

August_Data Science and Business Analytics

Major Project Exploratory Data Analysis

Insights/Suggestions

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In this major project, we were provided with the problem statement and the dataset on preowned car market.

"There is a huge demand of used cars in the Indian Market today. As sale of new car have slowed down in the recent past, the pre-owned car market has continued to grow over the past year and is larger than the new car market now. Consider this: In 2018-19, while new car sales were recorded at 3.6 million units, around4 million second-hand cars were bought and sold. There is a slowdown in new car sales and that could mean that the demand is shifting towards the pre-owned market. In fact, some car sellers replace their old cars with pre-owned cars instead of buying new ones."

The goal of the case is as follows:

- Perform EDA
- Build various Models to Predict the price (Build at least 2 models and compare the results and suggest which model works better)
- Insights/Suggestions

Dataset:

- 1. Name: Name of the car which includes Brand name and Model name
- 2. Location: The location in which the car is being sold or is available for purchase Cities.
- 3. Year: Manufacturing year of the car
- 4. Kilometers_driven: The total kilometers driven in the car by the previous owner(s) in KM.
- 5. Fuel_Type: The type of fuel used by the car. (Petrol, Diesel, Electric, CNG, LPG)
- 6. Transmission: The type of transmission used by the car.(Automatic / Manual)
- 7. Owner_Type : Type of ownership
- 8. Mileage: The standard mileage offered by the car company in kmpl or km/kg
- 9. Engine: The displacement volume of the engine in CC.
- 10. Power: The maximum power of the engine in bhp.
- 11. Colour: The colour of the car.

- 12. Seats: The number of seats in the car.
- 13. No. of Doors: The number of doors the car have.
- 14. New_Price: The price of a new car of the same model in INR Lakhs.(1 Lakh = 100, 000)
- 15. Price: The price of the used car in INR Lakhs (1 Lakh = 100, 000)

At First, we imported important libraries which were necessary in our project.

```
import pandas as pd
import numpy as np
import seaborn as sns
import matplotlib.pyplot as plt

%matplotlib inline
import math
import scipy.stats as stats
from scipy.stats import skew
plt.style.use('ggplot')

#Sklearn package's randomized data splitting function
from sklearn.model_selection import train_test_split

from sklearn.preprocessing import StandardScaler
from sklearn.preprocessing import OneHotEncoder

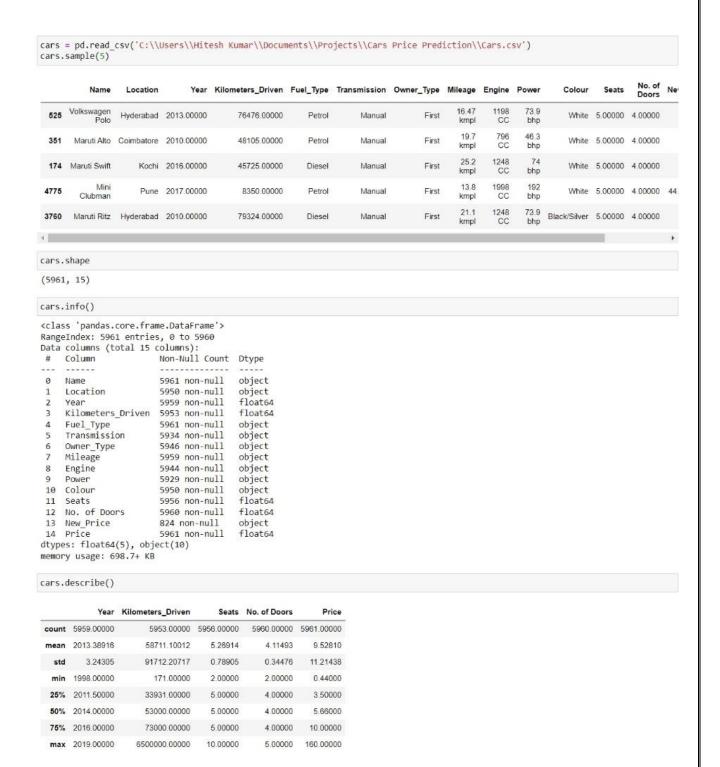
from sklearn.metrics import r2_score

#To supress numerical display in scientific notations
pd.set_option('display.float_format', lambda x: '%.3f' % x)
pd.set_option('display.max_rows', 300)
pd.set_option('display.max_rows', 300)
pd.set_option('display.max_colwidth',400)
pd.set_option('display.float_format', lambda x: '%.5f' % x)

#To supress Warnings
import warnings
import warnings
import warnings
import warnings('ignore')
```

Then we read and understood our dataset.

