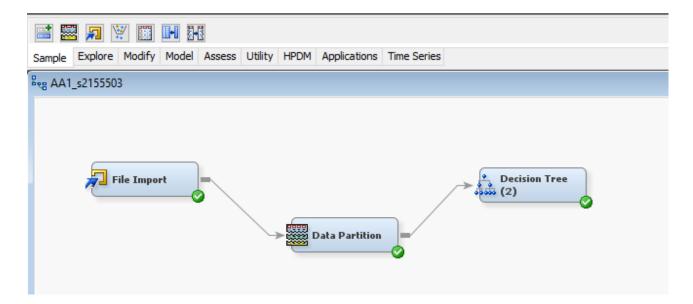
RESULTS AND ANALYSIS

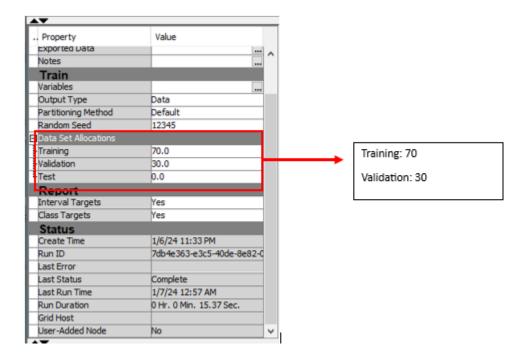
1.0 Tasks 2

Decision Tree Analysis: Create a decision tree model in SAS Enterprise Miner to analyse customer behaviour.



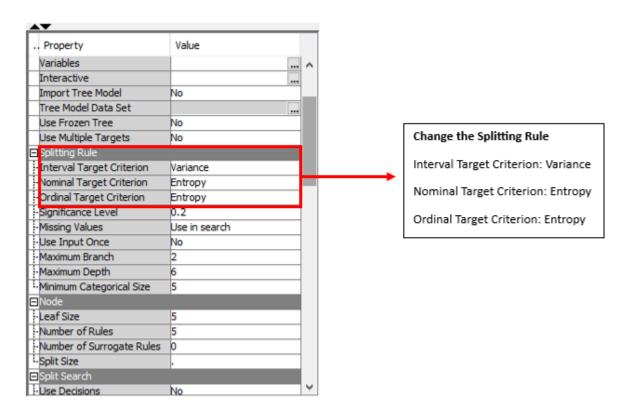
As shown in the diagram, establish a decision tree model by linking three components which are file import, data partitioning, and the decision tree. The specific purpose of the component and property configuration data partitioning and Decision Tree will be discussed in the next section.

Data Partitioning

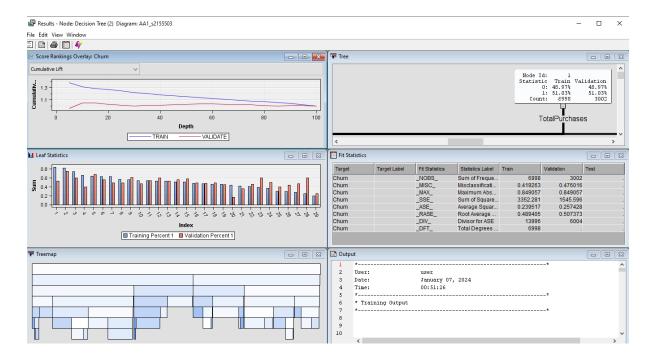


In SAS Enterprise Miner, data partitioning is used to split a dataset into separate subsets for model building and validation, allowing for unbiased assessment of model performance. For this model, I use a 70% portion for training and a 30% portion for validation.

Decision Tree

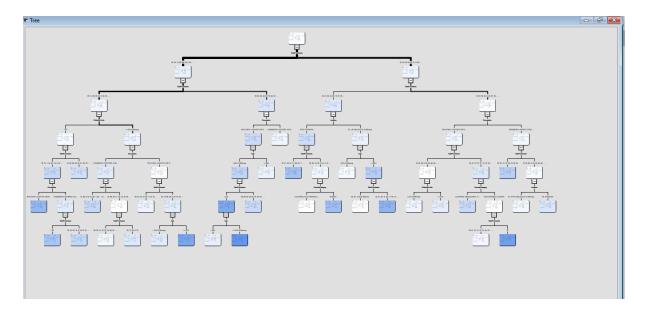


When building a decision tree model, the splitting rule based on the nature of our target variable. For interval target variables, the criterion often used is Variance, which minimizes the variance within each split. In cases with nominal target variables, the criterion of choice is typically Entropy, which measures the disorder or impurity of data at each split. Similarly, for ordinal target variables, the Entropy criterion is also favoured. By adapting the splitting rule to your specific target variable, you can optimize the performance and interpretability of your decision tree model.



