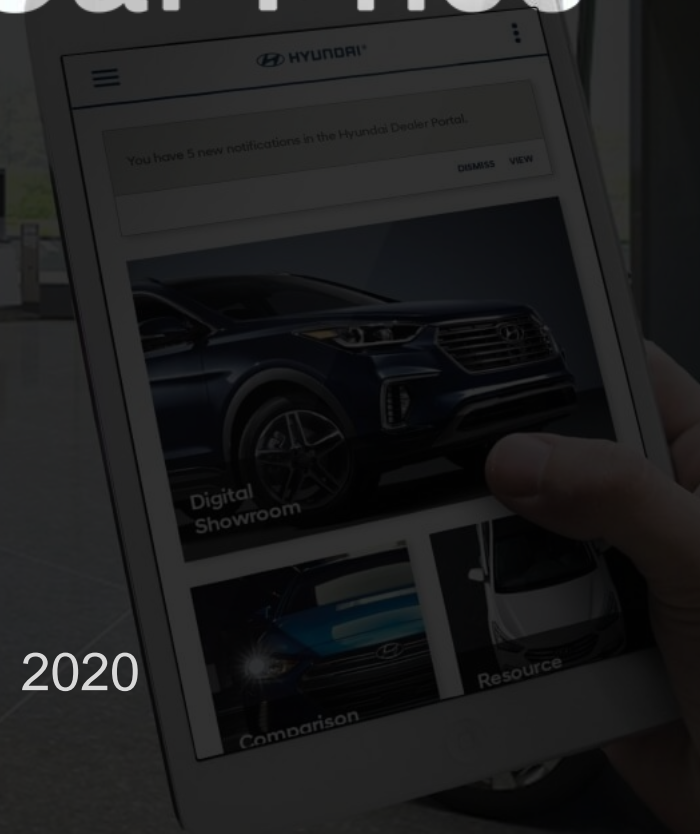# Predicting the Used Car Price

From Craigslist

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Data Science Capstone Project 1, June 2020

What is the Target?

Physical Dealer

↑

Price Prediction

predictions on the most popular Top 5 used car
manufacturers on craigslist

⬇

Online Shopping

Who might cares?

Buyers

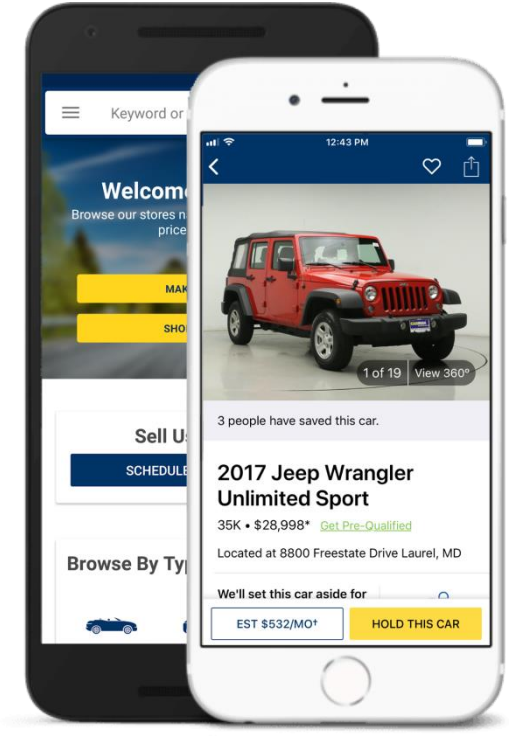get a clear and concise price by observing an average standard.

Used Car Dealer

Make up their marketing plans by analyzing used car price trend and consumer psychology

Car Manufacturers

Used car price performance may affect their future development and sales strategies

Online APP Developer

Combine the prediction into their product to make it more competitive

Springboard

Where is the data from?

Kaggle
https://www.kaggle.com/austinreese/craigslist-carstrucks-data

Craigslist
https://www.craigslist.org/
the world's largest used car platform.

Raw Data
509577 rows and 25 columns

Year
1990-2020

Format
csv

This data contains most all relevant information that Craigslist provides on car sales including columns like price, condition, manufacturer, latitude/longitude etc.

DATA CLEANING & WRANGLING

- Deal with missing and duplicated data
- Drop the fake data
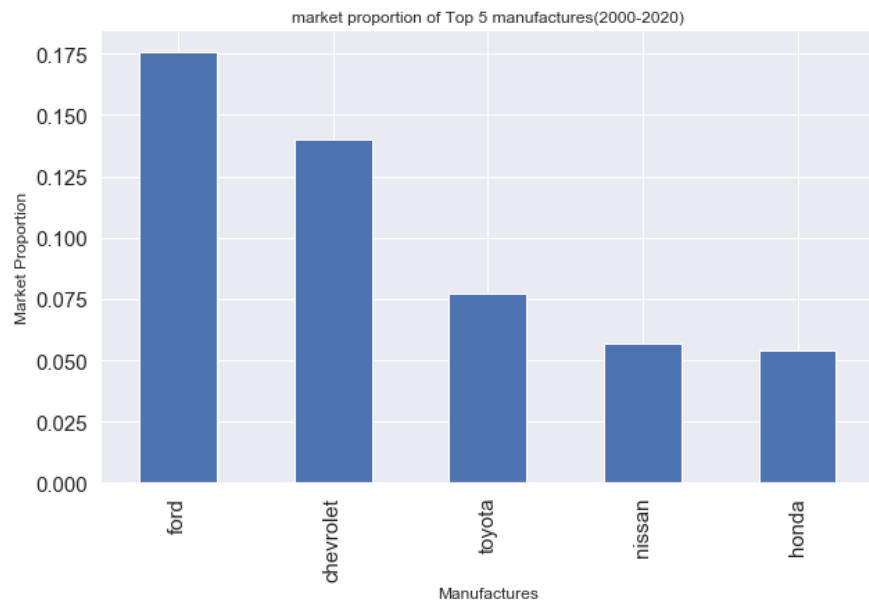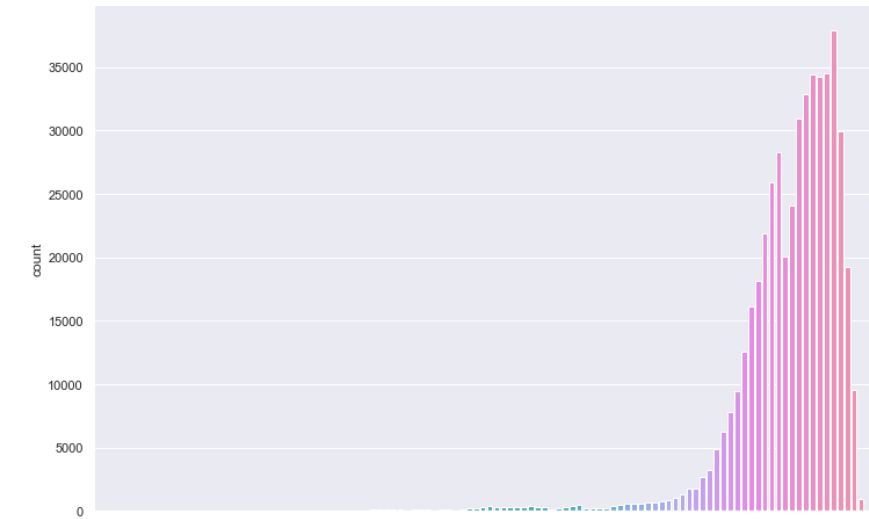- Detecting & Filtering Outliers
- Add more columns

Clean Data
485862 rows and 15 columns

Year
1990-2020

1. Add one additional column named 'age' which is calculated by 'year'
2. Add two columns name 'odometer_class' and 'price_class' for EDA Visualization.

Springboard

What is the research object?

