



Introduction to Data Science

From Business Problems
to Machine Learning Tasks

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AGENDA

01

Personal
Presentation



02

**Data Science
Theory**



03

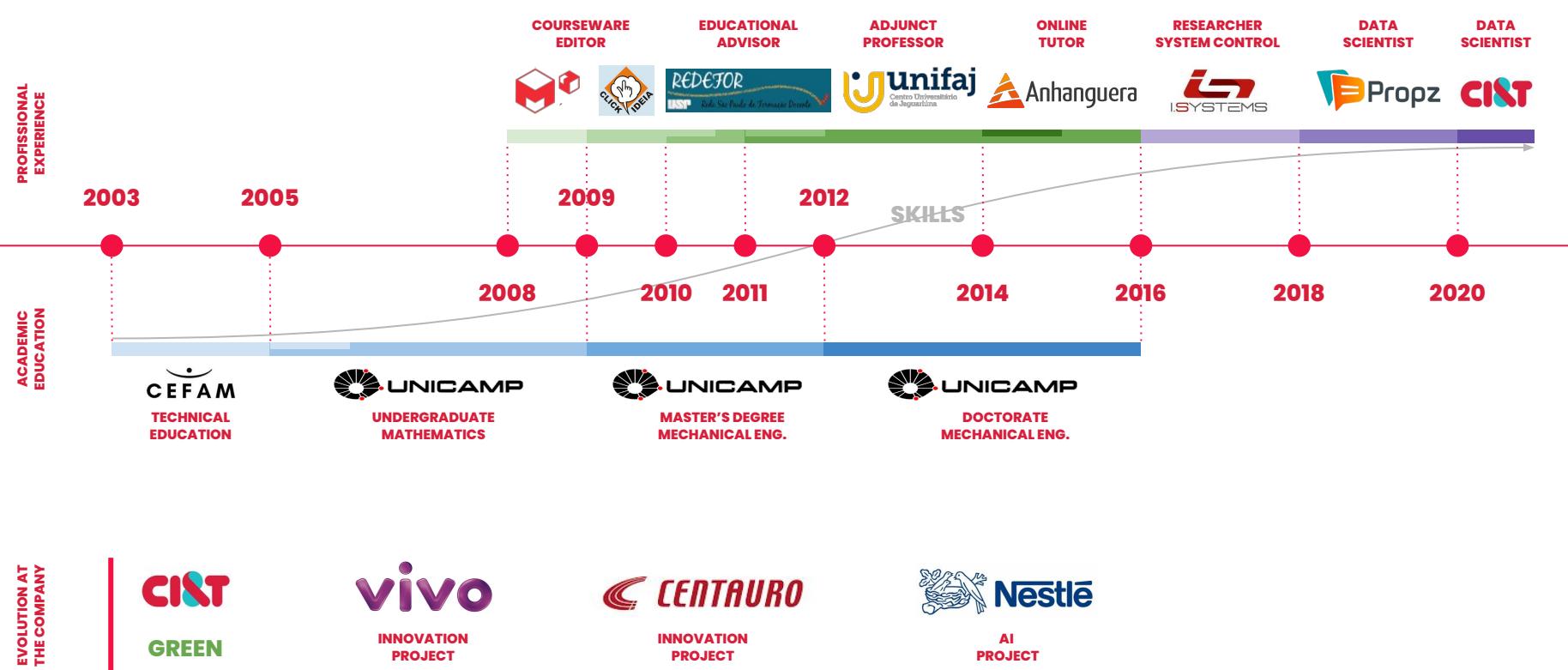
Hands-on
Machine Learning

PERSONAL PRESENTATION

About who the presenter is

LUIS ANTONIO RODRIGUES

Professional Trajectory



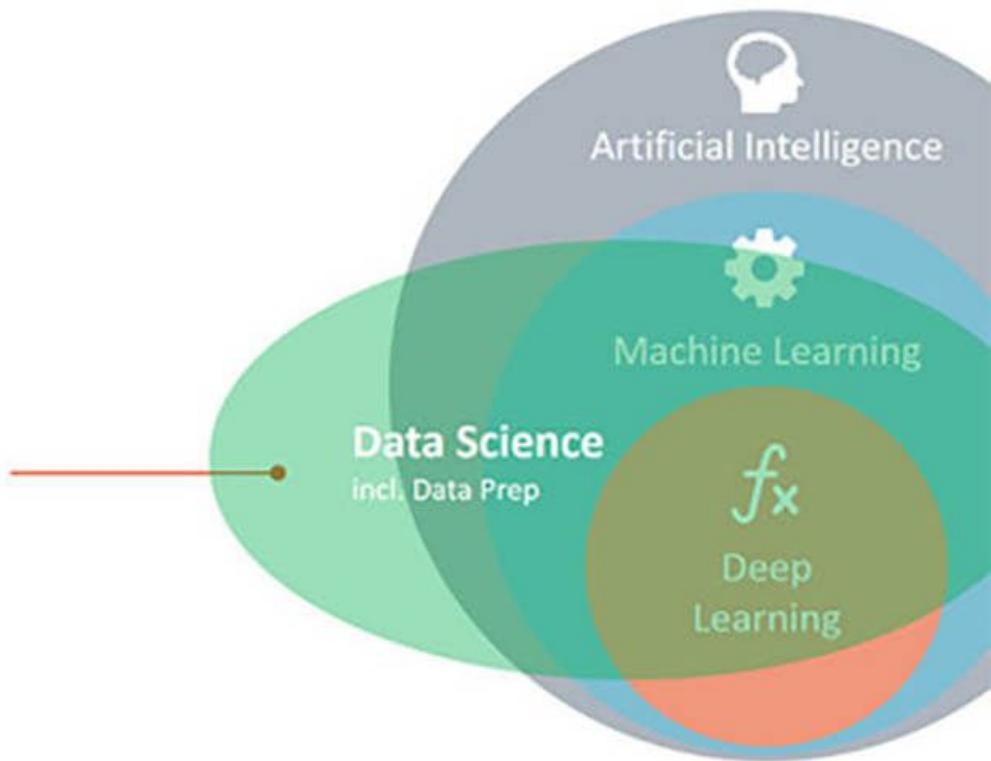
DATA SCIENCE THEORY

Introduction, ..., ML Tasks, ..., DM Process

DATA WHAT? **NOMENCLATURE** OVERVIEW

Data Science

Covers the practical application of advanced analytics, statistics, machine learning, and the necessary data preparation in a business context.



STAR WITH WHY: THE BUSINESS PROBLEM

How to solve the following business problem?

Improve the profit of a retail company

STAR WITH WHY: THE BUSINESS PROBLEM

How to solve the following business problem?

Improve the profit of a retail company

$$\text{profit} = \text{revenue} - \text{cost}$$

$$\text{profit} = (\underline{\# \text{ cliente} \times \text{avg spend}}) - (\underline{\text{marketing cost + ...}})$$



Ex: Increase the average ticket of the customers

1. Profiling customers to better understand the company niche
2. Making assertive offers through recommendation systems

Ex: Reduce the cost with marketing campaign

1. Contacting only customer with high propensity to click
2. Making special offers only for with high chances of churn

CLASSIFICATION TASK

d. ●●●●●

Classification

This algorithm predicts what category something might land in. You (the human) supervise it. You give it the data and you tell it what categories to pick from. It can compare its answers with the right ones and get better.

d. ●●●●●

Classification



BAGEL OR DONUT?



BAGEL OR DONUT?



BAGEL OR DONUT?



BAGEL OR DONUT?

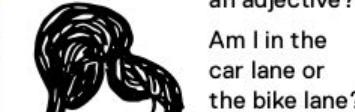
d. ●●●●●

Classification

Is this a picture of hot dogs or legs?

Does this x-ray indicate the patient has pneumonia?

Is that a noun or a verb or an adjective?



ARE YOU
ASKING
YOURSELF...

