



UNIVERSITY OF TEXAS ARLINGTON

INSY 5339 002 Principles of Business Data Mining

Final Project Report

Subscription Strategy Revamp for Citi Bike Application

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GROUP NUMBER- 08

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Executive Summary:

- Bike sharing systems are a means of renting bicycles where the process of obtaining membership, rental, and bike return is automated via a network of kiosk locations throughout a city.
- These systems let users to hire a bike from one spot and drop it off at another one as needed.
- There are already more than 500 bike-sharing schemes operating worldwide.
- Citi Bike rental Application is a service where people can rent bikes for a certain period. From bike booking to payment options, everything is computer controlled.
- After giving all information to borrow a bike from a 'dock', the system unlocks it, and this bike can be returned to another dock belonging to the same system

Motivation/Background:

- US bike-rental system provider Citi Bike has recently faced a reduction in their subscription during the Covid19 pandemic situation. They are finding it difficult to sustain the current market scenario.
- Therefore, Citi Bike wants to give discounted annual memberships to their casual customers who have the potential to turn to registered members. Previously, it was based on instinctual decision of managers and mostly on the company's annual or semiannual reports.
- As part of Citi Bike's Data Analytics Team, we are providing the analysis for company management to decide, in which place and at what time they can send their promotional team to provide the discounted subscriptions to their casual riders.

Loyalty Program:

As a part of loyalty program development, we will be answering 3 W's questions for the management: **WHEN, WHERE, and WHO**. Our predictive model is based on customer rental data of one year and ready to identify potential customers whom company can provide discounted subscriptions at certain time and place as a part of loyalty program development.

- **When:** We have focused on the optimal times to conduct the campaign for converting the non-subscribers to subscribers after running our model on the dataset that the customer provided. This choice will determine on what day and what time the promotions can be run to attract new members.
- **Where:** We have riders' pick and drop off locations which helped us to prioritize locations based on certain timings.
- **Who:** From our dataset, we know how many customers and subscribers are using our bikes, who are our frequent user, what time they usually rent and for how long they ride,

which age group or gender our riders belong- all these information helped us to find our potential target groups.

In our final model we have applied few prediction techniques in order to achieve our goals:

- **Ratio and Variance calculations:** To answer our 1st question “**When**”.
- **Clustering-** To answer our 2nd question “**Where**”.
- **Logistic Regression-** To answer our 3rd question “**Who**”, by using other two answers in the final model

Some other techniques which we have used to support our final model are:

- **Correlation Matrix-** To determine our most relevant variables to the final model.
- **Linear Regression (OLS):** To compare the result of our finalized model’s (Logistic regression) accuracy.

Data Description:

- The data we are providing from Citi Bike NYC is a vast dataset. We have picked 2019 data which will help us to predict company’s previous success factors while making new subscribers post the Covid scenario.
 - Source of data: <https://ride.citibikenyc.com/system-data>
 - We will be mainly focusing on the demographic aspects of dataset.
1. **tripduration** - Duration in Seconds - Continuous
 2. **starttime** - Start Time and Date - Continuous
 3. **stoptime** - Stop Time and Date - Continuous
 4. **start station id** - ID of Start Station - Continuous
 5. **start station name** - Name of Start Station - STRING
 6. **start station latitude** - Latitude of start station - Continuous
 7. **start station longitude** - Longitude of start station - Continuous
 8. **end station id** - ID of End Station - Continuous
 9. **end station name** - Name of End Station - STRING
 10. **end station latitude** - Latitude of End station - Continuous
 11. **end station longitude** - Longitude of End station - Continuous
 12. **Bike ID** - Bike ID - Continuous
 13. **usertype** - Customer = 24-hour pass or 3-day pass user; Subscriber = -Annual Member - Binary
 14. **gender** – 0= unknown,1=male; 2=female - Categorical
 15. **birthyear** - Year of Birth – Continuous

Exploratory Data Analysis and Visualization:

Exploratory data analysis is a statistical procedure that evaluates data sets to identify and summarize their key characteristics, typically with the aid of visual tools. Even if a statistical model may be used, EDA is typically used to look at what the data may tell us besides what formal modeling or hypothesis testing can.

Tools Used:

We have Used Python and its few libraries to perform our visualization and answer our question.

Visualization techniques: We used below mentioned data visualization techniques to support and analyze our problem.

- Bar charts
- Scatter Plots
- Histogram

Methodology:

- **Data Visualization:**

Data Visualization and Exploratory Data Analysis (After initial cleaning): The process of investigating the dataset to discover patterns, and anomalies (outliers), and form hypotheses based on our understanding of the dataset. We tried to analyse whether there are any null values or outliers in the dataset and how to wrangle/handle them. Hence, we used Python to check data quality and pre-process dataset to deal with missing, null, or duplicate values. We also used Microsoft excel, and our focus is on **weekdays, weekend, distance, gender, age group, times, and locations**. This visualization helped us to understand the insights of our dataset and look further into few patterns this dataset already has.