The figure provides an overall result generated by this model. It encompasses various visual elements, including a score ranking overlay, a tree diagram, fit statistics, a treemap, and more.

Here's the complete tree diagram for the model predicting observed target values as shown in below: -

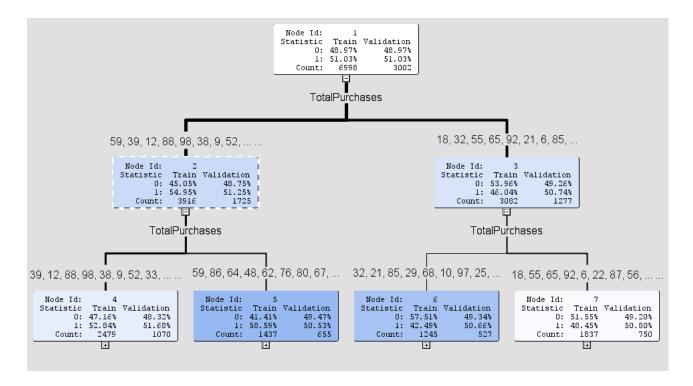


Tree diagram with 14 splitting rules for the input column "TotalPurchases".

Variable Importance

					Ratio of
		Number of			Validation
		Splitting		Validation	to Training
Variable Name	Label	Rules	Importance	Importance	Importance
TotalPurchases		14	1.0000	1.0000	1.0000
Occupation		4	0.3809	0.4956	1.3014
Age		4	0.3516	0.6659	1.8936
FavoriteCategory		2	0.2623	0.0000	0.0000
WebsiteVisits		2	0.2532	0.4962	1.9596
Location		2	0.2510	0.5514	2.1966

According to the Variable Importance table the most important predictors is TotalPurchases.



The decision tree analysis, focusing on 'TotalPurchases', reveals distinct customer segments based on their purchasing behavior. Initial splits in the tree indicate that the number of purchases is a significant predictor of the behavior under study, likely customer churn. The detailed node statistics suggest that as the total number of purchases varies, so does the likelihood of a customer falling into one of two categories, which could signify churned versus active customers.

The further Nodes 4 to 7 suggests more nuanced thresholds of purchase behavior that are influential in predicting outcomes. For instance, certain nodes with higher purchase counts may correlate with a greater likelihood of customer retention, while others with fewer purchases might indicate a risk of churning.

Overall, the decision tree provides actionable insights, suggesting that the frequency of purchases is a key behavioral indicator. This information can be leveraged to tailor customer engagement strategies, such as targeted marketing to increase purchase frequency among customers showing signs of potential churn.

Fit Statistics								
Target	Target Label	Fit Statistics	Statistics Label	Train	Validation			
Churn		_NOBS_	Sum of Frequencies	6998	3002			
Churn		_MISC_	Misclassification Rate	0.419263	0.476016			
Churn		_MAX_	Maximum Absolute Error	0.849057	0.849057			
Churn		_SSE_	Sum of Squared Errors	3352.281	1545.596			
Churn		_ASE_	Average Squared Error	0.239517	0.257428			
Churn		_RASE_	Root Average Squared Error	0.489405	0.507373			
Churn		_DIV_	Divisor for ASE	13996	6004			
Churn		_DFT_	Total Degrees of Freedom	6998				

From this Fit Statistics Table, it seems that the misclassification rates maximum error are in acceptable range. The ASE and RASE also suggest that the model's predictions are close to the actual values on average.

