

Classification and Supervised Learning



Machine learning

So what is it?

Machine learning

- A technique that uses data to teach patterns to computers
- The way computers remember allows them to make excellent decisions in very specific cases based on the data provided

Machine learning is NOT

a sentient robot. It is just an algorithm that has been taught to do one specific task, and ideally to do that task quickly and accurately

Types of machine learning

- Supervised learning
- Unsupervised learning
- Reinforcement learning

Supervised learning

- Insurance companies may want to predict who is most likely to make a claim in the next period
 - Data from past periods will contain information about people that did and did not file claims
- **Any case when we have clear information about the outcome, and can use that knowledge to train the model**

Unsupervised learning

- Used for recommended movies on Netflix, or suggested purchases on Amazon, where we don't have a clear fix on what exactly we (as analysts) are looking for
- **Any case where we seek to group observations by deciding which are most closely related to one another based on the data inputs**
 - There is not necessarily a "true" value or "right" answer in unsupervised learning

Reinforcement learning

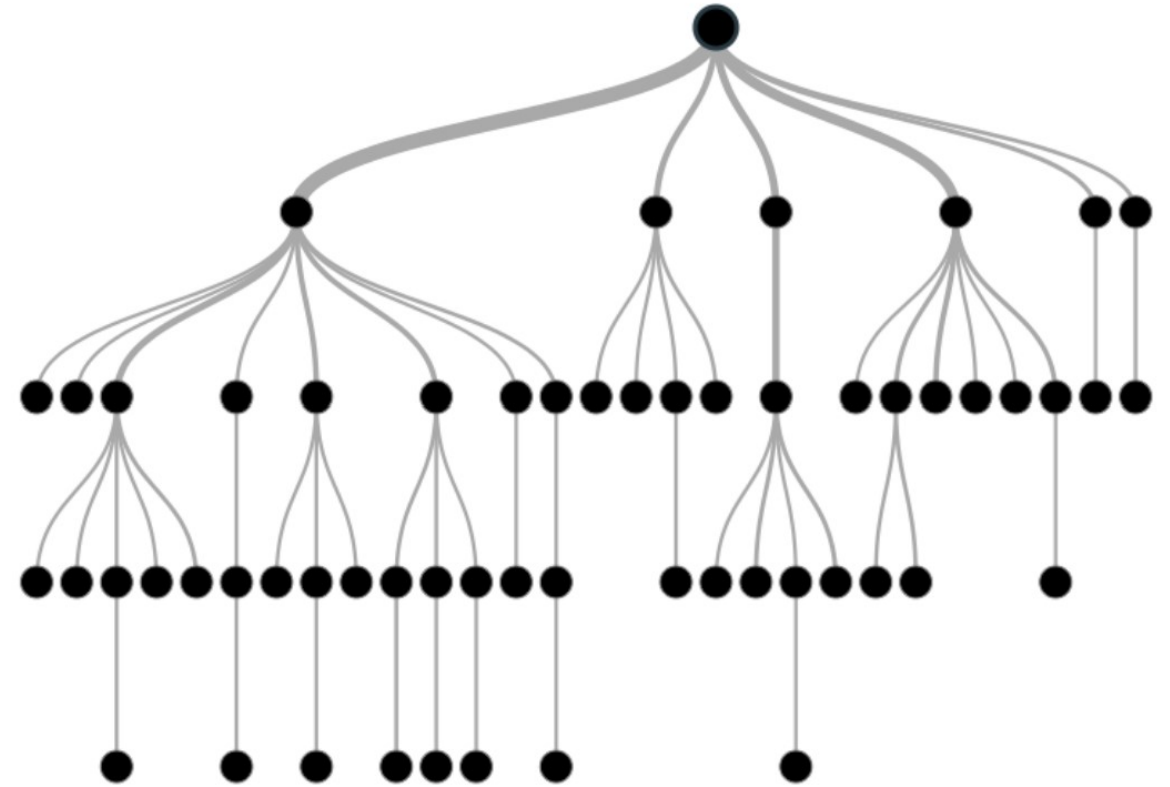
- Used to teach machines to play games like chess, or to perform complex tasks where success or failure are not immediately clear (driving a car?)
- Any case where success cannot be directly identified, or is the result of many steps requiring analysis