- **Predictive Analysis:**

It is the collection and interpretation of data to uncover patterns and trends. We extracted date and time and categorized it into weekdays, weekends, and time intervals. We have also transformed user type 0-1 for our ease of work. Then we have used this information for ratio and variance calculation. Low ratio (Subscriber/ Customer) and low variance are required for our project. We did cluster analysis to identify the best locations as per our need, followed by logistic regression on transformed data to suggest to our management where and what time they can give discounted subscriptions.

```
# Extracting Hour

df['Start Hour'] = pd.to_datetime(df['Start Time']).dt.hour

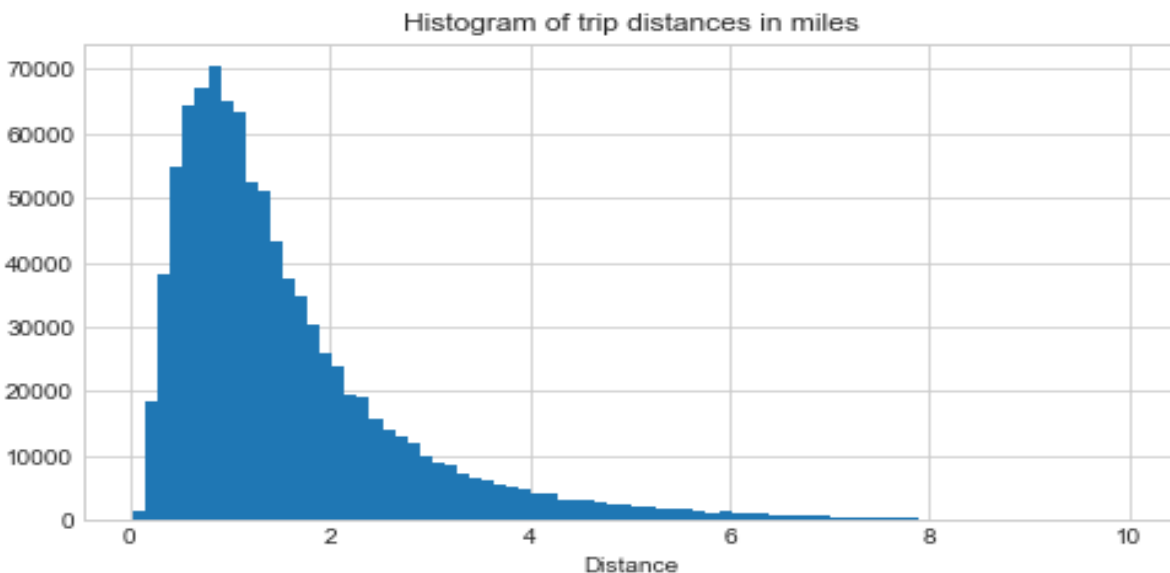
df['End Hour'] = pd.to_datetime(df['End Time']).dt.hour

import pandas as pd
cust_out_file_name = r'D:\MS_Courses\3.Fall\Mining\Project\FINAL DATASET\All_Processed_Hour-NEW.csv'
df = pd.read_csv(cust_out_file_name)
df['usertype'].replace(['Customer', 'Subscriber'],
                      [0, 1], inplace=True)
df.to_csv(cust_out_file_name)
```

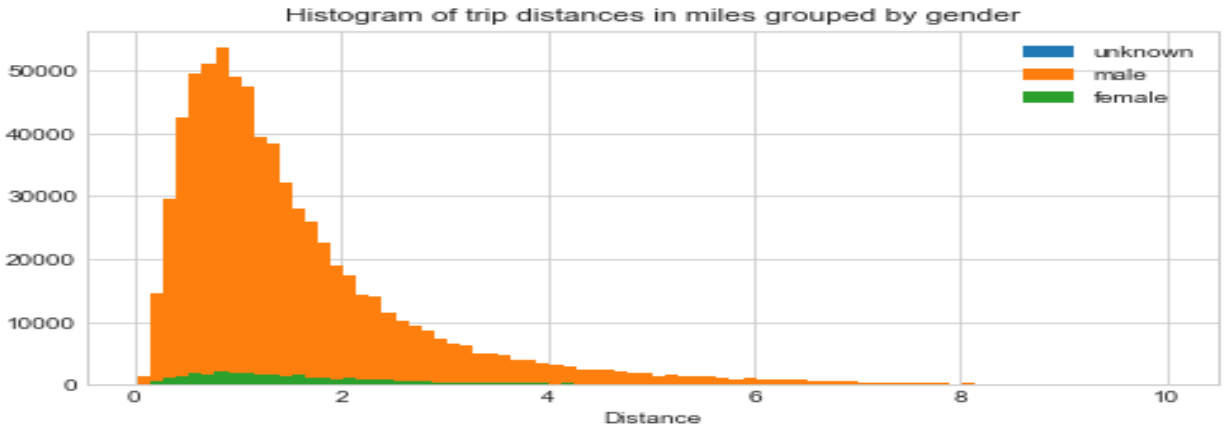
To summarize, irrespective of location we will be predicting the best time first. After that, we will predict the best location for that best time to provide a discounted subscription to those potential casual customers.

Results of Data Visualization:

