Unit 12 HW Key

W203: Statistics for Data Science

OLS Inference

The file videos.txt contains data scraped from YouTube.com.

- 1. Fit a linear model predicting the number of views (views), from the length of a video (length) and its average user rating (rate).
- 2. Using diagnostic plots, background knowledge, and statistical tests, assess all 6 assumptions of the CLM. When an assumption is violated, state what response you will take.
- 3. Generate a printout of your model coefficients, complete with standard errors that are valid given your diagnostics. Comment on both the practical and statistical significance of your coefficients.

Apologies

Apologies I have over done this in the interesting of learning all the techniques ahead of Lab 4.

Load Data

First read in the data into a table noting that the data is a text file that is tab separated with a header row with variable names.

```
#setwd("~/Desktop/W203/HW12/")
Data = read.table("videos.txt", sep="\t", header=T)
head(Data)
```

```
##
        video id
                             uploader age
                                                 category length views rate
                               BHJJYP 1131
## 1 9QR1tni70fo
                                                              126
                                                                    204 3.00
                                                   Comedy
## 2 11DCSqAJ740
                           musicalrox 1236
                                                    Music
                                                              243
                                                                   1652 3.91
## 3 ZES_o3XYGjM
                         tessaceleste 1243 Entertainment
                                                              105
                                                                    898 4.48
## 4 4I8b40cViDE booloveswondergirls 1237 Entertainment
                                                              278
                                                                    928 5.00
## 5 Elp6Bf0HJIM Fizz101Productionz 1252
                                                                    392 1.50
                                                   Comedy
                                                              26
## 6 VPuKu7aU9GY
                          slytherin66 1236 Entertainment
                                                             252
                                                                    318 5.00
##
     ratings comments
## 1
           2
                    1
                    4
```

```
## 1 2 1
## 2 11 4
## 3 81 36
## 4 24 13
## 5 8 17
## 6 2 3
```

The head() function indicates that the data has read in successfully.

Exploratory Data Analysis

I first reduce the data table down to the three variables of interest (i.e. views, length and rate) and then filter the data to remove null values and videos that are unrated to ensure that there is an observation for each variable in the regression:

```
# filter the data to remove unrated videos
D = Data[Data$ratings>0,]
D = D[,(5:7)]
# filter the data table to only include rows with 3 non-null observations
filter = !is.na(D$length) | !is.na(D$views) | !is.na(D$rate)
D = D[filter,]
summary(D)
```

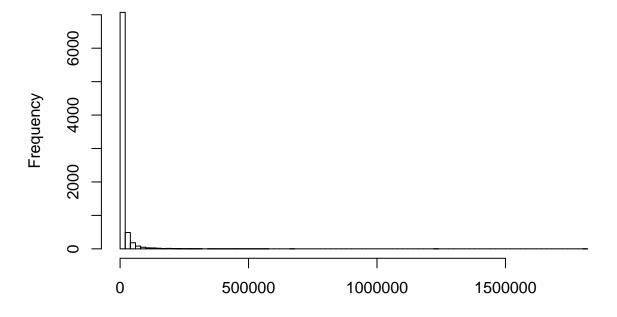
```
##
        length
                           views
                                                rate
                2.0
                                      9
                                                  :1.000
##
    Min.
                       Min.
                                          Min.
    1st Qu.: 100.0
                                    577
                                           1st Qu.:4.220
##
                       1st Qu.:
##
    Median : 204.0
                       Median:
                                   2149
                                           Median :4.800
##
    Mean
            : 239.2
                                  10971
                                           Mean
                                                  :4.431
                       Mean
    3rd Qu.: 310.0
##
                       3rd Qu.:
                                   7764
                                           3rd Qu.:5.000
    Max.
            :5289.0
                       Max.
                               :1807640
                                          Max.
                                                  :5.000
```

The summary() function at a high level indicates that there are no null values as expected, views and length are non-zero positive variables, while rate is a score in the range 1 to 5 and there doesn't appear to be any values of unexpected magnitude.

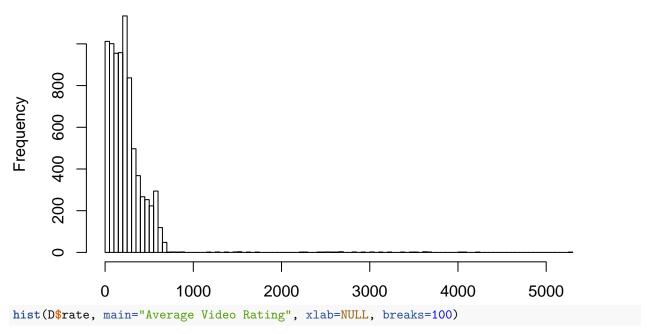
To further review the variables I next check their histograms:

```
hist(D$views, main="Number of Views", xlab=NULL, breaks=100)
```

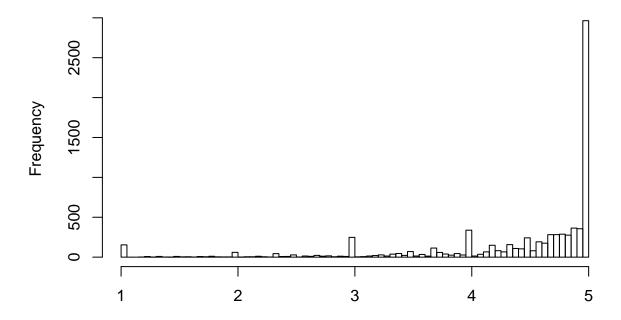
Number of Views



Video Length (Seconds)