Research Period

Take the latest 20 years

market proportion of Top 5 manufactures(2000-2020)

Take the top 5 manufacturers which take the largest market proportion

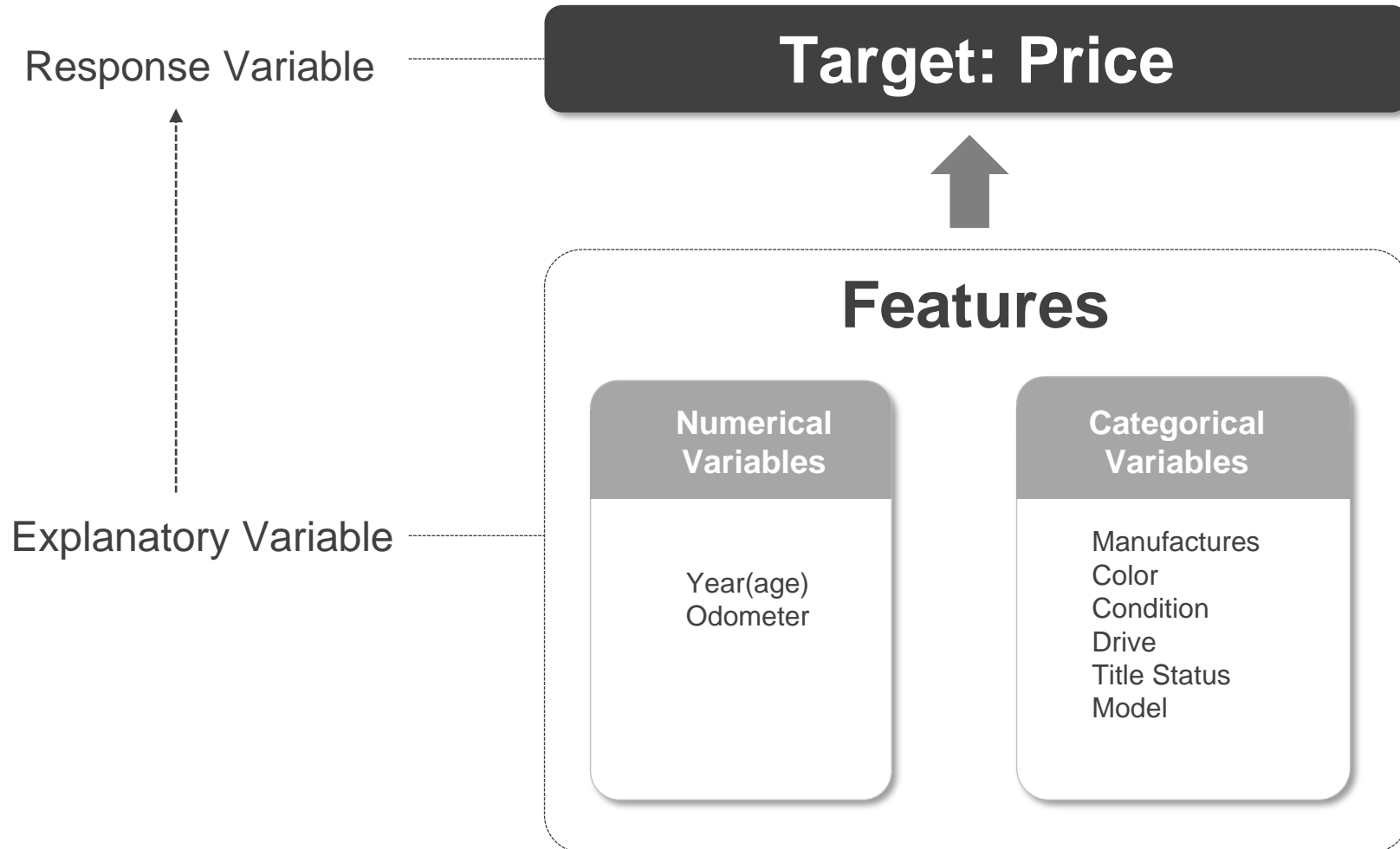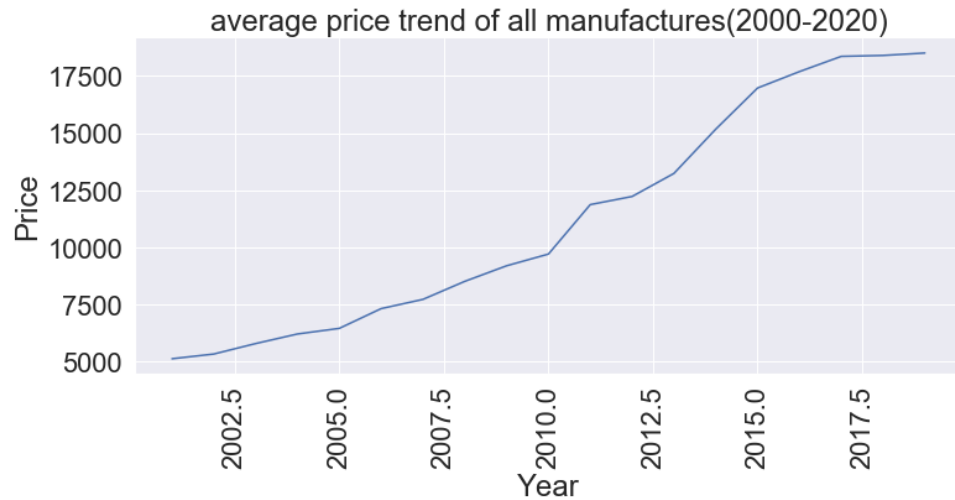Manufacturers

Research Object

2000-2020

Ford
Chevrolet Toyota
Nissan
Honda

Springboard

Data Exploration Analysis

Response Variable .... **Target: Price**

Explanatory Variable ......

Features

Numerical Variables	Categorical Variables
Year(age) Odometer	Manufactures Color Condition Drive Title Status Model

Springboard

Year and Price

average price trend of all manufactures(2000-2020)