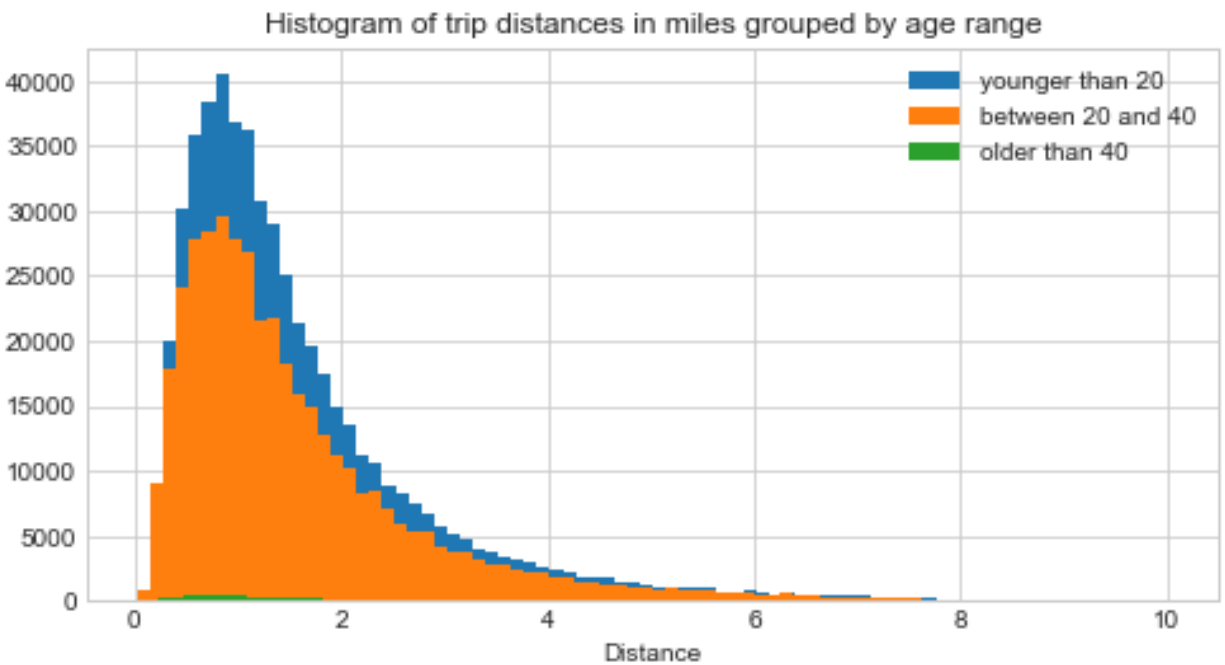
- **Histogram of Duration.**



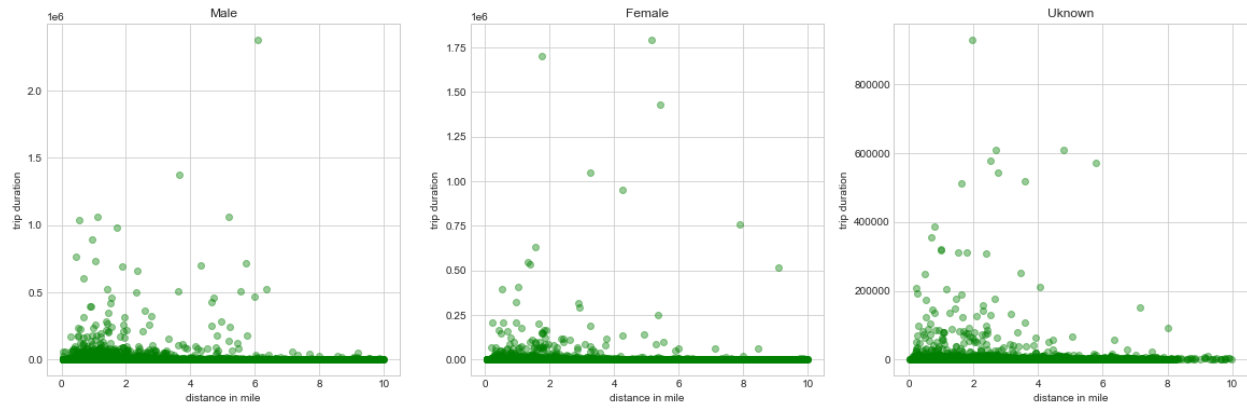
- We can see from above histogram that the bike trips are primarily **short-distance trips** (less than 4 miles). There are few trips longer than 8 miles.
- We can get more insights by grouping the trip distances by gender, age, and user type, whose histograms are shown below respectively.



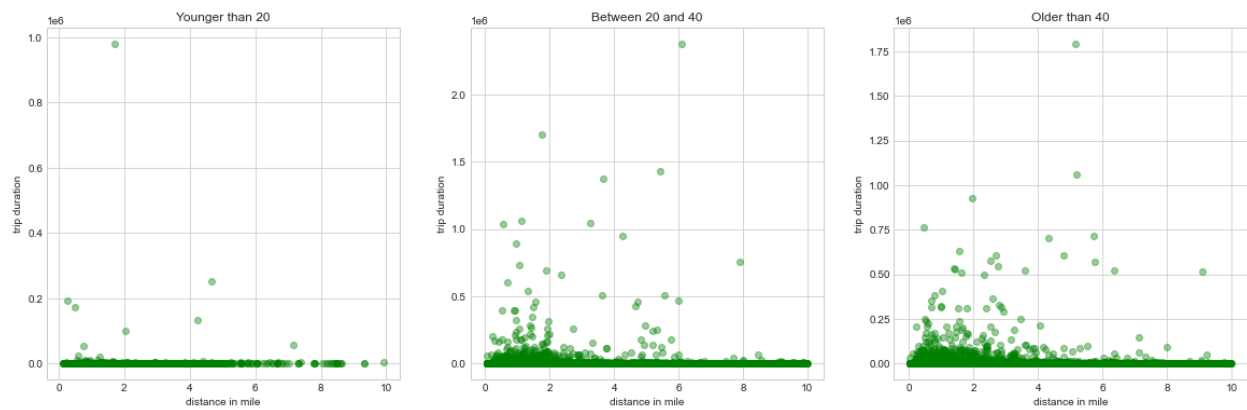
- We can see from above histogram that Citi bike users are primarily **male**.



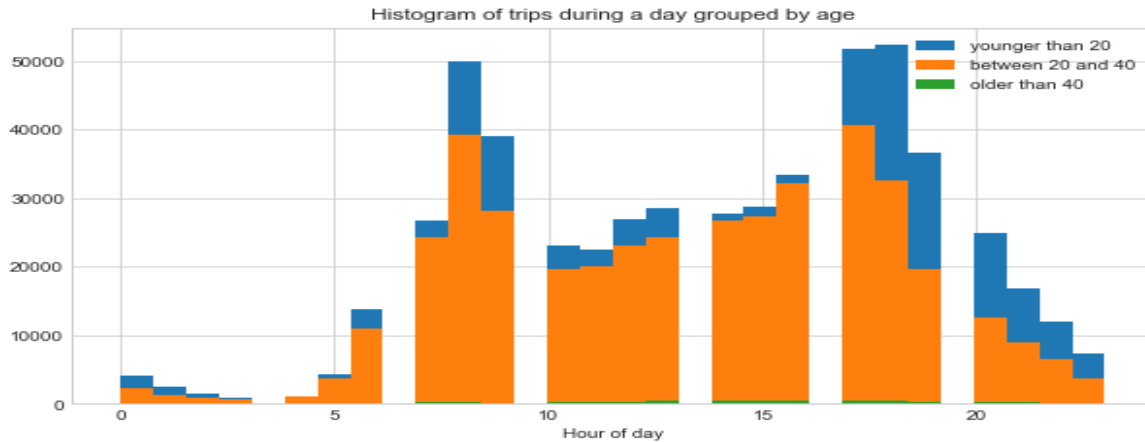
- The histogram above shows that users are primarily **young and middle-aged** people.



