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 11/11/2019 10:00 AM

## Advanced Data Science

Topic 11b - Part 3

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## 1. What We'll Cover

This topic will introduce...

- What is data science.
- Key concepts – the scientific method, useful terminology.
- Important tools - Statistics, Data collection & Experiment Design.
- Probability basics.
- Data distributions.
- Hypothesis testing.

The aim is to help you understand what it means to be a data scientist and to get you familiar with data science tools.

Part 3

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## 2. Data

- We seek to answer questions using statistical methods and a collection of observations.
- Observations may be obtained in a variety of ways.
- Data is a collection of observations described using variables.
- We use some simple notation to describe the variables:  $X_j$ .

Observations	Variables $X_j$			
	ID	Name	Length (m)	Flow $m^3/s$
1	Messier	112	37.1	
2	Tyne	118	45.2	
3	Tray	188	179.0	
4	Severn	254	107.4	

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### 3. Data

- A **population** is a complete dataset that contains all potential observations of an event or phenomena.
- A **sample** represents a subset of a population chosen in some way.
- An **observation** is an individual example from a population or sample.

ID	Name	Length (km)	Flow m <sup>3</sup> /s
1	Mersey	112	37.1
2	Tyne	110	40.2
3	Tay	108	179.0
4	Severn	254	107.4

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### 4. Variables

- Variables may be numerical – which includes:
  - discrete variables – whole numbers
  - continuous variables – decimal components
- Variables may also be categorical:
  - Regular categorical variables describe categories.
  - Ordinal categorical variables have a natural ordering.

$x_1 = \{\text{Mersey, Tyne, Tay, Severn}\}$   
 $x_2 = \{112, 110, 108, 254\}$   
 $x_3 = \{37.1, 40.2, 179.0, 107.4\}$   
 $x_4 = \{\text{Good, Good, Excellent, Very good}\}$

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### 5. Variables

- Relationships may exist between variables.
- May need to verify the relationship, or prove no relationship exists.
- If variables are related or "associated", then changing the value of one impacts the other.
- The variable that creates change is known as the independent variable.
- The variable being affected is the dependent variable.

Independent → Affects → Dependent

Cubic intake → Affects → Miles (k.g.)

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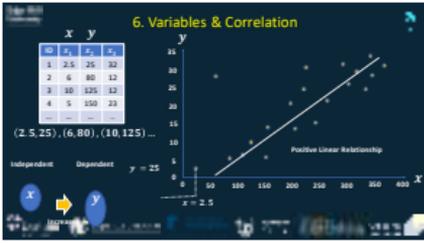
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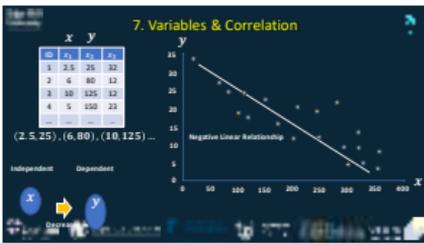
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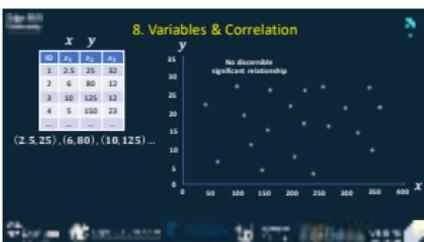
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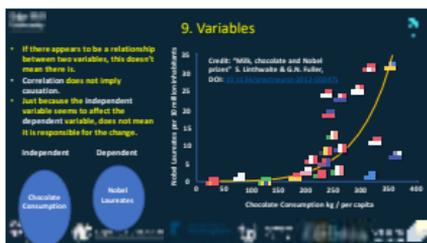
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### 11a. Confounding Variables

- We sometimes encounter what we call confounding variables.
- These can be correlated with both the independent and dependent variables leading to spurious associations.
- Such variables are often unaccounted for (or not understood) when designing our experiments.
- We must ensure we aren't being influenced by such variables.
- We can mitigate the impact of confounding variables by controlling for them.
- This involves ensuring that these variables don't change during experimentation.

