Group 11 Final Presentation

Tom Tribe, Ken MacIver, Jundi Yang, Mei Huang

2022-10-13

Group 11: Diamonds Dataset



Group Members (photos)



Group Members (name, email, ORCID)

Tom Tribe

- tom.tribe2016@gmail.com
- **>** 0000-0002-5002-8066

Ken MacIver

- ▶ ken.maciver68@gmail.com
- **>** 0000-0001-8999-4598

Jundi Yang

- ▶ ivyli112358@gmail.com
- **0000-0003-0888-9564**

Mei Huang

- ▶ huangmei139@gmail.com
- **>** 0000-0003-2401-0679

The Diamonds dataset

- ► This large dataset has 53940 rows (diamonds) of ten variables (approx 540,000 values)
- Slow to process!
- ► There are seven numeric variables and three categorical variables
- We selected diamonds because it was conceptually simple to understand what each variable was measuring, and to have the opportunity to use the analytical techniques taught in STAT394 with a large dataset

The Variables

red font = categorical variable

- carat: the diamond's weight
- cut: a measure of quality (4 levels)
- color: a measure of colour quality (7 levels)
- clarity: a measure of clearness (6 levels)
- x: length in mm
- y: width in mm
- z: depth in mm
- depth: total depth percentage
- table: width of top of diamond relative to widest point
- price: the price of the diamond in US dollars

(List adapted from list at kaggle.com).

Pairs Plot

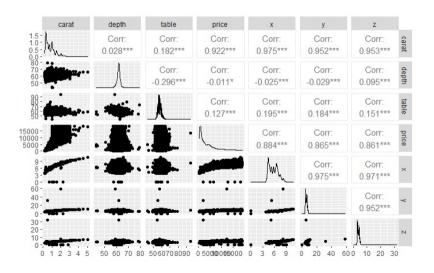


Figure 1: Pairs plot

Correlation Plot

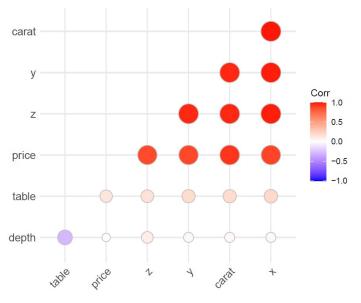


Figure 2: Correlation Plot

Normal QQ Plots

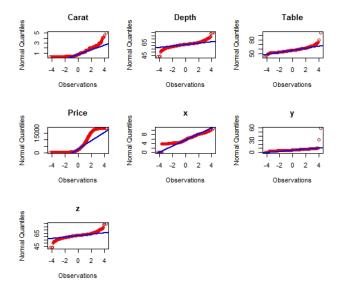


Figure 3: Normal QQ Plots

Price by Categorical

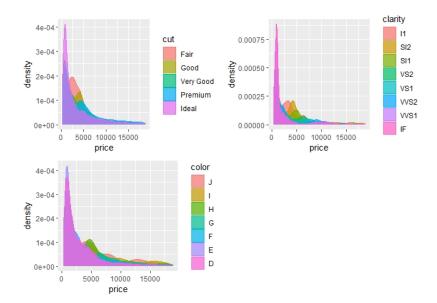


Figure 4. Price by Categorical

Leading Question 1

- ► How can we best predict diamond price using the other variables?
- We intend to use the following techniques to investigate this question:
- Stepwise Regression, Principal Components Analysis, Principal Components Regression

Multiple Regression

- Starting with the full model we used a stepwise regression procedure to find the best model for predicting diamond price.
- According to AIC the best model was:
- ▶ price ~ carat + cut + color + clarity + depth + table + x
- ▶ All variables excluding y and z are significant in the model
- ▶ The 'best' model had an Adjusted R² of 91.98%