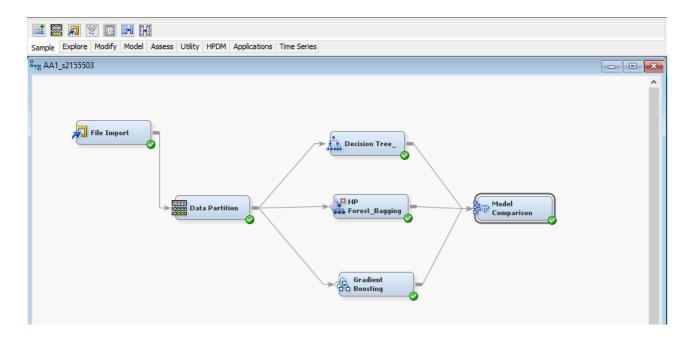
The customer behavior analysis, using decision tree modeling, indicates that the frequency of purchases ('Total Purchases') is the most critical factor in determining customer churn, with other variables such as 'Occupation' and 'Age' also playing significant roles. 'Total Purchases' is the principal variable used to split decisions in the predictive tree, suggesting thresholds in purchasing behavior are key indicators of churn risk. The variable importance scores reveal 'Age' as a more significant predictor in the validation set than in training, suggesting demographic factors may influence churn differently across datasets.

The fit statistics exhibit a moderate misclassification rate, with the model being more accurate on training data compared to validation data, hinting at potential overfitting. The Average Squared Error (ASE) and Root Average Squared Error (RASE) point to a moderate error level in predictions, with these errors slightly inflated in the validation set, indicating room for improvement in the model's predictive accuracy.

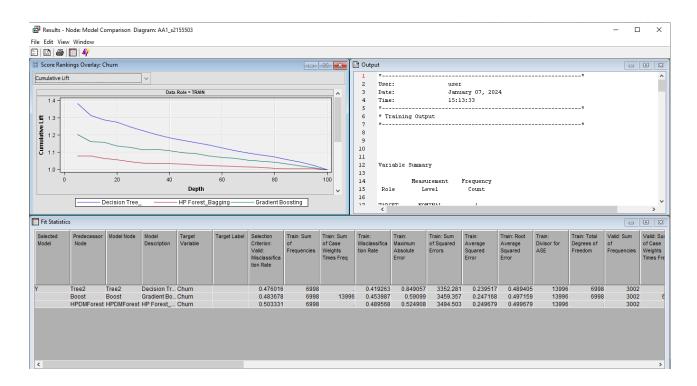
Overall, the analysis underscores the need to consider how various factors like purchasing frequency, occupation, and age interplay in influencing customer retention. There is also a suggestion of the need to address overfitting and enhance the model's generalization capabilities to better predict churn across different customer segments.

2.0 Tasks 3

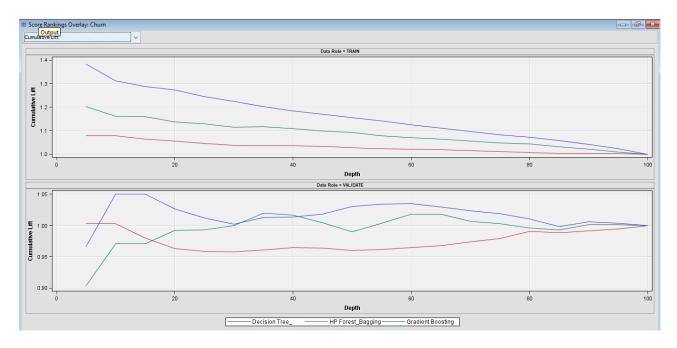
Ensemble Methods: Apply Bagging and Boosting, using the Random Forest algorithm as a Bagging example.



In this SAS Enterprise Miner workflow, I've constructed an ensemble methods approach to enhance predictive performance, building upon the foundation laid by the decision tree model established in the earlier task. The ensemble methodology is incorporating two components which are the HP Forest and Gradient Boosting. The HP Forest is for the bagging technique using the Random Forest algorithm, which aggregates multiple decision trees to reduce variance and improve stability. On the other hand, the Gradient Boosting component implements boosting, a method that sequentially builds models with each one focusing on the errors of the previous model to reduce bias. To systematically assess the efficacy of these models, the Model Comparison component is employed to leverages the collective strengths of bagging and boosting to potentially outperform the individual predictive capabilities of the models involved.



The figure provides an overall result generated by the model comparison component. It encompasses of a score ranking overlay, fit statistics, and output file.



The chart displays the performance of three models which are Decision Tree, HP Forest (Bagging), and Gradient Boosting across different complexities, as indicated by depth. For the training data, Gradient Boosting consistently outperforms the other models, maintaining a higher cumulative lift across all depths. In contrast, the Decision Tree and HP Forest show a decreasing lift with increasing depth. On the validation set, the Decision Tree's performance drops as complexity grows, while the HP Forest and Gradient Boosting display more stable trends. Overall, Gradient Boosting seems to offer the best performance, particularly at higher depths, indicating its effectiveness in both training and validation scenarios.

