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# BBA182 Applied Statistics

## Week 2 (1) Types of Data – categorical data

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# NEW IN CLASS?

Send me an email to the following address:

**[susanne.saral@okan.edu.tr](mailto:susanne.saral@okan.edu.tr)**



# Activation of piazza.com account

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Enter your first and last name

Select : Undergraduate

Select : Economy

Select : Class 1 and add BBA 182 and click “join the class”



# Where does data come from?

- Market research
- Survey (online questionnaires, paper questionnaires, etc.)
- Interviews
- Research experiments (medicine, psychology, economics)
- Databases of companies, banks, insurance companies
- **Internet**
- other sources



# Random Sampling

**Simple random sampling** is a procedure in which:

- Each member/item in the population is chosen **strictly by chance**
- Each member/item in the population has an **equal chance to be chosen**
- Each member/item has to be independent from each other
- Every possible sample of  $n$  objects is equally likely to be chosen

The resulting sample is called a **random sample**.



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# Convenience sample

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A sample where subjects are not chosen strictly by chance. The researchers chooses the sample (bias)

## **Advantage to collect a convenience sample:**

- Convenient, less work load
- Fast, provides a fast answer
- Provides a trend or indication

## **Disadvantage:**

- The data collected is not statistically valid and reliable. Cannot draw conclusions about the population based on a convenience sample.



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# Data - Information

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The objective of statistics is to extract information from data so that we can make business decisions that increase company profits

As we saw in last class, data can be numbers and data can be categories. Therefore we divide them into different types. Each type requires a specific statistical technique for analysis.

To help explain this important principle, we need to define a few terms:



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# Variables

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A **variable** is any characteristic, number, or quantity that can be measured or counted.

Age, gender, business income and expenses, country of birth, capital expenditure, class grades, car model, nationality are examples of **variables**.

**They are called variables, because they can vary:**

Country of birth can vary from person to person, not all class grades are the same, gender can be either female or male. A variable can take on more than one characteristic and therefore is called a **variable**





# Variables and values

(continued)

**Values** of a variable are the possible observations of the variable.

Examples:

The values of religious orientation: Muslim, Buddhist, Protestant, Catholic, Agnostic, etc.

The values of a statistics exam are the integers between 0 and 100

The values of gender: Male or female

The size of buildings: 10 – 100 meters tall



# Data = variable - values

When we talk about **data** we talk about **observed values** of a variable:

Example, we observe **the midterm exam grades (a variable)** of 10 students:

67 74 71 83 93 55 48 81 68 62

From this set of data we can extract information.

**who - what - when**



# Data – observed values of a variable

**Data = values – information**

Data can be **numbers (quantitative)**: Number of daily flight departures at Sabiha Gökçen airport, size of a person, number of products sold annually in a store, number of trucks arriving at a warehouse, price of gold, etc.

Data can be **categories (qualitative)**: Religious orientation, countries, customer preference, tourist attractions, codes, gender, etc.



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# Classification of variables

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Knowledge about the type of variable we are working with is necessary, because each type of variable requires a different statistical technique.

If we use the wrong statistical technique to present data the information we are giving will be misleading.

# Why classify variables?

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Correctly classifying data is an important first step to selecting the **correct statistical procedures** needed to analyze and interpret data.

Some graphs are appropriate for **categorical/qualitative variables**, and others appropriate for **quantitative/numerical variables**



# Classification of Variables

**Data = value of a  
variable**

**Categorical/  
qualitative data**

**Numerical/quantitative  
data**



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# Categorical/qualitative

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When the values of a variable are simply names of categories or codes, we call it

**a categorical or a qualitative variable**



# Classification of Variables

## Categorical/qualitative data – *nominal*

**Categorical data** generate responses that belong to categories:

- Responses to yes/no questions: Do you have a credit card?
- What are the different academic departments of IYBF faculty? ( IR, Logistics, Business Administration, etc. )
- Transportations means (truck, ship, plane, etc.)
- Product codes, country codes (0090 for Turkey), postal codes (34730 Göztepe, Istanbul), ID numbers, telephone number, number on a football players' shirt, etc.

The responses produce names, words or codes and are therefore called **nominal data**





# Classification of Variables

## Categorical/qualitative data – *Ordinal*

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**Ordinal data** includes an **ordered range** of choices, such as :

strongly disagree – disagree – indifferent – agree - strongly agree

or large-medium-small

**Example:**

Size of a T-shirt: Small – medium - large

How do you rate the quality of meals in OKAN cafeterias on a scale from 1 to 5?