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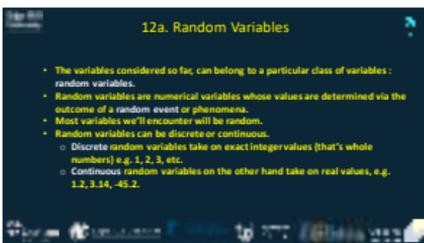
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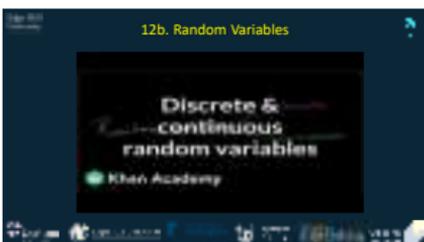
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### 13. Studies

The diagram illustrates three types of studies: Sample Studies, Observational Studies, and Experimental Studies. Sample Studies involve estimating population averages, spread, or measures of variation from a Population Sample. Observational Studies involve looking for trends or correlations, including prospective and retrospective studies. Experimental Studies involve answering specific questions by comparing a Control Group and an Experimental Group, both derived from a Population Sample.

Sample Studies: Estimate population average, spread, measure of variation. Population Sample.

Observational Studies: Look for trends / Correlations. Prospective studies. Retrospective studies. Population.

Experimental Studies: Answer specific question. Control Group. Experimental Group. Population Sample.

Estimate a population parameter. Look for trends / Correlations. Answer specific question.

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### 14. Studies

Types of statistical studies  
Khan Academy

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### 15. Experiment Design 1

- Let's consider the main principles of experimental design, crucial for designing sound experimental studies.
- When designing an experiment, we do our best to control for any differences between the experimental and control groups.
- It can be difficult to control for everything.
- Randomization helps protect us from issues arising from variables we forget to control for.
- We must randomize the cases we choose from a population to account for any variables not controlled.

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### 16. Experiment Design 2

- We must design experiments that are replicable.
- If an experiment cannot be reproduced, we cannot validate the original results.
- Experiments become non-replicable when the data or tools used during an experiment are discarded.
- Good experiments come with logs, that describe what was done in sequence allowing for reproducibility.
- Sometimes we may know, or suspect, that variables other than the independent variable, affect the dependent variable.
- Under such circumstances we may group cases from the population based on this variable into blocks and then randomly select cases from each block to form the experimental and control groups.
- This strategy is known as blocking.




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### 17. Experiment Design 3

- For instance in the medical domain, researchers may keep patients in the dark about their treatment.
- In this case the patients are said to be "blind", thus this is a blind experiment.
- This helps researchers to avoid influencing patients simply by telling them about the medication they're given - this helps avoid the placebo effect.
- In some cases experiments are double-blind. Here the researchers don't know about the treatments patients are receiving. Any subconscious hints they may give off about the treatment will be avoided.
- These approaches are important for data science.
- Experiments with no "blinding" are known as open trials.

Researcher	Subject

Blind Trial / Experiment  
 Double-Blind Trial / Experiment  
 Open Trial

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### 18. Samples

- We've now learned about the different types of study we can undertake (sample, observational & experimental studies).
- All these require the acquisition of data from some population.
- Data science questions, and research questions in general, are usually targeted toward a specific population.
- There could be very many examples in a population - too expensive to collect all.
- Instead we collect data from an unbiased sample of the population.
- Usually we aim to undertake data science investigations on large representation samples of data.
- We can create samples by applying a sampling methodology to population data.

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### 19. Random Sampling

- The most commonly used methodology is random sampling.
- This method simply chooses  $n$  cases from the population at random. Also known as random sampling without replacement.
- This type of sampling can be very effective.
- However, consider the following situation: choose the default credit limit for customers based on a random sample of 100 cases.
- Detail: population skewed toward those with incomes > £50,000. That is, 90% of cases belong to that category.

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### 20. Random Sampling

- If 90% of the samples belong to customers earning over £50,000, there is a 90% (4 in 5) chance of picking a case from the group.
- Since samples are not replaced after being chosen, this probability drops over time.
- With each sample drawn from the population, the probability of picking a case from the £50,000 group diminishes.
- So if we take enough samples, eventually we'll start to get cases from the less than £50,000 group. But to get to this point we may need to visit  $n$  to a very high value!

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### 21. Stratified Sampling

- When randomly chosen samples become intrinsically biased, we can apply a method called stratified sampling to try and get an unbiased selection of cases. Here we've randomly sampled a population as before.
- Yet this time, we maintain the proportion of high and lower earners in the sample by randomly sampling for each group or "strata".
- The resulting sample is split so that the proportion of cases in each group, reflects the split in the population.
- Stratified sampling is useful, as it allows us to preserve population splits in our samples.
- In other words, it let's us preserve the true population true distribution.