- The scatter plot shows that male users are more likely to ride relatively longer distance than female users.



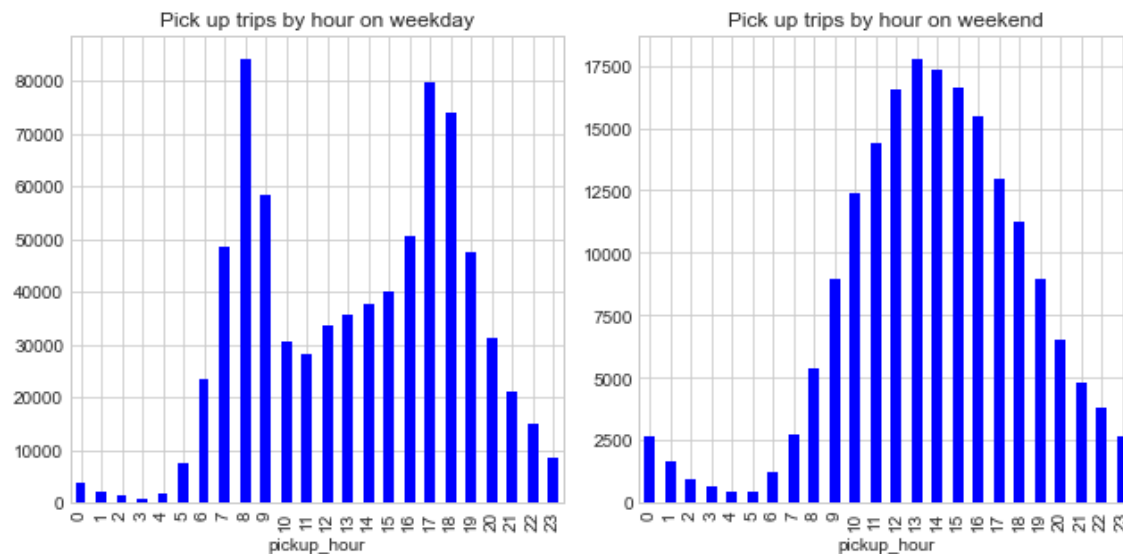
- The scatter plot shows that young users use Citi bikes primarily for short distance ride, while middle and old age people are more likely to ride a relatively longer distance.



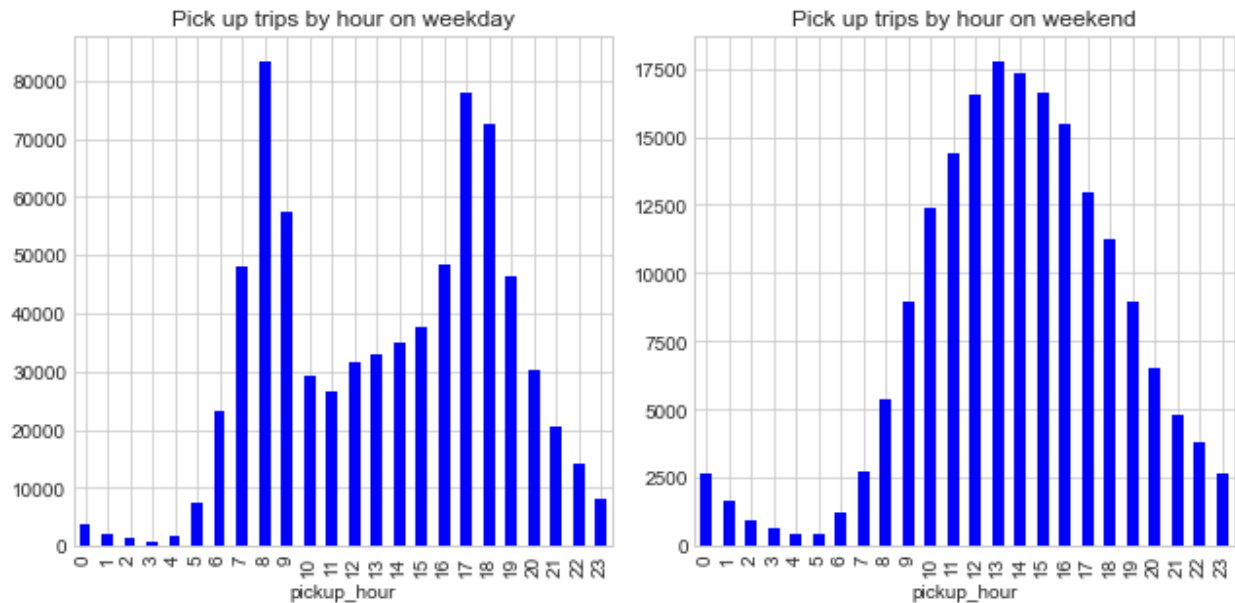
- As the histogram shows above, there are more trips during rush (or office) hours (7am-9am and 16pm-19pm) in one day.
- We expect to see more people under the age of 20 using Citi bike during rush hours since the probability of having a car for them is low and the roads have more traffic.

Trips by hour on weekdays and weekends:

- From the below two bar charts about pick-up times on weekday and weekend, we can see that weekday riders mainly use Citi Bikes to commute to and from work (we suppose as these are mostly office hours), with peak hours from 8–9 AM and 5–6 PM. On the other hand, weekend riders prefer a more leisurely schedule, with most rides occurring in mid-afternoon.



- From the below graph, we can conclude annual subscribers mainly use Citi Bikes to commute to and from work, with peak hours from 8–9 AM and 5–6 PM. And on weekend, they mainly use it for entertainment, with peak in mid-afternoon.