Where 1 = Very bad                      5 = very good

How do you rate the latest Star Wars movie «Rouge One» on a scale from 1 to 5?

Where 1 = very boring                      5 = very entertaining



# Classification of variables

Data values of a variable

Categorical/qualitative data

Interval or Numerical data

Nominal

Ordinal

Examples:

- Nationality
- Responses to yes/ no questions
- Codes

Examples:

- Customer ratings: On a scale from 1 – 5
- Sizes: Small – medium - large

# Classification of Variables

## Numerical/quantitative data

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Many variables are **quantitative**:

**Price** of a product, **quantity** of a product and **time** spent on a website, are all quantitative values **with units**.

For quantitative variables, **units** such as TL or \$, kilogram, minutes, liter or degree Celsius tell us the scale of measurement.

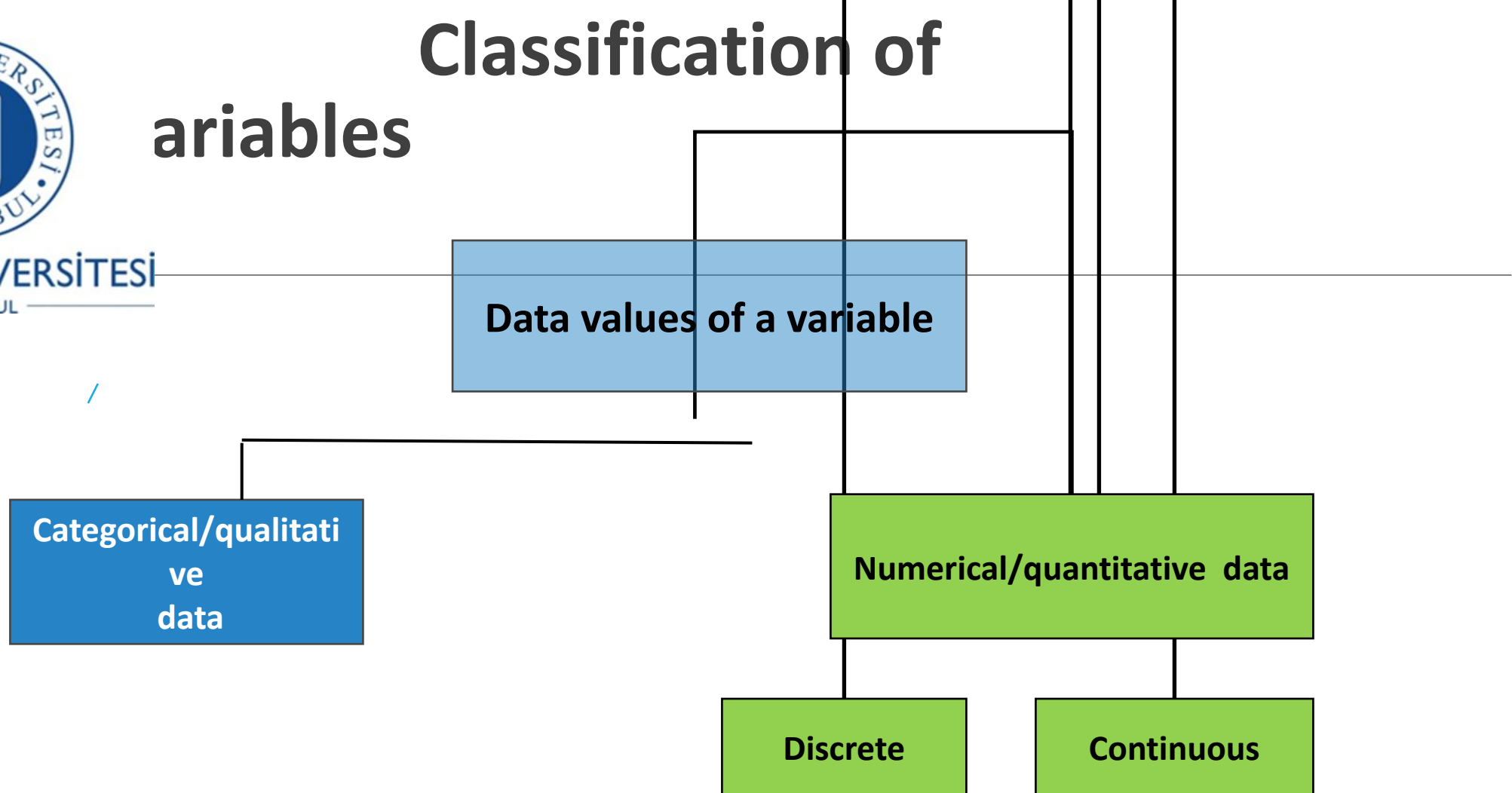
**Without units**, the values of measurement have no meaning.