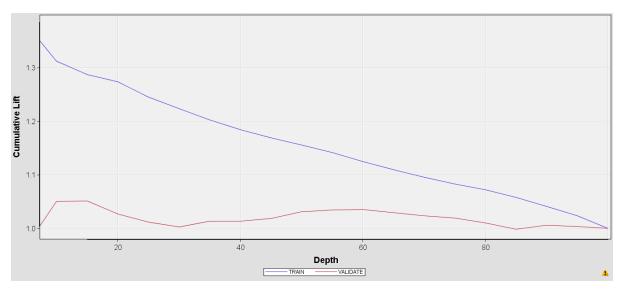
Fit Statistics
Model Selection based on Valid: Misclassification Rate (VMISC_)

				Train:		Valid:
			Valid:	Average	Train:	Average
Selected			Misclassification	Squared	Misclassification	Squared
Model	Model Node	Model Description	Rate	Error	Rate	Error
Y	Tree2	Decision Tree (2)	0.47602	0.23952	0.41926	0.25743
	Boost	Gradient Boosting	0.48368	0.24717	0.45399	0.25129
	HPDMForest	HP Forest	0.50333	0.24968	0.48957	0.25033

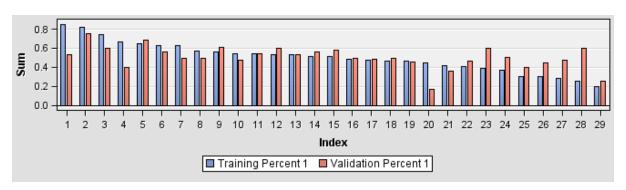
For the training set, the Decision Tree model has a misclassification rate of 0.41926 and an average squared error of 0.23952. The Gradient Boosting model shows a similar misclassification rate of 0.45399 but has a slightly better average squared error of 0.2417. The HP Forest model presents the highest misclassification rate among the three at 0.48957 with an average squared error of 0.24968. These statistics suggest that while the Decision Tree and Gradient Boosting models have a closer performance in terms of error, the HP Forest model is less accurate on the training data.

Appendix

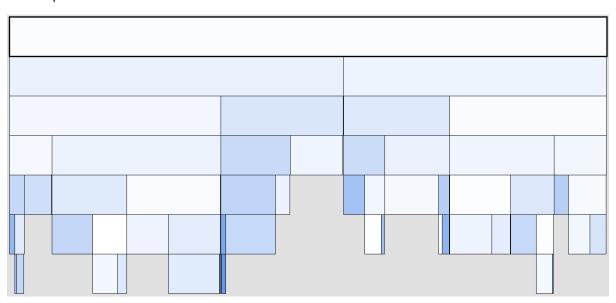
Score Rankings Overlays: Churn



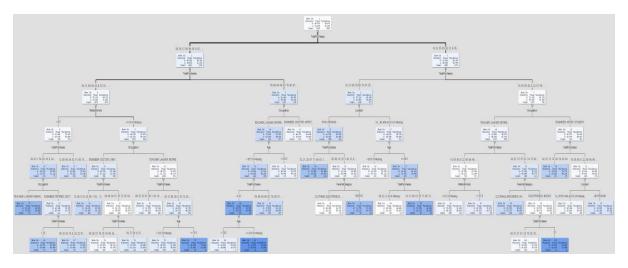
Leaf Statistics



TreeMap



Tree



Fit Statistics

Target	Target Label	Fit Statistics	Statistics Label	Train	Validation	Test
Churn		_NOBS_	Sum of Frequencies	6998	3002	
Churn		_MISC_	Misclassification Rate	0.419263	0.476016	
Churn		_MAX_	Maximum Absolute Error	0.849057	0.849057	
Churn		_SSE_	Sum of Squared Errors	3352.281	1545.596	
Churn		_ASE_	Average Squared Error	0.239517	0.257428	
Churn		_RASE_	Root Average Squared Error	0.489405	0.507373	
Churn		_DIV_	Divisor for ASE	13996	6004	
Churn		DET	Total Degrees of Freedom	6998		