Price vs Year of Ford

### Price Trend of Top 5 manufactures(2000-2020)
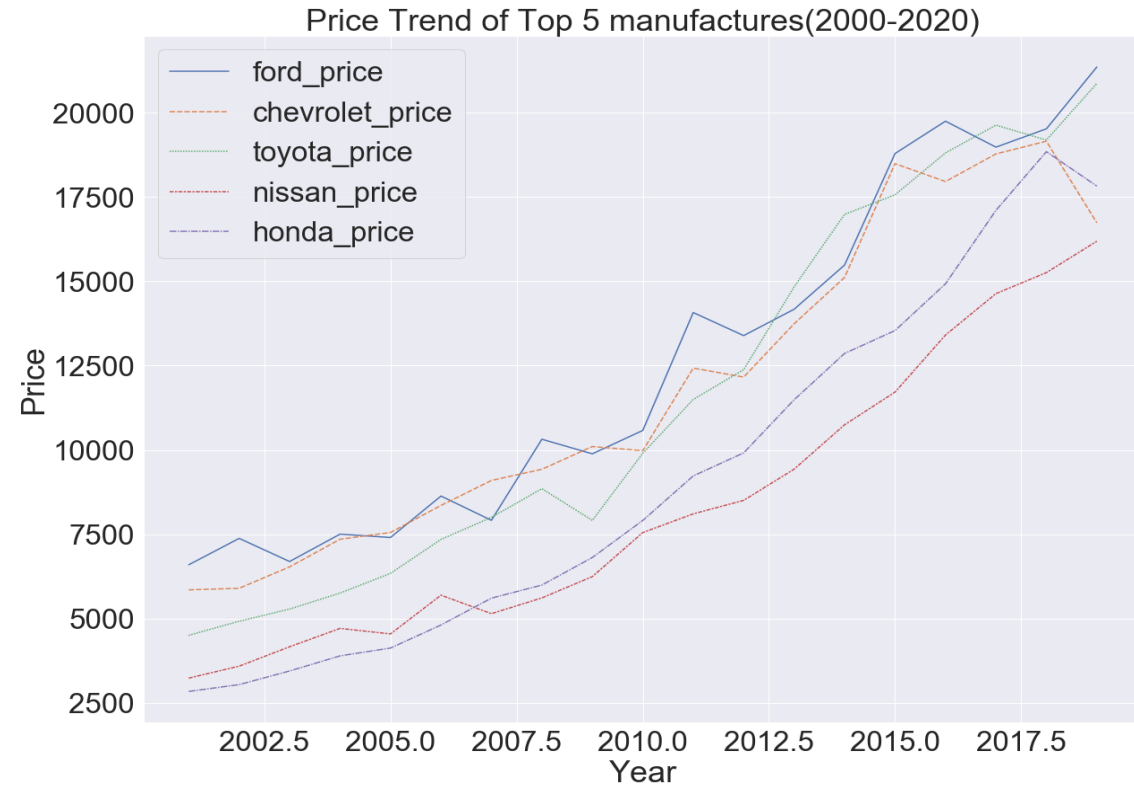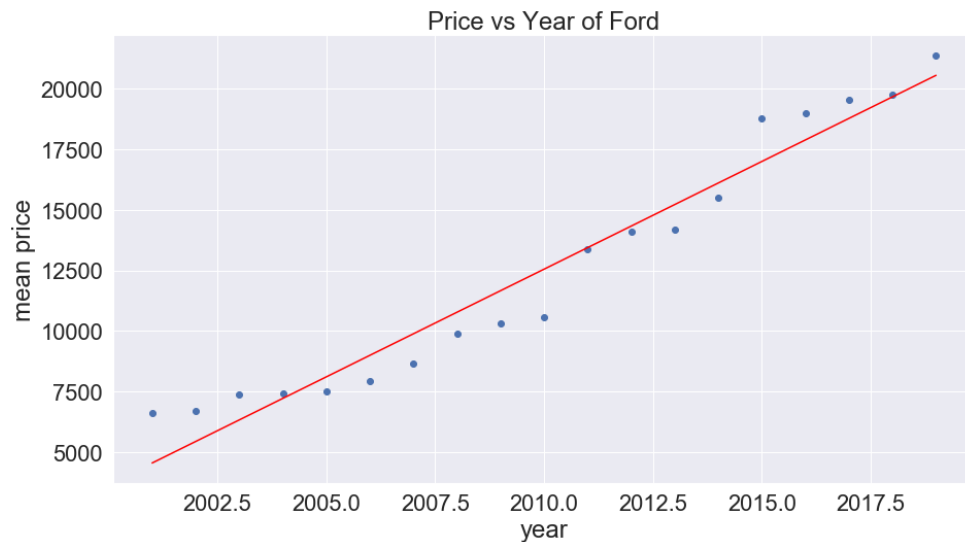
the average price of all used vehicles went up year by year. The increase speed is around 6% per year, which is a little higher than the inflation rate in America (3%). That's may be caused by online markets' developing. The used car price online is approaching to the physical dealer's gradually.
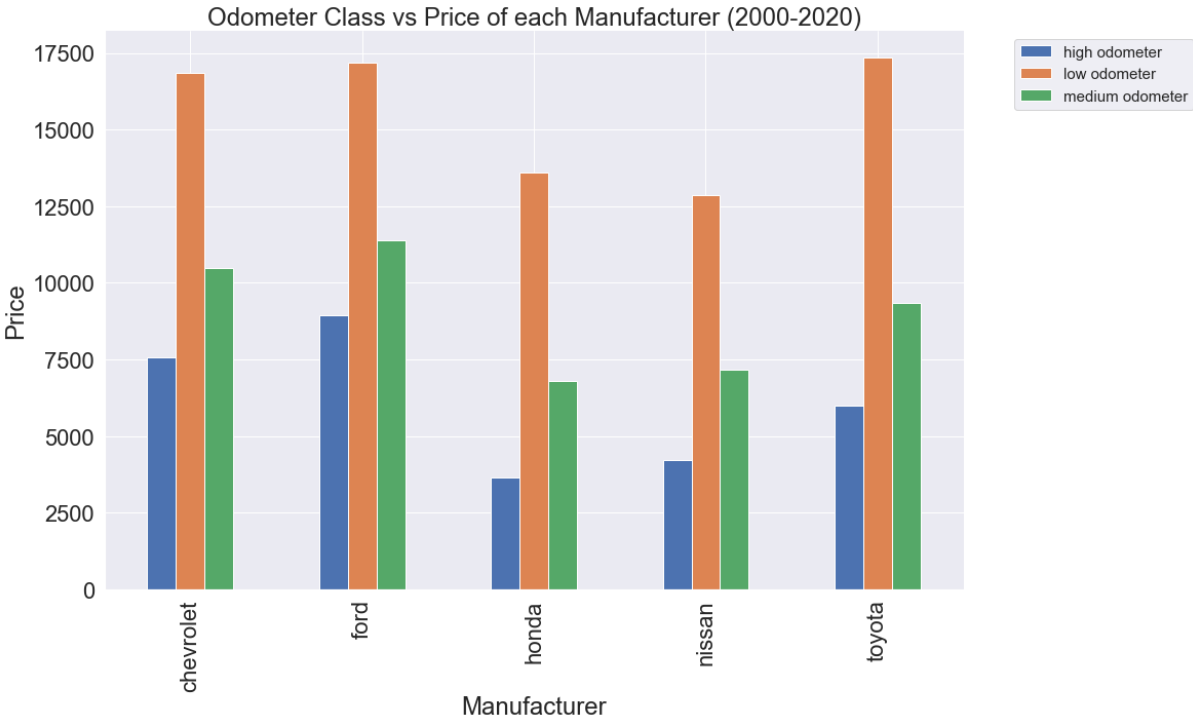
Pearson value is 0.5

There is a positive **linear** correlation between 'Year' and 'Price'.

Odometer and Price

Odometer Class vs Price of Top 5 Manufacturers (2000-2020)

Odometer Class vs Price of each Manufacturer (2000-2020)
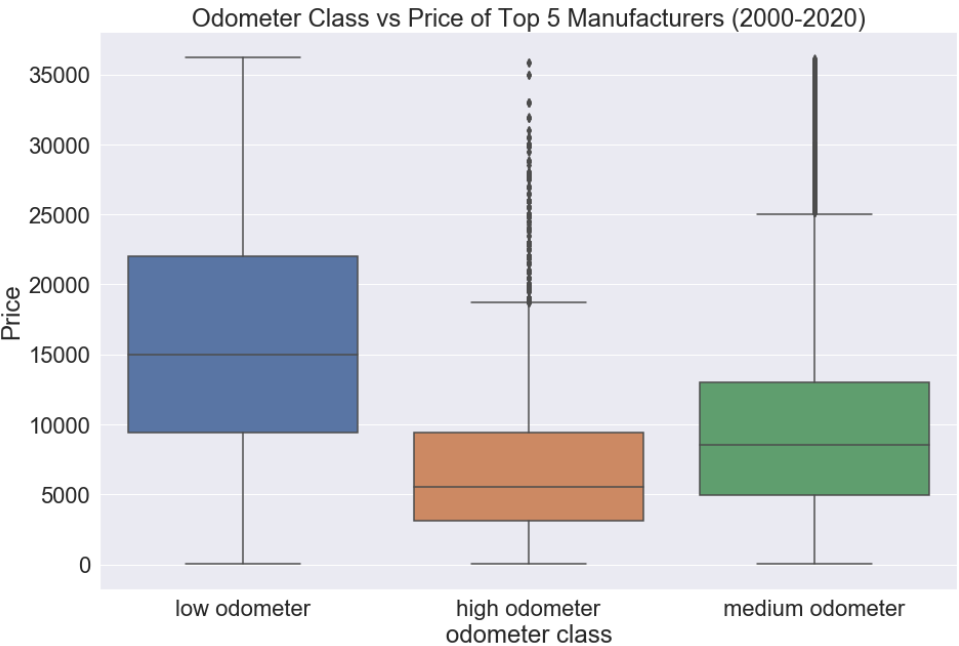
Vehicles with low odometers usually have a higher mean price as well as a wider price range.

For different manufacturers, the relation between price and odometer is different. Toyota has the highest mean price of low kilometers(less than 10,000km). That's may be because of the statement that Japanese cars could held their value better than others in high odometer class.

Pearson value is 0.3

It's a positive correlation, but cannot be considered as a linear correlation.

