

2.3.1 Frequency Distribution

A **frequency distribution** divides observations in the data set into convenient ordered classes (groups or categories). The number of observations in each class is referred to as *frequency* denoted as f .

Few examples of instances where frequency distributions would be useful are when (i) a marketing manager wants to know how many units (and what proportions or percentage) of each product sells in a particular region during a given period; (ii) a tax consultant desires to keep count of the number of times different size of firms are audited; and (iii) a financial analyst wants to keep track of the number of times the shares of manufacturing and service companies are in loss or gain over a period of time.