\sigma}{\sqrt{n}},ar{x}+z\cdotrac{\sigma}{\sqrt{n}}
ight)$$

iii. Do the confidence intervals for different sample sizes overlap?

Ans. Yes, the confidence interval for different sample sizes can overlap because each sample, regardless of size, may produce similar estimates of the population mean, especially if they're taken from the same population. Smaller samples have wider intervals to account for higher variability, while larger samples have narrower intervals due to increased precision.

$$\left(ar{x}-z\cdotrac{\sigma}{\sqrt{n}},ar{x}+z\cdotrac{\sigma}{\sqrt{n}}
ight)$$

iv. How does the sample size affect the shape of the distributions of the means?

Ans. As sample size increases, the distribution of sample means becomes more normal and narrower, with less variability, providing a more precise estimate of the population mean,

And if the sample size decreases the distribution of sample means becomes more flatter with more variability and provides less precise estimate of the population mean.

$$\left(ar{x}-z\cdotrac{\sigma}{\sqrt{n}},ar{x}+z\cdotrac{\sigma}{\sqrt{n}}
ight)$$

5. How does Marital_Status affect the amount spent?

Ans. 95% confidence interval for average amount spent is given below for married and unmarried people separately.

```
[12] # Calculating mean and SD for married and unmarried people separately
    df_m=df.Purchase[df['Marital_Status']==1]
    df_u=df.Purchase[df['Marital_Status']==0]
    mu_m=np.mean(df_m)
    mu_u=np.mean(df_u)
    sd_m=np.std(df_m)
    sd_u=np.std(df_u)

>> [13] # 95% Confidence interval for average ampount spent by married people
    norm.interval(.95, loc=mu_m, scale=sd_m)

>> (-571.7417822066272, 19094.090930371374)

>> # 95% Confidence interval for average ampount spent by unmarried people
    norm.interval(.95, loc=mu_u, scale=sd_u)

-> (-587.4979501570069, 19119.313188000022)
```

- a. From the above calculated CLT answer the following questions.
 - i. Is the confidence interval computed using the entire dataset wider for one of the genders? Why is this the case?

Ans. Yes, Confidence interval for entire dataset in wider than married category because dispersion in entire dataset is significantly higher than married category. But in case of unmarried category, confidence interval for entire dataset is observed narrower as compared to unmarried people because dispersion observed in entire dataset is significantly lower as compared to unmarried people.

- [16] # Comparing total_mean vs married people mean vs unmarried people mean
 mu,mu_m,mu_u
- (9263.968712959126, 9261.174574082374, 9265.907618921507)
- '
 [17] # Comparing total_SD vs married people SD vs unmarried peeople SD
 sd,sd_m,sd_u
 - **5023.060827959972, 5016.886245793184, 5027.340117880186)**
- 13] # 95% Confidence interval for average ampount spent by married people
 norm.interval(.95, loc=mu_m, scale=sd_m)
 - → (-571.7417822066272, 19094.090930371374)
- # 95% Confidence interval for average ampount spent by unmarried people norm.interval(.95, loc=mu_u, scale=sd_u)
 - ÷ (-587.4979501570069, 19119.313188000022)
- [19] # 95% Confidence interval for average ampount spent by entire people
 mu=np.mean(df.Purchase)
 sd=np.std(df.Purchase)
 norm.interval(.95,loc=mu,scale=sd)

$$\left(ar{x}-z\cdotrac{\sigma}{\sqrt{n}},ar{x}+z\cdotrac{\sigma}{\sqrt{n}}
ight)$$

ii. How is the width of the confidence interval affected by the sample size?

Ans. Width of the confidence interval in inversely proportional with square root of sample size, large sample size reduces the standard error, leading to a more precise estimate and narrower interval.

$$\left(ar{x}-z\cdotrac{\sigma}{\sqrt{n}},ar{x}+z\cdotrac{\sigma}{\sqrt{n}}
ight)$$

iii. Do the confidence intervals for different sample sizes overlap?

Ans. Yes, confidence intervals for different sample sizes can overlap because each sample, regardless of size, may produce similar estimates of the population mean. Smaller samples have wider intervals due to higher variability, while larger samples have narrower intervals with greater precision.

Overlap indicates consistency in the estimates across sample sizes.

$$\left(ar{x}-z\cdotrac{\sigma}{\sqrt{n}},ar{x}+z\cdotrac{\sigma}{\sqrt{n}}
ight)$$

iv. How does the sample size affect the shape of the distributions of the means?