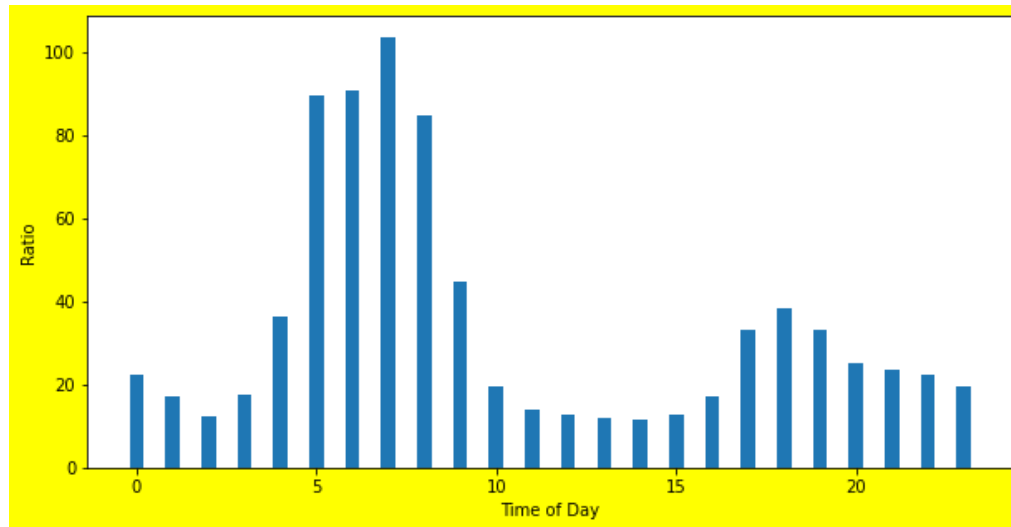
Predictive Analysis Details:

• Ratio calculation

We calculated ratio of total subscribers to non-subscribers throughout the year for all time intervals.

```
ratios={}
for i in range(0,24):
    ratios[i]=(len(df[(df['usertype']==1) & (df['Start Hour']==i)]))/len(df[(df['usertype']==0) & (df['Start Hour']==i)])
print(ratios)
#plt.bar(ratios.keys(), ratios.values(), width=0.5, color='g')
```

{0: 22.318181818181817, 1: 17.190697674418605, 2: 12.134831460674157, 3: 17.38372093023256, 4: 36.41379310344828, 5: 89.61797752808988, 6: 90.73431734317343, 7: 103.63967611336032, 8: 84.66698292220114, 9: 44.616778523489934, 10: 19.620982986767487, 11: 13.796271186440679, 12: 12.844330729868032, 13: 11.735602704593145, 14: 11.678305924757828, 15: 12.797902764537655, 16: 17.315703380588875, 17: 33.036271309394266, 18: 38.218735788995, 19: 33.080712166172106, 20: 25.03728813559322, 21: 23.644382544103994, 22: 22.14909090909091, 23: 19.463587921847246}



We found ratio between subscribers to non-subscribers to understand the spread of users across the days and times. **Low ratio means more subscribers compared to nonsubscribers.**

We plotted above bar chart to analyze the ratio of total subscribers to non-subscribers throughout the year, at that time interval.

Example, 0 represents ratio between 12am to 12:59am.

- **Variance calculation**

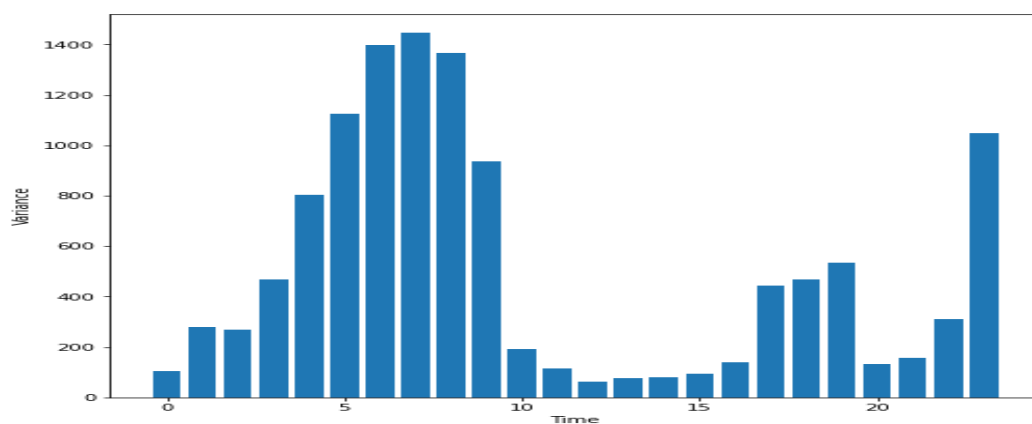
We need to find best time and location to give our subscription. That's why we need to find the variance of ratio. Variance represents how constant the ratio is throughout the span of time.

Firstly, after calculating the ratio of subscribers to non-subscribers for a particular hour on a given day. Example, we first find ratio of subs to non-subs between 12am to 12:59am on Jan 1st. This ratio is one data point. Likewise, we get 365 ratios for throughout the year for every hour.

So, variance of 0: represents variance of all the ratios for 365 days between 12am and 12:59am.

