

Used Car Price Prediction

Submitted by:

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ACKNOWLEDGMENT

I express my sincere gratitude to Flip Robo Technologies for giving me the opportunity to work on this project on Used Car Price Prediction using machine learning algorithms. I acknowledge my indebtedness to the authors of online articles titled: "Factors which affect used car valuation price" and "Just What Factors Into The Value Of Your Used Car?" for providing me with invaluable insights and knowledge of the various factors that determine the price of a used car.

INTRODUCTION

Business Problem Framing

With the covid 19 impact in the market, there have been lot of changes in the car market. Now some cars are in demand hence making them costly and some are not in demand hence cheaper. With the change in market due to covid 19 impact, our client there is a need for new machine learning models from new data. Therefore, new car price valuation model is required to be made.

Conceptual Background of the Domain Problem

Predictive modelling, Regression algorithms are some of the machine learning techniques used for predicting Used Car prices. Identifying various relevant features of a car, its present condition, ownership and total usage by previous owner(s) are crucial for working on the project as they determine its valuation.

Review of Literature

3 Online Articles, namely: "Factors which affect used car valuation price" and "Just What Factors Into The Value Of Your Used Car?" were reviewed and studied to gain insights into all the attributes that contribute to the price of a used car.

It is learnt that Economic Factors, Vehicle Make, Vehicle Class and Body Style, Mileage, Transmission Type and technology are some the most important factors that determine a used car's valuation.

- https://www.moneycrashers.com/factors-affect-used-cars-resale-value/
- https://www.investopedia.com/articles/investing/090314/just-what-factors-value-your-used-car.asp
- https://autoportal.com/articles/factors-which-affect-used-car-valuation-price-6446.html

Motivation for the Problem Undertaken

With the covid 19 impact in the market, we have seen lot of changes in the car market. Now there is a boom in demand for cars in the market, hence making them costly, while some are not in demand hence cheaper. There is a need for building machine learning models from new data that would help accurately predict the valuation of used cars based on various attributes.

Analytical Problem Framing

Mathematical/ Analytical Modeling of the Problem

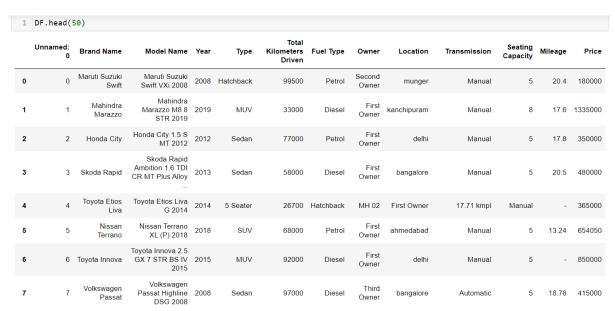
Various Regression analysis techniques were used to build predictive models to understand the relationships that exist between used car price and features and attributes of the car. The Regression analysis models were used to predict the car price value for changes in car attributes. Regression modelling techniques were used in this Problem since Car Price data distribution is continuous in nature.

In order to forecast car price, predictive models such as ridge regression Model, Random Forest Regression model, Decision tree Regression Model, Support Vector Machine Regression model, Extreme Gradient Boost Regression and K Nearest Neighbours model were used to describe how the values of Car Price depended on the independent variables of various Car attributes.

Data Sources and their formats

The Dataset was compiled by scraping Data for various Car attributes and Price from https://droom.in/.

The data was converted into a Pandas Dataframe under various Feature and Label columns and saved as a .csv file.



Dataset Description

The Independent Feature columns are:

Brand Name: Name of the Car Brand

Model Name: Name of the specific Car Model of a Brand

Year: Year of Manufacture

Type: Car Model Type

 Total Kilometers Driven: Total Kilometers, for which the car has been so far driven.

Fuel Type: Type of fuel used

Owner: The ordinal number of previous owner

Location: Availability Location of Car

- Transmission: Power Transmission type of the car
- Seating Capacity: Total number of passengers that the car can accommodate

Mileage: Mileage of the Car

Target / Label Column:

• Price: Selling Price of the Car

Data Preprocessing Done

- Rows containing incorrectly entered data were removed first.
- Data in columns: Seating Capacity, Mileage, Price, Total Kilometers Driven, Year were converted to int64 / float data type.
- There were rows containing a character: '-' as data. These entries were first converted into NaN values and then imputed with data using most frequently occurring value imputation and KNN imputation techniques.
- Duplicate data elements which had their starting letters in upper case and lower case were converted to data elements starting with uppercase letters.
- Columns: Unnamed: 0(just a series of numbers) was dropped since it doesn't contribute to building a good model for predicting the target variable values.

Feature Engineering:

- In order to better understand the relationships between Car price and Car attributes, 'Brand','Model' and 'Variant' columns were created based on data of existing columns: 'Brand Name' and 'Model Name'.
- Column 'Car Age' was created based on data from 'Year'.

Data Inputs- Logic- Output Relationships

 The Datasets consist mainly of Float and Object data type variables. The relationships between the independent variables and dependent variable were analysed.

