

The Problem

How can winemakers determine whether their wine will be considered high or low quality? In order to

1. Inform Pricing

Without having a board of professional graders on hand, how can they make informed decisions?

2. Modify Production

Add more or less of a certain compound for a current harvest

- Citric acid
- Chlorides (salt)

Modify fermentation process for the future harvests

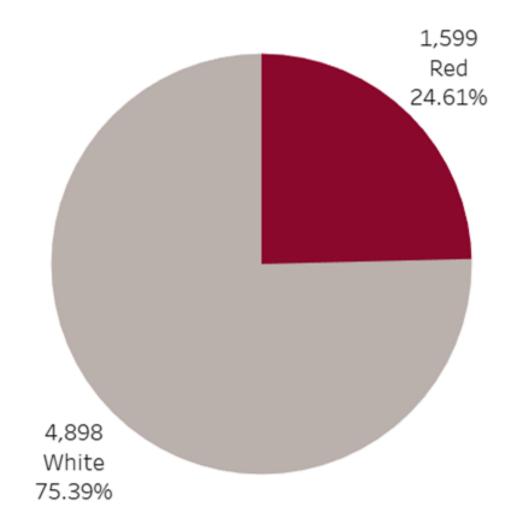
- Ferment longer for less residual sugar
- Expose to less oxygen to lower volatile acidity



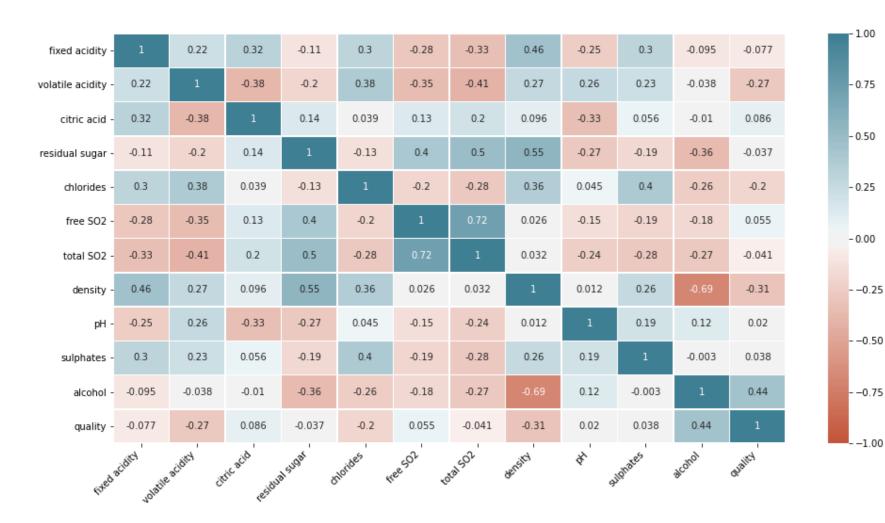
The Data

- Over 6000 wines
- 11 physiochemical property inputs (Objective)
 - Fixed Acidity
 - Volatile acidity
 - Citric acid
 - Residual sugar
 - Chlorides
 - Free sulfur dioxide
 - Total sulfur dioxide
 - Density
 - pH
 - Sulphates
 - Alcohol
- 1 sensory output-based quality score 0-10 (Subjective)

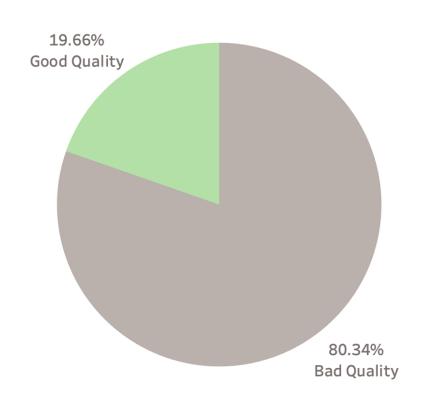
Wine Type



Correlation Matrix



The Challenge



Class Imbalance

Classification!

- Quality score was sensory based therefore individual linear scores were less informative than a binary classification.
- Good wines are always hard to find and are the minority. Imbalanced distribution of wine qualities makes classification, difficult.
 - False positives present in grading make our clients lose reputation
 - False negatives make them lose money

It's always the trade-off faced when we boost the classification to either have less false positives or false negatives.

The Solutions

We developed three models with three different metrics each to allow a winemaker to evaluate their business goals and select the one most suited to them.

Models:

- Deep Learning
- Logistic Regression
- Scaled Vector Machine

Metrics:

- Precision
- Recall
- Accuracy

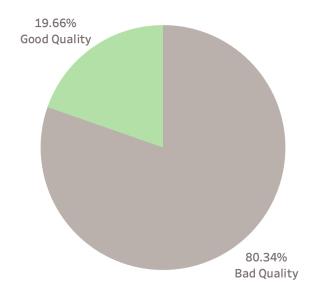
Metrics

Accuracy

The simplest of metric, accuracy works well when there are equal number of samples belonging to each class.