Ans. As sample size increases, the distribution of sample means becomes more normal and narrower, with less variability, providing a more precise estimate of the population mean,

And if the sample size decreases the distribution of sample means becomes more flatter with more variability and provides less precise estimate of the population mean.

$$\left(ar{x}-z\cdotrac{\sigma}{\sqrt{n}},ar{x}+z\cdotrac{\sigma}{\sqrt{n}}
ight)$$

6. How does Age affect the amount spent?

Ans. 95% confidence interval for average amount spent is given below for different age groups.

```
[35] # Calculating mean and SD for different age group.
     df1=df.Purchase[df['Age']=='0-17']
     df2=df.Purchase[df['Age']=='18-25']
     df3=df.Purchase[df['Age']=='26-35']
     df4=df.Purchase[df['Age']=='36-45']
     df5=df.Purchase[df['Age']=='46-50']
     df6=df.Purchase[df['Age']=='51-55']
     df7=df.Purchase[df['Age']=='55+']
     mu1=np.mean(df1)
     mu2=np.mean(df2)
     mu3=np.mean(df3)
     mu4=np.mean(df4)
     mu5=np.mean(df5)
     mu6=np.mean(df6)
     mu7=np.mean(df7)
     sd1=np.std(df1)
     sd2=np.std(df2)
     sd3=np.std(df3)
     sd4=np.std(df4)
     sd5=np.std(df5)
     sd6=np.std(df6)
     sd7=np.std(df7)
```

```
[36] # 95% Confidence interval for average ampount spent by age group(0-17) norm.interval(.95, loc=mu1, scale=sd1)

(-1083.8031404446592, 18950.732421334607)

[37] # 95% Confidence interval for average ampount spent by age group(18-25) norm.interval(.95, loc=mu2, scale=sd2)

(-697.376690896579, 19036.703903419155)

[38] # 95% Confidence interval for average ampount spent by age group(26-35) norm.interval(.95, loc=mu3, scale=sd3)

(-567.7400633554571, 19073.121329095233)

[39] # 95% Confidence interval for average ampount spent by age group(36-45) norm.interval(.95, loc=mu4, scale=sd4)
```

- a. From the above calculated CLT answer the following questions.
 - i. Is the confidence interval computed using the entire dataset wider for one of the genders? Why is this the case?

Ans. Yes, Confidence interval for entire dataset in wider than the confidence interval of three age groups (26-35, 46-50 & 55+) as standard deviation of the entire dataset is significantly higher than these groups.

But rest age group (except '36-45') have confidence interval wider than the entire dataset as standard deviation of these groups is higher than the standard deviation of the entire dataset.

```
[53] # Standard Deviation for entire dataset f"{np.std(df.Purchase):.2f}"

\Rightarrow '5023.06'

[56] # Standard Deviation for all age groups print(f"{sd1:.2f}, {sd2:.2f}, {sd3:.2f}, {sd4:.2f}, {sd5:.2f}, {sd6:.2f}, {sd7:.2f}")

\Rightarrow 5110.94, 5034.30, 5010.52, 5022.90, 4967.16, 5087.30, 5011.38
```

ii. How is the width of the confidence interval affected by the sample size?

Ans. Width of the confidence interval in inversely proportional with square root of sample size, large sample size reduces the standard error, leading to a more precise estimate and narrower interval.

$$\left(ar{x}-z\cdotrac{\sigma}{\sqrt{n}},ar{x}+z\cdotrac{\sigma}{\sqrt{n}}
ight)$$

iii. Do the confidence intervals for different sample sizes overlap?

Ans. Yes, confidence intervals for different sample sizes can overlap because each sample, regardless of size, may produce similar estimates of the population mean. Smaller samples have wider intervals due to higher variability, while larger samples have narrower intervals with greater precision.

Overlap indicates consistency in the estimates across sample sizes.

$$\left(ar{x}-z\cdotrac{\sigma}{\sqrt{n}},ar{x}+z\cdotrac{\sigma}{\sqrt{n}}
ight)$$

iv. How does the sample size affect the shape of the distributions of the means?

Ans. As sample size increases, the distribution of sample means becomes more normal and narrower, with less variability, providing a more precise estimate of the population mean,

And if the sample size decreases the distribution of sample means becomes more flatter with more variability and provides less precise estimate of the population mean.

$$\left(ar{x}-z\cdotrac{\sigma}{\sqrt{n}},ar{x}+z\cdotrac{\sigma}{\sqrt{n}}
ight)$$

7. Create a report:

a. Report whether the confidence intervals for the average amount spent by males and females (computed using all the data) overlap. How can Walmart leverage this conclusion to make changes or improvements?

Ans. Determining overlap of confidence interval of Purchase for males & females.

If the interval overlap, there may not be significant difference between in average spending between males & females.

Checking for difference in average spending across Genders using t-test:

Assumption: Ho-Average spending of males & females is similar.

Ha-Average spending of males & females is significantly different.

```
[10] # Checking p_value using independent 2 smaple t-test
    df_m=df.Purchase[df['Gender']=='M']
    df_f=df.Purchase[df['Gender']=='F']

from scipy.stats import ttest_ind
    t_state, p_value=ttest_ind(df_m, df_f, equal_var=False)
    p_value
2.7863640450948996e-63
```

For 95% confidence level, alpha=1-0.95, i.e. 0.05

Now it is clear, p-value < alpha

Hence, we reject the null hypothesis, i.e. average spending of males & females is significantly different. Concluding that there is a potential difference in spending behaviour across Genders.