Hardware and Software Requirements and Tools Used

Hardware Used:

- Processor: AMD Ryzen 9 5900HX(8 Cores 16 Logical Processors)
- Physical Memory: 16.0GB (3200MHz)
- GPU: Nvidia RTX 3060 (192 bits), 6GB DDR6 VRAM, 3840 CUDA cores.

Software Used:

- Windows 10 Operating System
- Anaconda Package and Environment Manager: Anaconda is a
 distribution of the Python and R programming languages for
 scientific computing, that aims to simplify package management
 and deployment. The distribution includes data-science packages
 suitable for Windows and provides a host of tools and environment
 for conducting Data Analytical and Scientific works. Anaconda
 provides all the necessary Python packages and libraries for
 Machine learning projects.
- Jupyter Notebook: The Jupyter Notebook is an open-source web application that allows data scientists to create and share documents that integrate live code, equations, computational output, visualizations, and other multimedia resources, along with explanatory text in a single document.
- Python3: It is open source, interpreted, high level language and provides great approach for object-oriented programming. It is one of the best languages used for Data Analytics And Data science projects/application. Python provides numerous libraries to deal with mathematics, statistics and scientific function.

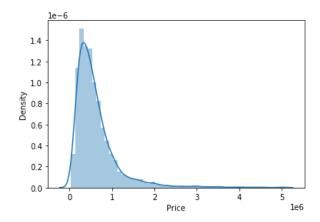
- Python Libraries used:
 - Pandas: For carrying out Data Analysis, Data Manipulation,
 Data Cleaning etc
 - Numpy: For performing a variety of operations on the datasets.
 - matplotlib.pyplot, Seaborn: For visualizing Data and various relationships between Feature and Label Columns
 - Scipy: For performing operations on the datasets
 - Statsmodels: For performing statistical analysis
- sklearn for Modelling Machine learning algorithms, Data Encoding, Evaluation metrics, Data Transformation, Data Scaling, Component analysis, Feature selection etc.

Exploratory Data Analysis

Visualizations

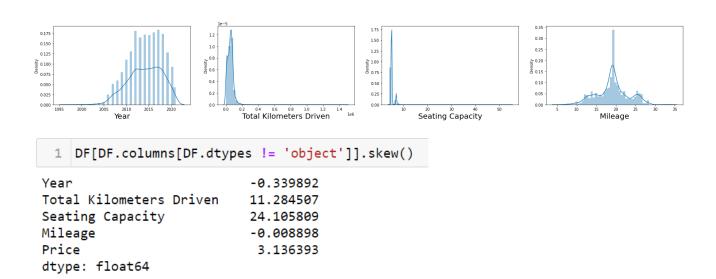
Barplots, Distplots, Boxplots, Countplots, line plots were used to visualise the data of all the columns and their relationships with Target variable.

Univariate Analysis Analyzing the Target Class

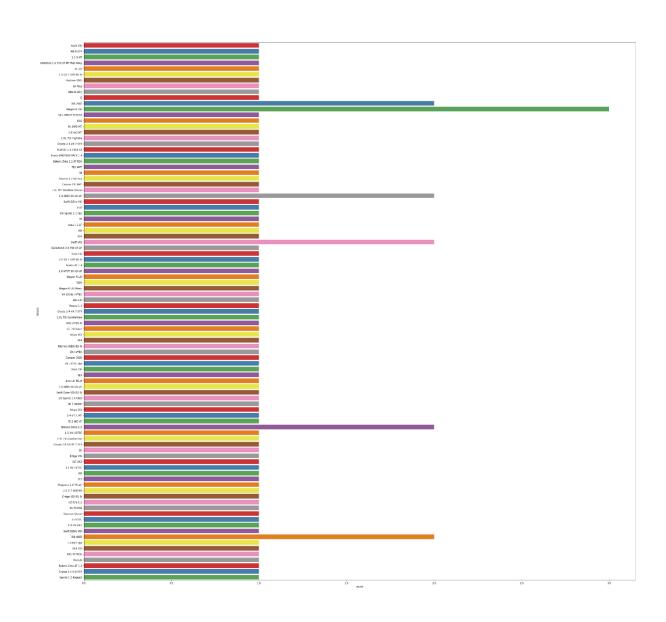


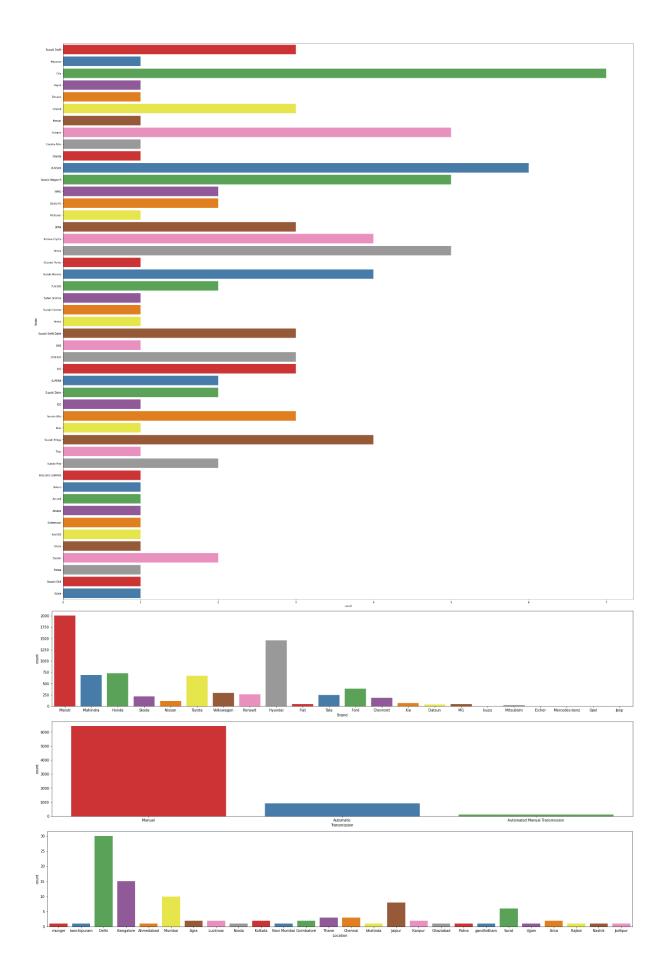
From the graph above it is observed that the Price data forms a continuous distribution and the distribution is skewed.