For our dataset, accuracy would be inflated to favor the majority class, bad wines, correctly labelling them more often than good wine correctly.

 $Accuracy = \frac{Number\ of\ Correct\ predictions}{Total\ number\ of\ predictions\ made}$



Metrics

Precision

Also called Positive predictive value.

The ratio of correct positive predictions to the total predicted positives.

Precision is a good measure when the cost of False Positive is high.

If a Bad Quality wine is incorrectly classified as Good Quality,

Reputation is at stake.

Recall

Also called Sensitivity, Probability of Detection, True Positive Rate.

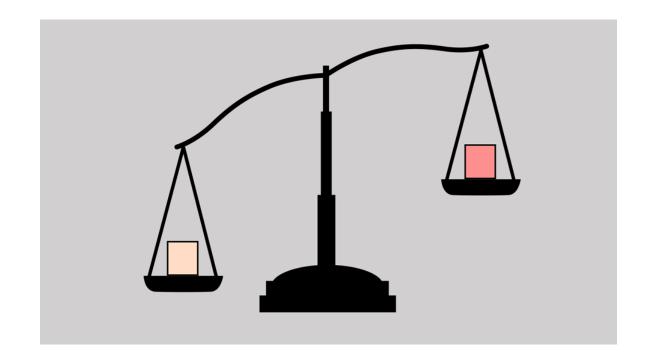
The ratio of correct positive predictions to the total positives examples.

Recall is a good measure when the cost of False Negative is high.

If a Good Quality wine is incorrectly classified Bad Quality,

Money is at stake.

False Negative vs False Positive

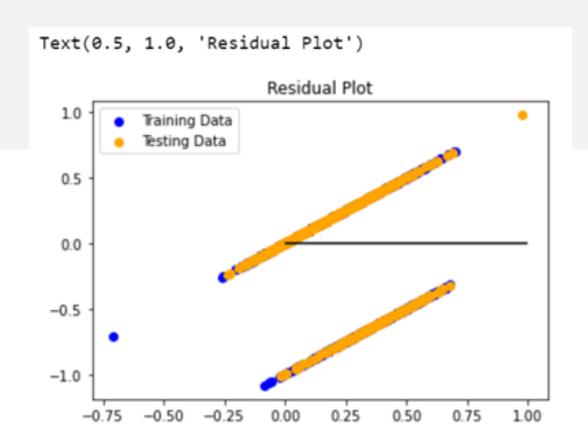


Falsely classifying a good wine as bad might result in losing money.

Falsely classifying a bad wine as good would hurt reputation. (Ultimately hurting a higher end brand that would result in overall loss of money).

Multi-V Linear Model

- Given that the outcome of our data was linear, on a basis of 0-10 in quality ranking, we initially tried a multivariate linear regression.
- Quality was based on sensory input, we found that a multivariate linear model was not accurate, and determined that a logistic model of "good quality" vs "bad quality could be more effective.
- With the knowledge that what is subjectively considered a "good" wine vs "bad" in terms of pricing, we created bins for for everything above average being classified as "good" and average or below classified as "bad".



Deep Learning

```
#Dividing wine as good and bad by giving the limit for the quality bins = (2, 6.5, 9) group_names = ['bad', 'good'] df['quality'] = pd.cut(df['quality'], bins = bins, labels = group_names)
```

```
# Train the Model
model = Sequential()
model.add(Dense(units=200, activation='relu', input_dim=12))
model.add(Dense(units=200, activation='relu'))
# model.add(Dense(units=2, activation='sigmoid'))
model.add(Dense(units=2, activation='softmax'))
```

Model Summary

Model: "sequential"		
Layer (type)	Output Shape	Param #
dense (Dense)	(None, 200)	2600
dense_1 (Dense)	(None, 200)	40200
dense_2 (Dense)	(None, 2)	402
Total params: 43,202 Trainable params: 43,202 Non-trainable params: 0		

What is Smote?

Synthetic Minority Over-sampling Technique (SMOTE) is a machine learning algorithm that resolves class imbalance problem, such as when one class in the training set dominates the other.