Variance for all the 365 ratios for each hour:

```
# CALCULATE VARIANCE FOR EACH OF THESE HOURS FOR ALL THE DAYS
cust_out_file_name = r'D:\MS_Courses\3.Fall\Mining\Project\FINAL DATASET\All_Processed_Hour-NEW.csv'
df = pd.read_csv(cust_out_file_name)
dates = df['Start Date'].unique()
var_ratio = {}
ratio_hour = {}
nr = []
dr = []
# i = 1
for i in range(24):
    lst = []
    for j in dates:
        try:
            rat = (len(df[(df['usertype']==1) & (df['Start Hour']==i) & (df['Start Date']==j)])) /
                    len(df[(df['usertype']==0) & (df['Start Hour']==i) & (df['Start Date']==j)]))
        except ZeroDivisionError:
            rat = 0
        lst.append(rat)
    ratio_hour[i] = lst
```



Below mentioned score are the various calculated variances throughout the year using python programming.

```
Variance is:
{0: '103.291', 23: '1047.079', 11: '113.420', 20: '133.553', 16: '138.183', 21: '156.801', 10: '192.187', 5: '19505.010', 2: '267.022', 1: '279.027', 22: '311.129', 8: '3368.250', 6: '3397.273', 17: '444.652', 18: '467.021', 3: '468.326', 19: '533.769', 13: '61.958', 7: '6448.237', 12: '75.785', 14: '80.527', 4: '804.332', 15: '93.483', 9: '937.095'}
```

- **Clustering Analysis (k- means):**

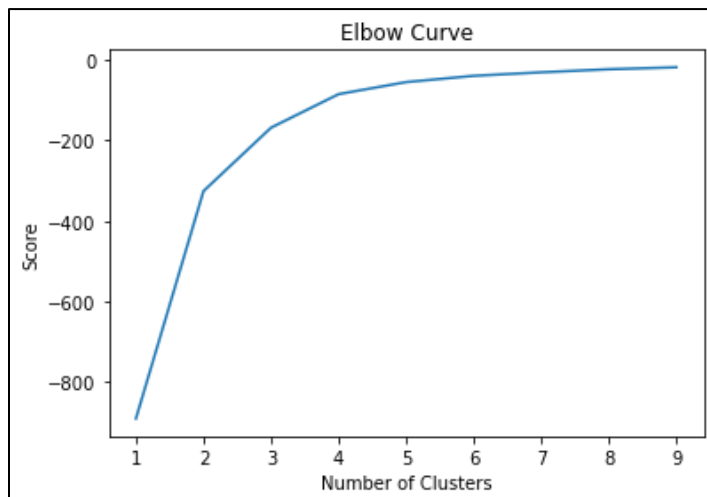
The goal of cluster analysis or clustering is to organize a collection of objects into groups that are more similar (in some ways) to one another than to objects in other groups (clusters). In many domains, including pattern recognition, image analysis, information retrieval, bioinformatics, data compression, computer graphics, and machine learning, it is a frequent statistical data analysis technique and a key goal of exploratory data analysis.

Cluster analysis is a general problem to be solved, not a particular algorithm. Different algorithms that have quite different ideas of what clusters are and how to find them effectively can accomplish it. Popular definitions of clusters include collections of individuals with proximity to one another, crowded regions of the data space, intervals, or specific statistical distributions.

The K-means clustering algorithm computes centroids and repeats until the optimal centroid is found. It is presumptively known how many clusters there are. It is also known as the flat clustering algorithm. The number of clusters found from data by the method is denoted by the letter 'K' in K-means.

To find the K i.e., no of clusters we used Elbow method.

```
K_clusters = range(1,10)
kmeans = [KMeans(n_clusters=i) for i in K_clusters]
Y_axis = df1_loc[['start station latitude']]
X_axis = df1_loc[['start station longitude']]
score = [kmeans[i].fit(Y_axis).score(Y_axis) for i in range(len(kmeans))]
# Visualize
plt.plot(K_clusters, score)
plt.xlabel('Number of Clusters')
plt.ylabel('Score')
plt.title('Elbow Curve')
plt.show()
```



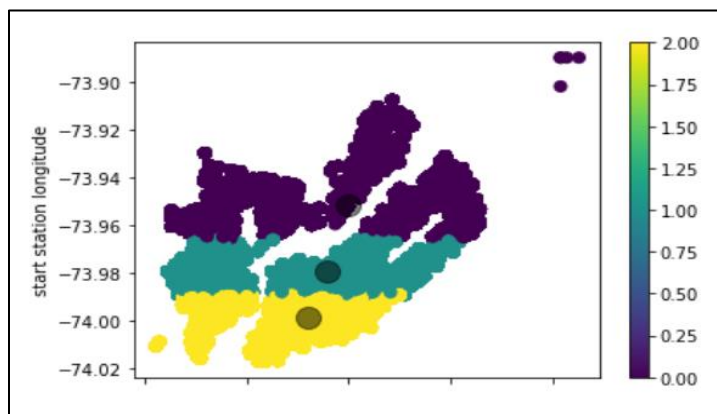
As shown below, using elbow method for k means clustering we successfully categorized various locations, where we can run our loyalty program into 3 clusters i.e., Clusters 0,1,2. Which further used in logistic regression model to predict which cluster is the best for running the loyalty program.

Here, k = 3 clusters. K means cluster classification with K = 3:

```
kmeans = KMeans(n_clusters = 3, init = 'k-means++')
kmeans.fit(X) # Compute k-means clustering.
```

	start station latitude	start station longitude	cluster_label
0	40.778968	-73.973747	1
1	40.751873	-73.977706	1
2	40.785247	-73.976673	1
3	40.732219	-73.981656	1
4	40.727434	-73.993790	0
5	40.803865	-73.955931	2
6	40.784597	-73.949685	2
7	40.734546	-73.990741	0
8	40.676999	-74.006471	0
9	40.726218	-73.983799	1

After running the clustering algorithm, we can see below displayed results:



- **Logistic Regression:**

Logistic regression analysis is valuable for predicting the likelihood of an event. It helps determine the probabilities between any two classes. In a nutshell, by looking at historical data, logistic regression can help us to predict insights about our model.

We have used Logistic Regression to understand the relation between the Dependent variable and the Independent Variable and also to predict the significance of each variable in our predictive model.

- **Correlation analysis**

The main purpose of correlation is to allow experimenters to know the association or the absence of a relationship between two variables. When these variables are correlated, you'll be able to measure the strength of their association.

Overall, the objective of correlation analysis is to find the numerical value that shows the relationship between the two variables and how they move together.