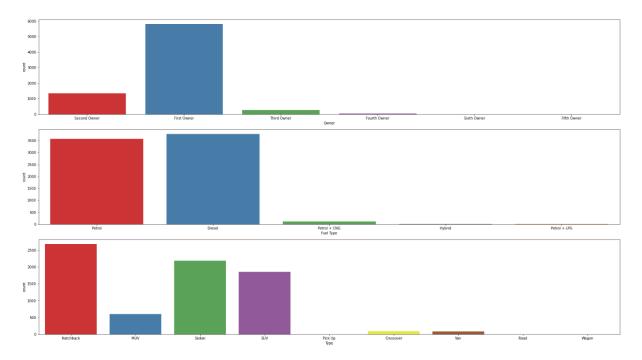
Analyzing the Feature Columns



Year and Mileage columns look normally distributed, while Total kilometers Driven and Seating Capacity are skewed





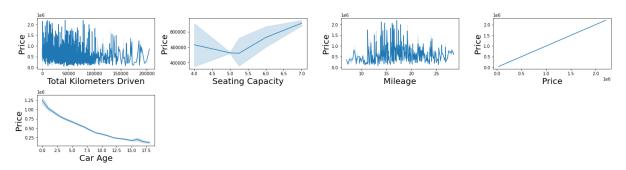


From the above graphs it is observed that:

- Swift VDi,Swift DZire VDi,Swift VXi,Wagon R LXi,Alto LXi are the most common used cars on sale
- Maruti and Hyundai are the most common brands of used cars
- Manual Transmission is the most common amongst cars
- Most used cars on sale are located in Delhi and Bangalore
- Most used cars on sale have only had 1 owner before
- Petrol and Diesel are the most common fuel types
- Hatchback, Sedan and SUV are the most common Car types available

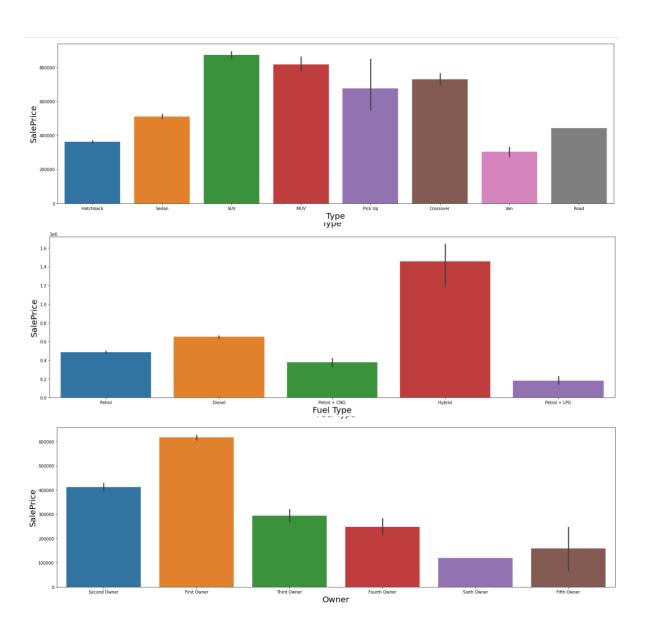
Bivariate Analysis

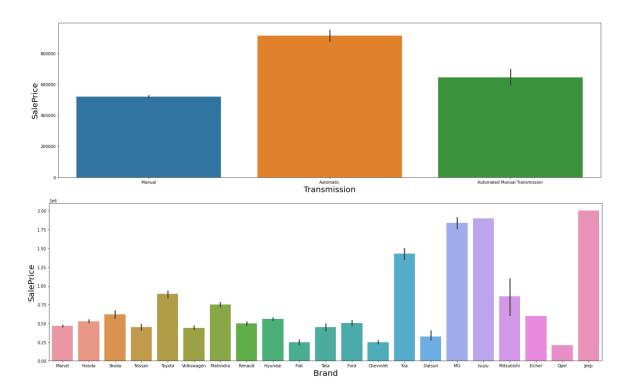
Interpreting Relationship between Dependent Variable and Independent Variable Columns