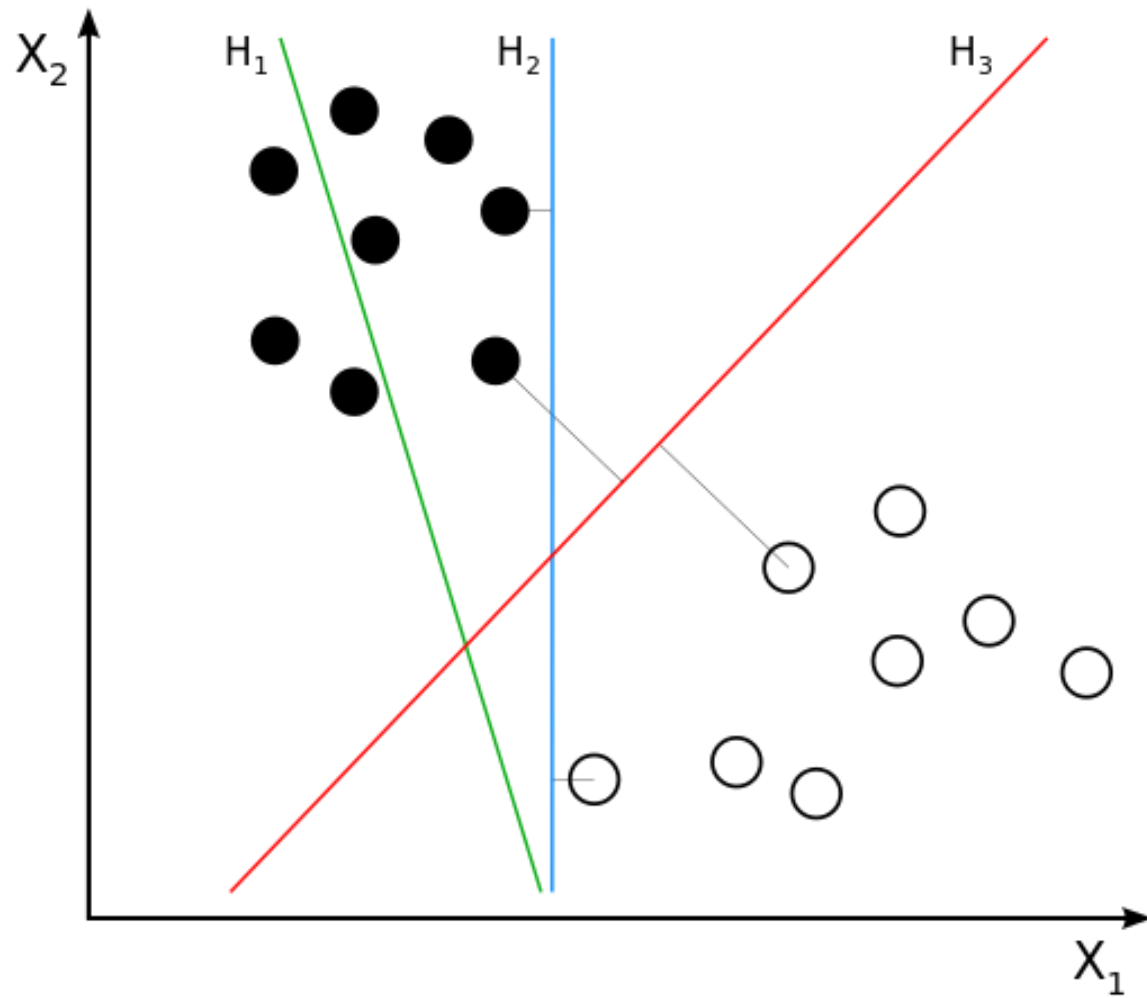
Classification

- A subtype of **supervised learning**
- The goal is to separate individuals into defined groups, or classes
- Classification problems seek to determine which features in the data **predict the class/category** an individual (or any other kind of observation) belongs to