- Imported our dataset.
- Displayed the shape of our dataset.
- Overall information of our dataset.
- And the statistical description of our dataset.



Exploratory Data Analysis (EDA)

In this report, we performed exploratory data analysis (EDA) on the dataset to gain insights and understand the factors that influence car prices. The purpose of this analysis is to prepare the data for car price prediction modeling.

The dataset used for this analysis contains information about various cars, including their features and corresponding prices. It consists of the following variables:

Brand: The brand of the car (added after Feature Engineering).

Model: The model's name of the car (added after Feature Engineering).

Year: The manufacturing year of the car.

Mileage: The total distance traveled by the car in kilometers.

Fuel Type: The type of fuel used by the car (e.g., petrol, diesel).

Transmission: The type of transmission system in the car (e.g., manual, automatic).

Owner_Type: The number of previous owners of the car.

Price: The price of the car in the local currency.

Data Cleaning

Before proceeding with the analysis, we performed data cleaning to handle missing values, outliers, and inconsistencies in the dataset. The cleaning process involved:

- 1. Handling Missing Values: We checked for missing values in each variable and decided to either impute or remove them based on the proportion of missing values and their impact on the analysis.
- 2. Dealing with Outliers: We identified outliers using statistical methods such as box plots and removed them to prevent skewing the analysis results.
- 3. Handling Inconsistent Data: We checked for inconsistencies in variables such as fuel_type and transmission and resolved them by standardizing the values.

Analysis:

After cleaning the data, we performed various exploratory analyses to understand the relationships between different variables and their impact on car prices. Some key findings from the analysis are:

Year vs. Price: There is a positive correlation between the manufacturing year of a car and its price, indicating that newer cars tend to have higher prices.

Mileage vs. Price: There is a negative correlation between the mileage of a car and its price, suggesting that cars with lower mileage are generally priced higher.

Brand vs. Price: Different car brands exhibit varying price ranges, with luxury brands generally commanding higher prices compared to economy brands.

Fuel_Type and Transmission vs. Price: Cars with automatic transmission and diesel fuel type tend to have higher prices compared to their counterparts.

Data Pre-processing

In Data Pre-processing, we converted Engine, Power and Mileage columns from object data type to numerical data type by stripping strings like "Kmpl, km,/kg, cc, bhp".

```
cars['Mileage'] = cars['Mileage'].str.rstrip(" kmpl")
cars['Mileage'] = cars['Mileage'].str.rstrip(" km/kg")

cars['Engine'] = cars['Engine'].str.rstrip(" CC")

cars['Power'] = cars['Power'].str.rstrip(" bhp")
cars['Power'] = cars['Power'].replace(regex='null', value = np.nan)

#verify data
num=['Engine','Power','Mileage']
cars[num].sample(20)
```

	Engine	Power	Mileage
711	1968	167.7	18.33
3820	1199	73.9	22.07
4428	2494	102	12.8
4763	1591	121.3	13.0

We had checked for null values and replaced with nan.

checking for values containing 0.0 and replacing them by NAN

```
cars.query("Power == '0.0'")['Power'].count()

cars.query("Mileage == '0.0'")['Mileage'].count()

56

cars.loc[cars['Mileage']=='0.0', 'Mileage']=np.nan

cars.loc[cars['Engine']=='0.0', 'Engine'].count()

0
```

And filled seat column null values with the help of groupby and lambda function.

```
cars['Seats']=cars.groupby(['Name'])['Seats'].apply(lambda x:x.fillna(x.median()))
cars['Seats'].isnull().sum()
0
```

Processing New Price

We know that New_Price is the price of a new car of the same model in INR Lakhs.(1 Lakh = 100, 000)