Remarks

It could be used to estimate an unknown variable and predict a future value of a categorical variable as well

Algorithms

Logistic Regression, SVM, Naive Bayes, Decision Tree, Random Forest, Gradient Boosting, Neural Networks

REGRESSION TASK

d. ●●●●●

Regression

For finding cause and effect between different variables. Useful for forecasting (like the weather) or for things where historical data helps predict the future. Regression is your trend-finder. Feed it the data and example answers. It compares its answers with the right ones to get better.

d. ●●●●●

Regression



d. ●●●●●

Regression

ARE YOU
CURIOS
ABOUT...



How much will my tiny house on the flood plain be worth in 2020?

Did someone really buy 18 inflatable swans or is that a fraudulent transaction?

(SEEMS LEGIT)

Remarks

It could be used for descriptive analytics and for predictive analytics as well.

Algorithms

Linear Regression, elastic net (ridge + lasso), RANSAC, K-NN, Random Forest, Gradient Boosting, Neural Networks

CLUSTERING TASK

d.

Clustering

Groups similar things together. Makes groups where objects in one group are more similar to each other than to a different group. You give this the data, but the machine figures out how it's related.

d.

Clustering



d.

Clustering

ARE YOU WONDERING
THINGS LIKE...



I need to market these ripped jeans, are there certain types of groups that I should target specifically?

How are the world's consumers of kombucha related? What are the sub-segments?

fermentation
geva!

Remarks

It could be used for hierarchical (tree like structure) and non-hierarchical clustering (partitional, density based,...)

Algorithms

Hierarchical: HDBSCAN, Linkage. Non-hierarchical: K-Means, Gaussian Mixture Models, Mean Shift, DBSCAN

CO-OCCURRENCE GROUPING TASK

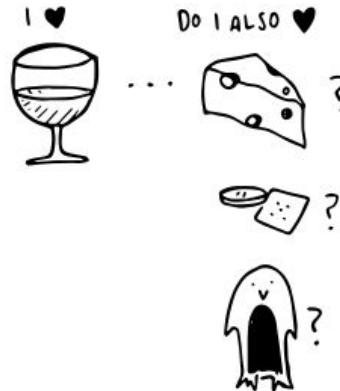
d. ●●●●●

Association

Are certain things likely to happen together? The algorithm finds hidden relationships. You give it the data, but the machine figures out how it's related.

d. ●●●●●

Association



d. ●●●●●

Association

Do You HAVE THIS TYPE OF QUESTION...

If someone buys a donut, are they 99% likely to also get a coffee? DUH

If someone listens to Queen and Kanye are they 65% likely to also listen to Funkadelic?



Remarks

Also known as market-basket analysis, it could be used to find associations between entities

Algorithms

Apriori, Eclat, SETM, FP-growth

DATA REDUCTION TASK

d. ●●●●●

Dimensionality Reduction

Reduces the number of variables in a data set but keeps the important stuff. Good for raw data sets where a lot of features might be redundant or irrelevant. Helps see the forest through the trees. You give it the data but the machine figures out how to clean it up.

d. ●●●●●

Dimensionality Reduction



d. ●●●●●

Dimensionality Reduction

DO YOU
FEEL LIKE
SHOUTING...



Remarks

It could be used to transform data from a high-dimensional space into a low-dimensional space

Algorithms

PCA, TruncatedSVD (also LSA for DT matrices), t-SNE, UMAP, Auto-Encoders, LDA (for topic modeling)

REINFORCEMENT LEARNING

d. 🍀🍀🍀🍀

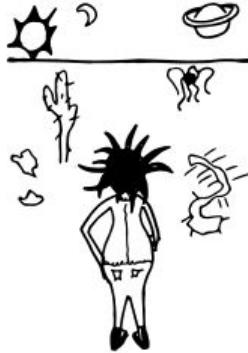
Reinforcement Learning

Put your machine into an environment and give it a goal. It begins to interact and uses trial and error to figure out what to do. It wants to win more than anything. Useful in robotics. Useful for figuring out ideal behavior in a given situation in order to maximize performance.

d. 🍀🍀🍀🍀

Reinforcement Learning

HOW DO I SURVIVE IN THIS STRANGE WORLD?



d. 🍀🍀🍀🍀

Reinforcement Learning

How do I win this game?
How might this car drive itself?
How to optimize marketing so someone will click click click?