Odometer and Year(Age)
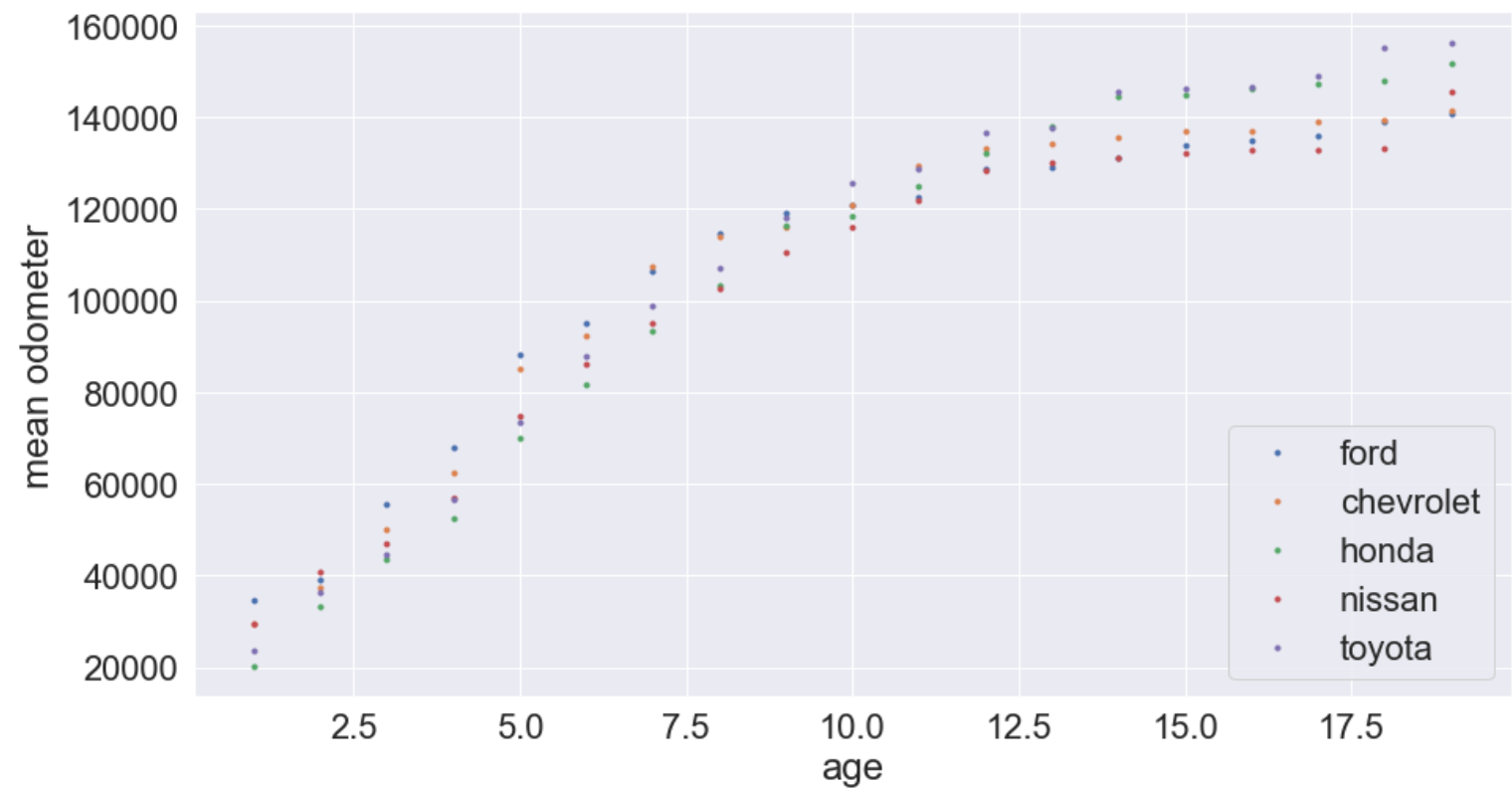
Pearson Value 0.5 indicate a positive linear relation between odometer and age.

What is remarkable is that the growth rate of odometers slowed down significantly among the vehicles which are over 12.5 years old.

Manufacturers and Price

Combined with Market Proportion plot, it is obvious that their rankings are closely relevant.

Ford had the highest average price, followed by Chevrolet, Toyota, Nissan and Honda.

market proportion of Top 5 manufactures(2000-2020)

Price of Top 5 Manufactures(2000-2020)

Springboard
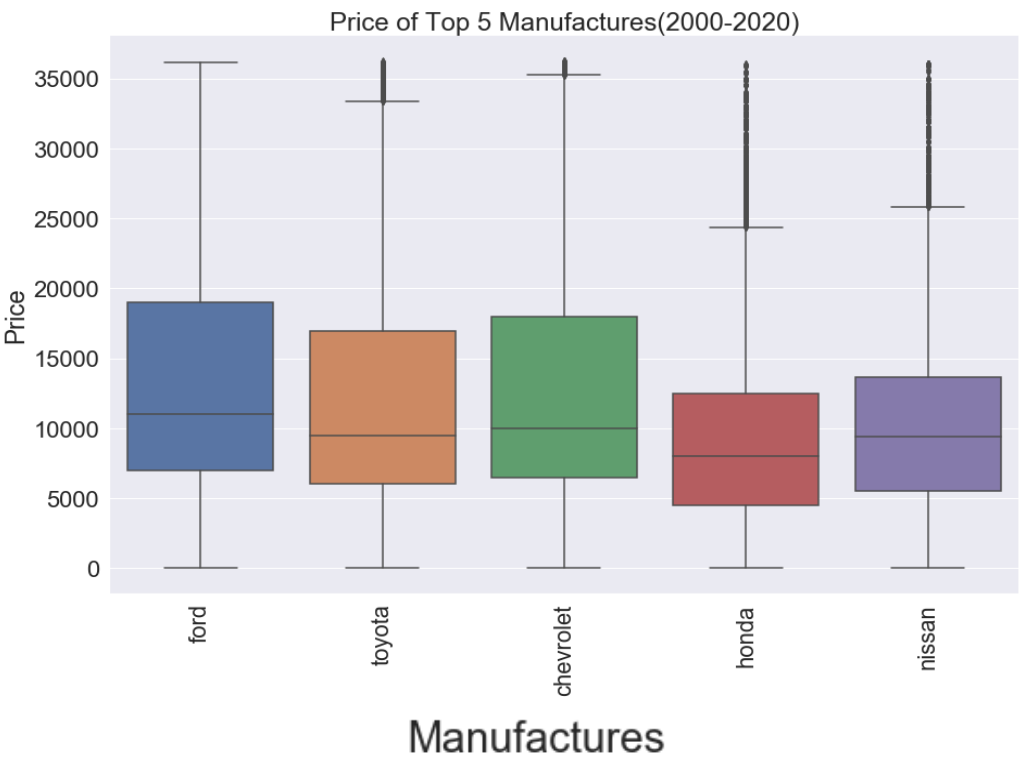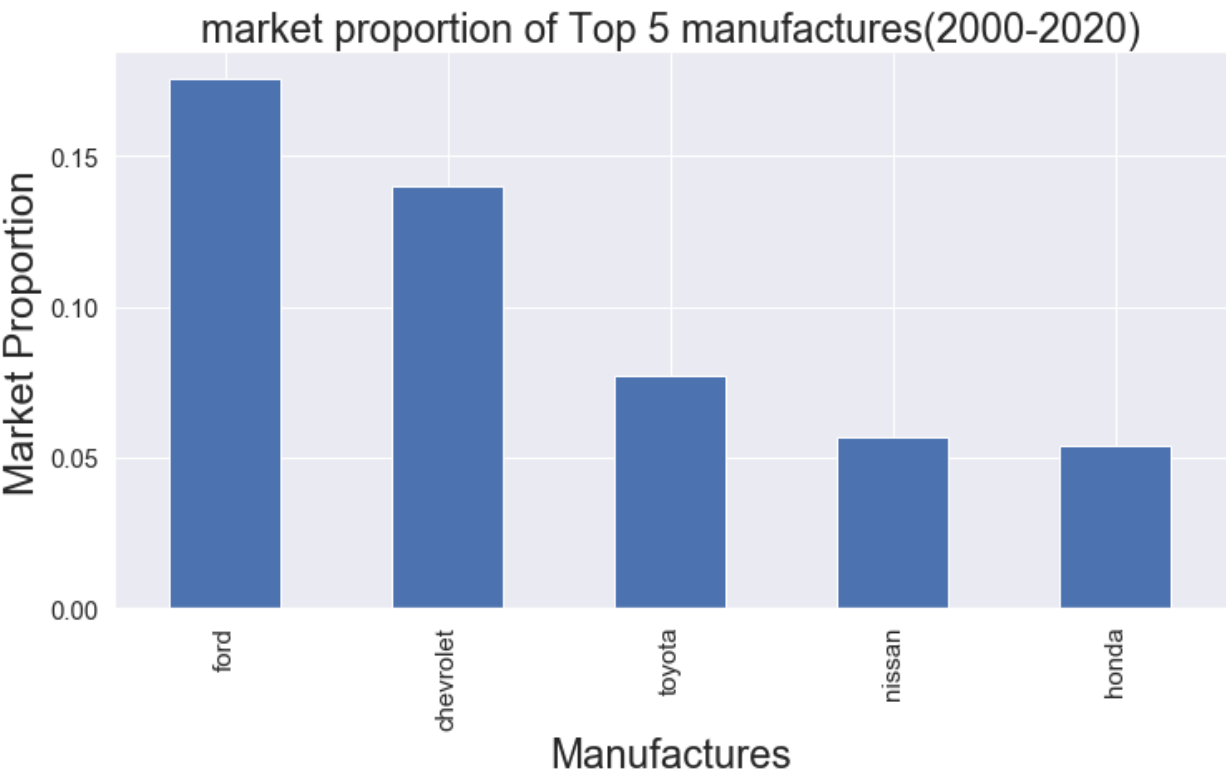
Colors and Price

There are more than 13 species of paint color cars on sale during the past 20 years.