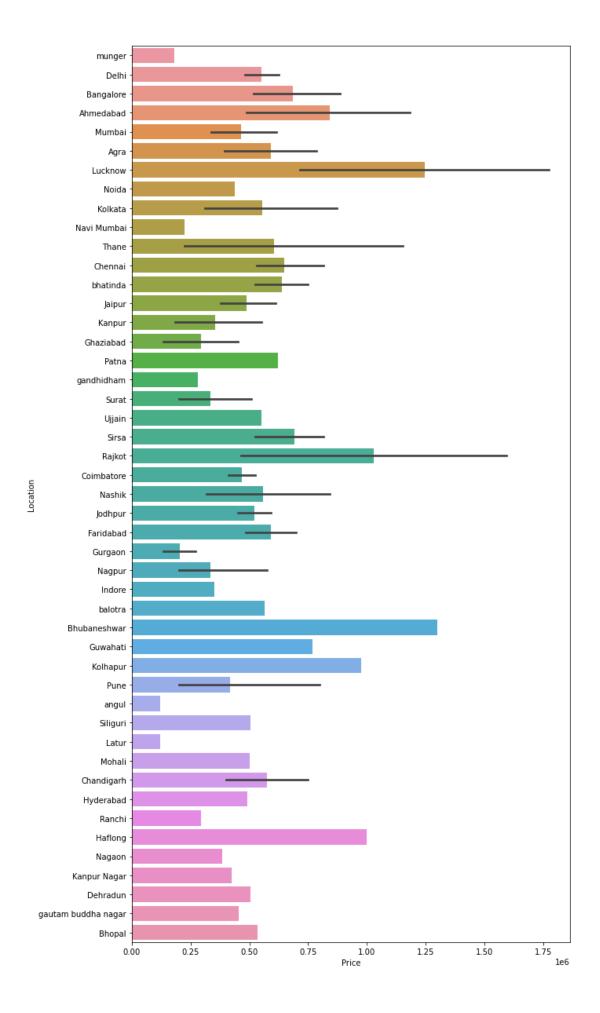


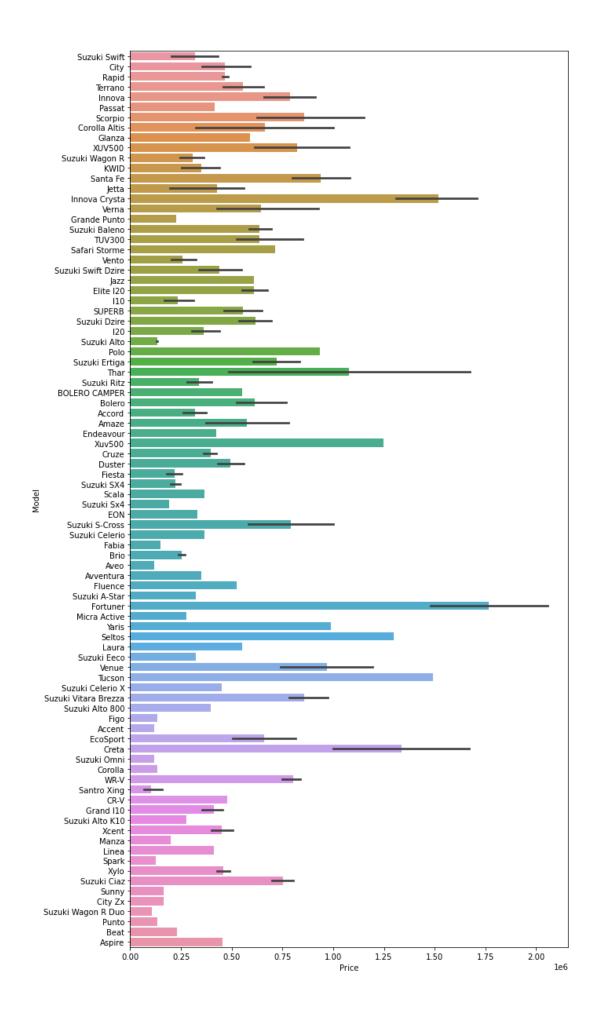
Following Observations are made from graphs above:

- There is a negative correlation between Total Kilometers Driven and Price
- Cars with Mileage between 14 km/l and 19 km/l have the highest prices
- There is a negative correlation between Car Age and Price
- There is a positive correlation between Seating capacity and Price