HAVE YOU BEEN RACING AND WONDERING...

Remarks

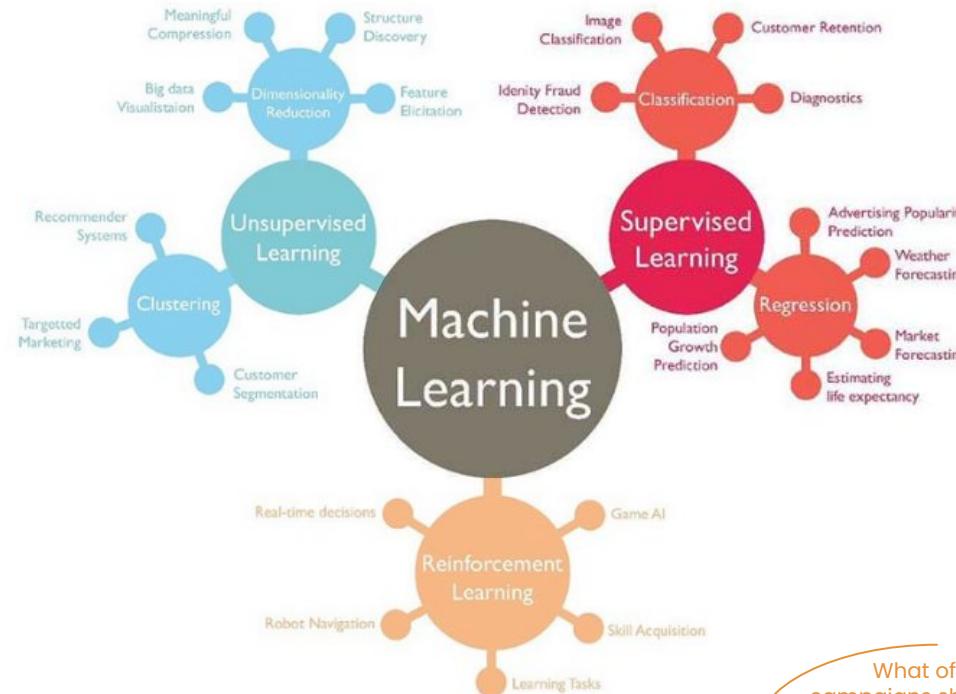
It could be used to define the best sequence of decisions to solve a problem while maximizing a reward

Algorithms

Epsilon-greedy, UCB1, Thompson Sampling (Bayesian bandit), SARSA, Q-learning,

TYPES OF LEARNING AND TASKS COVERED

Do our customers naturally fall into different groups? No specific purpose or target has been specified for the grouping.