Top 3 colors which have the largest market proportion are white, black and silver. Probably because orange is a popular color for customers, however without enough supply in market.

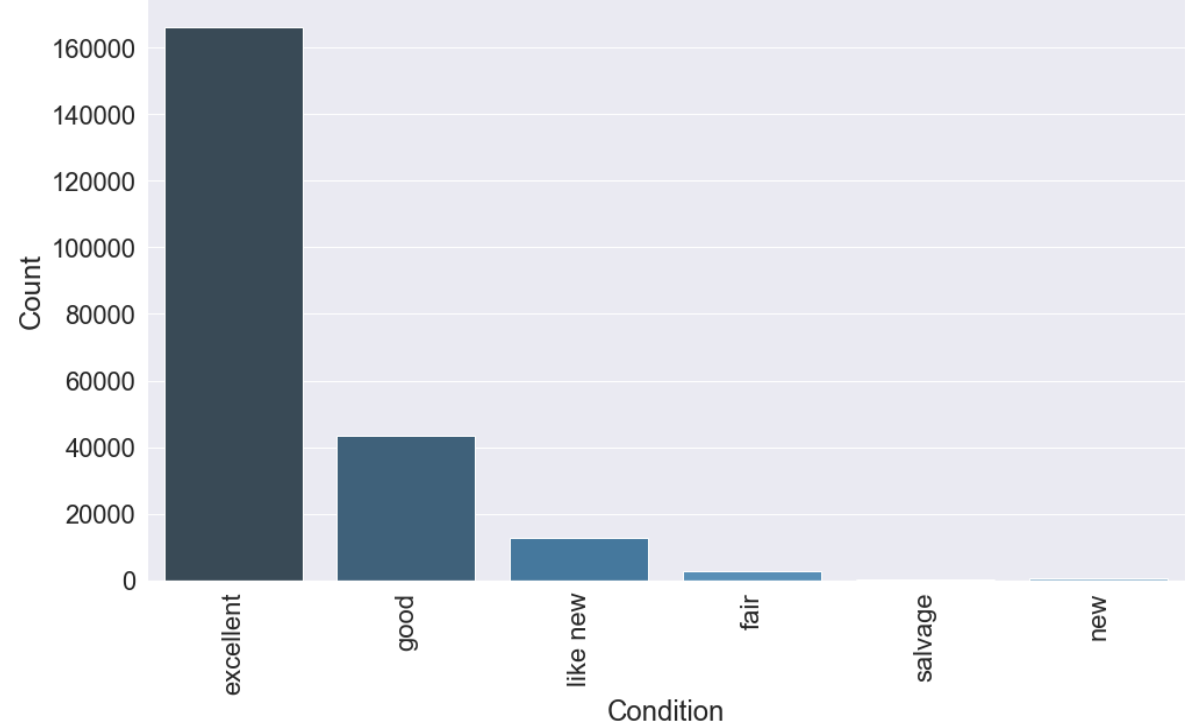**white, orange and black** usually could be sold at a higher price than other colors.

Color Count of Top 5 Manufacturers (2000-2020)

Price vs Paint Color of Top 5 Manufactures(2000-2020)
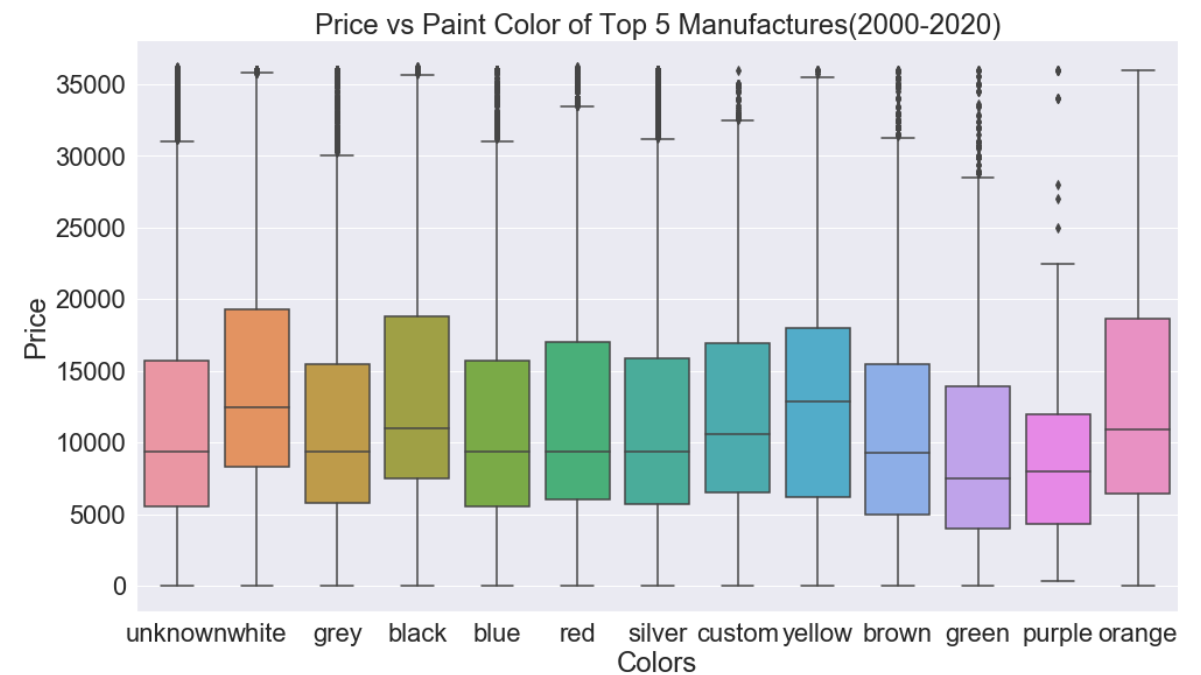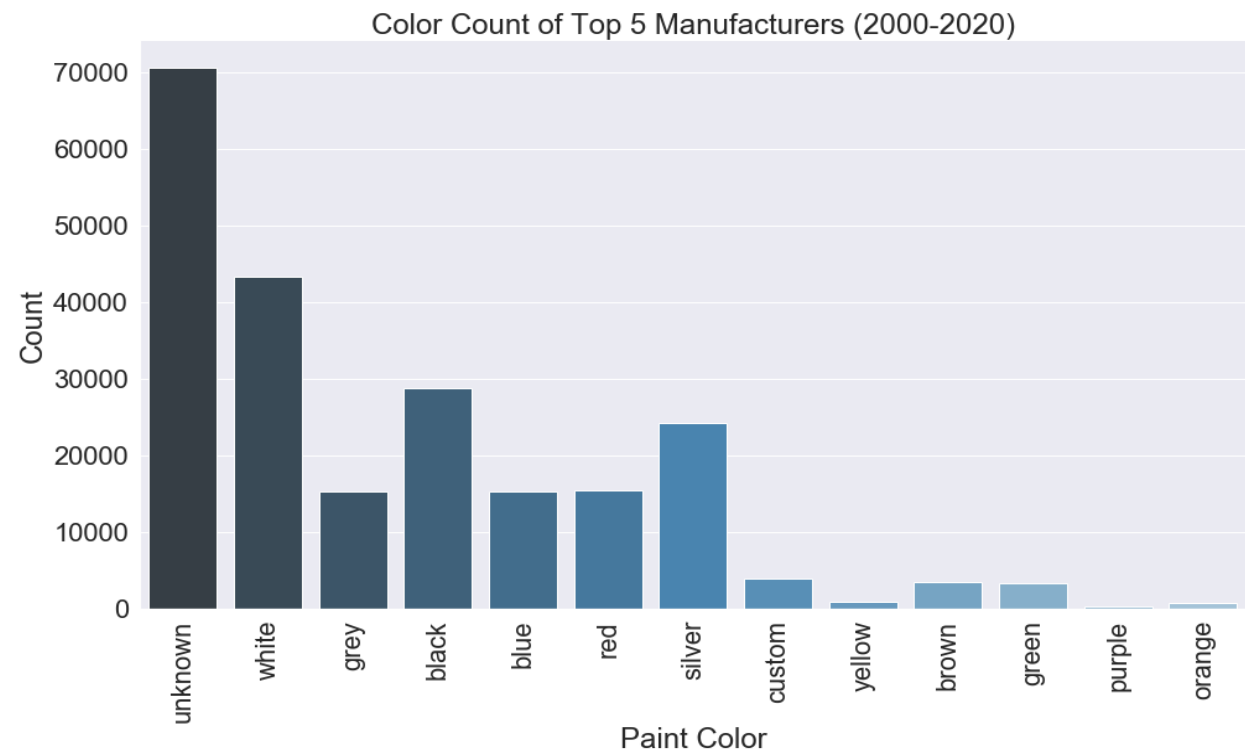
Condition and Price