User: user Date: January 07, 2024 00:57:51 Time: * Training Output Variable Summary Measurement Frequency Role Level Count INTERVAL ID ID NOMINAL INPUT INTERVAL **INPUT NOMINAL** 6 INPUT ORDINAL 1 TARGET NOMINAL 1 TIMEID INTERVAL **Model Events**

Number Measurement of Target Event Level Levels Order Label Churn 1 NOMINAL 2 Descending Predicted and decision variables Type Variable Label TARGET Churn PREDICTED P_Churn1 Predicted: Churn=1 RESIDUAL R_Churn1 Residual: Churn=1 PREDICTED P_Churn0 Predicted: Churn=0 RESIDUAL R_Churn0 Residual: Churn=0 FROM F Churn From: Churn I_Churn Into: Churn INTO * Score Output *_____* * Report Output Variable Importance Ratio of Number of Validation Splitting Validation to Training Variable Name Label Rules Importance Importance Importance 14 1.0000 1.0000 1.0000 TotalPurchases Occupation 4 0.3809 0.4956 1.3014 Age 0.3516 0.6659 1.8936 FavoriteCategory 2 0.2623 0.0000 0.0000 WebsiteVisits 2 0.4962 1.9596 0.2532 Location 2 0.2510 0.5514 2.1966

Tree Leaf Report

Training										
Nod	е	Training	g Perc	ent \	Validation	Validation				
Id	Depth	Observa	ations	1	Observatio	ns Percent 1				
26	4	633	0.48	25	8 0.49	9				
11	3	619	0.54	27	'8 0.5	4				
78	6	599	0.57	26	0.49	9				
41	5	583	0.63	26	0.49	9				
56	5	498	0.46	19	0.49	9				
38	5	489	0.46	20	0.45	5				
36	5	478	0.63	22	6 0.50	6				
17	4	324	0.39	13	88 0.60	0				
58	5	304	0.37	11	.9 0.50	0				
74	6	289	0.53	11	.8 0.53	3				
62	5	253	0.53	10	0.60	0				
24	4	247	0.30	10	0.4	4				
57	5	216	0.56	84	4 0.61	•				
50	5	198	0.51	96	6 0.58	}				
118	6	194	0.47	8	36 0.48	8				
63	5	190	0.41	68	8 0.46	i				
21	4	173	0.54	8	7 0.47	,				
30	4	171	0.66	87	7 0.40)				
75	6	114	0.42	45	5 0.36	i				
67	6	88	0.64	37	0.68					
55	5	85	0.25	35	0.60					
32	5	65	0.74	25	0.60					
81	6	53	0.85	17	0.53					
54	5	43	0.51	18	0.56					
51	5	39	0.28	19	0.47					
66	6	23	0.30	10						
119	6	11	0.82	8	0.75					
79	6	10	0.20	4	0.25					
80	6	9	0.44	6	0.17					

Fit Statistics

Target=Churn Target Label=' '

Fit

Statistics Statistics Label Train Validation

NOBS	Sum of Frequencies	6998.00	3002.00
MISC	Misclassification Rate	0.42	0.48
MAX	Maximum Absolute Error	0.85	0.85
SSE	Sum of Squared Errors	3352.28	1545.60
ASE	Average Squared Error	0.24	0.26
RASE	Root Average Squared Erro	or 0.49	0.51

DIV	Divisor for ASE	13996.00	6004.00
DFT	Total Degrees of Freed	dom 699	8.00 .

Classification Table

Data Role=TRAIN Target Variable=Churn Target Label=' '

		Target	: 0	utcome	Fre	equency	Total	
Target	Outo	ome	Perce	ntage	Perc	entage	Count	Percentage
0	0	57.8	031	53.282	28	1826	26.0932	
1	0	42.1	969	37.328	35	1333	19.0483	
0	1	41.7	036	46.717	72	1601	22.8780	
1	1	58.2	964	62.671	L 5	2238	31.9806	

Data Role=VALIDATE Target Variable=Churn Target Label=' '

	•	Target	0	utcome	Fre	equency	Total	
Target	Outo	ome	Perce	ntage	Perce	entage	Count	Percentage
0	0	51.59	929	45.170)1	664	22.1186	
1	0	48.40	071	40.665	8	623	20.7528	
0	1	46.99	971	54.829	99	806	26.8488	
1	1	53.00	029	59.334	12	909	30.2798	