This column clearly has a lot of missing values. We will impute the missing values later. For now we will only extract the numeric values from this column.

```
import re
new price num = []
# Regex for numeric + " " + "Lakh" format
regex_power = "^\d+(\.\d+)? Lakh$"
for observation in cars["New Price"]:
    if isinstance(observation, str):
         if re.match(regex power, observation):
              new price num.append(float(observation.split(" ")[0]))
         else:
              # To detect if there are any observations in the column
              # that we see in the sample output
              print(
                  "The data needs furthur processing.mismatch ",
                  observation,
    else:
         # If there are any missing values in the New Price column, i
         new price num.append(np.nan)
new price num = []
for observation in cars["New Price"]:
   if isinstance(observation, str):
       if re.match(regex power, observation):
          new price num.append(float(observation.split(" ")[0]))
       else:
          # Converting values in Crore to lakhs
          new price num.append(float(observation.split(" ")[0]) * 100)
   else:
       # If there are any missing values in the New Price column, we add missing values to the new column
       new price num.append(np.nan)
# Add the new column to the data
cars["new_price_num"] = new_price_num
# Checking the new dataframe
cars.head(5)
```

We have plotted the "ggplot" for all the columns.

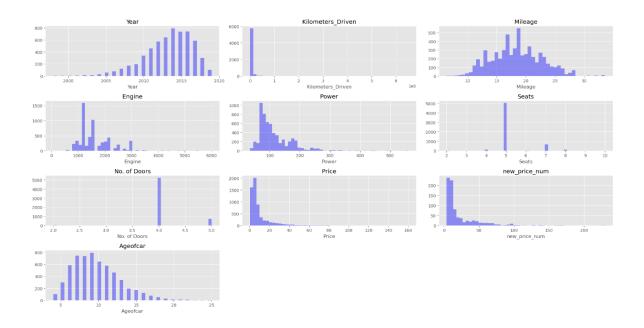
Years is left skewed. Years ranges from 1998- 2019 . Ageofcars 2 year old to 25 years old Kilometer driven , median is \sim 53k Km and mean is \sim 58K. Max values seems to be 6500000. This is very high , and seems to be outlier. Need to analyze further.

Mileage is almost Normally distrubuited

Engine is right skewed and has outliers on higher and lower end

Power and Price are also right skewed.

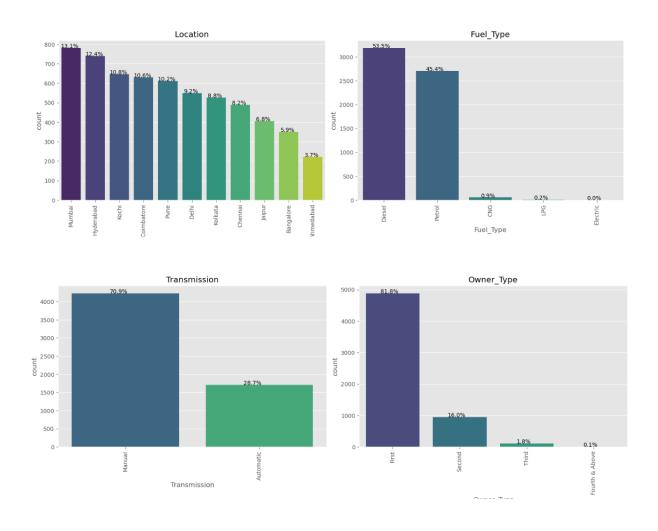
Price 160 Lakh is too much for a used car. Seems to be an outlier.



Year is left skewed and has outilers on lower side, This column can be dropped. Kilometer_driven is right skewed.

Mileage is almost Normally distributed. Has few outliers on upper and lower side, need to check further.

Engine ,power and price are right skewed and has outliers on upper side. Age of car is right skewed.



Car Profile

- ~71 % cars available for sell have manual Transmission.
- ~82 % cars are First owned cars.
- ~39% of car available for sale are from Maruti & Hyundai brands.
- ~53% of car being sold/avialable for purchase have fuel type as Diesel .

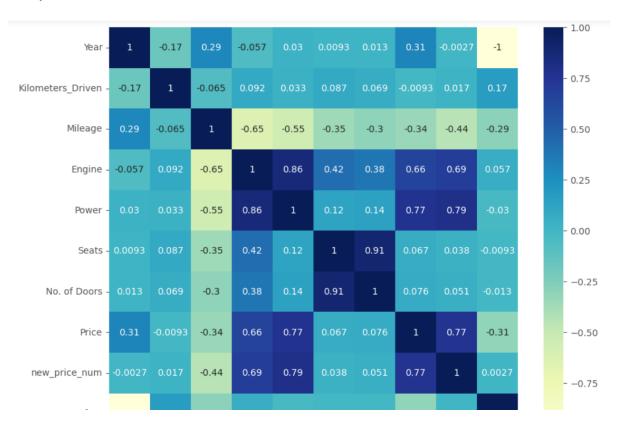
Mumbai has highest numbers of car availabe for purchase whereas Ahmedabad has least

Most of the cars are 5 seaters.