Methods of Classification - Decision Trees

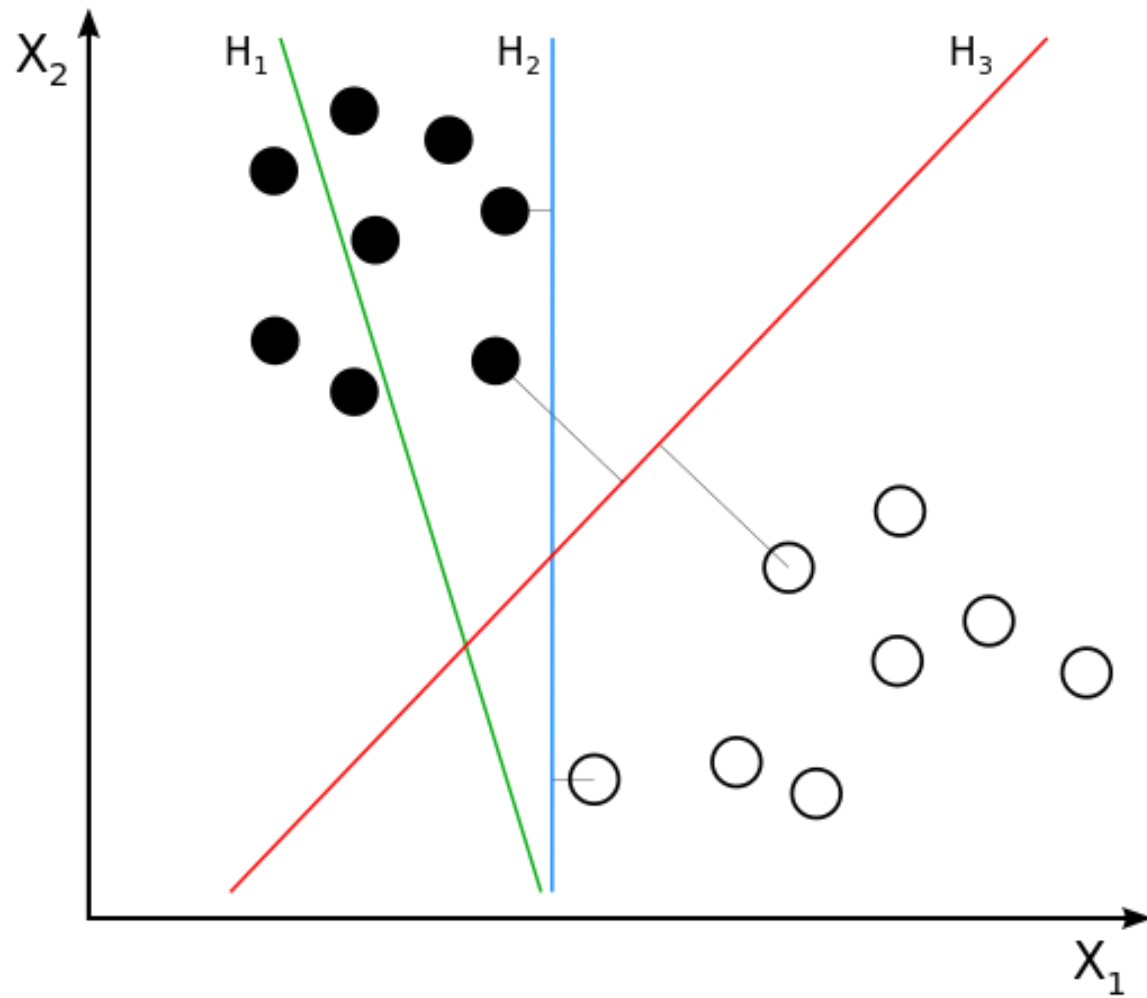
- Choose features (variables) from the data
- Determine how their value impacts outcomes
- Repeat for many variables, until outcomes are neatly categorized





Methods of Classification - SVM

- SVM = Support Vector Machine
- Find the vector (line/curve) that gives the BEST separation of your data.
- How appropriate are the vectors (H 's) in this picture?