Event Classification Table

Data Role=TRAIN Target=Churn Target Label=' '

False True False True Negative Negative Positive Positive 1333 1826 1601 2238

Data Role=VALIDATE Target=Churn Target Label=' '

False True False True Negative Negative Positive Positive 623 664 806 909

Assessment Score Rankings

Data Role=TRAIN Target Variable=Churn Target Label=' '

Mean

					Wicaii		
		Cumulat	tive %	Cumulative	e Numb	er of Poste	erior
Dept	th Gain	Lift	Lift Resp	onse % Re	sponse C	bservations	Probability
•			·		·		·
5	38.1953	1.38195	1.38195	70.5195	70.5195	350	0.70519
10	31.2350	1.24275	1.31235	63.4160	66.9677	350	0.63416
15	28.7466	1.23770	1.28747	63.1584	65.6979	350	0.63158
20	27.4005	1.23362	1.27400	62.9503	65.0110	350	0.62950
25	24.5630	1.13213	1.24563	57.7713	63.5631	350	0.57771
30	22.3518	1.11296	1.22352	56.7931	62.4347	350	0.56793
35	20.2979	1.07974	1.20298	55.0980	61.3866	350	0.55098
40	18.3990	1.05107	1.18399	53.6349	60.4177	350	0.53635
45	16.8829	1.04754	1.16883	53.4548	59.6440	350	0.53455
50	15.5748	1.03768	1.15575	52.9518	58.9765	349	0.52952
55	14.1882	1.00326	1.14188	51.1951	58.2689	350	0.51195
60	12.4633	0.93495	1.12463	47.7093	57.3887	350	0.47709
65	10.9944	0.93371	1.10994	47.6463	56.6392	350	0.47646
70	9.5886	0.91318	1.09589	46.5986	55.9218	350	0.46599
75	8.3108	0.90425	1.08311	46.1429	55.2698	350	0.46143
80	7.1767	0.90169	1.07177	46.0123	54.6911	350	0.46012
85	5.7421	0.82792	1.05742	42.2479	53.9590	350	0.42248
90	4.1389	0.76889	1.04139	39.2355	53.1409	350	0.39236
95	2.3740	0.70611	1.02374	36.0320	52.2403	350	0.36032
100	0.0000	0.54771	1.00000	27.9491	51.0289	349	0.27949

Data Role=VALIDATE Target Variable=Churn Target Label=' '

Mean

		Cumulat	ive %	Cumulative	. Numbe	er of Poste	rior
Dept	th Gain	Lift	Lift Resp	onse % Res	sponse O	bservations	Probability
5	3.37381	0.96626	0.96626	49.3109	49.3109	151	0.70094
10	5.05116	1.13532	1.05051	57.9385	53.6104	150	0.63427
15	5.07229	1.05115	1.05072	53.6428	53.6212	150	0.63240
20	2.66019	0.95408	1.02660	48.6891	52.3902	150	0.62950
25	1.20505	0.95375	1.01205	48.6723	51.6476	150	0.59578
30	0.23008	0.95349	1.00230	48.6590	51.1501	150	0.56928
35	1.31000	1.07797	1.01310	55.0115	51.7012	150	0.55745
40	1.32711	1.01447	1.01327	51.7711	51.7099	150	0.53859
45	1.81597	1.05730	1.01816	53.9568	51.9594	150	0.53635
50	3.08227	1.14487	1.03082	58.4260	52.6056	150	0.53078
55	3.46247	1.07242	1.03462	54.7284	52.7996	151	0.52197
60	3.50337	1.03954	1.03503	53.0504	52.8205	150	0.48884
65	2.96194	0.96457	1.02962	49.2248	52.5442	150	0.47709
70	2.36280	0.94566	1.02363	48.2595	52.2384	150	0.47108

75	1.93094	0.95879	1.01931	48.9297	52.0181	150	0.46184
80	1.03057	0.87513	1.01031	44.6602	51.5586	150	0.46012
85	0.17616	0.80500	0.99824	41.0813	50.9427	150	0.43323
90	0.57151	1.13292	1.00572	57.8159	51.3243	150	0.39494
95	0.37581	0.96851	1.00376	49.4255	51.2244	150	0.36427
100	0.00000	0.92855	1.00000	47.3861	51.0326	150	0.27998

Assessment Score Distribution

Data Role=TRAIN Target Variable=Churn Target Label=' '