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### 22. Stratified Sampling - example

- Suppose we have a population of 100,000, and the population is split so that 90% of cases belong to Group 1, and 10% to Group 2.
- We need to create a sample of the population of size  $n = 2000$ .
- How many random samples should we make for group 1 and 2?
  - For group 1 we need to randomly sample  $n \times 0.9 = 1800$  times from this strata.
  - For group 2 we need to randomly sample  $n \times 0.1 = 200$  times from this strata.
- This will give us a sample representative of the population.

Population = 100,000

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### 23. Weighted Sampling

- In some cases random and stratified sampling may not help.
- This is true when preserving the population distribution is unhelpful.
- This applies when we're trying to target rarer groups in our populations.
- In these cases we can use weighted random sampling. Works by weighting the sampling so it favors one strata over another.
- Suppose we have a population of 100,000, and the population is split so that 90% of cases belong to Group 1, and 10% to Group 2.
- We need to create a sample of the population of size  $n = 2000$ .
- How many random samples should we make for group 1 and 2? We can use the simple formula  $n \times w$ , which is simply the number of samples multiplied by the weighting.
  - For group 1 we set the weighting to  $w = 0.5$ . We need to randomly sample  $2000 \times 0.5 = 1000$  times from this strata.
  - For group 2 we set the weighting to  $w = 0.5$ . We need to randomly sample  $2000 \times 0.5 = 1000$  times from this strata.
- The weights must add up to 1.

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### 24. Sampling & Anecdotal Data

- There are many times of sampling methods available.
- The best one to use depends on the question you're trying to investigate.
- It is therefore up to you as the data scientist to choose an appropriate method.
- When a sample contains very few examples, any investigation we undertake can only yield what we call anecdotal evidence.
- This type of evidence may be true, yet can be quite dangerous to use.
- I would strongly caution against using anecdotal data for anything other than providing general impressions.

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25a. More Sampling

- There are some real-world issues to consider when thinking about sampling.
- Suppose you conduct a customer survey. If only 30% of customers respond, is that sample representative? If the sample is not representative you may have encountered non-response bias.
- Another common issue arises in this scenario, when certain subsets of customers are able to complete the survey because it's simply easier for them to do so.
- This is known as a convenience sample.

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25b. More Sampling




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26. Checkpoint

We've reached a checkpoint. Stop here and take a rest if needed. Let's recap what we've introduced so far.

- Data sets.
- Populations vs. samples.
- Different types of variables.
- Scatter plots.
- Different forms of correlation.
- Experimental design.
- Experimental design.
- Sampling methodologies.

That's quite a list! Take some time to digest that material, then return when you can. When ready, proceed to learn how we apply statistics to data.

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### 27. Summary Statistics

- Once we've collected sample data, we can start studying it.
- The first step almost always involves computing summary statistics that describe the data.
- Such statistics are incredibly useful - they can reveal broad trends, are easy to interpret, and easy to compute.
- Suppose a company wants to know if targeted advertisements lead to an increase in the volume of sales (i.e., number of individual items sold) across a broad range of consumer types.
- They form a research question - does targeted advertising increase sales volume?
- To answer this, the company collects sample data from 450 website customers chosen at random across a range of demographic groups.
- The groups are equally split into two - an experimental group who will be exposed to targeted advertising and a control group.

Customer	Group	Customer's weekly purchase volume
1	Experimental	1
2	Experimental	0
3	Experimental	2
...	...	...
448	Control	0
449	Control	0
450	Control	0

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### 28. Summary Statistics

Original Data

Customer	Group	Customer's weekly purchase volume
1	Experimental	1
2	Experimental	0
3	Experimental	2
...	...	...
448	Control	0
449	Control	0
450	Control	0

Summary Data

Group	Customers	Customer's weekly purchase volume (per customer purchase)	Total sales
Experimental	225	16	3600
Control	225	0	0
Total	450	16	3600

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### 29. Summary Statistics

- In total 100 customers made 1 or more item purchases.
- The proportion of customers making a purchase overall =  $100/450 = 0.222222 = 22.2\%$ .
- For the groups we have the following:
  - Control group proportion =  $100/225 = 0.444444 = 44\%$
  - Experimental group proportion =  $95/225 = 0.422222 = 42.2\%$
- Here we see that the control group had a higher ratio of customers making purchases.
- We note that the experimental group did yield more sales overall.
- We can compute the average sales per customer that made 1 or more purchases (excluding customers) to determine if there is a difference.
- Try to compute that now.