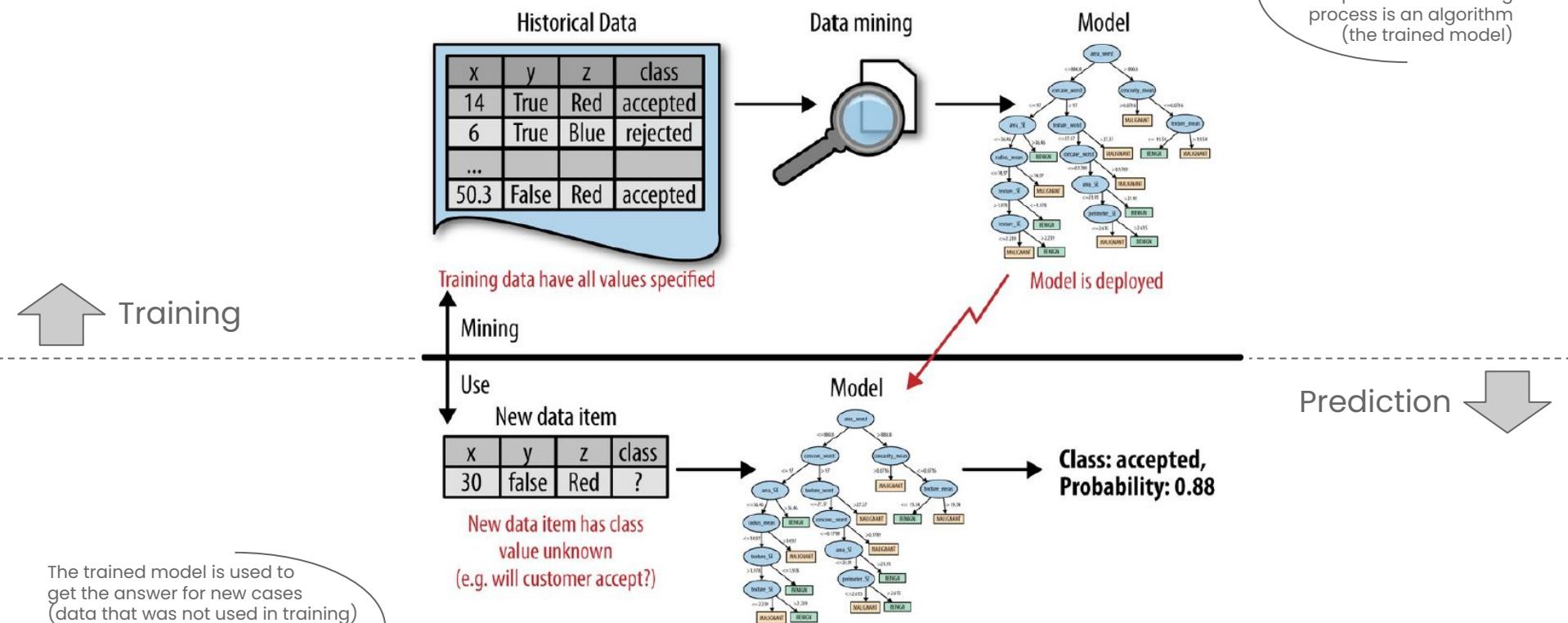


Can we find groups of customers who have particularly high likelihoods of canceling their service soon?

What of these new marketing campaigns should be shown to our customers? There is no previous data, actions are learned through the interaction with environment and observation of reward