Average Video Rating



Observations:

views: The histogram indicates that views has a significant positive skew. So given that number of views by definition is a non-zero, positive integer a log transformation will likely be beneficial.

length: The histogram of length also has a significant positive skew, but it is seems to have a somewhat

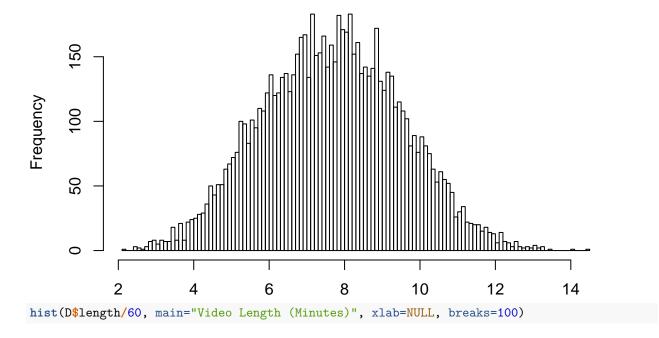
truncated distribution at a length of around 750. Without a code book describing the variables it appears that the length variable is measured in seconds, so to make it more intuitive to the reader it is probably worth transforming the data into minutes by dividing by 60 for further observation. It may also be appropriate to use a log transformation given the positive skew, but with consideration of the apparent truncation of the distribution of video length, which is possibly reflective of clustering.

rate: The histogram of rate has a very unusual profile. Among other things: (i) it has a negative skew, (ii) there are a lot of videos that have an exact integer rating compared to smaller numbers of ratings between two adjacent integer ratings, and (iii) the maximum rating of 5 is by far the most frequent or modal rating. The head() function output on rate above shows that the variable is a score between 1 and 5 to two decimal places indicating that it is some sort of average rating. This will be discussed further when considering whether or not the 6 assumptions of the CLM hold.

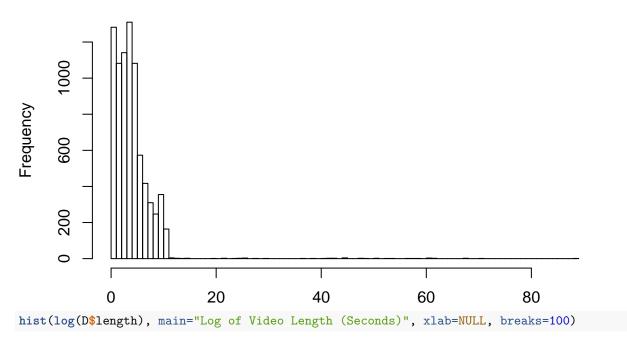
Following the first stage of data analysis I now perform a log transformation of views and length and plot length in minutes.

hist(log(D\$views), main="Log of Number of Views", xlab=NULL, breaks=100)

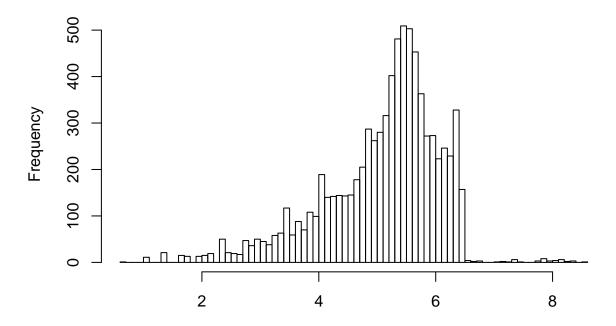
Log of Number of Views



Video Length (Minutes)



Log of Video Length (Seconds)



Observations:

 $\log(views)$: The log transformation has made the distribution of $\log(views)$ quite normal. This will help to ensure that the errors of the model are normal (i.e. CLM 6)

length/60: Converting length to minutes indicates that the distribution is truncated around a length of 12 minutes.

log(length): The log transformation of length more clearly shows the truncation in the distribution. The non-truncated portion of the distribution is somewhat normal. This will be discussed further when considering whether or not the 6 assumptions of the CLM hold.

Proposed Model

Based on the exploratory data analysis and underlying intuition about viewing behavior an initial proposed model specification and coefficient expectations are:

log(length): It is not intuitively obvious how the length of a video may relate to the number of views, in particular it seems unlikely that there would be a simple linear relationship between views and length in that you would not expect the longer the videos the more (or less) views or conversely for shorter videos. There could however be an argument that there may be an optimal length in that very short videos may have little content of interest, while very long videos may be too time consuming to watch, in which case a parabolic model may be suited to length. Accordingly, the expectation would be that the coefficient on the squared term would be negative, such that their is optimal length to maximize views. If only fitting length as a linear function then I would expect the coefficient to be negative in that short videos are probably more consumable and catchy to attract high numbers of views compared to long videos.

rate: Intuitively, you would expect that as the average rating rises (rate) the number of views would also likely rise, so a simple linear relationship between views and rate is expected with a positive coefficient.