The vehicles labeled as 'Like new' and 'excellent' condition have the highest median prices.
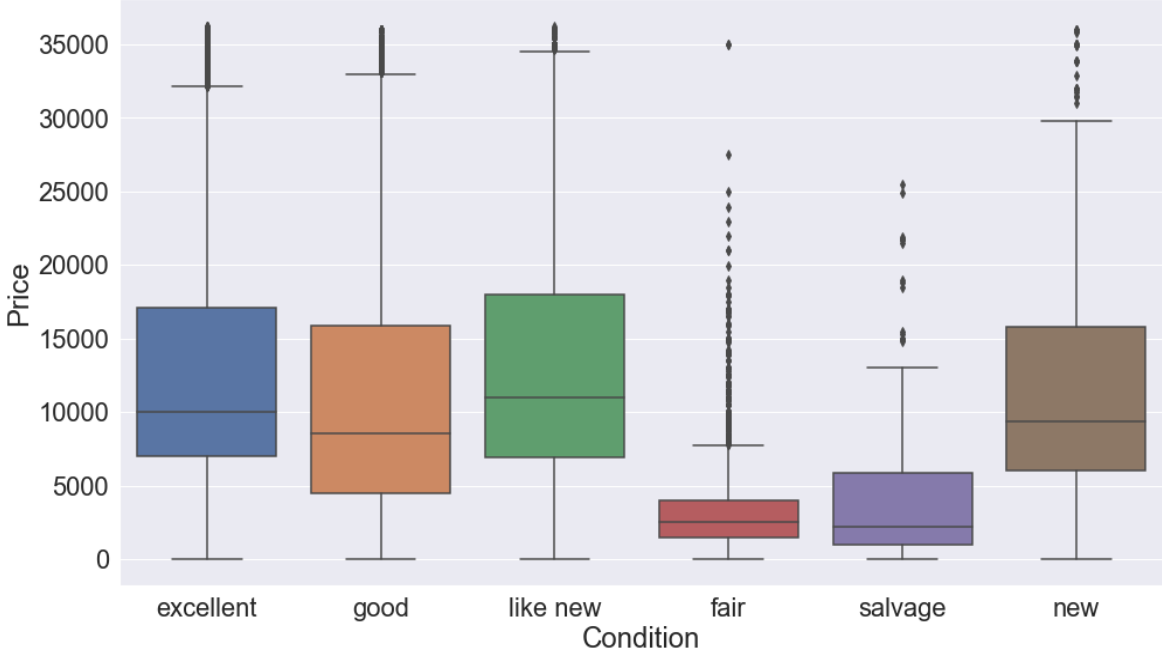
The 'fair' and 'salvage' ones have the smallest median prices as well as their price range.

Most vehicles on sale are described as **'excellent condition'.**

Drive and Price

**4wd trucks** seem to have a bigger share of the market, which could explain why Ford and Chevrolet are so popular.

4wd vehicles always have a higher median price than other two categories.

4wd shares the largest proportion of the market.

Drive Counts of Top 5 Manufacturer (2000-2020)
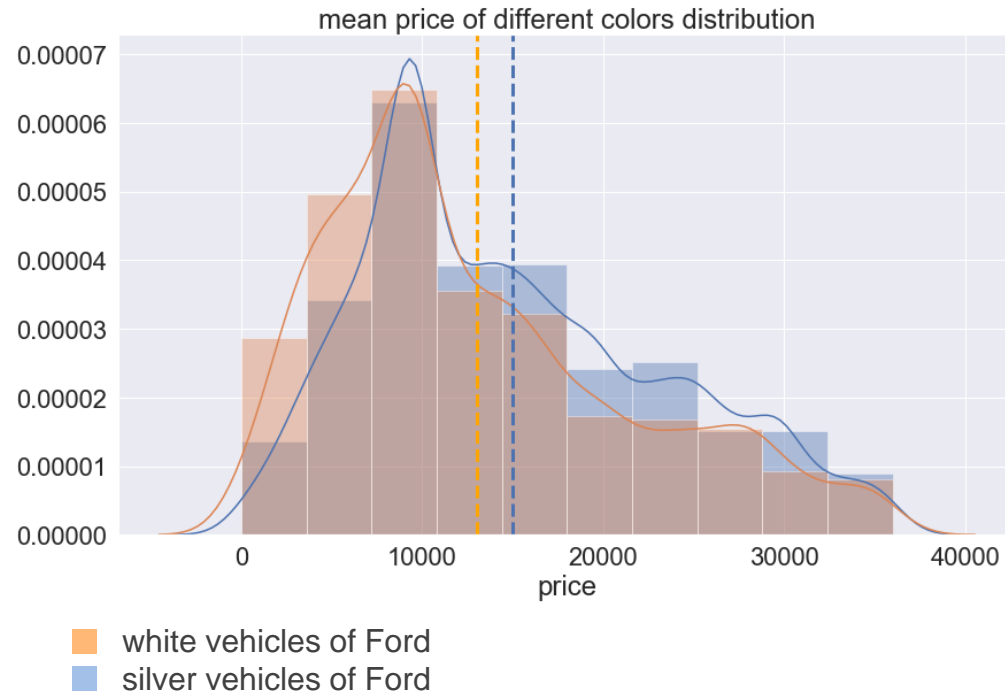

Drive vs Price of Top 5 Manufactures(2000-2020)
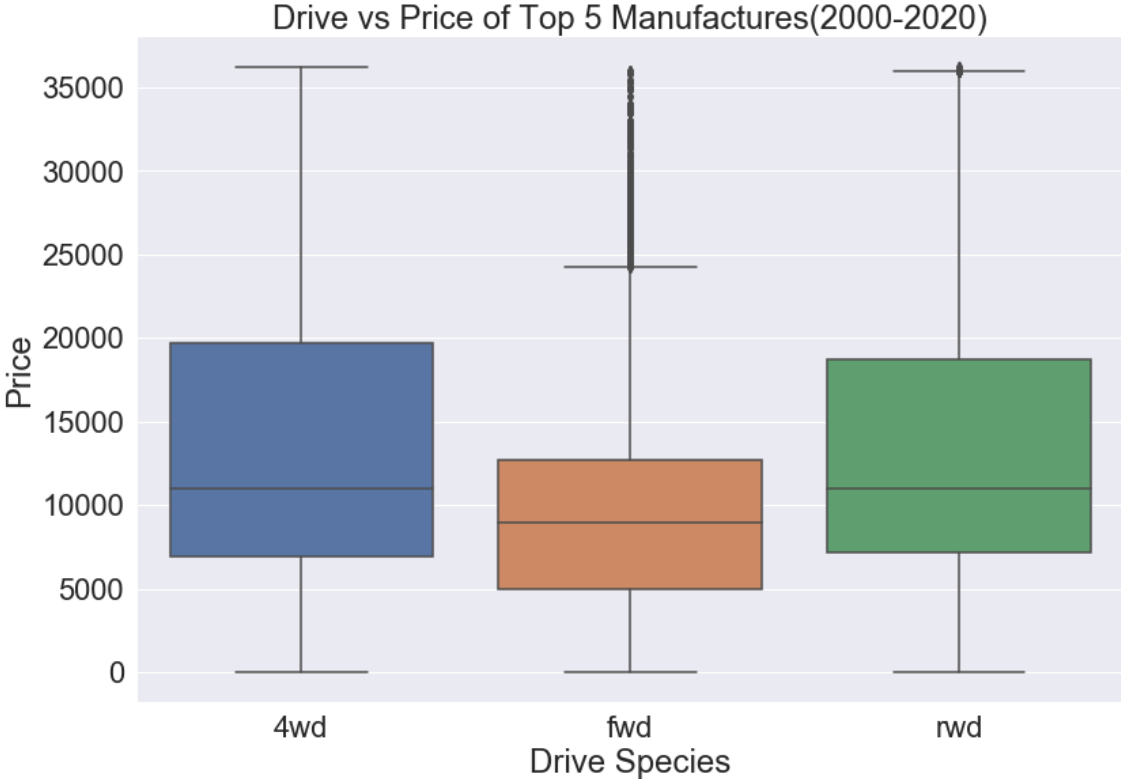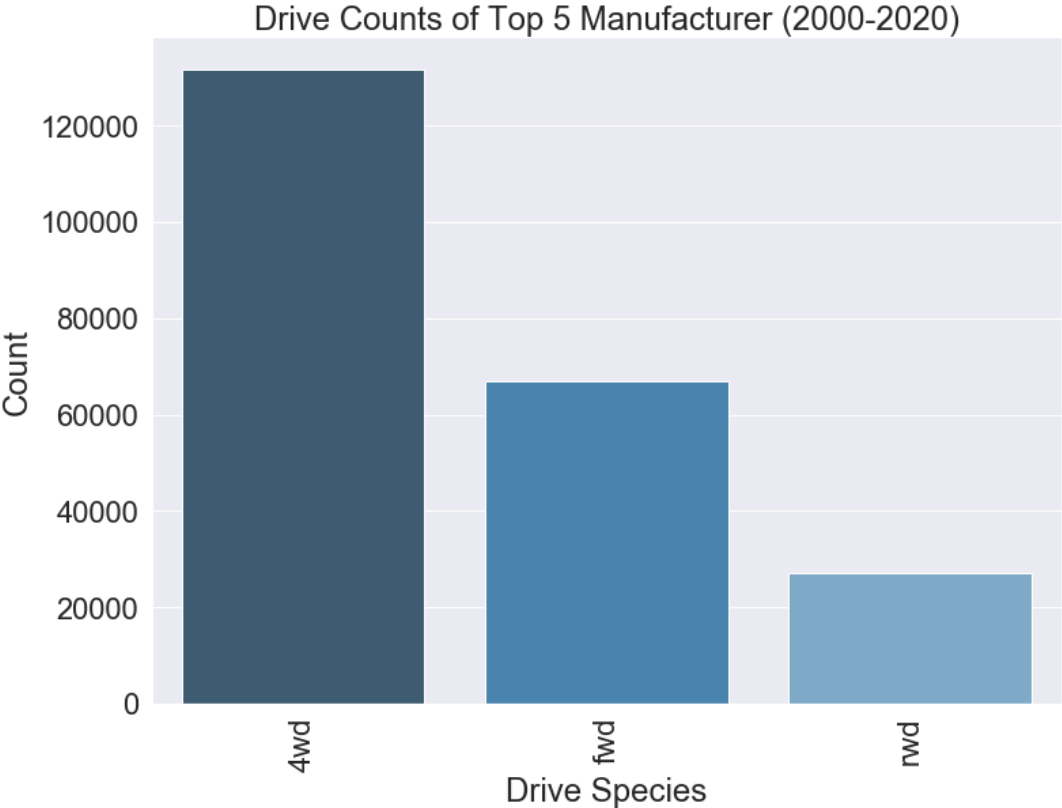
Title Status and Price