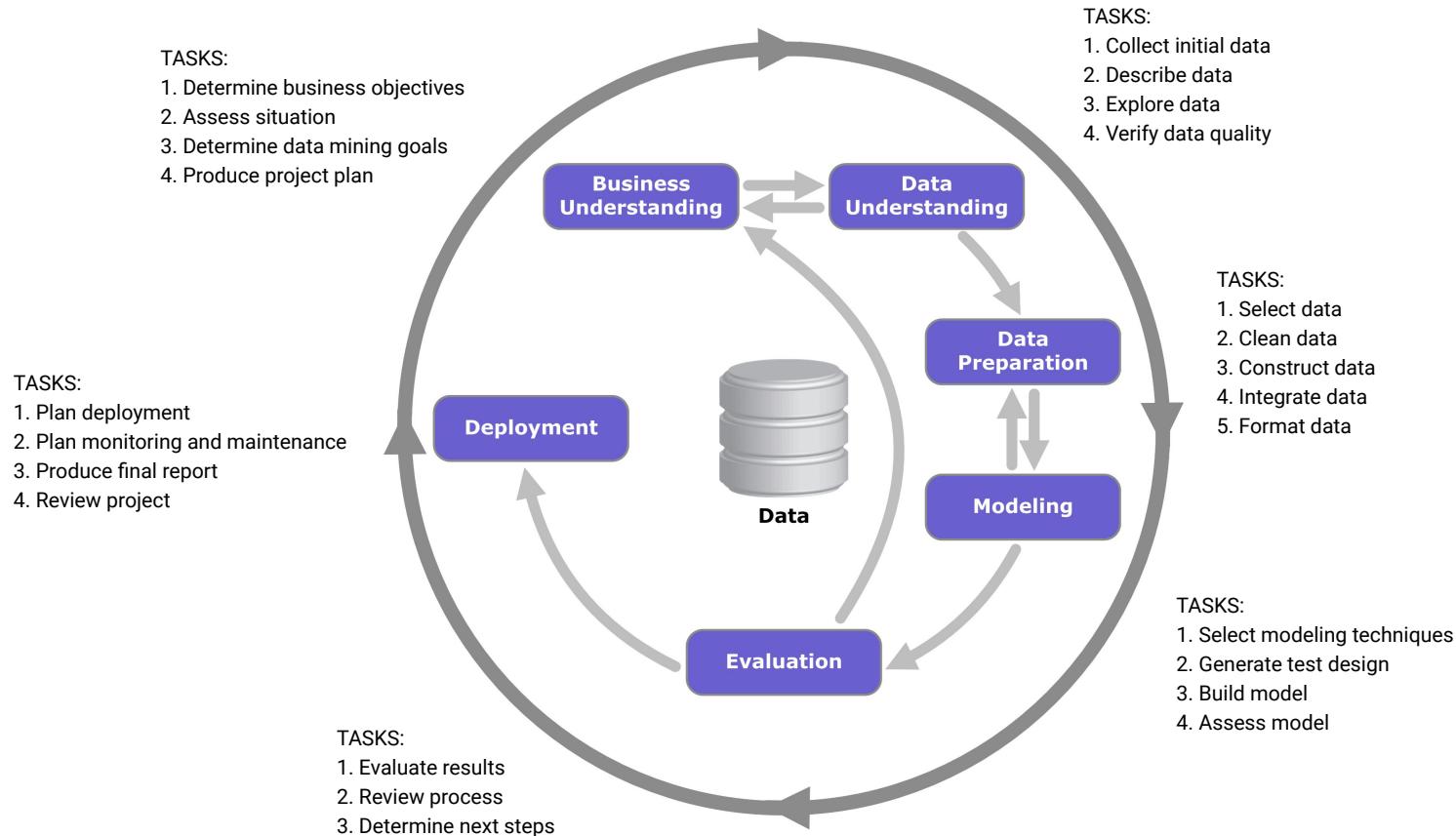
Modeling: Training vs Prediction

The output of the modeling process is an algorithm (the trained model)



CRISP-DM | Cross Industry Standard Process for Data Mining

Process Diagram



ANSWERING BUSINESS QUESTIONS WITH THESE ML TASKS

1. Who are the most profitable customers?

A **database querying** could be used to retrieve a list of customer order by total spend

2. Is there a really difference between the profitable customers and the average customer?

A **statistical hypothesis test** (the famous A/B test) could be used to confirm or reject.

3. But who really are these customers? Can I characterize them?

It could be used **database querying** to extract individual characteristics and summary statistics or **machine learning** techniques to automatically find patterns as well

4. Will some particular new customer be profitable? How much revenue should I expect this customer to generate?

Machine learning could be used to produce predictive models of profitability from historical data that can be applied to new customer to generate predictions.

REFERENCES

1. Book: [Data Science for Business](#)
2. Resource: [I Love Algorithms](#)
3. Website: [Machine Learning Algorithm – Backbone of emerging technologies](#)
4. Website: [What is CRISP-DM?](#)

