# 5.3-Handling outliers and Data Encoding

July 16, 2025

## 0.1 Outlier Handling

→1.0])

#### 0.1.1 5 Number Summary And Box Plot for the Outlier Handling

Here 5 number summary means

- 1) Maximum
- 2) Q1(First Quartile) or 25%(percentile)
- 3) Median
- 4) Q3(Third Quartile) or 75%(percentile)
- 5) Minimum

```
[1]: import numpy as np

[2]: lst_marks = [45, 32, 56, 75, 89, 54, 32, 89, 90, 87, 67, 54, 45, 98, 99, 67, 474] # This is not containing any outliers

minimum, Q1, median, Q3, maximum = np.quantile(lst_marks, [0, 0.25, 0.50, 0.75, 47])
```

```
[3]: print(f"Minimum value of data is: {minimum}")
print(f"Q1 of data is: {Q1}")
print(f"Q3 of data is: {Q3}")
print(f"Median of data is: {median}")
print(f"Maximum value of data is: {maximum}")
```

Minimum value of data is: 32.0 Q1 of data is: 54.0 Q3 of data is: 89.0 Median of data is: 67.0 Maximum value of data is: 99.0

[4]: IQR = Q3-Q1
print(f"Inter Quartile Range is: {IQR}")

Inter Quartile Range is: 35.0

```
[5]: lower_fence = Q1-1.5*(IQR)
higher_fence = Q3+1.5*(IQR)
```

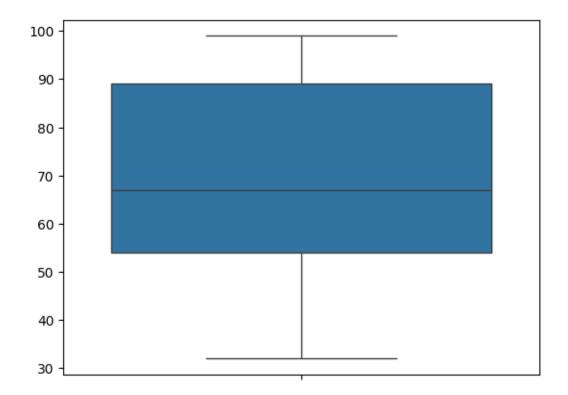
[6]: print(f"Lower value considered as an outlier is: {lower\_fence}")
print(f"Highest value considered as an outlier is: {higher\_fence}")

Lower value considered as an outlier is: 1.5 Highest value considered as an outlier is: 141.5

[7]: import seaborn as sns

[8]: sns.boxplot(lst\_marks)

[8]: <Axes: >

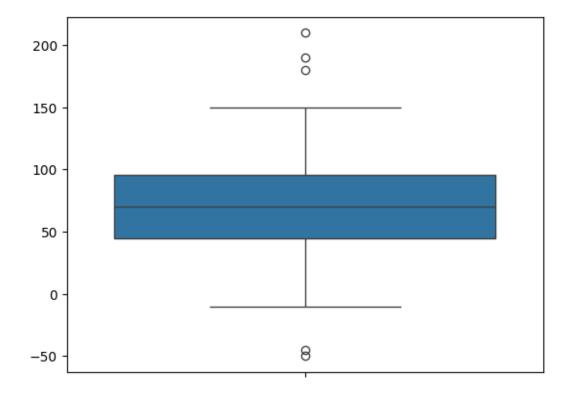


When we are plotting the boxplot it is automatically detect the outliers and shows the outliers as points

```
[9]: lst_marks = [-50, -10, -45, 1, 45, 32, 56, 75, 89, 54, 32, 89, 90, 87, 67, 54, 45, 98, 99, 67, 74, 100,150, 210, 190, 180]
```

[10]: # plotting the boxplot for the lst\_marks
sns.boxplot(lst\_marks)

[10]: <Axes: >



Here you can see that the dots are the outliers that is automatically detected by the boxplot we are not calculating the IQR, lower\_fence or higher\_fence

## 0.2 Data Encoding

- 1. Nominal/OHE Encoding
- 2. Label and Ordinal Encoding
- 3. Target Guided Ordinal Encoding

## 0.2.1 Nominal/OHE Encoding

One hot encoding, also known as nominal encoding, is a technique used to represent categorical data as numerical data, which is more suitable for machine learning algorithms. In this technique, each category is represented as a binary vector where each bit corresponds to a unique category. For example, if we have a categorical variable variable "color" with three possible values (red, green, blue), we can represent it one hot encoding as follows