The model:

$$log(views) = \beta_0 + \beta_1 log(length) + \beta_2 log(length)^2 + \beta_3 rate + u$$

Running the model to test the validity of the 6 assumptions of the CLM:

```
m1 = lm(log(views) ~ poly(log(length), 2) + rate, data = D)
```

Testing the validity of the 6 assumptions of the CLM

CLM 1 - A linear model

The model is specified such that the dependent variable is a linear function of the explanatory variables.

Is the assumption valid? Yes

Response: No response required.

CLM 2 - Random Sampling

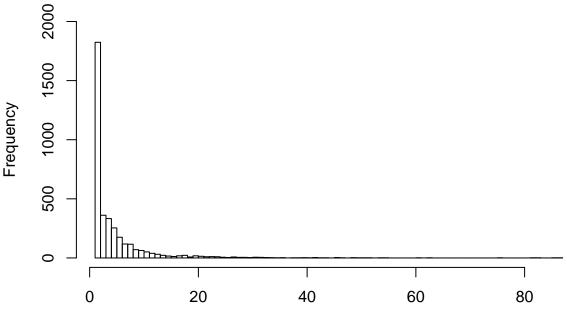
The distribution of length has been shown to be truncated. This is caused by YouTube's upload conditions that don't allow you to upload videos longer than 15 minutes if you don't verify your account. I suspect many contributors to YouTube may only do one video to try it out and don't verify their account. This is fairly consistent with the observed truncation in the distribution above video length of ~12 minutes. There is also a 20GB upload limit as well, so dependent on the content and quality this will also cause a truncation in the distribution. The shape of the log distribution is more normal indicating that if there were no upload constraints then contributors may contribute longer videos to fill out the likely true distribution, i.e. there are probably some missing observations as a result of people wanting to upload a longer video, but not being able to. The constraint likely causes length to not meet the random sampling condition, however, a constraint

which effectively causes clustering is not the worst violation of this assumption because the variable is likely random within the cluster.

As discussed above the distribution of rate is certainly unusual. There is a very large number of ratings that only have a low single digit number of raters (i.e. number of ratings), so you have very low confidence that it is a fair rating for the video. This is what causes the high frequency of average ratings that are integers, i.e. they only represent the views of a small number of people, where as videos with an average rating to two-decimal places tend to have more raters.

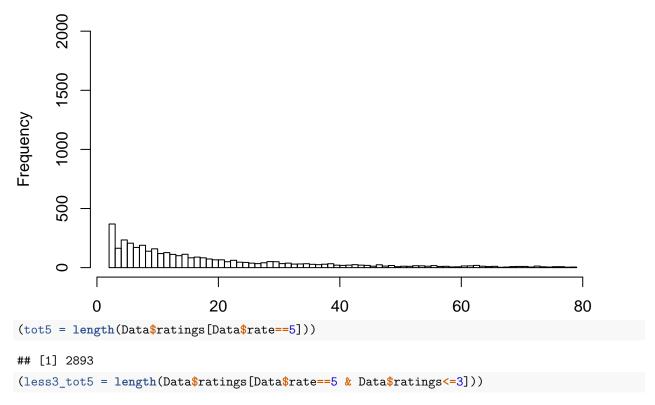
hist(Data\$ratings[Data\$rate %in% c(1,2,3,4,5) & Data\$ratings < 90], main="Number of ratings (Integer-ra

Number of ratings (Integer-rated videos)



hist(Data\$ratings[!(Data\$rate %in% c(0,1,2,3,4,5)) & Data\$ratings < 80], main="Number of ratings (Non-I

Number of ratings (Non-Integer-rated videos)



[1] 1653

The histograms of integer-rated and non-integer-rated videos show that integer-rated videos typically have a small number of raters (thinner right tail) and the many only have one rating. For example, 57.14% of 5-rated videos have 3 or less raters. It is quite possible that 5-rated videos are rated by the person who uploaded the video and possibly a mate or two to try to get it to go **viral**.

Accordingly, rate does not appear to be random because many videos with a low number of ratings are potentially self-rated videos and hence possibly may not be a reliable estimate of the true average rating for the video. Even if this behavior preposition is unfounded there are still many videos with very low numbers of ratings, which would introduce increased error into the model because you still cannot be confident in the reliability of the rate variable (albeit this is less indicative of a random sampling breach), overall rate likely breaches CLM 2.

Is the assumption valid? No

Response: You possibly don't need to respond to the length concern because it relates to clustering, while the rate concern appears more problematic. To ensure that the ratings are fair and hence reflect random sampling you could require the rating to be an average of at least a certain number of people, say 15 (this is just randomly chosen to get at least a reasonable distribution).

CLM 3 - Multicollinearity

As a quick test of the multicollinearity condition I check the correlation of the two explanatory variables and their Variance Inflation Factors (VIF):

```
D$loglength = log(D$length)
D$loglength2 = D$loglength^2
```

```
X = data.matrix(subset(D, select=c("length", "loglength", "loglength2", "rate")))
(Cor = cor(X))
##
                 length loglength loglength2
                                                   rate
              1.0000000 0.6979152 0.7790734 0.1111822
## length
## loglength 0.6979152 1.0000000
                                   0.9864857 0.1944981
## loglength2 0.7790734 0.9864857
                                   1.0000000 0.1913050
              0.1111822 0.1944981
                                   0.1913050 1.0000000
## rate
vif(m1)
##
                           GVIF Df GVIF^(1/(2*Df))
## poly(log(length), 2) 1.03933
                                 2
                                           1.009691
                                           1.019475
## rate
                        1.03933
                                 1
```

The three explanatory variables (loglength, loglength2 and rate) are not perfectly correlated and the VIFs are low (i.e. less than 10), so there is no perfect multicollinearity of the independent variables.