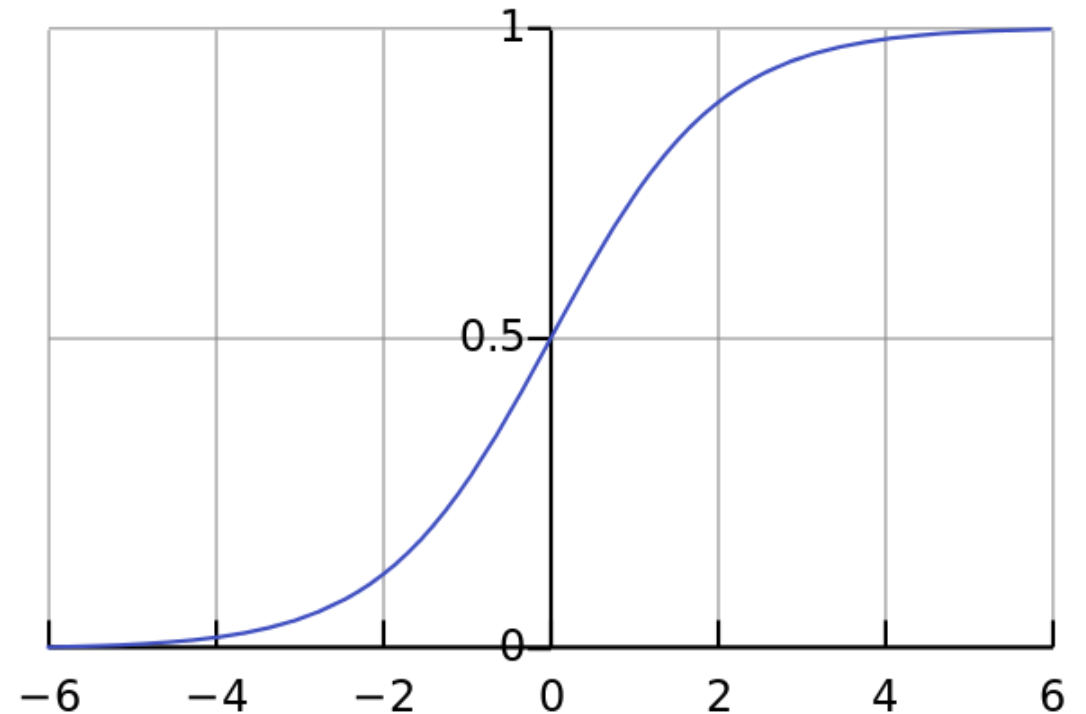


Methods of Classification - SVM

- H_1 does not separate our data
- H_2 separates our data, but comes close to several data points (might be error-prone)
- H_3 seems to give us separation and the largest possible buffer

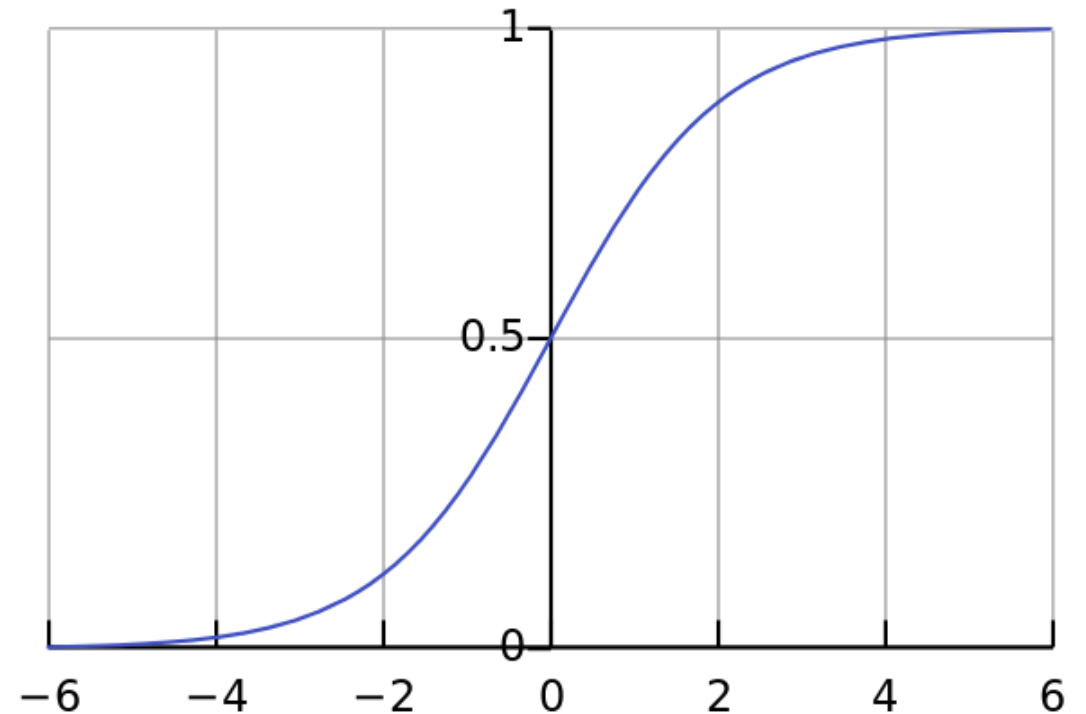
Methods of Classification - Logistic Regression

- Regression analysis, but focused on predicting discrete outcomes
- Analyze the probability that an outcome occurs, given what is already known



Methods of Classification - Logistic Regression

- Advantage: Can explain the **why**, just like normal regressions
- Disadvantage: Not as easy to understand as linear regression or decision trees



Our new data

Let me take you on a tour of the dataset we will be using:

[Nebraska Fire Injuries](#)

Information on the data is provided for your reference in the accompanying [data dictionary](#)

For lab

- With your team, check out the data available to you
- Together, choose a decision pattern for classifying observations in the data set
MANUALLY
 - This means writing down a rule (or series of rules) that provide the most accurate prediction possible for our training data
 - You are welcome to use Tableau or Excel/Google Sheets to help you with this process
 - Please use plots, regressions, or written formulas to justify your rule(s)