- 1. Red:[1, 0, 0] 2. Green:[0, 1, 0] 3. Blue:[0, 0, 1]
- [11]: import pandas as pd from sklearn.preprocessing import OneHotEncoder

```
[12]: ## Creating a simple DataFrame
      df = pd.DataFrame({
              'color':['red', 'blue', 'green', 'green', 'red', 'blue']
      })
[13]: df
[13]:
         color
           red
      1
         blue
      2
        green
      3 green
      4
           red
      5
          blue
[14]: ## Create an instance of OneHotEncoder
      encoder = OneHotEncoder()
[15]: ## Perform fit and transform
      encoded = encoder.fit_transform(df[['color']]).toarray()
[16]: encoder_df = pd.DataFrame(encoded, columns=encoder.get_feature_names_out())
[17]: encoder_df
[17]:
         color_blue color_green color_red
                             0.0
                                        1.0
      0
                0.0
                1.0
                             0.0
                                        0.0
      1
                0.0
                             1.0
                                        0.0
      2
                0.0
      3
                             1.0
                                        0.0
      4
                0.0
                             0.0
                                        1.0
      5
                1.0
                             0.0
                                        0.0
[18]: ## concat with your original dataset
      df2 = pd.concat([df, encoder_df], axis=1)
[19]: df2
[19]:
         color color_blue color_green color_red
                       0.0
                                               1.0
      0
           red
                                    0.0
      1
         blue
                       1.0
                                    0.0
                                               0.0
                       0.0
                                    1.0
                                               0.0
      2 green
      3 green
                       0.0
                                    1.0
                                               0.0
                       0.0
                                    0.0
                                               1.0
           red
```

5 blue 1.0 0.0 0.0

## 0.2.2 Example For Practice

```
[20]: import seaborn as sns
      df1 =sns.load dataset('tips')
[21]: encode = OneHotEncoder()
[22]: encoded = encode.fit_transform(df1[['sex', 'smoker', 'day', 'time']]).toarray()
[23]:
      encoded
[23]: array([[1., 0., 1., ..., 0., 1., 0.],
             [0., 1., 1., ..., 0., 1., 0.],
             [0., 1., 1., ..., 0., 1., 0.],
             [0., 1., 0., ..., 0., 1., 0.],
             [0., 1., 1., ..., 0., 1., 0.],
             [1., 0., 1., ..., 1., 1., 0.]])
      encoded_df1 = pd.DataFrame(encoded, columns=encode.get_feature_names_out())
[25]: encoded_df1.head()
         sex_Female
[25]:
                     sex_Male smoker_No
                                           smoker_Yes day_Fri day_Sat day_Sun \
      0
                1.0
                           0.0
                                      1.0
                                                   0.0
                                                             0.0
                                                                      0.0
                                                                                1.0
                0.0
                           1.0
                                      1.0
                                                   0.0
                                                             0.0
                                                                      0.0
      1
                                                                                1.0
      2
                0.0
                           1.0
                                      1.0
                                                   0.0
                                                             0.0
                                                                      0.0
                                                                                1.0
                0.0
      3
                           1.0
                                      1.0
                                                   0.0
                                                             0.0
                                                                      0.0
                                                                                1.0
                1.0
                           0.0
                                      1.0
                                                   0.0
                                                             0.0
                                                                      0.0
                                                                                1.0
         day_Thur time_Dinner time_Lunch
      0
              0.0
                            1.0
                                         0.0
      1
              0.0
                            1.0
                                         0.0
              0.0
                            1.0
                                         0.0
      3
              0.0
                            1.0
                                         0.0
      4
              0.0
                            1.0
                                         0.0
[26]: df1 = pd.concat([df1, encoded_df1], axis=1)
      df1.head()
[26]:
         total_bill
                      tip
                               sex smoker
                                            day
                                                   time
                                                         size
                                                                sex_Female
                                                                            sex_Male \
                                                 Dinner
      0
              16.99
                     1.01
                            Female
                                        No
                                            Sun
                                                             2
                                                                       1.0
                                                                                  0.0
              10.34
                     1.66
                                            Sun
                                                 Dinner
                                                             3
                                                                       0.0
                                                                                  1.0
      1
                              Male
                                       No
      2
              21.01
                     3.50
                              Male
                                        No
                                            Sun
                                                 Dinner
                                                             3
                                                                       0.0
                                                                                  1.0
                                                             2
      3
              23.68 3.31
                                                 Dinner
                                                                       0.0
                                                                                  1.0
                              Male
                                        No
                                            Sun
              24.59 3.61 Female
                                                             4
                                            Sun
                                                 Dinner
                                                                       1.0
                                                                                  0.0
                                       No
```

```
smoker No
               smoker_Yes
                             day_Fri
                                       day_Sat
                                                 day_Sun
                                                            day_Thur
                                                                       time_Dinner
0
          1.0
                       0.0
                                  0.0
                                            0.0
                                                      1.0
                                                                 0.0
                                                                                1.0
          1.0
                       0.0
                                  0.0
                                            0.0
                                                                 0.0
                                                                                1.0
1
                                                      1.0
2
          1.0
                       0.0
                                  0.0
                                            0.0
                                                      1.0
                                                                 0.0
                                                                                1.0
                                  0.0
3
          1.0
                       0.0
                                            0.0
                                                      1.0
                                                                 0.0
                                                                                1.0
4
          1.0
                       0.0
                                 0.0
                                            0.0
                                                      1.0
                                                                 0.0
                                                                                1.0
   time_Lunch
           0.0
0
           0.0
1
2
           0.0
3
           0.0
```