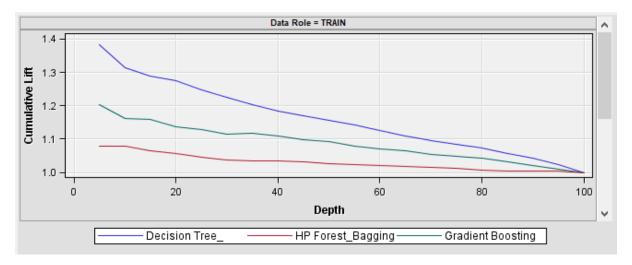
Posterior	Numb	er		Mean			
Probability	of	Numbe	r of	Posteri	or		
Range	Events	Nonev	ents	Probak	oility	Percei	ntage
0.80-0.85	54	10	9.0	34375	0.9	145	
0.70-0.75	48	17	0.7	73846	0.9	288	
0.65-0.70	113	58	0.	66082	2.4	4436	
0.60-0.65	726	423	0	.63185	16	.4190	
0.55-0.60	462	353	0	.56687	11	.6462	
0.50-0.55	835	740	0	.53016	22	.5064	
0.45-0.50	849	965	0	.46803	25	.9217	
0.40-0.45	130	183	0	.41534	4.	.4727	
0.35-0.40	240	388	0	.38217	8.	9740	
0.30-0.35	7	16	0.3	0435	0.32	287	
0.25-0.30	84	202	0.	29371	4.0	0869	
0.20-0.25	21	64	0.2	4706	1.2	146	
0.15-0.20	2	8	0.20	0000	0.14	29	

Data Role=VALIDATE Target Variable=Churn Target Label=' '

Posterior	Numb	er		Mean			
Probability	of	Number	r of	Posteri	or		
Range	Events	Nonev	ents	Probak	oility	Percen	tage
0.80-0.85	15	10	0.8	3918	0.8	328	
0.70-0.75	15	10	0.7	73846	0.8	328	
0.65-0.70	35	52	0.6	6082	2.8	981	
0.60-0.65	282	248	0	.63185	17	'.6549	
0.55-0.60	178	167	0	.56707	11	.4923	
0.50-0.55	384	319	0	.53013	23	3.4177	
0.45-0.50	354	388	0	.46810	24	.7169	
0.40-0.45	48	71	0.4	1622	3.9	640	
0.35-0.40	142	115	0	.38259	8.	.5610	
0.30-0.35	4	6	0.30	435	0.33	31	
0.25-0.30	53	67	0.2	9341	3.9	973	
0.20-0.25	21	14	0.2	4706	1.1	659	

0.15 ± 0.20	1	2	0.20000	0 1222
U.15-U.ZU			U.ZUUUU	U.133Z

Score Ranking Overlays: Churn



Fit Statistics

Selected Model	Predecessor Node	Model Node	Model Description	Target Variable	Target Label	Selection Criterion: Valid: Misclassifica tion Rate	Train: Sum of Frequencies	Train: Sum of Case Weights Times Freq	Train: Misclassifica tion Rate	Train: Maximum Absolute Error	Train: Sum of Squared Errors	Train: Average Squared Error	Train: Root Average Squared Error	Train: Divisor for ASE	Train: Total Degrees of Freedom	Valid: Sum of Frequencies
Υ	Tree2	Tree2	Decision Tr	Churn		0.476016	6998		0.419263	0.849057	3352.281	0.239517	0.489405	13996	6998	3002
	Boost	Boost	Gradient Bo	Churn		0.483678	6998	13996	0.453987	0.59099	3459.357	0.247168	0.497159	13996	6998	3002
	HPDMForest	HPDMForest	HP Forest	Churn		0.503331	6998		0.489568	0.524908	3494.503	0.249679	0.499679	13996		3002

User: user

Date: January 07, 2024

Time: 15:13:33

* Training Output

*_____

Variable Summary

Measurement Frequency

Role Level Count

TARGET NOMINAL 1

Fit Statistics

Model Selection based on Valid: Misclassification Rate (_VMISC_)

Train: Valid:

Valid: Average Train: Average

Selected Misclassification Squared Misclassification Squared Model Node Model Description Rate Error Rate Error

0.23952 0.41926 0.25743 Tree2 Decision Tree (2) 0.47602 Boost **Gradient Boosting** 0.48368 0.24717 0.45399 0.25129 **HPDMForest HP Forest** 0.50333 0.24968 0.48957 0.25033