Regression Assumptions

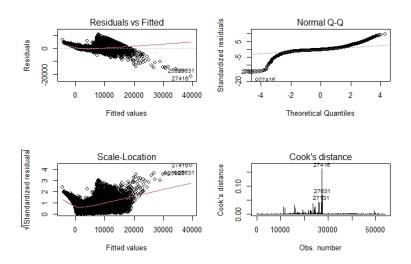


Figure 5: Regression Diagnostics

Principal Components Analysis: Screeplot

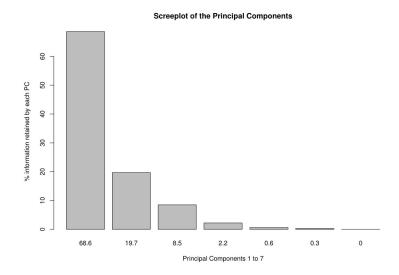


Figure 6: PCA Screeplot

Principal Components Analysis: Eigenvectors

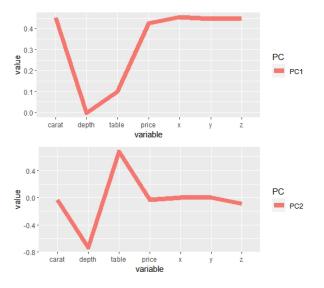


Figure 7: Plot of Eigenvectors

Biplot

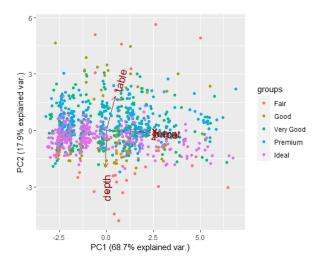


Figure 8: PCA Biplot

Principal Components Regression

- ► We conducted a Principal Components Regression with diamond price as the response variable
- The PCA excluding price was almost identical to the original PCA
- ► We were able to explain over 80% of the variation in price using just the first two principal components as predictors
- A more parsimonious model!

Summary of Models Predicting Diamond Price

Model	No. of Predictors	Adjusted R ²
Full Model	9	0.9198
Best Model	7	0.9198
Two PC	2	0.8092
All PC	6	0.8695

Problems encountered

- Multiple regression: didn't work well without the categorical variables
- ▶ Despite a correlation of 0.9216, 'carat' (a measure of weight) was not a great predictor of 'price'
- ► LDA not able to separate different levels of the categorical variables

Colour-coded scatterplot

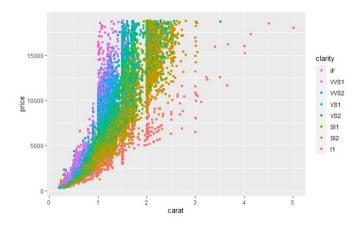


Figure 9: Carat vs Price vs Clarity

Slicing the dataset vertically

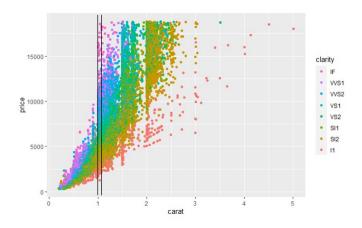


Figure 10: Carat vs Price vs Clarity: vertical slice

Zoomed in version of vertical slice

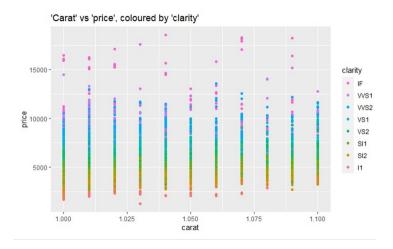


Figure 11: Carat vs Price vs Clarity: sliced 1

Colour bands more evident in sliced version

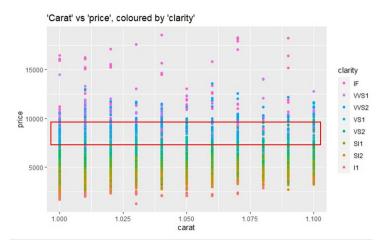


Figure 12: Carat vs Price vs Clarity: sliced 2

Linear Discriminatory Analysis

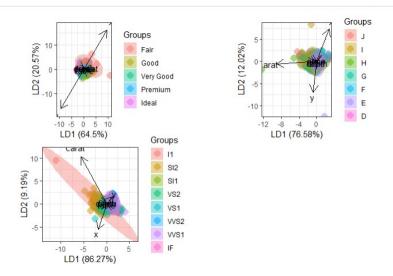


Figure 13: LDA ordination plots

Conclusion

- Achieved the primary aim to find the best predictor for 'price'
- ▶ Best model -> price ~ carat + cut + color + clarity + depth + table + x
- Regression using the PCs produced a reasonable result, even without the categorical variables
- ► LDA did not work well due to the amount of overlap between the different levels of the categorical variables - the diamonds dataset presented a tricky classification problem
- Lots of learning figuring out why things did not work!
- Thanks for listening!! :):)