nrow(datTrain)

-----# This dataset contains information of cars purchased at the Auction. # We will use this file to predict the quality of buying decisions and visualize decision processes. # VARIABLE DESCRIPTIONS: #Auction: Auction provider at which the vehicle was purchased #Color: Vehicle Color #IsBadBuy: Identifies if the kicked vehicle was an avoidable purchase #MMRCurrentAuctionAveragePrice: Acquisition price for this vehicle in average condition as of current day #Size: The size category of the vehicle (Compact, SUV, etc.) #TopThreeAmericanName: Identifies if the manufacturer is one of the top three American manufacturers #VehBCost: Acquisition cost paid for the vehicle at time of purchase #VehicleAge: The Years elapsed since the manufacturer's year #VehOdo: The vehicles odometer reading #WarrantyCost: Warranty price (term=36month and millage=36K) #WheelType: The vehicle wheel type description (Alloy, Covers) # 1. Import the datadet carAuction <- read.csv(file = "carAuction.csv", stringsAsFactors = FALSE)</pre> # 2. str() shows the structure of data str(carAuction) # 3. summary() shows the mean and the five-number statistics indicating the spread of each column's values summary(carAuction) # 4. Change all categorical variables to factors carAuction\$Auction <- factor(carAuction\$Auction)</pre> carAuction\$Color <- factor(carAuction\$Color)</pre> carAuction\$IsBadBuy <- factor(carAuction\$IsBadBuy)</pre> carAuction\$Size <- factor(carAuction\$Size)</pre> carAuction\$TopThreeAmericanName <- factor(carAuction\$TopThreeAmericanName)</pre> carAuction\$WheelType <- factor(carAuction\$WheelType)</pre> str(carAuction) summary(carAuction) # 5. Partition the dataset: 70% for training, 30% for testing library(caret) set.seed(1) train index <- createDataPartition(carAuction\$IsBadBuy, p=0.7, list=FALSE) datTrain <- carAuction[train index,]</pre> datTest <- carAuction[-train index,]</pre> # 6. Check the rows and porportion of target variable for both training and testing datasets

```
nrow(datTest)
prop.table(table(datTrain$IsBadBuy))#check badnuy distribution
prop.table(table(datTest$IsBadBuy))
\# 7. Build KNN model with caret package. Set k=1
library(rminer)
model <- knn3(IsBadBuy~., datTrain, k=1) #isbadbuy target variable.
#the dot before comma means we will use all the other variables to predict
#that car is bad buy. #then we specify training data set.
#k=1 specifies the number of neighbors we will use to predict that car is
\#bad buy; in this case k =1 so we will only use the closest neighbor to
predict
#that the car is a badbuy.
# 8. Make predictions on both training and tessting sets
prediction on train <- predict(model, datTrain)</pre>
prediction on test <- predict(model, datTest)</pre>
# 9. Generate evaluation results on training and testing data
mmetric(datTrain$IsBadBuy,prediction on train, metric="CONF")
mmetric(datTest$IsBadBuy,prediction on test, metric="CONF")
mmetric(datTrain$IsBadBuy,prediction on train,metric=c("ACC","PRECISION","TPR","F1"))
mmetric(datTest$IsBadBuy,prediction on test,metric=c("ACC","PRECISION","TPR","F1"))
  # a. Why we have perfect evaluation results on the training data?
\#It was perfect because we used the closest neighbor (k=1). The closes
neighbor
#in this case is that car itself, so we used that same car to preict whether
#bad buy. For each car the closest neighbor is the car itself, so we used each
#vehicles own bad buy value to predict itself.
  # b. Does the KNN model with k=1 generalize well on the testing set? why?
#No, it doesnt because if we look at the accuracy there is a big gap.
# 10. Build KNN model with k=5
model2 <- knn3(IsBadBuy~., datTrain, k=5)</pre>
# 11. Make predictions on both training and tessting sets
prediction on train2 <- predict(model2, datTrain) #change model and test names
prediction on test2 <- predict(model2, datTest)</pre>
# 12. Generate evaluation results on training and testing data
mmetric(datTrain$IsBadBuy,prediction on train2, metric="CONF")
mmetric(datTest$IsBadBuy,prediction on test2, metric="CONF")
mmetric(datTrain$IsBadBuy,prediction on train2,metric=c("ACC","PRECISION","TPR","F1"))
mmetric(datTest$IsBadBuy,prediction on test2,metric=c("ACC","PRECISION","TPR","F1"))
#first model had perfect performance on the traiing dataset, but its
#actual performance was worse than the performance of this model.