### 0.2.3 Label Encoding

1. Red: 1

[30]: array([2])

0.0

4

Label encoding and ordinal encoding are two techniques used to encode categorical data as numerical data

Label encoding involves assigning a unique numerical label to each category in the variable. The labels are usually assigned in alphabetical order or based on the frequency of the categories. For example, if we have a categorical variable "color" with three possible values (red, green, blue), we can represent it using label encoding as follows:

```
2. Green: 2
         3. Blue: 3
[27]:
      df
[27]:
         color
      0
           red
      1
          blue
      2
         green
      3
         green
      4
           red
      5
          blue
[28]: from sklearn.preprocessing import LabelEncoder
      lbl encoder= LabelEncoder()
[29]: lbl_encoder.fit_transform(df['color'])
[29]: array([2, 0, 1, 1, 2, 0])
[30]: lbl_encoder.transform(['red'])
```

```
[31]: lbl_encoder.transform(['blue'])
```

#### [31]: array([0])

The problem with that the red value is higher value as compared to the blue so model get confused

### 0.2.4 Ordinal Encoding

It is used to encode categorical data that have an intrinsic order or ranking. In this technique, each category is assigned a n numerical value based on its position in the order. For example, if we have a categorical variable "education level" with four possible values (high school, college, graduate, post-graduate), we can represent ordinal encoding as follows:

```
1. High school: 1
         2. College: 2
         3. Graduate: 3
         4. Post-graduate: 4
[32]: from sklearn.preprocessing import OrdinalEncoder
[33]: df3 = pd.DataFrame({
              'size': ['small', 'medium', 'large', 'medium', 'small', 'large']
      })
     df3
[34]:
[34]:
           size
          small
      1 medium
      2
          large
      3 medium
      4
          small
      5
          large
[35]: | ## create an instance of OrdinalEncoder and then fit transform
      encoder = OrdinalEncoder(categories=[['small', 'medium', 'large']])
[36]: encoder.fit_transform(df3[['size']]) ## here the large assigned with larger_
       yalue
[36]: array([[0.],
             [1.],
             [2.],
             [1.],
             [0.],
             [2.11)
```

#### 0.2.5 Target Guided Ordinal Encoding

It is a techniques used to encode categorical variables based on their relationship with the target variable. This encoding technique is useful when we have a categorical variable with a large number of unique categories, and we want to use this variable as a feature in our machine learning model.