Lien vehicles have the highest median price of all, which also have the largest price range..

Title Status vs Price of Top 5 Manufactures(2000-2020)
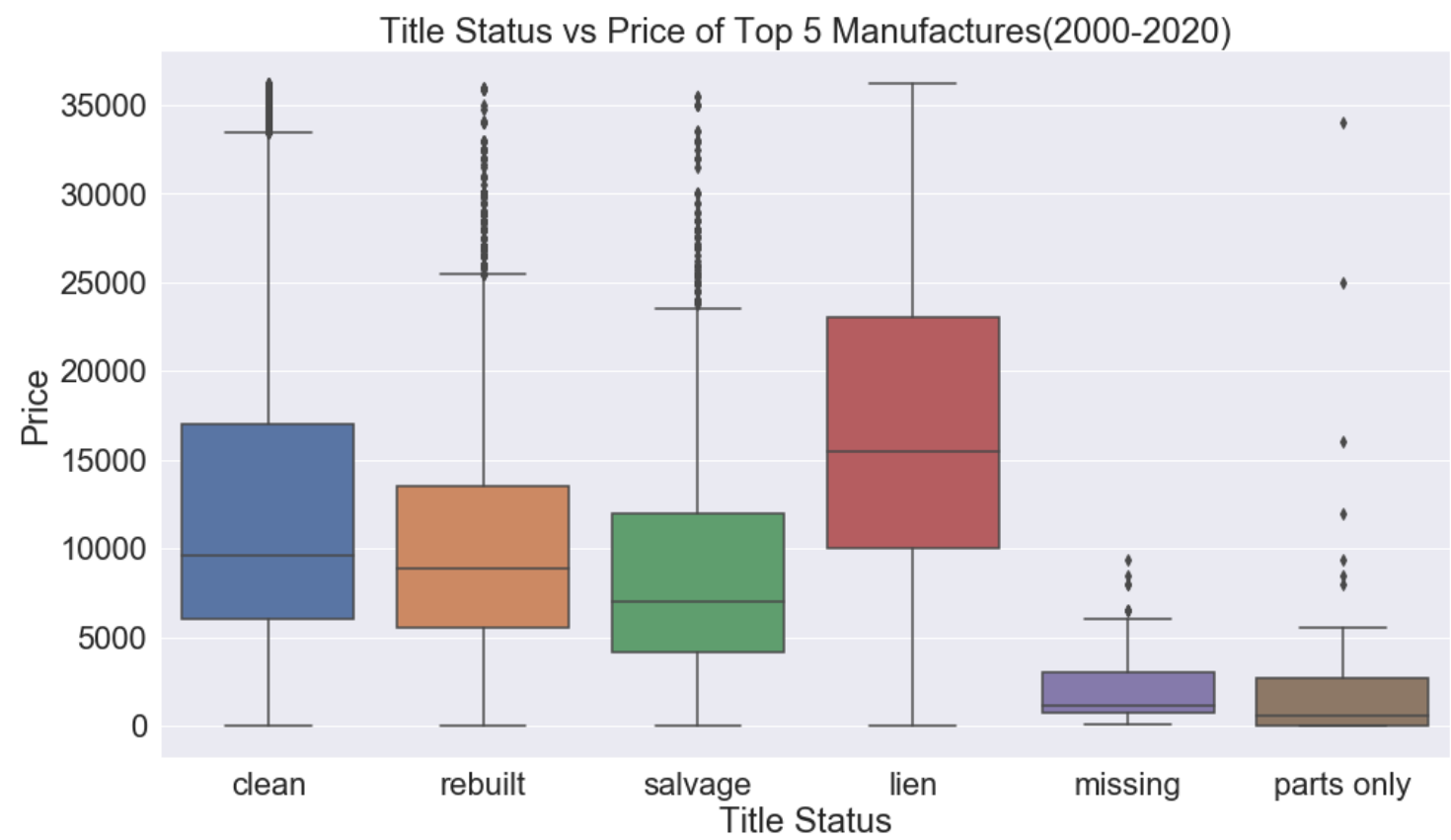
Statistical Data Analysis