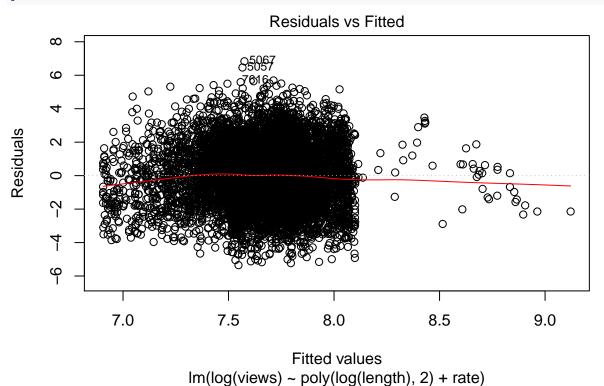
Is the assumption valid? Yes

Response: No response required.

CLM 4 - Zero-Conditional Mean

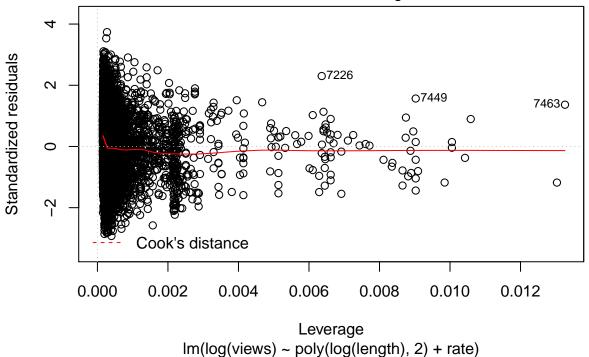
To analysis whether there is a zero-conditional mean across all x's you can plot the residuals against the fitted values with the predicted conditional mean spline line across fitted values and you can also test for the less strong condition of exogeneity.

```
plot(m1, which=1)
```



plot(m1, which=5)

Residuals vs Leverage



```
(cov(log(D$length),m1$residuals))
## [1] 1.140806e-17
(cov(log(D$length)^2,m1$residuals))
## [1] 4.182325e-17
(cov(D$rate,m1$residuals))
```

[1] -2.127713e-16

The plots indicate little evidence that the zero-conditional mean assumption doesn't hold, for example, the red spline line on the residuals vs fitted values plot is fairly flat before a downturn at higher fitted values due to there being less observations.

The covariances of the three independent variables with the residuals are very close to zero indicating they are likely exogenous.

Notably no data point has a large Cook's distance, so there are no observations with undue influence on the model fit.

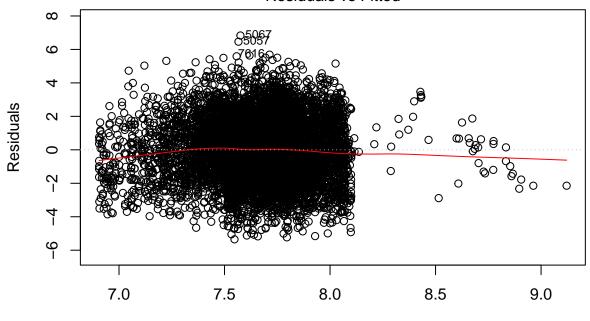
Is the assumption valid? Yes

Response: There is little evidence that this assumption is not valid, however, even if there was given a large sample size we are confident that due to OLS asymptotics that the coefficients are at least consistent, so no response is required.

CLM 5 - Homoscedasticity

To determine whether the variance of u is fixed for all x's you can first simply view the residuals plotted against the fitted values to see whether the variance of residuals is constant across the fitted values or perform statistical tests such as Breusch-Pagan or the Score-test for non-constant error variance.

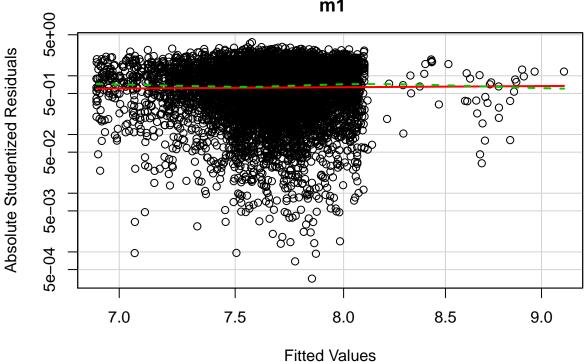
Residuals vs Fitted



Fitted values Im(log(views) ~ poly(log(length), 2) + rate)

Spread-level plot
spreadLevelPlot(m1)

Spread-Level Plot for m1



```
##
## Suggested power transformation: 0.6165286

# Breusch-Pagan-Test
bptest(m1)

##
## studentized Breusch-Pagan test
```

```
##
## data: m1
## BP = 16.37, df = 3, p-value = 0.000952
# Score-test for non-constant error variance
ncvTest(m1)
```

As you can see the range of the residuals possibly widens as the fitted value rises, which is supported by a high significant p-values for the Breusch-Pagan test (although you must be careful given the large sample size). However, the Score-test is not significant, so the tests are producing mixed evidence of a heteroscedasticity problem.