HANDS-ON MACHINE LEARNING

Classification Task

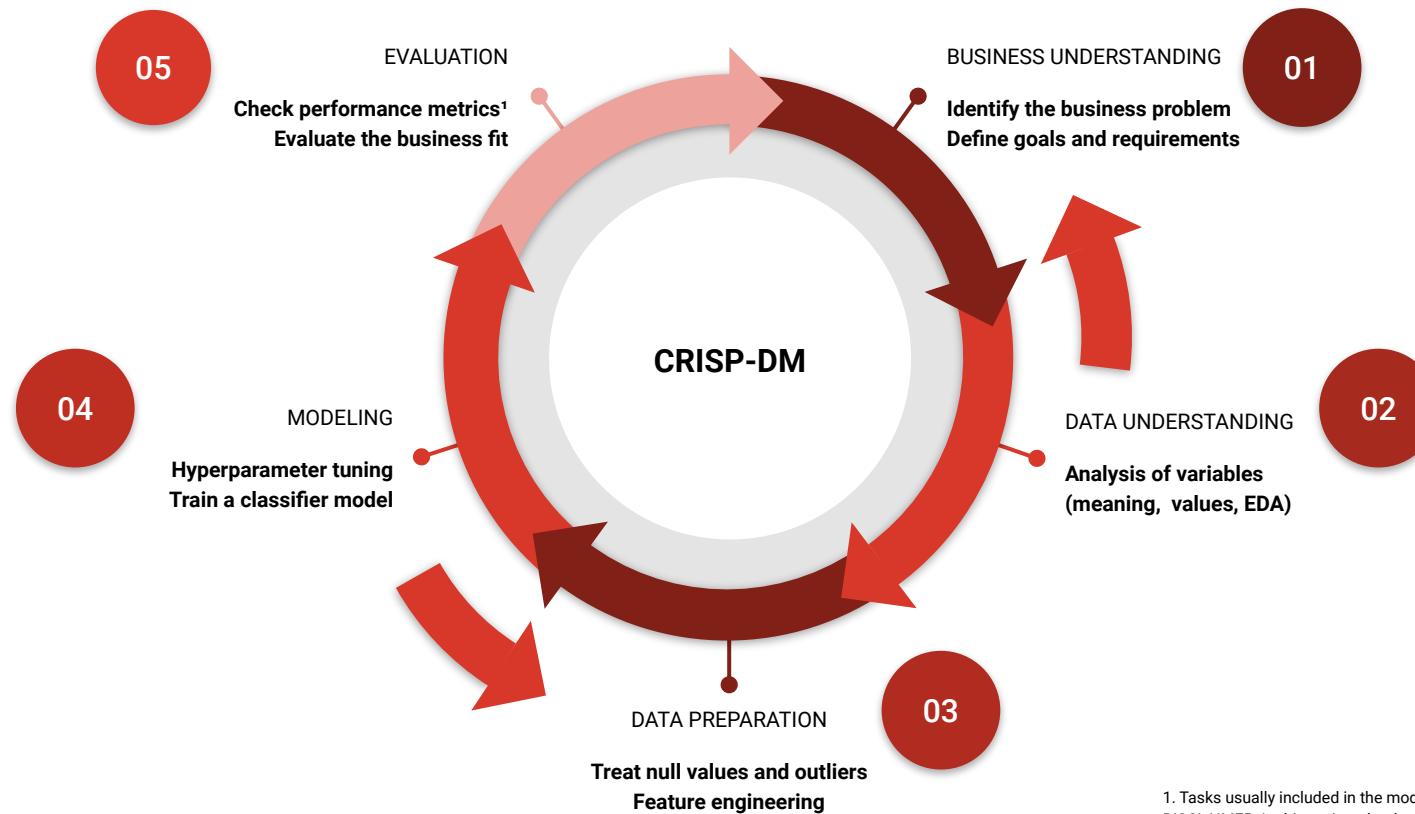
HANDS-ON ML: BUILDING A ROCK CLASSIFIER

Binary classification

- Database: Kaggle Database: [Music Genre Classification](#)
 - Training dataset: 17,996 rows with 17 columns
 - Column details: artist name; track name; popularity; 'danceability'; energy; key; loudness; mode; 'speechiness'; 'acousticness'; 'instrumentalness'; liveness; valence; tempo; duration in milliseconds and time_signature.
 - Target Variable: 'Genre' such as Rock, Indie, Alt, Pop, Metal, HipHop, Alt_Music, Blues, Acoustic/Folk, Instrumental, Country, Bollywood.
- Study Case:
 - [Binary Classification] Build a genre classifier to identify if a song is Rock or other.
- Source code:
 - [Hands-on ML: \(Imbalanced\) Binary Classification.ipynb](#)
 -
- Challenge:
 - 1: [Binary Classification] Build a genre classifier to identify if a song is Blues or other.
 - 2: [Multi-class classification] Build a genre classifier to identify if a song is Rock, Pop or other.

APPLICATION OF CRISP-DM FOR A CLASSIFICATION TASK

Incremental and Continuous Value Delivery



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