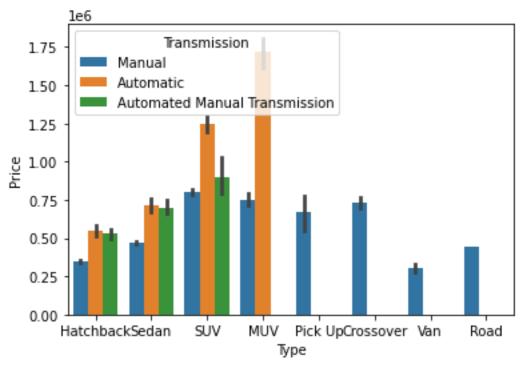


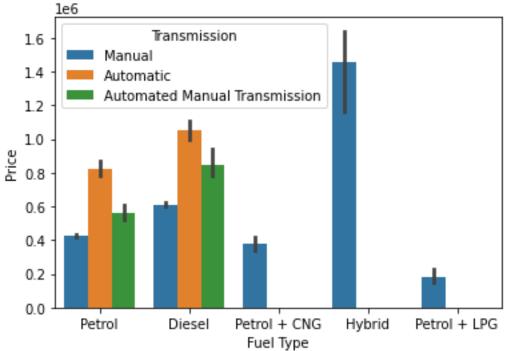


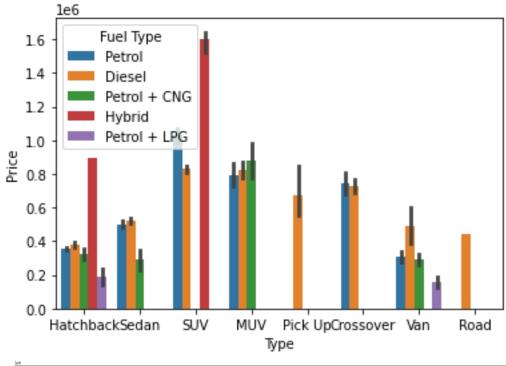
Following Observations are made from graphs above:

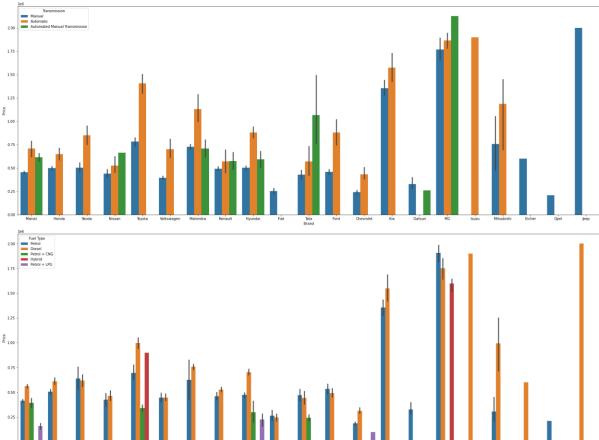
- SUV,MUV,Pickup and Crossover type Cars have the highest Prices
- Hybrid Fuel Type Cars are the costliest
- As the Number of previous owners increases, the price of used car decreases, so there is a negative correlation between ownership and Car Price
- Automatic Cars have the highest prices
- Kia,MG,Isuzu and Jeep are amongst the most expensive Car Brands while Maruti,Volkswagen,Chevrolet,Opel,Tata,Honda,Fiat and Ford are the most affordable Car Brands
- Car Prices are highest in Lucknow,Rajkot,Bhubhaneshwar,Kohlapur,Ahmedabad and Haflong
- Creta, Fortuner, Tucson, Seltos, Xuv500, Thar, Innova Crysta are amongst the most expensive car models, while Beat, Punto, Wagon R, Santro Xing, Alto, Fiesta are amongst the most affordable

Multivariate Analysis





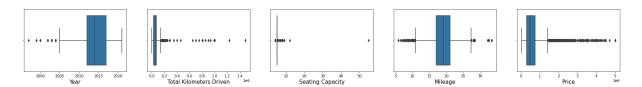




Following Observations are made from graphs above:

- SUV and MUV cars with Automatic Transmission are the costliest
- Hybrid Cars with Manual Transmission have the highest price followed by Diesel and Petrol cars with Automatic Transmission
- Hybrid Type Hatchback and SUV Cars are the most expensive
- Automatic Transmission Variants are the most expensive cars of most car brands
- Diesel Variants, followed by Petrol Variants are the most expensive cars of most car brands

Checking for Outliers



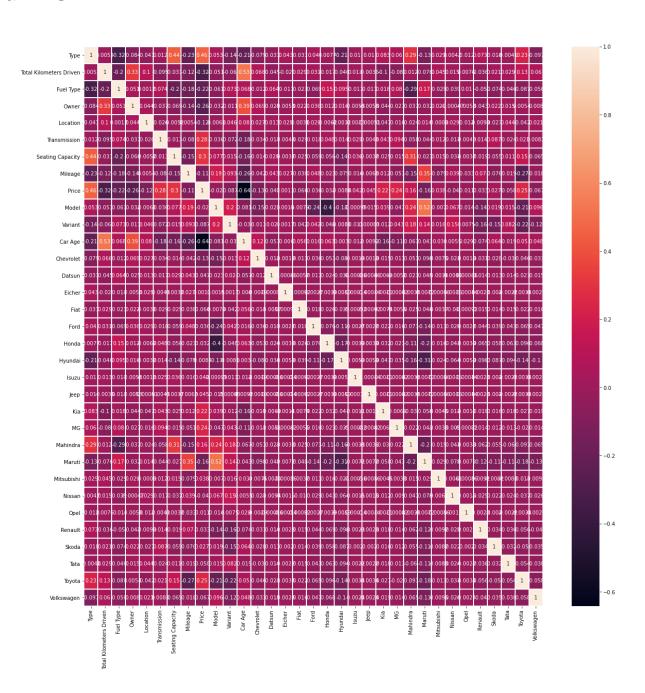
There are considerable outliers in the columns.