Consequently, the confidence intervals for the average amount spent by males and females do not overlap.

Since the intervals do not overlap, this indicates a significant difference in spending habits. Businesses can leverage this by using marketing strategies to each gender.

As males spend more on average, marketing could focus on products or promotions that appeal more to male consumers.

Offer gender-specific promotions or discounts to maximize revenue based on identified spending behaviour.

b. Report whether the confidence intervals for the average amount spent by married and unmarried (computed using all the data) overlap. How can Walmart leverage this conclusion to make changes or improvements?

Ans. Determining overlap of confidence interval of Purchase for married & single people.

If the interval overlap, there may not be significant difference between in average spending between married & single people.

Checking for difference in average spending across Marital Status using t-test:

Assumption: Ho-Average spending of married & single people is similar.

Ha-Average spending of married & single people is significantly different.

```
# Checking p_value using independent 2 smaple t-test
df_married=df.Purchase[df['Marital_Status']==1]
df_single=df.Purchase[df['Marital_Status']==0]

from scipy.stats import ttest_ind
t_state, p_value=ttest_ind(df_married, df_single, equal_var=False)
p_value

0.7309975627344574
```

For 95% confidence level, alpha=1-0.95, i.e. 0.05

Now it is clear, p-value > alpha

Hence, we fail to reject the null hypothesis, i.e. average spending of married & single people is similar. Concluding that there is no significant difference in spending behaviour of married people & single people.

Consequently, the confidence intervals for the average amount spent by married & single people are overlapping.

This suggests that the average spending is similar across male & female people. Marketing strategies can target both male & female similarly, focusing on factors that influence spending universally rather than Marital status specific appeals.

Offer universal promotions or discounts to maximize revenue based on identified spending behaviour.

c. Report whether the confidence intervals for the average amount spent by different age groups (computed using all the data) overlap. How can Walmart leverage this conclusion to make changes or improvements?

Ans. Determining overlap of confidence interval of Purchase for each age groups.

If the interval overlap, there may not be significant difference between in average spending across each age groups.

Checking for difference in average spending across each age group using ANOVA.

Assumption: Ho-Average spending by each age group is similar.

Ha-Average spending by each age group is significantly different.

```
fol # Calculating P_value for each age group.
from scipy.stats import f_oneway
df1=df.Purchase[df['Age']=='0-17']
df2=df.Purchase[df['Age']=='18-25']
df3=df.Purchase[df['Age']=='26-35']
df4=df.Purchase[df['Age']=='36-45']
df5=df.Purchase[df['Age']=='46-50']
df6=df.Purchase[df['Age']=='51-55']
df7=df.Purchase[df['Age']=='55+']
f_stat, p_value = f_oneway(df1, df2, df3, df4, df5, df6, df7)
p_value
1.053563939251671e-49
```

For 95% confidence level, alpha=1-0.95, i.e. 0.05

Now it is clear, p-value < alpha

Hence, we reject the null hypothesis, i.e. average spending by each age group is significantly different. Concluding that there is a potential difference in spending behaviour across age groups.

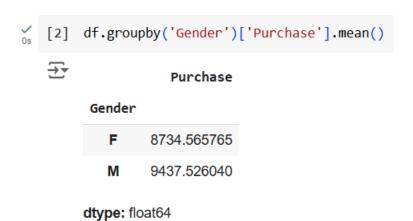
Consequently, the confidence intervals for the average amount spent by each age group do not overlap.

Since the intervals do not overlap, this indicates a significant difference in spending habits. Businesses can leverage this by using marketing strategies to each age group.

Offer age group-specific promotions or discounts to maximize revenue based on identified spending behaviour.

8. Recommendations:

- a. Write a detailed recommendation from the analysis that you have done.
 - As males spend more on average, marketing could focus on products or promotions that appeal more to male consumers.



- Offer gender-specific promotions or discounts to maximize revenue based on identified spending behaviour.
- As the people in age group (51-55) are purchasing more, some promotional offer or discount should be given to then to increase the business.



- As people having age >26, are purchasing more therefore some promotional offer (age group specific) should be given to them to maximize revenue.
- Product Categories (6,7,9,10,15) are getting purchased more, so some offers must be there to promote product specific revenue.



• People having occupation (8,12,14,15,17) are purchasing more, so some occupation-specific offers/discount should be given to maximize revenue.



 People belonging to 'C' city category are purchasing more therefore some discount can be given to them to increase business.



dtype: float64

 People staying in current city for 2 or 3 years are purchasing more therefore some promotional offer/discount should be given to them to maximize revenue.



• Develop loyalty programs or incentives that cater to the spending patterns of each Gender, Age, Product category etc. enhancing customer satisfaction and retention.