Group	Customers	Customer's weekly purchase volume (per customer purchase)	Total sales
Experimental	225	16	3600
Control	225	0	0
Total	450	16	3600

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### 30. Summary Statistics

- The avg. sales per customer who bought something in the control group =  $124 / 100 = 1.24 \approx 1.2$  sales per spending customer.
- For the experimental group we have  $140 / 95 = 1.473684210526316 \approx 1.5$  sales per spending customer.

Summary Data

Group	Customers	Customers Spending (in thousands of dollars)	Total Sales
Experimental	95	95	140
Control	100	100	124
Total	195	195	264

Summary statistics provide some initial evidence suggesting that targeted advertising did increase the sales per customer.

Summary statistics are useful, but be careful with them. They may not generalize well past the data you currently have.

Consider if there would still apply with respect to a much larger customer sample.

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### 31. Summary Statistics - $\mu$

- The mean - a summary statistic that computes the average (center) of a data.
- Two forms of the mean that we consider as data scientists.
- First there is the population mean,  $\mu$ , the average of the population.
- The population mean is sometimes described with slightly different notation.

It is the number of cases in the population  $n$ .

Example	Variable $x$
1	3
2	2
3	1
4	2
5	1

$\mu = \frac{3 + 2 + 1 + 2 + 1}{5} = \frac{9}{5} = 1.8$

$\mu = \frac{\sum_{i=1}^n x_i}{N}$  Population Mean  $\mu$

$E(x)$  is the expected value (mean) of  $x$

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### 32. Sigma ( $\Sigma$ ) Diversion

$\Sigma$  means the sum. e.g.  $\Sigma [1,2,3] = 6$

$\Sigma_{i=1}^N$  means sum the natural integers from 1 to  $N$ . e.g. if  $i = 1$  and  $N = 3$ ,  $\Sigma [1,2,3] = 6$

Upper limit  
Lower limit

$x$  non-indexed variable     $x_i$  indexed variable

Given  $x = [4, 5, 6]$  Then

$\Sigma_{i=1}^3 x_i$  means sum the variables in  $x$  from position  $i$  to  $N$ .

$x_1 = 4$      $x_2 = 5$      $x_3 = 6$

$\Sigma_{i=1}^3 x_i = x_1 + x_2 + x_3 = 15$

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### 33. Summary Statistics - $\bar{x}$

$$\bar{x} = \frac{\sum_{i=1}^n x_i}{n}$$

Sample Mean,  $\bar{x}$

Population Sample

- Second, there is the sample mean.
- This is the mean of a data sample, taken from a population sample.
- The formula for the sample mean is almost identical to the population mean. Except it uses a different value for the parameter  $n$  (or  $N$  or  $N_0$ ). Here  $n$  describes the number of examples in the sample – not the whole population.
- We normally denote the sample mean as  $\bar{x}$  [X].
- The mean is an important metric, as it allows us to estimate the central value of a dataset. This is an important concept to understand.

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### 34. Variance & Standard Deviation

- The mean helps us describe the center of a dataset.
- However it is also important to understand how variable or spread the data is – especially because this may help us determine if outliers are impacting our summary statistics.
- The distance of an observation from the population or sample mean, is called it's deviation.
- We use two variability measures to statistics to measure this deviation – the variance and the standard deviation.
- There

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### 35. Variance & Standard Deviation

Sample Variance

$$s^2 = \frac{\sum_{i=1}^n (x_i - \bar{x})^2}{n - 1}$$

Population Variance

$$\sigma^2 = \frac{\sum_{i=1}^n (x_i - \mu)^2}{n}$$

Less variance

More variance

Derivty

Value

- The population variance denoted by Sigma squared ( $\sigma^2$ ).
- The sample variance is given by  $s^2$ .
- The correct formula to use depends on whether or not your dealing with a population or a sample – and that's for you to determine.