Non-constant error variance does not cause biased estimates, but it does pose problems for efficiency and the usual formulas for standard errors are inaccurate. OLS estimates are inefficient because they give equal weight to all observations regardless of the fact that those with large residuals contain less information about the regression.

Is the assumption valid? Most likely, but not 100% sure

Response: Heteroscedasticity can be addressed by calculating robust standard errors and it is normally

recommended to do so anyway, so given that the tests are inconclusive calculation of robust standard errors is recommended. Robust standard errors do not change the OLS coefficient estimates or solve the inefficiency problem, but do give more accurate p-values.

Otherwise an alternate method to resolve this problem is a Weighted Least Squares model noting that the rise in variance with fitted value is somewhat proportional to the rate variable.

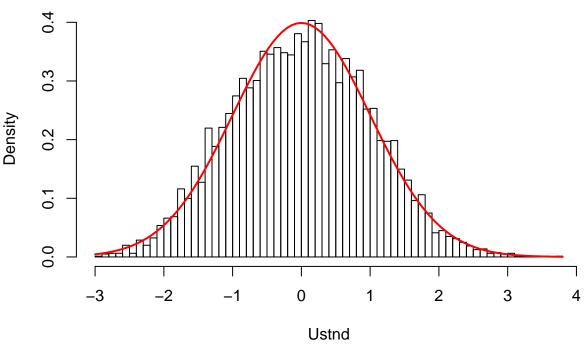
Or the Spread-Level plot indicates that a power transformation of the dependent variable, in particular taking log(view) to the power of ~0.6 may eliminate the heteroscedasticity.

CLM 6 – Normality of residuals

To determine whether there is normality of the residuals you can use histogram or Q-Q plots of the residuals and simply visually observe whether there is normality.

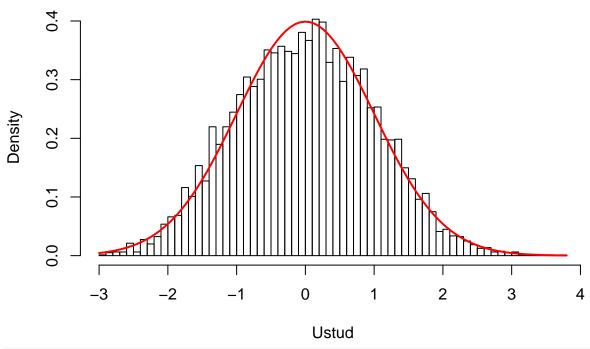
```
# normality of standard residuals
Ustnd = rstandard(m1)
hist(Ustnd, main="Histogram standard residuals", breaks = 50, freq=FALSE)
curve(dnorm(x, mean=0, sd=sd(Ustnd)), col="red", lwd=2, add=TRUE)
```

Histogram standard residuals



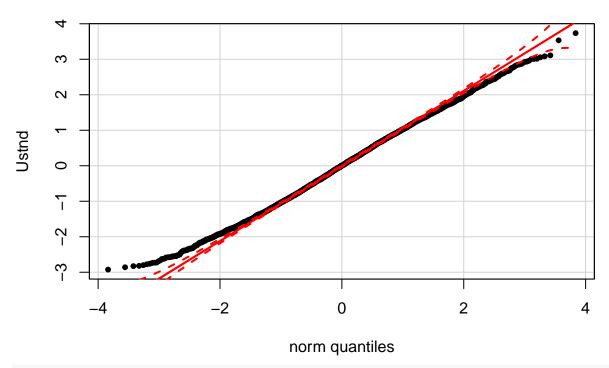
```
# normality of studentized residuals
Ustud = rstudent(m1)
hist(Ustud, main="Histogram studentized residuals", breaks = 50, freq=FALSE)
curve(dnorm(x, mean=0, sd=1), col="red", lwd=2, add=TRUE)
```

Histogram studentized residuals



Q-Q plot standard residuals
qqPlot(Ustnd, distribution="norm", pch=20, main="QQ-Plot standard residuals")
qqline(Ustnd, col="red", lwd=2)

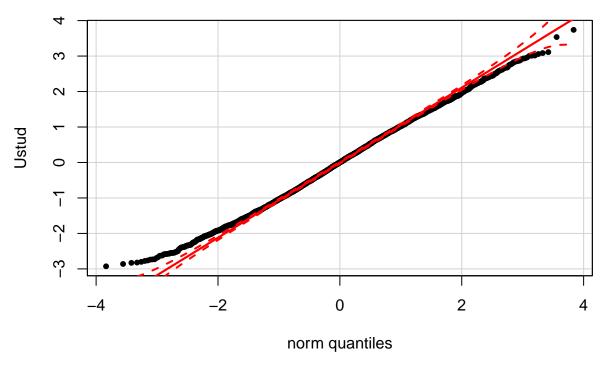
QQ-Plot standard residuals



Q-Q plot studentized residuals
qqPlot(Ustud, distribution="norm", pch=20, main="QQ-Plot studentized residuals")



QQ-Plot studentized residuals



The histograms in particular appear to be fairly normally distributed (albeit a little light in the center of the distribution, which means that the tails are a bit fatter than normal), while the Q-Q plot (which also reflects the slightly fatter tails than normal) doesn't deviate significantly from normality either, so overall the residuals appear to be fairly normal. Notably the log transformation of **views** has helped to produce normal errors.