Example: It does little good to be promised a salary increase of 5000 a year if you do not know whether it is paid in EUROS, TL or kilograms of rice



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# Classification of variables



# Classification of Variables

## Numerical/quantitative data

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For quantitative variables, **units** such as TL or \$, kilogram, minutes, liter or degree Celsius tell us the scale of measurement.

**Without units**, the values of measurement have no meaning.

**An essential part of a quantitative variable is its units!**

# Classification of Variables

## Numerical/quantitative data – discrete

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**Discrete variables** are countable. They represent whole numbers – integers:

Examples:

Number of trucks leaving a warehouse between 8:00 – 8:30 hours

Number of different nationalities living in Turkey in February 2017

Number of cars crossing the Bosphorus bridge in one day

# Classification of Variables

## Numerical data – continuous

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**Continuous variables** may take on any value within a **given range or interval** of real numbers....and units are attached to continuous variables

Examples:

The age of a building, **14 years** (14 – 15 years)

Temperature of a day in February in Istanbul, **6 degrees** ( -1 – 10 degrees)

Distance travelled by car in one day, **55 km** ( 54.30 – 55.64 km)

For each of the following, identify the **type of variable (categorical or numerical)** the responses represent:

Do you own a car? \_\_\_\_\_

The number of newspapers sold per day in a shop \_\_\_\_\_

How would you rate the quality of the service you received in the restaurant? (poor, fair, good, very good, excellent) \_\_\_\_\_

The age of car? \_\_\_\_\_

How tall are the trees in the park? \_\_\_\_\_

Rate the availability of parking spaces: (Excellent, good, fair, poor) \_\_\_\_\_

Number of newspaper subscriptions \_\_\_\_\_

The average annual income of employees in a company \_\_\_\_\_

Have you ever visited Berlin, Germany? \_\_\_\_\_

What is your major in the university? \_\_\_\_\_





# Classification of variables

Data = variable

Categorical/qualitative data

Nominal

Ordinal

Numerical/quantitative data

Discrete

Continuous

Examples:

- # of goals in a football match
- # of subscriptions
- # of meals sold in a restaurant (Counted items)

Examples: with units

- Weight
- Volume
- Size



# Graphical Presentation of Categorical Data



Data in **raw form** are usually not easy to use for decision making

We need to make sense out of the data by some type of organization:

- **Frequency Table** - to compress and summarize the data
- **Graph** - to make a picture and present the data



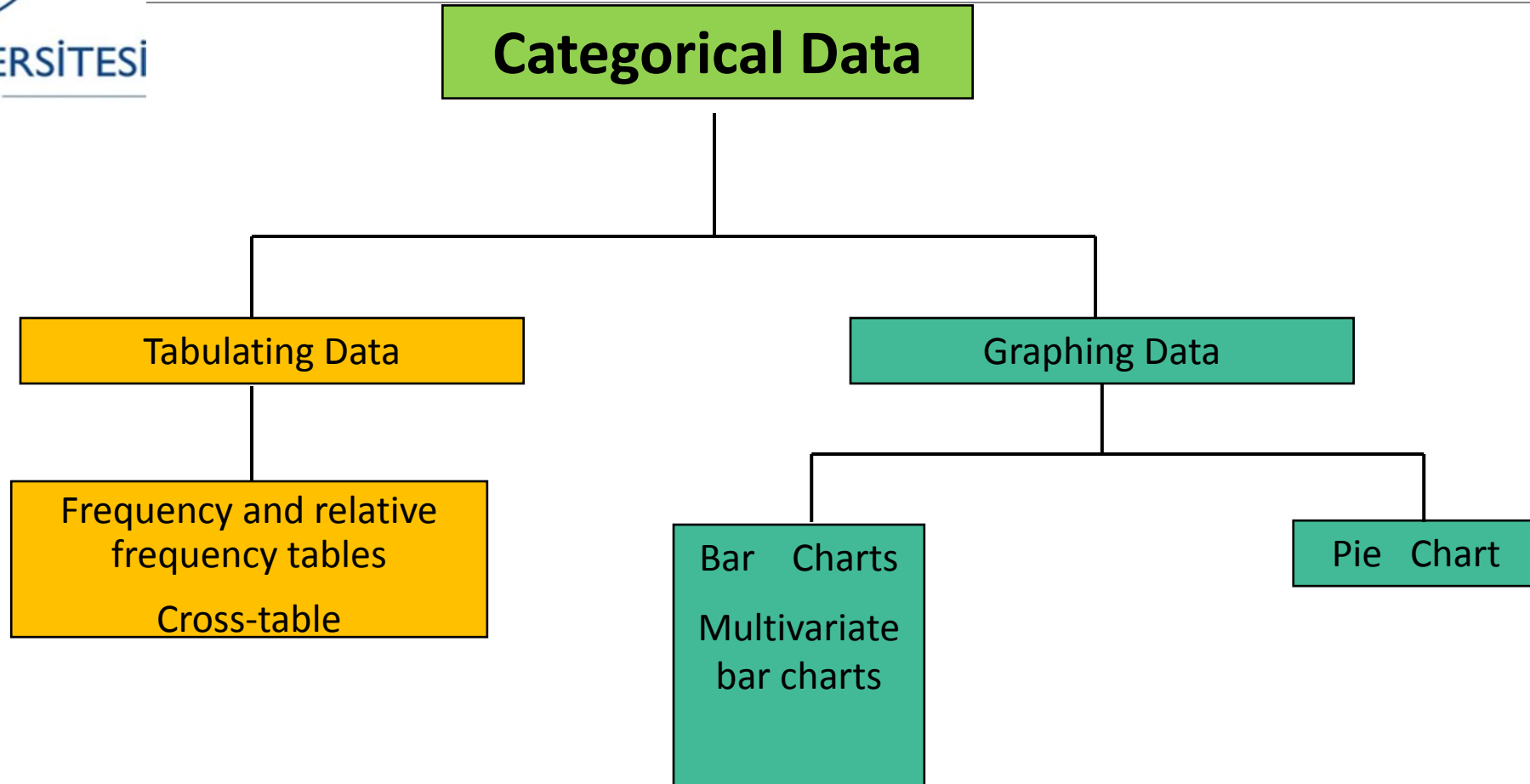
# Raw data – data that is not yet organized