Car being sold/available for purchase are in 4 - 25 years old

~71% car are lower price range car.

After all the basic informations and pre processings we go for Bivariate & Multivariate Analysis



The exploratory data analysis provided valuable insights into the factors influencing car prices. The variables such as year, mileage, brand, fuel type, and transmission were found to have significant relationships with car prices. These findings will guide us in building an accurate car price prediction model based on the dataset.

Further analysis and modeling can be performed to develop a predictive model that accurately estimates car prices based on these influential factors.

Feature Engineering

We performed Feature Engineering in pre-owned car market Price Prediction model. Feature engineering is a machine learning technique that leverages data to create new variables that aren't in the training set. It can produce new features for both supervised and unsupervised learning, with the goal of **simplifying and speeding up data transformations** while also **enhancing model accuracy**. Feature engineering is required when working with machine learning models. Regardless of the data or architecture, a terrible feature will have a direct impact on your model.

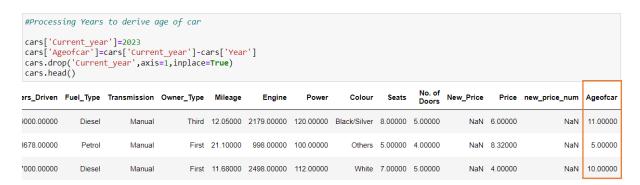
First we converted the data types into category and float.

Converting Datatype

```
cars["Fuel_Type"] = cars["Fuel_Type"].astype("category")
cars["Transmission"] = cars["Transmission"].astype("category")
cars["Owner_Type"] = cars["Owner_Type"].astype("category")
cars["Mileage"] = cars["Mileage"].astype('float')
cars["Power"] = cars["Power"].astype('float')
cars["Engine"]=cars["Engine"].astype('float')
```

We can observe here that "Fuel_Type, Transmission, Owner_type" has been changed to category type and "Mileage, Power, Engine" has been converted to float type.

We calculated age of cars and added it as a new feature named "Ageofcar".



We have extracted the brand and model names from Names column.

We have observed that some brand names are incorrect and need some changes, so we have changed and corrected the brand names of the car.

```
#changing brand names
cars.loc[cars.Brand == 'ISUZU','Brand']='Isuzu'
cars.loc[cars.Brand=='Mini','Brand']='Mini Cooper'
cars.loc[cars.Brand=='Land','Brand']='Land Rover'
```

Then we analysed the dataset to know which car brand was most available for purchased/sold for customers.

```
cars.groupby(cars.Brand).size().sort_values(ascending =False)
Brand
Maruti
                 1189
Hyundai
                 1100
Honda
                  601
Toyota
                  410
Mercedes-Benz
                  318
Volkswagen
                  315
Ford
Mahindra
                  272
BMW
                  267
Audi
                  236
Tata
                  184
Skoda
                  173
Renault
                  143
Chevrolet
                  113
Nissan
                   91
Land Rover
                   57
                   40
Jaguar
Mitsubishi
                   27
Mini Cooper
                   26
Fiat
                   25
Volvo
                   21
Porsche
                   18
Jeep
                   15
Datsun
Isuzu
                   3
Force
                    3
Lamborghini
Smart
                    1
Bentley . .
                    1
```

As the outcome displayed, there are 29 unique brands in the dataset. Maruti brand is most available for purchase/sold, followed by Hyundai.

Then for the proper prediction of the model we have handled the missing values in the dataset.

Handling Missing Values

cars.isnull().sum()		
Name	0	
Location	11	
Year	2	
Kilometers_Driven	8	
Fuel_Type	0	
Transmission	27	
Owner_Type	15	
Mileage	58	
Engine	17	
Power	135	
Colour	11	
Seats	0	
No. of Doors	1	
New_Price	5137	
Price	0	
new_price_num	5137	
Ageofcar	2	
Brand	0	
Model	0	
dtype: int64		

There were many missing values in the dataset, if we dropped all those values then our dataset will be of no use as it will only contain less than 1000 rows which can lead to inaccuracy and biased results. So, we imputed them by median with the help of grouping and lambda function.