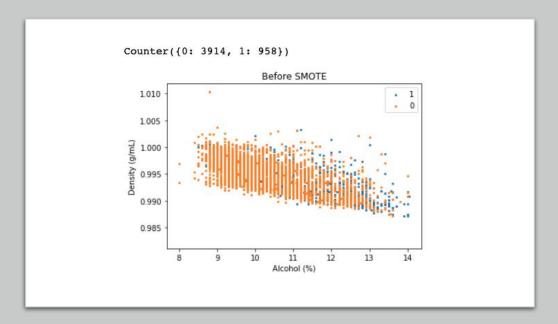
Our data before SMOTE:

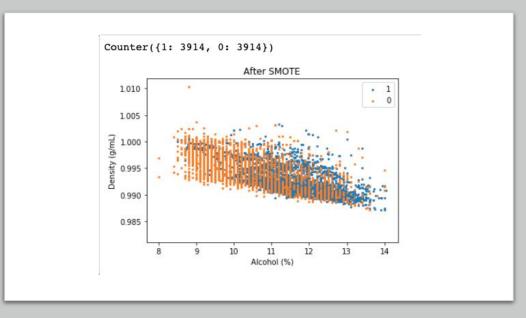
- ●958 Good Quality Wines (minority)
- ●3914 Bad Quality Wines (majority)

Our data after SMOTE:

- •3914 Good Quality Wines (minority)
- ●3914 Bad Quality Wines (majority)

SMOTE imagines new, synthetic minority instances to balance the imbalance out.





Logistic Regression

Before SMOTE

After SMOTE

	precision	recall	f1-score		precision	recall	f1-score
0 1	0.84 0.54	0.95 0.24	0.89	0 1	0.92 0.39	0.71 0.76	0.80 0.51
accuracy macro avg weighted avg	0.69 0.78	0.59 0.81	0.81 0.61 0.78	accuracy macro avg weighted avg	0.66 0.82	0.73 0.72	0.72 0.66 0.74

Overall accuracy is slightly worse after SMOTE, however it was originally weighted to favor correct classification of bad wines and incorrect classification of good wines, due to the imbalance of samples in each class.

After SMOTE, good wine recall is dramatically improved, making it a better model for those more interested in not losing money by accidentally classifying a good wine as bad, as opposed to not hurting their reputation by classifying a bad wine as good.

SMOTE improves the overall accuracy of the Logistic Regression model by identifying the quality of wines, with improved accuracy in identifying the good wines as good = **Better pricing potential**

Support Vector Machine

SVM address class imbalance by assigning different weights to positive and negative instances.

GridCV is part of the sklearn library, that automates the process of performing hyper parameter tuning in order to determine the optimal values for a given model.

Before GridCV

	precision	recall	f1-score
0	0.85	0.97	0.90
1	0.68	0.29	0.41
accuracy			0.83
macro avg	0.76	0.63	0.65
weighted avg	0.82	0.83	0.81

After GridCV

		precision	recall	f1-score
		_		
	0	0.88	0.96	0.92
	1	0.72	0.46	0.56
accur	acy			0.86
macro	avg	0.80	0.71	0.74
weighted	avg	0.85	0.86	0.85

Confusion Matrix

Model Prediction

Actual Wine Quality

	Bad Quality (0)	Good Quality (1)
Bad Quality (0)	True Negative Correctly predicted Bad Quality	False Positive Incorrectly predicted Good Quality
Good Quality (1)	False Negative Incorrectly predicted Bad Quality	True Positive Correctly predicted Good Quality

Testing Results

Deep Learning (n=1,625)	Predicted: (Bad Quality)	Predicted: (Good Quality)
Actual: (Bad Quality)	1,244 (77%)	62 (3%)
Actual: (Good Quality)	211 (13%)	108 (7%)

SVM (n=1,625)	Predicted: (Bad Quality)	Predicted: (Good Quality)
Actual: (Bad Quality)	1,269 (78%)	37 (2%)
Actual: (Good Quality)	173 (11%)	146 (9%)

Logistic Regression (SMOTE) (n=1,625)	Predicted: (Bad Quality)	Predicted: (Good Quality)
Actual: (Bad Quality)	924 (57%)	382 (23%)
Actual: (Good Quality)	76 (5%)	243 (15%)

	ith GridCV	precision	recall	f1-score
	ith Gr.	0.88	0.96	0.92
SAN N	1	0.72	0.46	0.56
	accuracy	,		0.86
	macro avg	0.80	0.71	0.74
	weighted avg	0.85	0.86	0.85
		precision	recall	f1-score
	arning	0.86	0.94	0.90
, gep	Learning			0.48
De	accuracy	,		0.84
	macro avo		0.67	0.69
	weighted ave	,	0.84	0.82
	accuracy	precision	n recall	f1-score
	ith SIV	0 0.93	0.71	0.80
۰٫۰۲٬	CM,	1 0.39		0.52
rogize	•	1 0.55	0.70	0.32
	accurac	У		0.72
	macro av	-		
	weighted av	g 0.82	2 0.72	0.75

SVM had highest accuracy, (the best balance of Recall and Precision) and the best Precision. This model is better for those concerned with balance or reputation, (don't want to sell bad wine labeled as good)

Logistic with SMOTE had the best Recall, but lowest Precision, better for preventing labeling of good wine as bad, therefore preventing loss of money.

REPUTATION VS PRICE-RISK BENEFITS