## Example: Football World cup champions (1930 –

<u>Year</u>	<u>Champions</u>	<u>Year</u>	<u>Champions</u>
1930	Uruguay	1974	W. Germany
1934	Italy	1978	Argentina
1938	Italy	1982	Italy
1950	Uruguay	1986	Argentina
1954	W. Germany	1990	W. Germany
1958	Brazil	1994	Brazil
1962	Brazil	1998	France
1966	England	2002	Brazil
1970	Brazil	2006	Italy
		2010	Spain
		2014	Germany



# Tables and Graphs for Categorical Variables





# Organizing categorical data

Categorical data produce **values** that are names, words or codes, but **not** real numbers.

Only calculations based on the **frequency of occurrence** of these names, words or codes are valid.

We count the number of times a certain value occurs and add the frequency in the table.



# The Frequency and relative frequency - istribution Table

## Summarizing categorical data

A **frequency table** organizes data by recording totals and category names.

The variable we measure here is the number of times a country became world champion in football:

Year	Champions	Year	Champions
1930	Uruguay	1974	W. Germany
1934	Italy	1978	Argentina
1938	Italy	1982	Italy
1950	Uruguay	1986	Argentina
1954	W. Germany	1990	W. Germany
1958	Brazil	1994	Brazil
1962	Brazil	1998	France
1966	England	2002	Brazil
1970	Brazil	2006	Italy
		2010	Spain
		2014	Germany



World champion in Football	Number of times
Italy	4
Argentina	2
France	1
Uruguay	2
Brazil	5
Germany	4
England	1
Spain	1
<b>Total</b>	<b>20</b>



# The Frequency and relative frequency - Distribution Table

## Summarizing categorical data

Example: Number of visits on the website of OKAN University through different search engines during 1 month. Search engine is the variable. Why?

(Variables are  
categorical)



Search engine (category)	Visits (frequencies)	Visits (relative frequencies)
Google	50269	54.5%
Direct	22173	24.0%
Yahoo	7272	7.9%
MSN	3166	3.4%
All others	8967	9.7%
<b>Total</b>	<b>92221</b>	<b>100%</b>



# The Frequency and relative frequency - Distribution Table

## Summarizing qualitative data

Example: Number of Hospital Patients admitted by Unit per semester

Hospital units is the variable here. Why?

(Variables are  
categorical) →

Hospital Unit (categories)	Number of Patients (frequencies)	Percent (relative frequencies)
Cardiac Care	1,052	11.93
Emergency	2,245	25.46
Intensive Care	340	3.86
Maternity	552	6.26
Surgery	4,630	52.50
<b>Total:</b>	<b>8,819</b>	<b>100.00</b>