Hypothesis Testing

mean price of different colors distribution

■ white vehicles of Ford
■ silver vehicles of Ford

H0: Samples from different colors share the same mean price
p-value is 0.039

Reject H0: Samples from different colors share the different mean prices

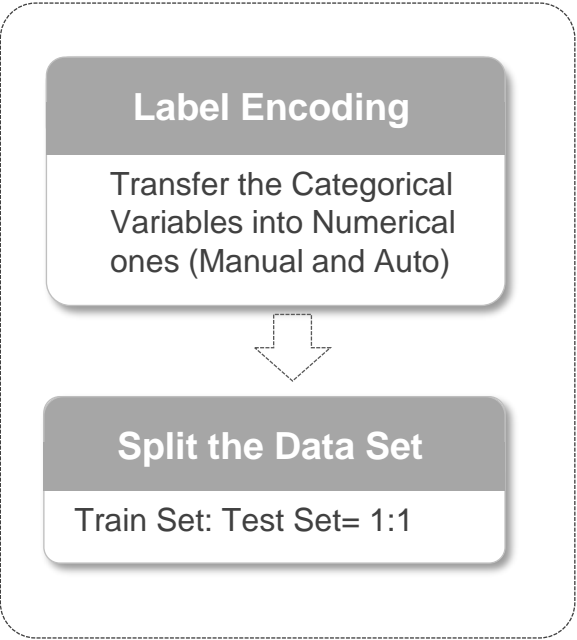Mean price of different models distribution
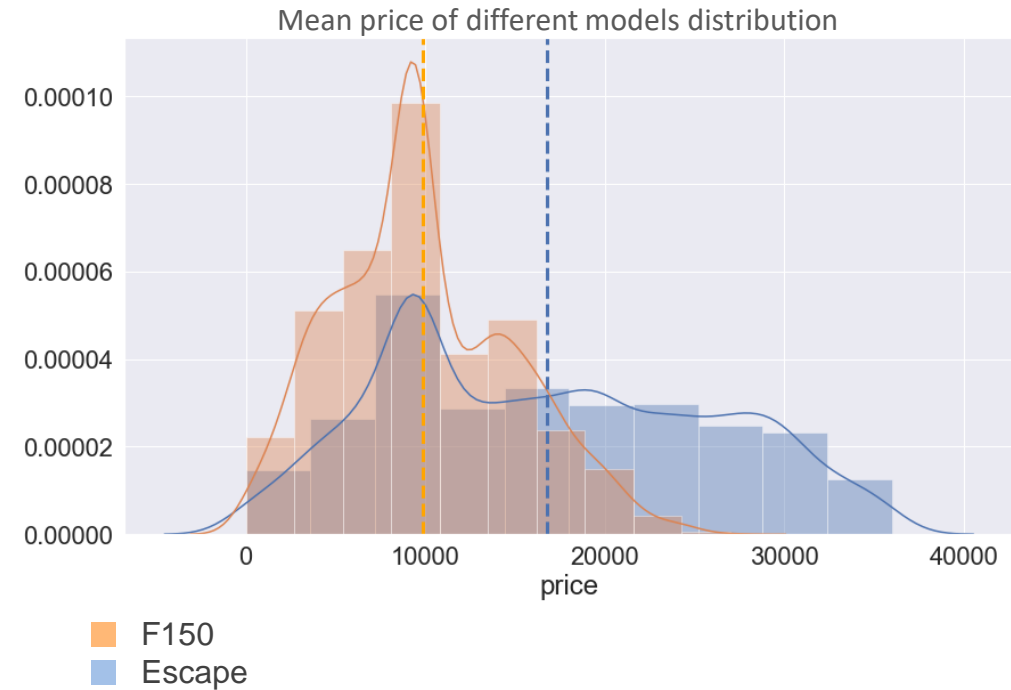
■ F150
■ Escape

H0: Samples from different models(F150 and Escape) share the same mean price
p-value is 0.675

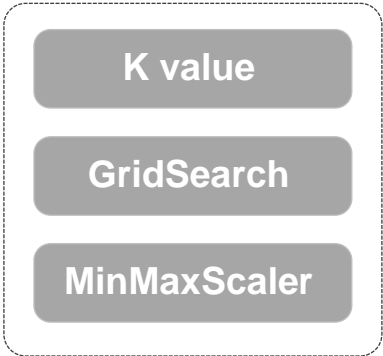**Fail to reject H0:** There is no proof that samples from the two models share the same mean price.
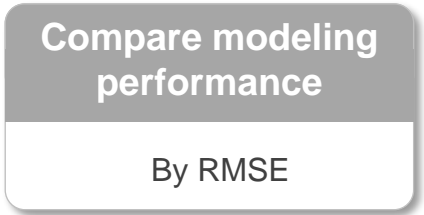
Springboard

Modeling Ideas

Modeling

Prepare for Modeling

Dummy Regression

Label Encoding
Transfer the Categorical Variables into Numerical ones (Manual and Auto)

Linear Regression

Tune the Models

Compare the Models

Random Forest Regression

K value

Compare modeling performance
By RMSE

Split the Data Set
Train Set: Test Set= 1:1

GridSearch

Gradient Boosting Regression

MinMaxScaler
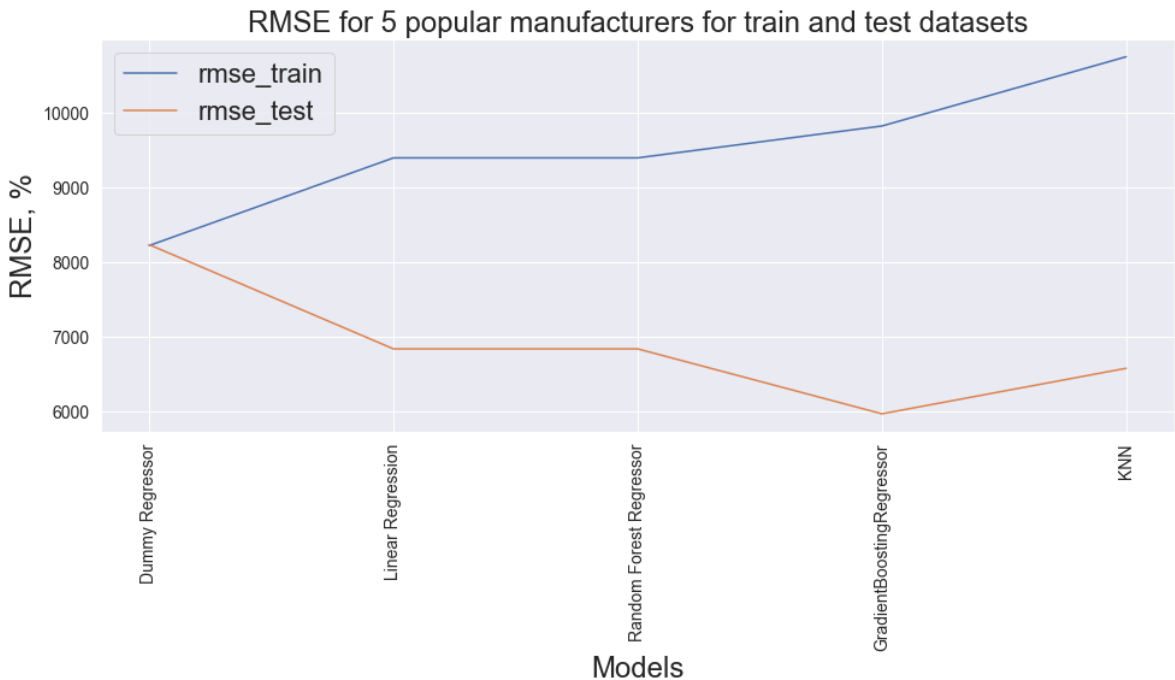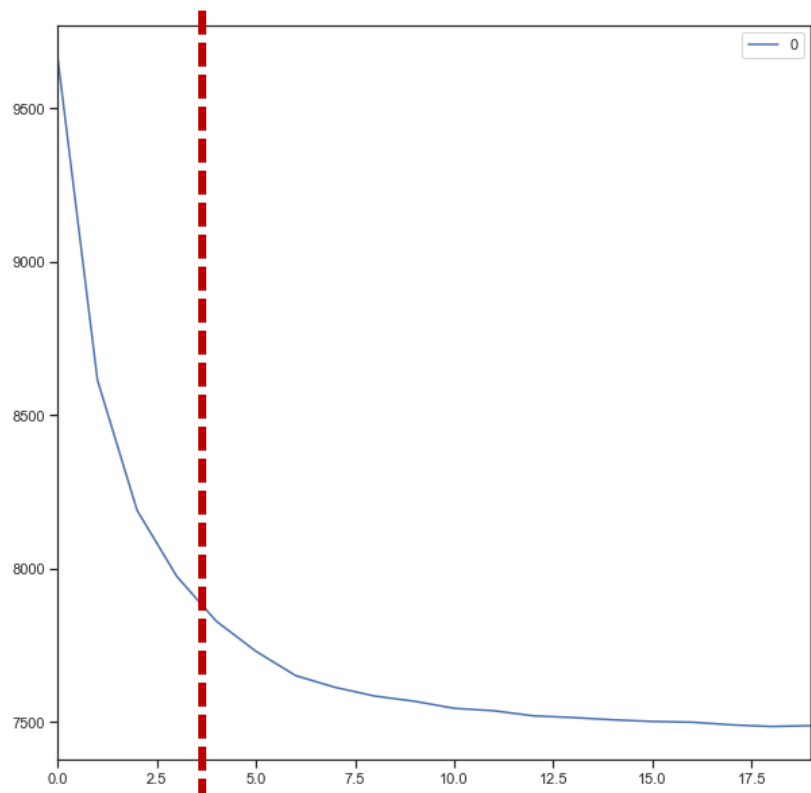
KNN Regression

Compare Models

Out of 5 models, the best models by the RMSE is Gradient Boosting Regression.

Determined by Random Forest modeling, price is more related with Manufacturers, Odometers, Condition, Paint Color.

Out of 24 features, we used only 7 features for the best model.

For KNN regression, the best K value should be 3.

Springboard

Thank You!

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