In target Guided Ordinal Encoding, we replace each category in the categorical variable with a numerical values based on the mean or median of the target variable for that category. This creates a monotonic relationship between teh categorical variable and the target variable, which can improve the predictive power of our model.

```
[37]: df4 = pd.DataFrame({
               'city': ['New York', 'London', 'Paris', 'Tokyo', 'New York', 'Paris'],
               'price': [200, 150, 300, 250, 180, 320]
      })
[38]:
     df4
[38]:
             city
                   price
         New York
                      200
      0
      1
           London
                      150
      2
            Paris
                      300
      3
                      250
            Tokyo
      4
         New York
                      180
      5
            Paris
                      320
[39]:
                     df4.groupby('city')['price'].mean().to_dict()
     mean price =
[40]:
     mean_price
[40]: {'London': 150.0, 'New York': 190.0, 'Paris': 310.0, 'Tokyo': 250.0}
[41]: df4['city_encoded'] = df4['city'].map(mean_price)
[42]:
      df4
[42]:
             city price
                           city_encoded
      0
         New York
                      200
                                   190.0
      1
           London
                      150
                                   150.0
      2
            Paris
                      300
                                   310.0
      3
                      250
                                   250.0
            Tokyo
      4
         New York
                      180
                                   190.0
      5
            Paris
                      320
                                   310.0
[43]:
     df4[['price', 'city_encoded']] ## this is used for our model training
[43]:
         price
                 city_encoded
                        190.0
      0
           200
      1
           150
                        150.0
```

```
4
           180
                        190.0
      5
           320
                        310.0
     Example For Practice
[44]: df5 =sns.load_dataset('tips')
[45]: df5
[45]:
           total_bill
                         tip
                                 sex smoker
                                               day
                                                      time
                                                             size
                16.99 1.01
                             Female
                                               Sun
                                                                2
      0
                                          No
                                                    Dinner
      1
                10.34
                       1.66
                                                    Dinner
                                                                3
                                Male
                                          No
                                               Sun
                                                                3
      2
                21.01 3.50
                                Male
                                          No
                                               Sun
                                                    Dinner
      3
                23.68 3.31
                                Male
                                          No
                                               Sun
                                                    Dinner
                                                                2
      4
                24.59 3.61 Female
                                                    Dinner
                                                                4
                                          No
                                               Sun
      239
                29.03 5.92
                                                    Dinner
                                                                3
                                Male
                                          No
                                               Sat
      240
                27.18 2.00
                             Female
                                               Sat
                                                    Dinner
                                                                2
                                         Yes
      241
                22.67 2.00
                                Male
                                         Yes
                                               Sat
                                                    Dinner
                                                                2
      242
                17.82 1.75
                                                                2
                                Male
                                          No
                                               Sat
                                                    Dinner
      243
                18.78 3.00 Female
                                          No
                                              Thur
                                                    Dinner
                                                                2
      [244 rows x 7 columns]
[46]: mean_total_bill = df5.groupby('time', observed=True)['total_bill'].mean().
       →to_dict()
[47]: mean_total_bill
[47]: {'Lunch': 17.168676470588235, 'Dinner': 20.79715909090909}
      df5['time_encoded'] = df5['time'].map(mean_total_bill)
[49]:
      df5
[49]:
           total_bill
                         tip
                                 sex smoker
                                               day
                                                      time
                                                             size time_encoded
      0
                16.99
                       1.01
                              Female
                                          No
                                               Sun
                                                    Dinner
                                                                2
                                                                     20.797159
      1
                10.34
                       1.66
                                                    Dinner
                                                                3
                                Male
                                          No
                                               Sun
                                                                     20.797159
      2
                21.01
                       3.50
                                                                3
                                Male
                                          No
                                               Sun
                                                    Dinner
                                                                     20.797159
      3
                23.68 3.31
                                Male
                                          No
                                               Sun
                                                    Dinner
                                                                2
                                                                     20.797159
      4
                24.59 3.61
                             Female
                                          No
                                               Sun
                                                    Dinner
                                                                4
                                                                     20.797159
      239
                29.03 5.92
                                Male
                                               Sat
                                                    Dinner
                                                                3
                                          No
                                                                     20.797159
      240
                27.18 2.00
                              Female
                                                    Dinner
                                                                2
                                         Yes
                                               Sat
                                                                     20.797159
      241
                22.67
                        2.00
                                Male
                                         Yes
                                               Sat
                                                    Dinner
                                                                2
                                                                     20.797159
                17.82 1.75
                                                                2
      242
                                Male
                                          No
                                               Sat
                                                    Dinner
                                                                     20.797159
```

2

3

300

250

310.0

250.0

243 18.78 3.00 Female No Thur Dinner 2 20.797159

[244 rows x 8 columns]

[50]: df5[['time', 'time\_encoded']].head() ## this is used for our model training

[50]: time time\_encoded

- 0 Dinner 20.797159
- 1 Dinner 20.797159
- 2 Dinner 20.797159
- 3 Dinner 20.797159
- 4 Dinner 20.797159