Is the assumption valid? Yes

Response: No response required.

Adjusted model

To respond to the invalid assumptions I do the following:

- 1. Random Sampling: Reduce the sample to only include observations where ratings is greater than 15
- 2. Re-run the same model, but for:

Model 2 - calculate robust standard errors,

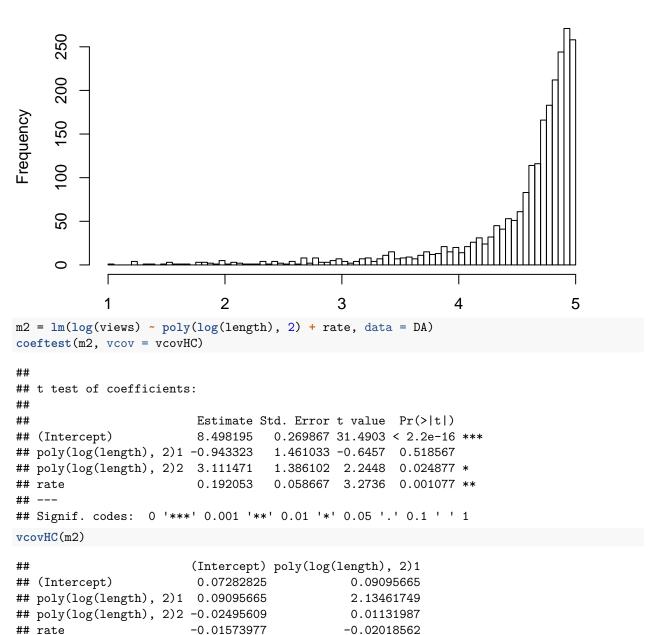
Model 3 - run a Weighted Least Squares, and

Model 4 -transform the dependent variable with 0.6 power transformation.

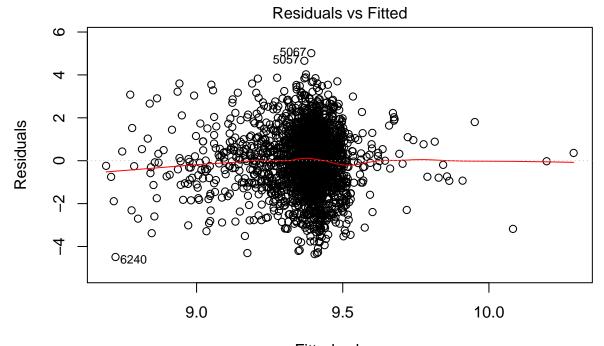
Following re-running the models with these adjustments I also quickly re-run some basic diagnostics.

```
DA = Data[Data$ratings>15,]
DA = DA[,(5:7)]
# filter the data table to only include rows with 3 non-null observations
filter = !is.na(DA$length) | !is.na(DA$views) | !is.na(DA$rate)
```

DA = DA[filter,] summary(DA) length ## views rate :1.000 : 2.0 Min. 69 Min. 1st Qu.: 142.8 1st Qu.: 4734 1st Qu.:4.470 ## Median : 233.0 Median : 12316 Median :4.755 30570 : 268.1 :4.545 Mean Mean Mean 3rd Qu.: 344.0 3rd Qu.: 30196 3rd Qu.:4.890 ## Max. :3229.0 Max. :1807640 Max. :5.000 hist(DA\$rate, main="Average Video Rating (ratings > 15)", xlab=NULL, breaks=100) **Average Video Rating (ratings > 15)**

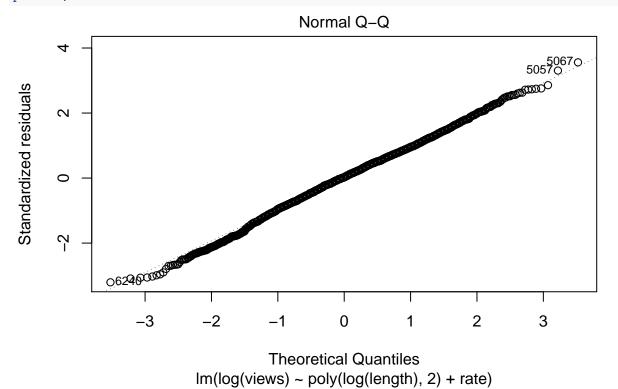


```
##
                       poly(log(length), 2)2
## (Intercept)
                                -0.024956093 -0.015739767
## poly(log(length), 2)1
                                 0.011319865 -0.020185621
## poly(log(length), 2)2
                                 1.921279426 0.005339845
## rate
                                 0.005339845 0.003441872
(se.m2 = sqrt(diag(vcovHC(m2))))
##
            (Intercept) poly(log(length), 2)1 poly(log(length), 2)2
##
             0.26986711
                                  1.46103302
                                                       1.38610224
##
                   rate
             0.05866747
##
summary(m2)
##
## Call:
## lm(formula = log(views) ~ poly(log(length), 2) + rate, data = DA)
##
## Residuals:
##
      Min
               1Q Median
                              3Q
                                     Max
## -4.4886 -0.9052 0.0345 0.9410 5.0152
## Coefficients:
                       Estimate Std. Error t value Pr(>|t|)
##
## (Intercept)
                        ## poly(log(length), 2)1 -0.94332
                                1.46597 -0.643 0.519977
                                   1.41217 2.203 0.027669 *
## poly(log(length), 2)2 3.11147
## rate
                         0.19205
                                   0.05088
                                           3.775 0.000164 ***
## ---
## Signif. codes: 0 '***' 0.001 '**' 0.05 '.' 0.1 ' ' 1
## Residual standard error: 1.41 on 2332 degrees of freedom
## Multiple R-squared: 0.007819, Adjusted R-squared: 0.006542
## F-statistic: 6.126 on 3 and 2332 DF, p-value: 0.0003798
plot(m2, which=1)
```