Fit Statistics Table Target: Churn

Data Role=Train

Statistics Tree2 Boost HPDMForest

Train: Bin-Based Two-Way Kolmogorov-Smirnov Probability Cutoff 0.50 0.51 0.51

Train: Kolmogorov-Smirnov Statistic 0.16 0.10 0.03 Train: Average Squared Error 0.24 0.25 0.25

Train: Roc Index 0.61 0.56 0.52

Train: Cumulative Percent Captured Response 13.13 11.61 10.78

Train: Percent Captured Response 6.22 5.60 5.39
Selection Criterion: Valid: Misclassification Rate 0.48 0.48 0.50

Train: Total Degrees of Freedom 6998.00 6998.00 .

Train: Frequency of Classified Cases . . . 6998.00

Train: Divisor for ASE 13996.00 13996.00 13996.00

 Train: Gain
 31.23
 16.07
 7.77

 Train: Gini Coefficient
 0.23
 0.13
 0.04

Train: Bin-Based Two-Way Kolmogorov-Smirnov Statistic 0.16 0.10 0.03

Train: Kolmogorov-Smirnov Probability Cutoff 0.51 0.51 0.51

Train: Cumulative Lift 1.31 1.16 1.08

Train: Lift 1.24 1.12 1.08

Train: Maximum Absolute Error 0.85 0.59 0.52

Train: Misclassification Rate 0.42 0.45 0.49

Train: Sum of Frequencies 6998.00 6998.00 6998.00

0.49 0.50 0.50 Train: Root Average Squared Error Train: Cumulative Percent Response 66.97 59.23 54.99 63.42 57.09 54.99 Train: Percent Response Train: Sum of Squared Errors 3352.28 3459.36 3494.50 Train: Sum of Case Weights Times Freq . 13996.00 Train: Number of Wrong Classifications 3426.00

Data Role=Valid

Statistics Tree2 Boost HPDMForest

Valid: Kolmogorov-Smirnov Statistic 0.05 0.03 0.04 0.25 Valid: Average Squared Error 0.26 0.25 Valid: Roc Index 0.52 0.50 0.48

Valid: Bin-Based Two-Way Kolmogorov-Smirnov Probability Cutoff 0.49 0.50 0.53

Valid: Cumulative Percent Captured Response 10.06 10.53 9.73

Valid: Percent Captured Response 5.67 5.19 5.01 Valid: Frequency of Classified Cases 3002.00 Valid: Divisor for VASE 6004.00 6004.00 6004.00

Valid: Gain 5.05 2.95 0.30 Valid: Gini Coefficient 0.03 0.01 -0.05

Valid: Bin-Based Two-Way Kolmogorov-Smirnov Statistic 0.04 0.02 0.00

Valid: Kolmogorov-Smirnov Probability Cutoff 0.48 0.50 0.51

Valid: Cumulative Lift 0.97 1.00 1.05 Valid: Lift 1.14 1.04 1.00

Valid: Maximum Absolute Error 0.85 0.59 0.52 Valid: Misclassification Rate 0.48 0.48 0.50 Valid: Sum of Frequencies 3002.00 3002.00 3002.00 Valid: Root Average Squared Error 0.51 0.50 0.50 Valid: Cumulative Percent Response 53.61 49.53 51.18

Valid: Percent Response 57.94 52.98 51.18 Valid: Sum of Squared Errors 1545.60 1508.76 1503.00

Valid: Sum of Case Weights Times Freq 6004.00 Valid: Number of Wrong Classifications 1511.00

Event Classification Table

Model Selection based on Valid: Misclassification Rate (VMISC)

Target False True False True

Model Node Model Description Role Target Label Negative Positive Positive

Boost Gradient Boosting TRAIN Churn	1176	1426	2001	2395
Boost Gradient Boosting VALIDATE Churn	535	553	917	997
Tree2 Decision Tree (2) TRAIN Churn	1333	1826	1601	2238
Tree2 Decision Tree (2) VALIDATE Churn	623	664	806	909
HPDMForest HP Forest TRAIN Churn	510	511	2916	3061
HPDMForest HP Forest VALIDATE Churn	258	217	1253	1274
**	1			
* Score Output				
**	:			
**	:			
* Report Output				
**	:			