Thus, to run the logistic regression successfully to see what variables are correlated with each other

and can be dropped, we performed correlation analysis and the results can be seen below:

usertype	1	-0.041	-0.028	-0.01	-0.026	-0.0058	-0.013	0.21	-0.049	0.013	0.22	-0.024	-0.053	-0.0066	-0.0072
tripduration	-0.041	1	0.0025	0.0036	-0.00037	0.0031	-0.0015	-0.0048	0.069	0.0015	-0.07	0.0028	0.0041	-0.00072	-0.00087
start station latitude	-0.028	0.0025	1	0.28	0.88	0.23	-0.052	-0.047	0.054	0.052	0.0025	-0.012	-0.022	-9e-05	-0.00029
start station longitude	-0.01	0.0036	0.28	1	0.23	0.73	0.061	0.018	0.0083	-0.061	0.037	-0.033	0.023	-0.0007	0.0012
end station latitude	-0.026	-0.00037	0.88	0.23	1	0.29	-0.053	-0.046	0.049	0.053	-0.00056	-0.0091	-0.024	-0.00064	-0.00094
end station longitude	-0.0058	0.0031	0.23	0.73	0.29	1	0.057	0.016	-0.0057	-0.057	0.04	0.036	0.018	-0.0011	-0.00027
birth year	-0.013	-0.0015	-0.052	0.061	-0.053	0.057	1	0.073	0.0032	-1	0.1	0.051	0.031	0.00085	0.0002
gender	0.21	-0.0048	-0.047	0.018	-0.046	0.016	0.073	1	0.00033	-0.073	-0.056	-0.022	0.0055	0.00088	0.0015
distance	-0.049	0.069	0.054	0.0083	0.049	-0.0057	0.0032	0.00033	1	-0.0032	0.24	-0.021	-0.018	-0.0019	-0.0011
age	0.013	0.0015	0.052	-0.061	0.053	-0.057	-1	-0.073	-0.0032	1	-0.1	-0.051	-0.031	-0.00085	-0.0002
speed	0.22	-0.07	0.0025	0.037	-0.00056	0.04	0.1	-0.056	0.24	-0.1	1	-0.078	-0.029	-0.0054	-0.0058
pickup_hour	-0.024	0.0028	-0.012	-0.033	-0.0091	0.036	0.051	-0.022	-0.021	-0.051	-0.078	1	0.019	-0.0091	-0.013
day_of_week	-0.053	0.0041	-0.022	0.023	-0.024	0.018	0.031	0.0055	-0.018	-0.031	-0.029	0.019	1	0.018	0.019
cluster_label	-0.0066	-0.00072	-9e-05	-0.0007	-0.00064	-0.0011	0.00085	0.00088	-0.0019	-0.00085	-0.0054	-0.0091	0.018	1	0.42
start station id	-0.0072	-0.00087	-0.00029	0.0012	-0.00094	-0.00027	0.0002	0.0015	-0.0011	-0.0002	-0.0058	-0.013	0.019	0.42	1

We see high multicollinearity in our dataset.

To improve the efficiency of the model, we dropped some variables including trip duration, latitude, longitude, birth year (age is present), other string columns and some calculated columns like distance, and speed. Finally, the variables we have decided to use in our model are:

	gender	age	speed	pickup_hour	day_of_week	cluster_label
0	1	48	0.200030	0	2	1
1	1	55	0.109729	0	2	1
2	1	32	0.206564	0	2	1
3	1	29	0.030978	0	2	0
4	1	40	0.260690	0	2	0

- **Results on training dataset:**

We have split our dataset into 70:30 (Training and Test accordingly).

```
Optimization terminated successfully.
      Current function value: 0.122735
      Iterations 9

Results: Logit
=====
Model:                Logit                Pseudo R-squared: 0.261
Dependent Variable:   usertype              AIC:                163486.5109
Date:                2022-11-26 14:59      BIC:                163554.9649
No. Observations:    665966                Log-Likelihood:     -81737.
Df Model:            5                     LL-Null:            -1.1065e+05
Df Residuals:        665960                LLR p-value:        0.0000
Converged:           1.0000                Scale:             1.0000
No. Iterations:      9.0000

-----
              Coef.  Std.Err.   z      P>|z|    [0.025  0.975]
-----
gender          2.2582   0.0150 150.3136 0.0000   2.2288   2.2877
age             0.0091   0.0005  20.0081 0.0000   0.0083   0.0100
speed          16.5202   0.1217 135.7597 0.0000  16.2817  16.7587
pickup_hour    -0.0522   0.0013 -38.8372 0.0000  -0.0548  -0.0496
day_of_week    -0.1930   0.0035 -54.8555 0.0000  -0.1999  -0.1862
cluster_label  -0.0955   0.0090 -10.6606 0.0000  -0.1130  -0.0779
=====
```

Based on the data related to user, our model predicts whether a customer can be converted to a subscriber or not. Since the output is a binary variable, prediction using Logistic Regression was best in our case. The R-squared value is 0.261 and **P-value** for all variables are most significant (P-value = 0).

- **Results on test dataset:**

```
yhat = result.predict(x)
prediction = list(map(round, yhat))
predicted_customer = pd.DataFrame(prediction)
# # comparing original and predicted values of y
# # print('A:', list(y_test.values))
# # print('P:', prediction)

final_file = r"D:\MS_Courses\3.Fall\Mining\Project\FINAL DATASET\1.REGRESSION_RESULT-FINAL.csv"
df['predicted_customer'] = predicted_customer
df.to_csv(final_file)
```

usertype	gender	age	pickup_hour	day_of_week	cluster_label	predicted_customer
0	1	34	13	7	0	0
0	1	25	14	2	0	1
0	1	29	15	2	1	1
0	2	50	6	1	2	0
0	2	69	0	4	2	0
0	1	22	14	2	1	0

From above insights we can see that results are indeed surprising because the factors like gender and age are playing a dominant role in predicting whether our customer will be converted or not.