Fitted values Im(log(views) ~ poly(log(length), 2) + rate)

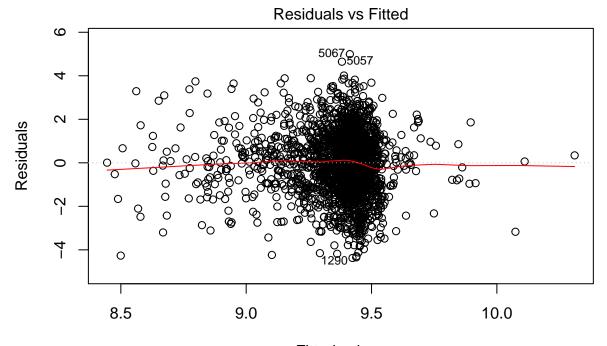




hist(m2\$residuals, main="Model 2 Residuals", xlab=NULL, breaks = 50)

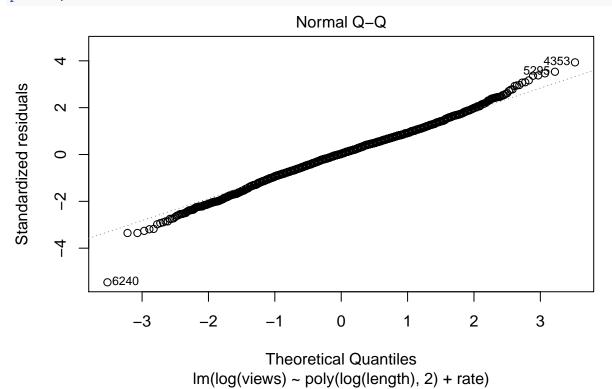
Model 2 Residuals

```
Frequency
     80
     9
     40
     20
     0
                              -2
                                            0
                                                          2
                                                                        4
m3 = lm(log(views) ~ poly(log(length), 2) + rate, data = DA, weights=1/rate)
summary(m3)
##
## Call:
## lm(formula = log(views) ~ poly(log(length), 2) + rate, data = DA,
       weights = 1/rate)
##
##
## Weighted Residuals:
                1Q Median
##
       Min
                                ЗQ
                                       Max
## -3.6576 -0.4264 0.0209 0.4369 2.6438
##
## Coefficients:
##
                         Estimate Std. Error t value Pr(>|t|)
## (Intercept)
                          8.17793
                                     0.17801
                                             45.940 < 2e-16 ***
## poly(log(length), 2)1 -1.07160
                                     1.44616
                                              -0.741
                                                       0.4588
## poly(log(length), 2)2 3.00295
                                     1.37901
                                               2.178
                                                       0.0295 *
                                     0.03972
                                               6.610 4.75e-11 ***
## rate
                          0.26252
## ---
## Signif. codes: 0 '***' 0.001 '**' 0.05 '.' 0.1 ' ' 1
## Residual standard error: 0.679 on 2332 degrees of freedom
## Multiple R-squared: 0.02048,
                                    Adjusted R-squared: 0.01922
## F-statistic: 16.25 on 3 and 2332 DF, p-value: 1.87e-10
plot(m3, which=1)
```



Fitted values Im(log(views) ~ poly(log(length), 2) + rate)



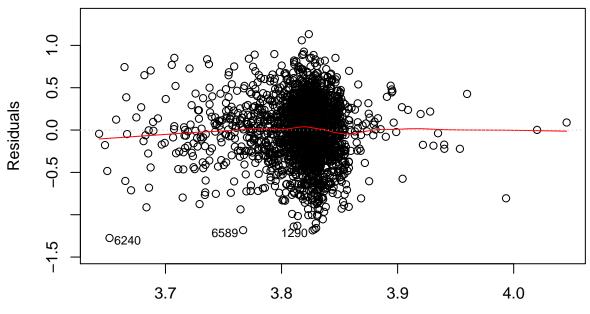


hist(m3\$residuals, main="Model 3 Residuals", xlab=NULL, breaks = 50)

