**Udacity – Machine Learning Nanodegree**

**Capstone Project Report – Instacart Market Basket Analysis**

1. **Definition**
   1. ***Project Overview***

Instacart is a same-day grocery delivery startup offering delivery in as little as one hour from a variety of local stores. Focused on delivering groceries and home essentials, Instacart already has over 500,000 items from local stores in its catalog. Customers can choose from a variety of local stores and can mix items from multiple stores into one order. This makes Instacart a unique player in e-commerce space where it combines online ordering experience and aggregates real world shoppers to procure and deliver the items.  The Instacart business model is really unique as the app enables customers to browse all the items available at local grocery stores and hence it is a mix of the online experience offered by Amazon, the In-Store delivery model, similar to most retail stores and same day delivery with crowd-sourced delivery mechanisms, somewhat similar to Uber's model of crowd-sourcing transportation. This also gives access to shopping data aggregated across retail stores across the country, which isn't there with anyone else and thus introducing problems which are unique.

In this project I am trying to solve some of the daily challenges faced by the data team at Instacart. I need to analyze the order history (in millions) of Instacart customers for thousands of products being sold through the Instacart platform, to predict what would be the next product that a customer could be buying. The dataset is obtained from kaggle.com at this link - <https://www.kaggle.com/c/instacart-marketbasket-analysis/data>

The data is divided into multiple relational csv files detailing the products, categories and customer orders over time. There are about 3 million orders from more than 200,000 users. The data dictionary with all the csv files and fields in them is described at the following link: <https://gist.github.com/jeremystan/c3b39d947d9b88b3ccff3147dbcf6c6b>

The data set essentially consists of orders file with information about all the orders in the data set (about 3 million rows), each order could be classified as prior (for prior orders by a user), train (for training set orders which are ) and eval (evaluation set for submission to Kaggle). There are a couple of files orders\_products\_train (with more than 1 million rows) and orders\_products\_prior (with more than 30 million rows) detailing what all products are associated with each order part of the orders data file. There are three more files specifying products, aisles and categories separately.

* 1. ***Problem Statement***

As quoted in the problem description section "*In this competition, Instacart is challenging the Kaggle community to use this anonymized data on customer orders over time to predict which previously purchased products will be in a user’s next order, or the products they'll try for the first time or add to cart during next session.*" The inputs for this problem will consist of features provided in the training data set which include order history per customer and what all products were part of the order. As a first step for working towards a solution I performed some exploratory data analysis along with preprocessing on the data if required. The strategy adopted for this project is to use the existing data provided to evaluate a couple of benchmark algorithms such as SVM and Random Forest and finally use one of the highly popular classification algorithms XGBoost and/or LightGBM (from Microsoft) and see the improvement in evaluation metric. If required I also considered engineering features based on the features that are already provided and reassess if the evaluation metric could be improved, before making a final recommendation as the algorithm of choice.

* 1. ***Metrics***

We can choose from multiple metrics but given that this can be treated as a classification problem we can use related measures such as Accuracy and F-Scores.

1. **Analysis**
   1. **Data Exploration**
      1. If a dataset is present, features and calculated statistics relevant to the problem have been reported and discussed, along with a sampling of the data. In lieu of a dataset, a thorough description of the input space or input data has been made. Abnormalities or characteristics about the data or input that need to be addressed have been identified.
   2. **Exploratory Visualization**
      1. A visualization has been provided that summarizes or extracts a relevant characteristic or feature about the dataset or input data with thorough discussion. Visual cues are clearly defined.
      2. brief
   3. **Algorithms and Techniques**
      1. Algorithms and techniques used in the project are thoroughly discussed and properly justified based on the characteristics of the problem.
      2. brief
   4. **Benchmark**
      1. Student clearly defines a benchmark result or threshold for comparing performances of solutions obtained.
      2. brief
2. **Methodology**
   1. **Data Preprocessing**
      1. All preprocessing steps have been clearly documented. Abnormalities or characteristics about the data or input that needed to be addressed have been corrected. If no data preprocessing is necessary, it has been clearly justified.
      2. brief
   2. **Implementation**
      1. The process for which metrics, algorithms, and techniques were implemented with the given datasets or input data has been thoroughly documented. Complications that occurred during the coding process are discussed.
      2. brief
   3. **Refinement**
      1. The process of improving upon the algorithms and techniques used is clearly documented. Both the initial and final solutions are reported, along with intermediate solutions, if necessary.
      2. brief
3. **Results**
   1. **Model Evaluation and Validation**
      1. The final model’s qualities — such as parameters — are evaluated in detail. Some type of analysis is used to validate the robustness of the model’s solution.
      2. brief
   2. **Justification**
      1. The final results are compared to the benchmark result or threshold with some type of statistical analysis. Justification is made as to whether the final model and solution is significant enough to have adequately solved the problem.
      2. brief
4. **Conclusion**
   1. **Free-Form Visualization**
      1. A visualization has been provided that emphasizes an important quality about the project with thorough discussion. Visual cues are clearly defined.
      2. brief
   2. **Reflection**
      1. Student adequately summarizes the end-to-end problem solution and discusses one or two particular aspects of the project they found interesting or difficult.
      2. brief
   3. **Improvement**
      1. Discussion is made as to how one aspect of the implementation could be improved. Potential solutions resulting from these improvements are considered and compared/contrasted to the current solution.
      2. brief
5. **References**:
   1. “The Instacart Online Grocery Shopping Dataset 2017”, Accessed from <https://www.instacart.com/datasets/grocery-shopping-2017> on 2/11/18
   2. Kaggle Feature Prediction Competition - <https://www.kaggle.com/c/instacart-market-basket-analysis>
   3. Model evaluation - <https://www.analyticsvidhya.com/blog/2016/02/7-important-model-evaluation-error-metrics/>

**Submission**

* proposal.pdf  + review link in the student submission notes. [https://review.udacity.com/#!/reviews/1024537](https://review.udacity.com/" \l "!/reviews/1024537)
* A project report (in PDF format only) + five project development stages. (nine to fifteen pages.) (not iPython Notebook as PDF) + why you made the choices you made?
* Code - iPython Notebooks
* A README file - briefly describes the software and libraries + references to supporting material + necessary instructions + datasets, images, or input files