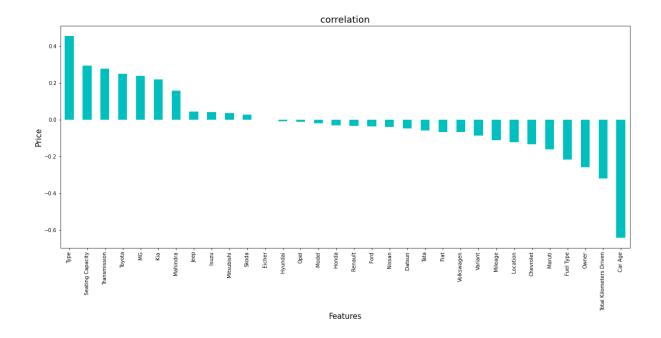
Outliers were Removed using Z score method which resulted in a total data loss of 3.82%, which is within acceptable range.

Encoding Categorical Columns

Categorical Columns were encoded using Label Encoding technique and get_dummies() technique.

Finding Correlation between Feature and Target columns





Type, Seating Capacity have the strongest positive correlation with Price while Car Age, Total Kilometers Driven, Owner and Fuel Type have the strongest negative correlation with Price.

Model/s Development and Evaluation

Feature Selection

Features were first checked for presence of multicollinearity and then based on respective ANOVA f-score values, the feature columns were

selected that would best predict the Target variable, to train and test machine learning models.



There is no Multicollinearity among the columns

```
1 from sklearn.feature_selection import SelectKBest, f_classif
 1 bestfeat = SelectKBest(score_func = f_classif, k = 'all')
 2 fit = bestfeat.fit(X,y)
 3 dfscores = pd.DataFrame(fit.scores_)
 4 dfcolumns = pd.DataFrame(X.columns)
 1 fit = bestfeat.fit(X,y)
 2 dfscores = pd.DataFrame(fit.scores_)
 3 dfcolumns = pd.DataFrame(X.columns)
 4 dfcolumns.head()
 5 featureScores = pd.concat([dfcolumns,dfscores],axis = 1)
 6 featureScores.columns = ['Feature', 'Score']
 7 print(featureScores.nlargest(75, 'Score'))
                   Feature
                       MG 7.810969
21
                      Kia 6.621769
20
10
                  Car Age 6.409601
        Seating Capacity 2.360881
6
0
                     Type 2.233844
  Total Kilometers Driven 2.005306
1
                   Toyota 1.805455
                 Mahindra 1.636365
22
             Transmission 1.631383
5
2
               Fuel Type 1.622886
12
                   Datsun 1.333130
4
                 Location 1.330697
                    Tata 1.282645
                    Owner 1.260928
               Mitsubishi 1.198383
24
                 Mileage 1.172318
23
                   Maruti 1.142386
                  Variant 1.086801
17
                  Hyundai 1.048762
                    Skoda 1.043426
28
                   Model 1.032035
8
                   Honda 0.962018
               Volkswagen 0.926324
31
11
                Chevrolet 0.908046
```

Using SelectKBest and f_classif for measuring the respective ANOVA f-score values of the columns, the best features were selected. Using StandardScaler, the features were scaled by resizing the distribution values so that mean of the observed values in each feature column is 0 and standard deviation is 1. From sklearn.model_selection's train_test_split, the data was divided into train and test data. Training data comprised 75% of total data where as test data comprised 25% based on the best random state that would result in best model accuracy.

The model algorithms used were as follows:

 Ridge: Ridge regression is a model tuning method that is used to analyse any data that suffers from multicollinearity. This method performs L2 regularization. Since the features have multicollinearity occurs, least-squares are unbiased, and variances are large, this results in predicted values to be

- far away from the actual values. Ridge shrinks the parameters. Therefore, it is used to prevent multicollinearity.
- DecisionTreeRegressor: Decision Tree solves the problem of machine learning by transforming the data into a tree representation. Each internal node of the tree representation denotes an attribute and each leaf node denotes a class label. A decision tree does not require normalization of data. A decision tree does not require normalization of data.
- XGBRegressor: XGBoost uses decision trees as base learners; combining many weak learners to make a strong learner. As a result it is referred to as an ensemble learning method since it uses the output of many models in the final prediction. It uses the power of parallel processing, supports regularization, and works well in small to medium dataset.
- RandomForestRegressor: A random forest is a meta estimator that fits a number of classifying decision trees on various sub-samples of the dataset and uses averaging to improve the predictive accuracy and control over-fitting. A random forest produces good predictions that can be understood easily. It reduces overfitting and can handle large datasets efficiently. The random forest algorithm provides a higher level of accuracy in predicting outcomes over the decision tree algorithm.
- Support Vector Regressor: SVR works on the principle of SVM with few minor differences. Given data points, it tries to find the curve. But since it is a regression algorithm instead of using the curve as a decision boundary it uses the curve to find the match between the vector and position of the curve. Support Vectors helps in determining the closest match between the data points and the function which is used to represent them. SVR is robust to the outliers. SVR performs lower computation compared to other regression techniques.
- K-Nearest Neighbor Regressor: It is a lazy learning, non-parametric algorithm. It uses data with several classes to predict the classification of the new sample point. KNN is non-parametric since it doesn't make any assumptions on the data being studied. The Training phase is fast. KNN Regressor keeps all training data since they are needed

during testing phase. KNN algorithm fairs across all parameters of considerations. But mostly, it is used due to its ease of interpretation and low calculation time.