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### 36. Variance & Standard Deviation

**Sample Standard Deviation**

$$s = \sqrt{\frac{\sum_{i=1}^n (x_i - \bar{x})^2}{n - 1}}$$

**Population Standard Deviation**

$$\sigma = \sqrt{\frac{\sum_{i=1}^N (x_i - \mu)^2}{N}}$$

Sample Standard Deviation is sample variance squared.  $s = \sqrt{s^2}$

Population Standard Deviation is population variance squared.  $\sigma = \sqrt{\sigma^2}$

Population variance standard deviation denoted by  $\sigma$

Population variance is given by (1).

Note the relationship between the variance and the standard deviation. The standard deviation, both for a population and a sample, is equal to the square root of the variance.

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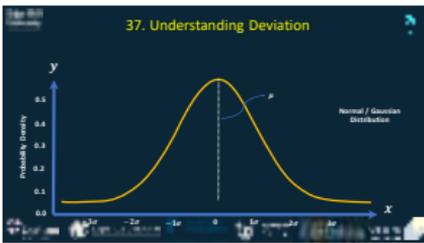
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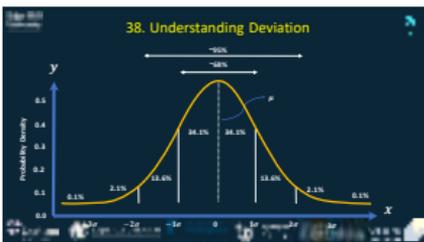
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39. Spread




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40. Summary Statistics - Review




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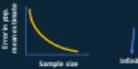
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41a. Law of Large Numbers

- It can be unusual for us to have access to the population mean.
- Sometimes the population mean cannot be computed – without exhaustive data collection.
- The sample mean is still very useful – useful for estimating the population mean.




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41b. Law of Large Numbers

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42. Outliers

- We can use the sample mean to reasonably estimate the population mean, if we have enough samples.
- However the population mean and the sample mean can be skewed.
- This happens because the mean is not robust to outliers.
- Outliers are "extreme" data points that skew the average providing a misleading impression of the central point of the data.
- Consider the data shown in the table. It describes self-reported salaries for credit card customers in London.
- Aim: to estimate the optimal amount of credit to offer a customer.
- In this example the mean salary is £30,000 - much higher than all but one salary in the data.
- In such cases we can use different measures of centrality to estimate the midpoint of the data.

Example	Variable
1	£37,000
2	£26,000
3	£24,000
4	£24,000
5	£105,000

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43. Outliers

- One way to overcome the influence of outliers on our analyses, is to use more robust statistics.
- For instance, we could use the median to estimate the midpoint.
- The median is the central value in the data when ordered - in this case, the value is row 3 (£24,000). If there are an even number of observations, then the median is the central two data points divided by two.
- We could also use the mode - this is the most common value found in the data.
- In this case the mode is £24,000.

Example	Variable
1	£37,000
2	£25,000
3	£24,000
4	£24,000
5	£105,000

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### 44. Misleading Statistics

- Data can be confusing however.
- Consider these three fictitious datasets which are summarized by way of a Histogram.
- Reveal it or not, these data sets have the same mean ( $\mu = 0$ ) and the same standard deviation ( $\sigma = 1$ ).
- This is why it becomes important to visualize our data, to better interpret the data we have.

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### 45. Histograms

Bin	Count
0-1	36
1-2	26
2-3	15
3-4	8
4-5	4
5-6	2
6-7	1
7-8	0

- In the previous slide we introduced the histogram.
- This is a type of data visualization tool, that describes the frequencies of observations / outcomes in data.
- Outcomes are first grouped in to bins covering ranges.
- We count the frequencies of values falling in to these ranges.
- Finally, we plot bars where bar height is equal to the frequency of examples falling in the bin range.
- The Histogram is a simple but elegant data visualization tool.

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### 46. Extra Terminology

- There is some terminology associated with the characteristics of data we analyze.

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47. Checkpoint

We've reached another checkpoint. Let's recap what we've introduced.

- Data sets.
- Populations vs. samples.
- Different types of variables.
- Scatter plots.
- Different forms of correlation.
- Experimental studies.
- Experimental design.
- Sampling methodologies.
- Summary statistics (mean, variance, standard deviation, mode and median).
- Why such statistics are important.
- Sample versus population statistics.
- The law of large numbers.
- Outliers and their impact on summary statistics.
- Histograms.
- Terms used to describe dataset characteristics.

This puts you in a great place to tackle our next topics - probability and data distributions.

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