We can start filling missing values by grouping name and year and fill in missing values. with median.

```
cars.groupby(['Name','Year'])['Engine'].median().head(30)
```

```
cars['Engine']=cars.groupby(['Name','Year'])['Engine'].apply(lambda x:x.fillna(x.median()))
cars['Power']=cars.groupby(['Name','Year'])['Power'].apply(lambda x:x.fillna(x.median()))
cars['Mileage']=cars.groupby(['Name','Year'])['Mileage'].apply(lambda x:x.fillna(x.median()))
```

```
cars.groupby(['Brand','Model'])['Engine'].median().head(10)
Brand Model
Audi
       Α3
                1968,00000
       Α4
                1968.00000
                1968.00000
       Α6
       Α7
                2967.00000
       8A
                2967.00000
       QЗ
                1968.00000
       Q5
                1968.00000
       07
                2967 00000
       RS5
                2894.00000
       \mathsf{TT}
                1984.00000
Name: Engine, dtype: float64
```

As we can see most of the model have same engine size and instead of just applying median , grouping with model and year that should give me more granularity, and near to accurate Engine values.

```
#chosing Median to fill the the missing value as there are many outliers,
#grouping by model and year to get more granularity and more accurate Engine and then fillig with median
cars['Engine']=cars.groupby(['Brand','Model'])['Engine'].apply(lambda x:x.fillna(x.median()))
```

```
#chosing Median to fill the the missing value as there are many outliers,
#grouping by model to get more granularity and more accurate Engine
cars['Power']=cars.groupby(['Brand','Model'])['Power'].apply(lambda x:x.fillna(x.median()))
#chosing Median to fill the the missing value as there are many outliers
```

```
#chosing Median to fill the the missing value as there are many outliers,
#grouping by model to get more granularity and more accurate Engine
cars['Mileage']=cars.groupby(['Brand','Model'])['Mileage'].apply(lambda x:x.fillna(x.median()))
```

```
cars.isnull().sum()
Name
Location
Kilometers_Driven
Fuel_Type
Transmission
Owner_Type
Mileage
Engine
Colour
Seats
No. of Doors
Price
new_price_num
                     0
Ageofcar
                     0
Brand
                     0
Model
dtype: int64
cars.shape
(5790, 18)
```

Finally done with all missing values handling

Model Building

For model building first we checked, whether the distribution is skewed or not. As the distribution was skewed, it was necessary to use log transformation before model building.

```
#check distribution if skewed. If the distribution is skewed, it is necessary to use log transform before model building
cols_to_log = cars.select_dtypes(include=np.number).columns.tolist()
for colname in cols_to_log:
    sns.distplot(cars[colname], kde=True)
    plt.show()

#since the distributions are right skewed, using log transform will help in normalization

def Perform_log_transform(df,col_log):
    "#Perform Log Transformation of dataframe , and list of columns"
    for colname in col_log:
        df[colname + '_log'] = np.log(df[colname])
    #df.drop(col_log, axis=1, inplace=True)
    df.info()
```

```
Perform_log_transform(cars,['Kilometers_Driven','Price'])
<class 'pandas.core.frame.DataFrame'>
Int64Index: 5790 entries, 0 to 5960
Data columns (total 20 columns):
# Column Non-Null
                                           Non-Null Count Dtype
 a
                                           5790 non-null
                                           5790 non-null
5790 non-null
        Location
       Kilometers_Driven
                                           5790 non-null
                                                                   float64
        Fuel_Type
Transmission
                                           5790 non-null
5790 non-null
                                                                   category
category
                                                                   category
float64
float64
       Owner_Type
                                           5790 non-null
       Mileage
Engine
                                           5790 non-null
5790 non-null
                                           5790 non-null
                                                                   float64
       Colour
                                           5790 non-null
        Seats
       No. of Doors
                                           5790 non-null
                                                                    float64
       Price
new_price_num
Ageofcar
                                                                   float64
float64
float64
                                           5790 non-null
                                           5790 non-null
5790 non-null
                                                                   category
object
float64
       Brand
                                           5790 non-null
       | Model | 5790 | non-null | Kilometers_Driven_log | 5790 | non-null | Price_log | 5790 | non-null | 5790 | non-null |
19 Price_log 5790 non-null dtypes: category(5), float64(12), object(3)
                                                                   float64
```