Regression Model Building

Finding the Best Random State

```
1 x_train,x_test,y_train,y_test = train_test_split(scaled_x_best,y,test_size = .25, random_state =90)
```

```
from sklearn.model_selection import GridSearchCV
from sklearn.linear_model import Ridge
from sklearn.tree import DecisionTreeRegressor
from sklearn.ensemble import RandomForestRegressor
from xgboost import XGBRegressor
from sklearn.svm import SVR
from sklearn.neighbors import KNeighborsRegressor
```

```
1 from sklearn.metrics import r2_score,mean_squared_error
```

```
1  rf = RandomForestRegressor()
2  dt = DecisionTreeRegressor()
3  xg = XGBRegressor()
4  SV= SVR()
5  r=Ridge()
6  KNN = KNeighborsRegressor()
```

Training the Models

```
rf.fit(x_train,y_train)
xg.fit(x_train,y_train)
SV.fit(x_train,y_train)
r.fit(x_train,y_train)
dt.fit(x_train,y_train)
KNN.fit(x_train,y_train)
```

KNeighborsRegressor()

All models have been trained.

Ridge Regression Model

```
1 y_r_pred = r.predict(x_test)
```

R2 Score

```
: 1 r2_score(y_test,y_r_pred)
```

: 0.7037453679274228

Mean Squared Error

```
: 1 mean_squared_error(y_test,y_r_pred)
```

: 43531846036.22704

Root Mean Squared Error

```
: 1 np.sqrt(mean_squared_error(y_test,y_r_pred))
```

: 208642.86720668655

Random Forest Regression Model

```
: 1 y_rf_pred = rf.predict(x_test)
```

R2 Score

```
: 1 r2_score(y_test,y_rf_pred)
```

: 0.9060733783304681

Mean Squared Error

```
1 mean_squared_error(y_test,y_rf_pred)
```

13801638153.692486

Root Mean Squared Error

```
1 np.sqrt(mean_squared_error(y_test,y_rf_pred))
```

117480.37348294602

XGB Regression Model

```
1 y_xg_pred = xg.predict(x_test)
```

R2 Score

```
1 r2_score(y_test,y_xg_pred)
```

0.9263521747648791

Mean Squared Error

```
1 mean_squared_error(y_test,y_xg_pred)
```

10821858772.668312

Root Mean Squared Error

```
: 1 np.sqrt(mean_squared_error(y_test,y_xg_pred))
```

: 104028.16336294856

Support Vector Regression Model

```
y_svr_pred = SV.predict(x_test)
```

R2 Score

```
: 1 r2_score(y_test,y_svr_pred)
```

-0.06863993854979955

Mean Squared Error

```
: 1 mean_squared_error(y_test,y_svr_pred)
```

: 157026639373.24176

Root Mean Squared Error

```
: 1 np.sqrt(mean_squared_error(y_test,y_svr_pred))
```

: 396265.8695538158

Decision Tree Regression Model

```
1 y_dt_pred = dt.predict(x_test)
```

R2 Score

```
1 r2_score(y_test,y_dt_pred)
```

0.8361681075174812

Mean Squared Error

```
1 mean_squared_error(y_test,y_dt_pred)
```

24073563574.27525

Root Mean Squared Error

```
1 np.sqrt(mean_squared_error(y_test,y_dt_pred))
```

155156.5776055764

KNN Regression Model

```
1 y_knn_pred = KNN.predict(x_test)
```

R2 Score

```
1 r2_score(y_test,y_knn_pred)
```

0.8055276499903519

R2 Score

```
1 r2_score(y_test,y_knn_pred)
```

0.8055276499903519

Mean Squared Error

```
1 mean_squared_error(y_test,y_knn_pred)
```

28575892095.585197

Root Mean Squared Error

```
1 np.sqrt(mean_squared_error(y_test,y_knn_pred))
```

169044.05371259054

Analyzing Accuracy of The Models

Mean Squared Error and Root Mean Squared Error metrics were used to evaluate the Model performance. The advantage of MSE and RMSE being that it is easier to compute the gradient. As, we take square of the error, the effect of larger errors become more pronounced than smaller error, hence the model can now focus more on the larger errors.

Cross validation is a technique for assessing how the statistical analysis generalises to an independent data set. It is a technique for evaluating machine learning models by training several models on subsets of the available input data and evaluating them on the complementary subset of the data.

Using cross-validation, there are high chances that we can detect over-fitting with ease. Model Cross Validation scores were then obtained for assessing how the statistical analysis generalises to an independent data set. The models were evaluated by training several models on subsets of the available input data and evaluating them on the complementary subset of the data.

```
1 from sklearn.model_selection import ShuffleSplit,cross_val_score
Ridge Regression
 1 cross_val_score(r,scaled_x_best,y,cv=5).mean()
0.6884482081366692
Random Forest Regression
 1 cross_val_score(rf,scaled_x_best,y,cv=5).mean()
0.8912375239032073
XGB Regression
 1 cross_val_score(xg,scaled_x_best,y,cv=5).mean()
0.9092138998450912
SV Regression
1 cross_val_score(SV,scaled_x_best,y,cv=5).mean()
-0.05723565341101864
Decision Tree Regression
 1 cross_val_score(dt,scaled_x_best,y,cv=5).mean()
0.8148761573341898
KNN Regression
 1 cross_val_score(KNN,scaled_x_best,y,cv=5).mean()
0.8024696110352441
```

Interpretation of the Results

Based on comparing Accuracy Score results with Cross Validation results, it is determined that XGB Regressor is the best model. It also has the lowest Root Mean Squared Error score.