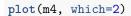
Model 3 Residuals

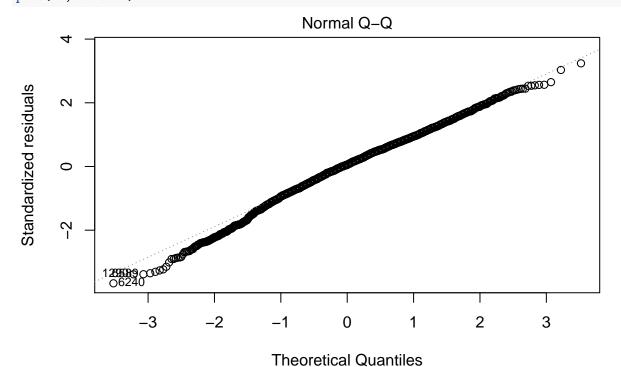
```
150
     100
Frequency
     50
     0
               -4
                             -2
                                            0
                                                           2
                                                                         4
m4 = lm((log(views)^0.6) \sim poly(log(length), 2) + rate, data = DA)
summary(m4)
##
## Call:
## lm(formula = (log(views)^0.6) ~ poly(log(length), 2) + rate,
##
       data = DA)
##
## Residuals:
        Min
##
                  1Q
                       Median
                                    3Q
                                            Max
## -1.27463 -0.21571 0.01848 0.23689
                                       1.13274
##
## Coefficients:
##
                         Estimate Std. Error t value Pr(>|t|)
## (Intercept)
                          3.59379
                                     0.05786
                                             62.111 < 2e-16 ***
## poly(log(length), 2)1 -0.22070
                                     0.36390
                                              -0.606
                                                       0.5443
## poly(log(length), 2)2 0.77295
                                     0.35054
                                               2.205
                                                       0.0276 *
                                     0.01263
                                               3.907 9.6e-05 ***
## rate
                          0.04935
## ---
## Signif. codes: 0 '***' 0.001 '**' 0.05 '.' 0.1 ' ' 1
## Residual standard error: 0.35 on 2332 degrees of freedom
## Multiple R-squared: 0.008268,
                                   Adjusted R-squared: 0.006992
## F-statistic: 6.481 on 3 and 2332 DF, p-value: 0.0002298
plot(m4, which=1)
```





Fitted values lm((log(views)^0.6) ~ poly(log(length), 2) + rate)

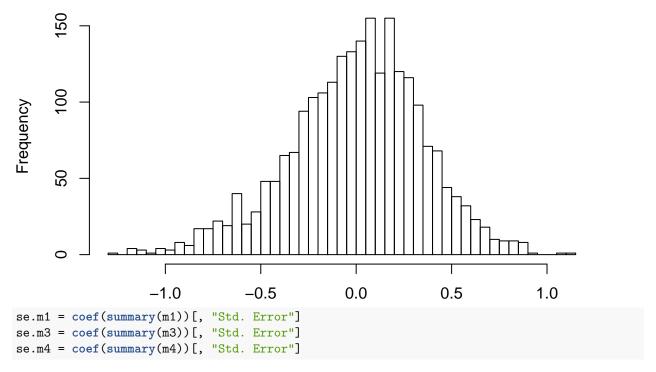




hist(m4\$residuals, main="Model 4 Residuals", xlab=NULL, breaks = 50)

 $Im((log(views)^0.6) \sim poly(log(length), 2) + rate)$

Model 4 Residuals



On balance the diagnostics for Model 2 are indicative that all 6 CLM assumptions are now met

While the other two models, which are just out of interest, suggest the Weighted Least Squares is also an OK approach, while the power transformation at the least leads to non-normality of the residuals, so appears less successful (it also it ends up with non-intuitive coefficients, so is not a great approach).

The Model Results

The results of all four models are reported in the table below:

% Table created by stargazer v.5.2 by Marek Hlavac, Harvard University. E-mail: hlavac at fas.harvard.edu % Date and time: Tue, May 08, 2018 - 11:19:29

Observations:

- 1. All independent variables come up as statistically significant in the original model (Model 1), which is likely due to the size of the sample and invalid standard errors more so than any valid relationship having been found.
- 2. Also the coefficients in **Model 1** cannot be relied upon either because of random sampling problems in my view.

Table 1: Linear Models Predicting Views

	$Dependent\ variable:$			
	$\log(\text{views})$			$(\log(\text{views})^{}0.6)$
	(1)	(2)	(3)	(4)
poly(log(length), 2)1	13.354***	-0.943	-1.072	-0.221
	(1.865)	(1.461)	(1.446)	(0.364)
$\operatorname{poly}(\log(\operatorname{length}),2)2$	7.917***	3.111*	3.003*	0.773*
	(1.829)	(1.386)	(1.379)	(0.351)
rate	0.152***	0.192**	0.263***	0.049***
	(0.024)	(0.059)	(0.040)	(0.013)
Constant	6.994***	8.498***	8.178***	3.594***
	(0.109)	(0.270)	(0.178)	(0.058)
Observations	8,013	2,336	2,336	2,336
\mathbb{R}^2	0.016	0.008	0.020	0.008
Adjusted R ²	0.016	0.007	0.019	0.007
Note:	*p<0.05: **p<0.01: ***p<0.001			

Note:

- 'p<0.05; **p<0.01;
- 3. Correcting for random sampling and robust errors produces a reliable Model 2 with the same linear model specification. Notably, average video rating (rate) remains statistically significant at the 1% level, while the quadratic modeling of log(length) has now become significant only at a 5% level. These findings are consistent with my expected intuition that a linear relationship between average rating (rate) and views seems highly plausible, while a relationship between views and length seems less obvious.
- 4. The sign on the squared log(length) term is also positive, which is opposite to my initial flimsy intuition.
- 5. Model 3 has quite similar parameters to Model 2, but has better explanatory power, so is possibly a better specification.
- 6. As highlighted by r-squared all models explain only 2% or less of the variation in log(views), so the models are not overly useful for predicting the number of views.
- 7. For Model 3 a 1 rating point (rate) increase for a video predicts a 26.3% increase in video views, so this is also a practically significant result.