# 10. Build KNN model with k=10
model3 <- knn3(IsBadBuy~., datTrain, k=10)</pre>
# 11. Make predictions on both training and tessting sets
prediction_on_train3 <- predict(model3, datTrain)#change model and test names</pre>
prediction on test3 <- predict(model3, datTest)</pre>
```

```
# 12. Generate evaluation results on training and testing data
mmetric(datTrain$IsBadBuy,prediction on train3, metric="CONF")
mmetric(datTest$IsBadBuy,prediction on test3, metric="CONF")
mmetric(datTrain$IsBadBuy,prediction on train3,metric=c("ACC","PRECISION","TPR","F1"))
mmetric(datTest$IsBadBuy,prediction on test3,metric=c("ACC","PRECISION","TPR","F1"))
  \# a. Which KNN model is the best for identifying bad buy cars (k=1, 5 or
10)? and why?
#when we increase k, in this case, the model becomes less overfit on traing,
#and the gap of accuracy on training and testing gets smaller.
#First model is the best for identifying bad buy cars. We compare
#the performance on the testing set. We look at confusion matrix and see
#which model predicted badbuy cars better. The overall performance becmomes
#better as we increase k number.On badbuy = No class performance also becomes
better
#better as we increase the number of k. But F measure and recall value decline
#with each increase in k.
# 13. Define functions for cross validation
# Load packages for cross validation
library(matrixStats)
library(knitr)
# cross validation function for training
cv knn train <- function(df, target, nFolds, seedVal, metrics list, k)
  # create folds using the assigned values
  set.seed(seedVal)
  folds = createFolds(df[,target],nFolds)
  # The lapply loop
  cv results <- lapply(folds, function(x)
    # data preparation:
    test_target <- df[x,target]</pre>
    test input <- df[x,-target]</pre>
    train target <- df[-x, target]</pre>
    train input <- df[-x,-target]</pre>
    pred model <- knn3(train target ~ .,data = train input, k=k)</pre>
    pred train <- predict(pred model, train input)</pre>
    return(mmetric(train target,pred train,metrics list))
  # convert a list to a data frame using as.data.frame and convert this data
frame to a matrix before using rowSds()
  cv results m <- as.matrix(as.data.frame(cv results))</pre>
  cv mean<- as.matrix(rowMeans(cv results m))</pre>
  cv sd <- as.matrix(rowSds(cv results m))</pre>
  colnames(cv mean) <- "Mean"</pre>
  colnames(cv_sd) <- "Sd"</pre>
  # Combine and show cv results and Means and Sds
  cv all <- cbind(cv results m, cv mean, cv sd)</pre>
  kable(t(cv all),digits=3)
}#this cross val function generates training perforamcne
# cross validation function for testing
cv knn test <- function(df, target, nFolds, seedVal, metrics list, k)
{#this cross val generate testing performance
```

```
# create folds using the assigned values
  set.seed(seedVal)
  folds = createFolds(df[,target],nFolds)
  # The lapply loop
  cv results <- lapply(folds, function(x)</pre>
    # data preparation:
    test target <- df[x,target]</pre>
    test_input <- df[x,-target]</pre>
    train target <- df[-x, target]</pre>
    train input <- df[-x,-target]</pre>
    pred model <- knn3(train target ~ .,data = train input,k=k)</pre>
    pred <- predict(pred model, test input)</pre>
    return(mmetric(test target, pred, metrics list))
  })
  cv results m <- as.matrix(as.data.frame(cv results))</pre>
  cv mean<- as.matrix(rowMeans(cv results m))</pre>
  cv sd <- as.matrix(rowSds(cv results m))</pre>
  colnames(cv mean) <- "Mean"</pre>
  colnames(cv sd) <- "Sd"</pre>
  kable(t(cbind(cv mean, cv sd)), digits=3)
\# 14. Apply cross validation on carAuction data with nFolds = 3 and k = 5
df = carAuction #we define our frame here, in this case whole dataset, we dont
#need to split it into training adm testing.
target = 3#which column is the target variable
nFolds = 3 #we want to do 3fold cross validation
seedVal = 1 #we want to split the data in 3fold here, so if we use same seed
#then everyone will get the same evaluation results.
metrics list = c("ACC", "PRECISION", "TPR", "F1") #what metrics we want to see
k = 5#set k value; we want 5 nearest neighbors to make prediction.
# Evaluation results on training data
cv knn train(df, target, nFolds, seedVal, metrics list, k) #this function will
#give training performance
# Evaluation results on testing data
cv knn test(df, target, nFolds, seedVal, metrics list, k) #runing this function
#gives test performance.
# Apply cross validation on carAuction data with nFolds = 10 and k = 5, and
generate evaluation results on training and testing data.
df = carAuction
target = 3
nFolds = 3
seedVal = 1
metrics list = c("ACC", "PRECISION", "TPR", "F1")
cv knn train(df, target, nFolds, seedVal, metrics list, k)
cv knn test(df, target, nFolds, seedVal, metrics list, k)
```