Hyper Parameter Tuning

GridSearchCV was used for Hyper Parameter Tuning of the XGB Regressor model.

```
Hyper Parameter Tuning
  1 from sklearn.model_selection import GridSearchCV
   XGB Regressor
    1 parameter = {'booster':["gbtree","gblinear"],'eta': [0.01,0.1,0.2,0.3,0.5,1],'min_child_weight':np.arange(6),'max_depth':[10
    1 GridCV = GridSearchCV(XGBRegressor(),parameter,cv=5,n_jobs = -1,verbose = 1)
: 1 GridCV.fit(x_train,y_train)
   Fitting 5 folds for each of 1296 candidates, totalling 6480 fits
    1 GridCV.best_params_
  {'booster': 'gbtree',
     'eta': 0.1.
     'max_depth': 10,
     'min_child_weight': 2,
'subsample': 0.5}
    1 Best_mod = XGBRegressor(booster = 'gbtree',eta = 0.1, max_depth= 10, min_child_weight = 2,subsample = 0.5)
    2 Best_mod.fit(x_train,y_train)
: XGBRegressor(base_score=0.5, booster='gbtree', colsample_bylevel=1, colsample_bynode=1, colsample_bytree=1, eta=0.1, gamma=0,
                    gpu_id=-1, importance_type='gain', interaction_constraints='
learning_rate=0.100000001, max_delta_step=0, max_depth=10,
                   min_child_weight=2, missing=nan, monotone_constraints='()',
n_estimators=100, n_jobs=16, num_parallel_tree=1, random_state=0,
reg_alpha=0, reg_lambda=1, scale_pos_weight=1, subsample=0.5,
tree_method='exact', validate_parameters=1, verbosity=None)
   1 xgbpred = Best_mod.predict(x_test)
      acc = r2_score(y_test,xgbpred)
   4 print(acc*100)
 92.4828003021342
```

Based on the input parameter values and after fitting the train datasets The XGB Regressor model was further tuned based on the parameter values yielded from GridsearchCV. The Random Forest Regressor model displayed an accuracy of 92.48%

This model was then tested using a scaled Test Dataset comprising of 7207 entries. The model performed with good amount of accuracy.

```
1 Prediction_accuracy = pd.DataFrame({'Predictions': mod.predict(scaled_x_best), 'Actual Values': y[0:7207]})
2 Prediction_accuracy
```

| | Predictions | Actual Values |
|--------------|--------------|----------------------|
| 0 | 1.798894e+05 | 180000.0 |
| 1 | 3.631930e+05 | 350000.0 |
| 2 | 4.885275e+05 | 480000.0 |
| 3 | 6.933516e+05 | 654050.0 |
| 4 | 9.021162e+05 | 850000.0 |
| | | |
| 7202 | 6.616298e+05 | 850000.0 |
| 72 03 | 7.306963e+05 | 715000.0 |
| 7204 | 1.333314e+06 | 1299997.0 |
| 72 05 | 2.090563e+05 | 210000.0 |
| 72 06 | 1.699480e+06 | 1645000.0 |

In summary, Based on the visualizations of the feature-column relationships, it is determined that, Features like Type, Seating Capacity have the strongest positive correlation with Price while Car Age, Total Kilometers Driven, Owner and Fuel Type have the strongest negative correlation with Price. and are some of the most important features to predict the label values. XGB Regressor Performed the best out of all the models that were tested. It also worked well with the outlier handling.

CONCLUSION

Key Findings and Conclusions of the Study and Learning Outcomes with respect to Data Science

Based on the in-depth analysis of the Housing Project, The Exploratory analysis of the datasets, and the analysis of the Outputs of the models the following observations are made:

- Car attributes like Type, Car Age, Seating Capacity, Total Kilometers Driven, Transmission, Fuel Type, Owner and Mileage etc play a big role in influencing the used car price.
- Brand Name also has a very important role in determining the used car price.
- Various plots like Barplots, Countplots and Lineplots helped in visualising the Feature-label relationships which corroborated the importance of Car features and attributes for estimating Sale Prices.
- Due to the Training dataset being very small, the outliers had to be retained for proper training of the models.
- Therefore, XGB Regressor, which uses the power of parallel processing, supports regularization, and works well in small to medium dataset performed well despite having to work on small dataset.

Learning Outcomes of the Study in respect of Data Science

Data cleaning was a very important step in removing plenty of anomalous data from the huge dataset that was provided. Visualising data helped identify outliers and the relationships between target and feature columns as well as analysing the strength of correlation that exists between them.

Limitations of this work and Scope for Future Work

A small dataset to posed a challenge in building highly
accurate models. The presence of anomalous entries in the
numbers heavily distorted the data distributions and may have had
some impact on model learning.

Availability of more features would help build better models.