Before proceeding to Model Building, encoding the categorical and object variables is always a crucial step. For which we used get_dummies().

```
X = cars.drop(['Price','Price_log'], axis=1)
Y = cars[['Price_log']]
Creating dummy variables
def encode_cat_vars(x):
    x = pd.get_dummies(
        columns=x.select_dtypes(include=["object", "category"]).columns.tolist(),
   return x
#Dummy variable creation is done before spliting the data , so all the different categories are covered
X = encode_cat_vars(X)
X.head()
                                                      No. of Doors Ageofcar Kilometers_Driven_log Location_Bangalore Location_Chennai ... Fuel_Type
   Kilometers_Driven Mileage Engine Power Seats
0 99000.00000 12.05000 2179.00000 120.00000 8.00000 5.00000 11.00000 11.50288 0
       18678.00000 21.10000 998.00000 100.00000 5.00000 4.00000 5.00000
2 197000.00000 11.68000 2498.00000 112.00000 7.00000 5.00000 10.00000
                                                                              12.19096
       45000.00000 24.00000 1120.00000 70.00000 5.00000 4.00000 9.00000
                                                                               10.71442
                                                                                                      0
                                                                                                                     0 ...
4 65000.00000 12.80000 2494.00000 102.00000 8.00000 5.00000 12.00000
                                                                               11.08214
5 rows × 28 columns
```

Then we split the data into train and test sets for model building.

```
#splitting the data in train and test
X_train, X_test, Y_train, Y_test = train_test_split(X,Y,test_size=0.3, random_state=0)

print("X_train:",X_train.shape)
print("X_test:",X_test.shape)
print("y_train:",Y_train.shape)
print("y_test:",Y_test.shape)

X_train: (4053, 28)
X_test: (1737, 28)
y_train: (4053, 1)
y_test: (1737, 1)
```

For the first model prediction, we used the Linear Regression.

Linear Regression

```
from sklearn.linear_model import LinearRegression
linReg = LinearRegression()
#training the model
linReg.fit(X_train,Y_train)
```

And it gives the R-squared Score of 0.88085041918972785

```
#checking the accuracy
from sklearn.metrics import *
linReg_r2 = r2_score(Y_test,y_pred)
linReg_r2
```

0.8808504918972785

For the second model prediction, we used the Decision tree regressor.

Decision Tree Regressor

```
from sklearn.tree import DecisionTreeRegressor

dt = DecisionTreeRegressor()

dt.fit(X_train,Y_train)
```

And it gives the R-squared Score of 0.8673641667746893

```
dt_r2 = r2_score(Y_test,y_dt_pred)
dt_r2
```

0.8673641667746893

For the third model prediction, we used the Random forest Regressor.

Random Forest Regressor

```
from sklearn.ensemble import RandomForestRegressor

rf = RandomForestRegressor()

rf.fit(X_train,Y_train)
```

And it gives the R-squared Score of 0.9260023704614854

```
rf_r2 = r2_score(Y_test,y_rf_pred)
rf_r2
```

0.9260023704614854

At last, we compared the all three models to get the best result, and that was **Random Forest Regressor** with the R-squared score of **0.9260023704614854**.

Comparing Models ¶

```
print("The R-squared Score for Linear Regression Model is :", linReg_r2)
print("The R-squared Score for Decision Tree Regressor Model is :", dt_r2)
print("The R-squared Score for Random Forest Regressor Model is :", rf_r2)

The R-squared Score for Linear Regression Model is : 0.8808504918972785
The R-squared Score for Decision Tree Regressor Model is : 0.8673641667746893
The R-squared Score for Random Forest Regressor Model is : 0.9260023704614854
```

On comparision the best fitted model was Random Forest Regressor with the R-squared score of ~93%

Insights and Suggestions

- 1. **Feature Importance**: The accuracy of Random Forest model suggests that features such as Year, Kilometers Driven, Mileage, and Engine have the most significant impact on car prices. Sellers should emphasize these aspects when listing their cars.
- 2. **Location Matters**: The city where the car is sold affects its price. Consider regional variations in pricing when selling or purchasing a used car.
- 3. **Data Collection**: Collect more data on vehicle conditions, service history, and additional features to improve prediction accuracy.
- 4. **Interactive Tools**: Develop user-friendly tools for potential buyers and sellers to estimate car prices easily, incorporating the predictive model.
- 5. **Regular Updates**: Continuously update the model with new data to adapt to changing market dynamics.

Conclusion The used car sales prediction project is crucial in the growing Indian pre-owned car market. Our analysis and model comparison indicate that the Random Forest Regressor offers the best price prediction accuracy. The insights and suggestions provided can help both buyers and sellers make informed decisions in this evolving market.