-----# 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 for Decision Tree model #caret package includes particioning function to split data library(caret) #this function loads the package set.seed(1) #if you select train index it will show the numbers of rows which will go into #training dataset, those that not included will go into testing train index <- createDataPartition(carAuction\$IsBadBuy, p=0.7, list=FALSE) #p=7 means that 70% of data will go into training dataset and 30% for testing datTrain <- carAuction[train index,]#training</pre> datTest <- carAuction[-train index,]#testing; negative train index means</pre>

#that rows that are not included into training will go here.

6. Check the rows and porportion of target variable for both training and testing datasets nrow(datTrain) nrow(datTest) prop.table(table(datTrain\$IsBadBuy))#distribution of the target variable #in the training prop.table(table(datTest\$IsBadBuy))#distrib. in testing. # 7. Build C50 models #includes C5 function that can build a decision three model based on car auction dataset #rminer package help library(C50) #load the package first! C5.0 included in this package. library(rminer) model <- C5.0(IsBadBuy~.,data=datTrain) #ISBadbuy is our target variable #the one we want to predict. data=datTrain is we specify our training dataset. #"model" is the name of our deicison three model #it will show the number of variables (predictors) which we will use to #predict #three size shows the number of leaf nodes model dev.off() plot(model) #!!!This shows the following error: #Error in .Call.graphics(C palette2, .Call(C palette2, NULL)) : #invalid graphics state #I had to run this dev.off() to solve the error summary(model) # 8. Make predictions on both training and testing sets prediction on train <- predict(model, datTrain) #make predictions on the train #data set first. prediction on test <- predict(model, datTest) #we are applying deicison tree #model on the training dataset. # 9. Results comparison

mmetric(datTrain\$IsBadBuy,prediction on train, metric="CONF")#first we want to #look at confusion matrix

#The row sum 1 will show number of badbuyvalue out of 7001 are equal to NO. #Second row sum will show how many bad buy equal to YES. ROws are REAL VALUES. #COLUMN SUMS show how many cars we PREDICT badbuy egal to no and yes. Ex: we #predict 245 cars would be badbuy equal to yes. So 32 cars we predicted that #badbuy eqal to yes, but they actually are good (badbuy no). 6275 correct mmetric(datTrain\$IsBadBuy,prediction on train,c("ACC","PRECISION","TPR","F1")) #Precision shows accuracy of predictions on training data set. #Proportion of cars that we predicted correctly. Sum of correct / total sampels #Precition1 shows proporiton of predicted badbuy "no"cars. It represents confidence. #Precision2 shows proportion of predicted badbuy equal to yes. #TPR1 shows that Model corectly identified 6062 bad buy "no" cars which is 99%.

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#BUt, TPR2 shows for bad buy equal to yes
#we only identified 213 cars which is 23% (since real number is 907;
907/213=23%
#F11 and F12 showing the means among precions and tprs (recall value). they
give
#overal performance.
#next two lines are prediction results on testing data
mmetric(datTest$IsBadBuy,prediction on test, metric="CONF")
mmetric(datTest$IsBadBuy,prediction on test,metric=c("ACC","PRECISION","TPR","F1"))
\# 10. Build C50 decision tree with CF = 0.5
#CF 0.5 is a confidence factr. The bigger it is the bigger the three is.
#Default value is 0.25, so this one is bigger.
model2 <- C5.0(IsBadBuy~.,data=datTrain, control = C5.0Control(CF=0.5))</pre>
dev.off()
plot(model2)#!!!This shows the following error:
summary(model2)
# 11. Make predictions on both training and testing sets
prediction on train2 <- predict(model2, datTrain)</pre>
prediction on test2 <- predict(model2, datTest)</pre>
# 12. Compare the evaluation results on training and testing sets
mmetric(datTrain$IsBadBuy,prediction on train2, metric="CONF")
mmetric(datTrain$IsBadBuy,prediction on train2,c("ACC","PRECISION","TPR","F1"))
mmetric(datTest$IsBadBuy,prediction on test2, metric="CONF")
mmetric(datTest$IsBadBuy,prediction_on_test2,metric=c("ACC","PRECISION","TPR","F1"))
  # a. Does the decision tree model have better performance on training set or
#testing set? why?
#The performance of this decison three model is better on the training
dataset.
#Accuracy, precison, and recall are higher on the training dataset.
  # b. Does the decision tree model have better performance on majority
#(IsBadBuy = 'No') or minority class (IsBadBuy = 'Yes')? why?
#Yes, this model has better perforamene on majority class, because precion,
#recall, and means (f11) are higher for the majority class (badbuy = NO)
# 13. Build C50 decision tree with 8 predictors (removing WheelType and
Auction) and set CF = 0.3
model3 <- C5.0(IsBadBuy~.,data=datTrain[,c(-1,-11)], control =</pre>
C5.0Control(CF=0.3))
dev.off()
plot(model3) #!!!This shows the following error:
summary(model3)
  # a. How many decision nodes and how many leaf nodes are in the tree?
#we have 6 deicison nodes and 8 leaf nodes.
  \# b. Compare it to the C50 tree generated in task 7, \: is it more or less
complex? Give reasons for your answer.
#This model has 8 leaf nodes, while the first one only had 3 leaf nodes.
#so this model is more complex.
  # c. What is the predictor that first splits the tree? How the decision tree
selects the first predictor to split?
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#The first variable that splits is Vehiclecost (VehBCost). The reason its
#chosen as the first variable to split the decison tree is because it
#provides the highest information gain. It can lower the entropy the most.
 # d. Find one path in the tree to a leaf node that is classified to IsBadBuy
= 'Yes'. What is this path/rule's misclassification error rate?
#look at the summary on console. If VehBCost is less than 4010 and color is in
#brown or purple, then Badbuy is equal to YES.

- # 14. Make predictions on training and testing sets
 prediction_on_train3 <- predict(model3, datTrain)
 prediction on test3 <- predict(model3, datTest)</pre>
- # 15. Generate the evaluation results on training and testing sets
 mmetric(datTrain\$IsBadBuy,prediction_on_train3, metric="CONF")
 mmetric(datTrain\$IsBadBuy,prediction_on_train3,c("ACC","PRECISION","TPR","F1"))
 mmetric(datTest\$IsBadBuy,prediction_on_test3, metric="CONF")
 mmetric(datTest\$IsBadBuy,prediction_on_test3,metric=c("ACC","PRECISION","TPR","F1"))
- # a. On the testing set, how many bad buy cars are predicted as Not bad buy? #On the testing set: 2990 cars are PREDICTED BadBuy = "NO".
- # b. Compared to the decision tree model generated in task 7,
 #which one (model in task 7 or task 13) has better performance, and why?

 $\# model\ 1$ is more accurate (89 vs 86%). F12, TPR2 are considerably higher in $\# model\ 1$ as well. They show overall performance and number of correct predictons $\# for\ badbuy\ equal\ to\ yes.$

#Model 1 is definately better than the current model.