Also, results are surprising based on the timing as it completely overlaps with our ratio and variance model.

Model Validation:

While trying Linear regression (OLS) for our dataset, the output variable for user type was coming beyond 1 (30s, 40s, and even 100s).

Upon putting a cap limit of 0 & 1. we see in Linear Regression (OLS) the error rate is >10%.

Results: Ordinary least squares						
=====						
Model:	OLS	Adj. R-squared (uncentered): 0.955				
Dependent Variable:	usertype	AIC: -197362.4708				
Date:	2022-12-03 09:56	BIC: -197294.0169				
No. Observations:	665966	Log-Likelihood: 98687.				
Df Model:	6	F-statistic: 2.338e+06				
Df Residuals:	665960	Prob (F-statistic): 0.00				
R-squared (uncentered):	0.955	Scale: 0.043533				

	Coef.	Std.Err.	t	P> t	[0.025	0.975]

gender	0.1879	0.0005	378.1814	0.0000	0.1870	0.1889
age	0.0055	0.0000	321.8730	0.0000	0.0055	0.0056
speed	2.0194	0.0043	474.8365	0.0000	2.0110	2.0277
pickup_hour	0.0097	0.0000	207.3410	0.0000	0.0097	0.0098
day_of_week	0.0119	0.0001	89.1504	0.0000	0.0116	0.0121
cluster_label	0.0145	0.0003	43.5929	0.0000	0.0139	0.0152

Omnibus:	294221.761	Durbin-Watson:		1.995		
Prob(Omnibus):	0.000	Jarque-Bera (JB):		1820639.367		
Skew:	-2.048	Prob(JB):		0.000		
Kurtosis:	9.988	Condition No.:		734		
=====						

usertype	gender	age	pickup_hour	day_of_week	cluster_label	predicted_customer
0	1	34	13	7	0	27
0	1	25	14	2	0	29
0	1	29	15	2	1	31
0	2	50	6	1	2	13
0	2	69	0	4	2	1
0	1	22	14	2	1	29

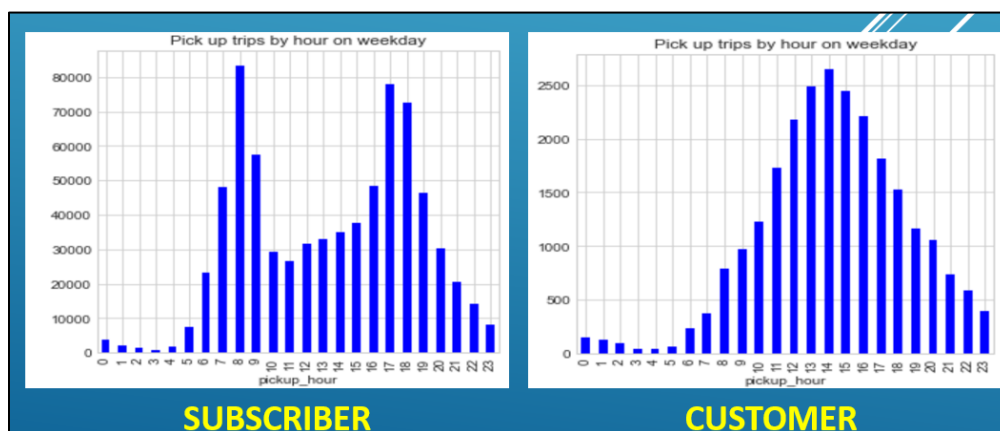
Whereas, Logistic Regression, we can see the Error Rate of 0.172 %, where we can see that 1's are getting converted to 0's.

usertype	gender	age	pickup_hour	day_of_week	cluster_label	predicted_customer
0	1	34	13	7	0	0
0	1	25	14	2	0	1
0	1	29	15	2	1	1
0	2	50	6	1	2	0
0	2	69	0	4	2	0
0	1	22	14	2	1	0

Thus, we have selected Logistic Regression, to achieve better accuracy in the final model.

Managerial Insights for providing promotion:

From both of our explanatory and predictive analysis we have seen that during office hours, there will be a greater number of subscribers who are daily users and who need the bike rides daily, but they may not may or may not be customers. Also, in the non-commuting hours there might be many customers who need a bike ride.



Conclusion:

So based on our model, we have come up with few best days, times, and locations to promote our discounted subscription.

Best Day and Best Time: Tuesday and Wednesday have the highest conversion. Our target time would be 1.00pm to 3.00pm based on the conversions.

Day Count	Count	Daya
Count of 1	2592	MON
Count of 2	6779	TUES
Count of 3	5037	WED
Count of 4	3603	THURS
Count of 5	4221	FRI
Count of 6	4217	SAT
Count of 7	5456	SUN

Hour	Coverision
0	259
1	195
2	151
3	72
4	54
5	78
6	257
7	469
8	956
9	47
10	1731
11	2355
12	2917
13	3339
14	3371
15	3098
16	2714
17	2218
18	1815
19	1392
20	1191
21	874
22	637
23	424

Cluster Segregation: Cluster zero has the higher conversion rate and that is why the top three locations in cluster zero are our targeted promotional locations. Later, we can expand our campaigns to other locations as well. And another insight from our analysis is there are many locations where bikes are not being picked up daily. They are occasional and even on those occasional days, only one or two bikes are being picked, so we can suggest our company that they could close off these locations as lower maintenance will lower their rental cost.

Count of 0	16478
Count of 1	9516
Count of 2	5910

Top 3 promotion Locations:

1. 514-12 Ave & W 40 St
2. 3641-Broadway & W 25 St
3. 3255-8 Ave & W 31 St

Total conversion and Gender Segregation:

Total Customers	37560
Total subscr	913821
Total Conversions	31905

Male	22704
Female	9201

Also, we have noticed that 80% of customers who are born before 1980, and after 2002 are not getting converted. So, we tend to target age groups of relatively young people between 25-40 but not beyond as they have a higher chance of getting converted and male around this age has a higher chance of getting converted.