# BUSML 7245: Case Study - BT57.com

## Shyni David, Marianne Morgan, Tasneem Motiwala 12 April 2019

```
#Load libraries required for the assignment
library(MASS)
library(tidyverse)
library(dplyr)
library(readr)
library(foreign)
library(car)
library(caret) # for model training and testing
library(pROC) # for ROC curves
library(glmnet)
library(caTools) #for ROC
library(e1071)
library(GGally)
library(stringr)
library(sqldf)
library(nnet) # for multinomial logit
```

#### Load and process data

```
BTData <- read csv("BT57 Data File.csv")
# Create variables Current, Lag1, Lag2 and Lag3 as composites of the different channe
ls, and loyalty as a composite of basic/silver/gold/platinum status
btd 01 <- BTData %>%
       mutate(Current = ifelse(Direct == 1, "direct", ifelse(Disp == 1, "disp", ifel
se(Email == 1, "email", ifelse(Organic == 1, "organic", ifelse(Paid == 1, "paid", "un
known")))))) %>%
       mutate(Lag1 = ifelse(Lag1direct == 1, "direct", ifelse(Lag1disp == 1, "disp",
ifelse(Laglemail == 1, "email", ifelse(Laglorganic == 1, "organic", ifelse(Laglpaid =
mutate(Lag2 = ifelse(Lag2direct == 1, "direct", ifelse(Lag2disp ==1, "disp",
ifelse(Lag2email == 1, "email", ifelse(Lag2organic == 1, "organic", ifelse(Lag2paid =
= 1, "paid", "unknown")))))) %>%
       mutate(Lag3 = ifelse(Lag3direct == 1, "direct", ifelse(Lag3displ ==1, "disp",
ifelse(Lag3email == 1, "email", ifelse(Lag3organic == 1, "organic", ifelse(Lag3paid =
= 1, "paid", "unknown")))))) %>%
       mutate(Loyalty = ifelse(Basic == 1, "01-Basic", ifelse(Silver == 1, "02-Silve
r", ifelse(Gold == 1, "03-Gold", ifelse(Platinum == 1, "04-Platinum", "00-None")))))
# Add Lag unknown columns for the 3 lags
btd 01 <- btd 01 %>%
```

```
mutate(Laglunknown = ifelse(Lagl == "unknown", 1, 0), Lag2unknown = ifelse(La
g2 == "unknown", 1, 0), Lag3unknown = ifelse(Lag3 == "unknown", 1, 0))
#Check
#x <- sqldf("select Customer ID, Direct, Disp, Email, Organic, Paid, Current, Lag1, L
ag2, Lag3 from btd 01 where Customer ID in (107871604, 106257389, 106242216, 10625738
9)")
# Create lag variable restricted to being under 7 days
btd 02 <- btd 01 %>%
        group by(Customer ID) %>%
        mutate(Lag1_7day = ifelse((Day - lag(Day) < 7), Lag1, "null")) %>%
        mutate(Lag2_7day = ifelse((Day - lag(Day, 2) < 7), Lag2, "null")) %>%
        mutate(Lag3_7day = ifelse((Day - lag(Day, 3) < 7), Lag3, "null")) %>%
        ungroup()
#Check
#x1 <- sqldf("select Customer_ID, Day, Lag1, Lag2, Lag3, Lag1_7day, Lag2_7day, Lag3_</pre>
7day from btd 02 where Customer ID in (107871604, 106257389, 106242216, 106257389)")
# Create lag variable restricted to being under 3 days
btd 03 <- btd 02 %>%
       group by (Customer ID) %>%
        mutate(Lag1 3day = ifelse((Day - lag(Day) < 3), Lag1, "null")) %>%
        mutate(Lag2_3day = ifelse((Day - lag(Day,2) < 3), Lag2, "null")) %>%
        mutate(Lag3 3day = ifelse((Day - lag(Day, 3) < 3), Lag3, "null")) %>% ungroup
()
#Check
#x2 <- sqldf("select Customer_ID, Day, Lag1, Lag2, Lag3, Lag1_3day, Lag2_3day, Lag3_</pre>
3day from btd 03 where Customer ID in (107871604, 106257389, 106242216, 106257389)")
# separate columns for marketing channels: Current
#sqldf("select distinct(current) from btd 03")
btd_04 <- btd_03 %>%
        mutate(Current unknown = ifelse(Current == "unknown", 1, 0)) %>%
        mutate(Current_direct = ifelse(Current == "direct", 1, 0)) %>%
        mutate(Current disp = ifelse(Current == "disp", 1, 0)) %>%
        mutate(Current email = ifelse(Current == "email", 1, 0)) %>%
        mutate(Current organic = ifelse(Current == "organic", 1, 0)) %>%
        mutate(Current paid = ifelse(Current == "paid", 1, 0))
#Check
#x3 <- sqldf("select Customer_ID, Day, Current, Current_unknown, current_direct, cur
rent disp, current email, current organic, current paid from btd 04 where Customer ID
in (107871604, 106257389, 106242216, 106257389)")
# separate columns for marketing channels: Lag1-7days
btd 05 <- btd 04 %>%
```

```
mutate(Lag1_7days_unknown = ifelse(is.na(Lag1_7day) == TRUE, 0, ifelse(Lag1_7
day == "unknown", 1, 0))) %>%
        mutate(Lag1 7days null = ifelse(is.na(Lag1 7day) == TRUE, 1, 0)) %>%
        mutate(Lag1 7days direct = ifelse(is.na(Lag1 7day) == TRUE, 0, ifelse(Lag1 7d
ay == "direct", 1, 0))) %>%
        mutate(Lag1 7days disp = ifelse(is.na(Lag1 7day) == TRUE, 0, ifelse(Lag1 7day
== "disp", 1, 0))) %>%
        mutate(Lag1 7days email = ifelse(is.na(Lag1 7day) == TRUE, 0, ifelse(Lag1 7da
y == "email", 1, 0))) %>%
       mutate(Lag1_7days_organic = ifelse(is.na(Lag1_7day) == TRUE, 0, ifelse(Lag1_7
day == "organic", 1, 0))) %>%
        mutate(Lag1_7days_paid = ifelse(is.na(Lag1_7day) == TRUE, 0, ifelse(Lag1_7day)
== "paid", 1, 0)))
#check
#x4 <- sqldf("select Customer_ID, Day, Lag1_7day, Lag1_7days_direct, Lag1_7days disp</pre>
, Lag1 7days email, Lag1 7days organic, Lag1 7days paid, Lag1 7days null, Lag1 7days
unknown from btd_05 where Customer_ID in (107871604, 106257389, 106242216, 106257389)
")
# separate columns for marketing channels: Lag2-7days
btd 05 01 <- btd 05 %>%
       mutate(Lag2 7days unknown = ifelse(is.na(Lag2 7day) == TRUE, 0, ifelse(Lag2 7
day == "unknown", 1, 0))) %>%
        mutate(Lag2 7days null = ifelse(is.na(Lag2 7day) == TRUE, 1, 0)) %>%
        mutate(Lag2 7days direct = ifelse(is.na(Lag2 7day) == TRUE, 0, ifelse(Lag2 7d
ay == "direct", 1, 0))) %>%
        mutate(Lag2_7days_disp = ifelse(is.na(Lag2_7day) == TRUE, 0, ifelse(Lag2_7day)
== "disp", 1, 0))) %>%
        mutate(Lag2_7days_email = ifelse(is.na(Lag2_7day) == TRUE, 0, ifelse(Lag2_7da
y == "email", 1, 0))) %>%
        mutate(Lag2_7days_organic = ifelse(is.na(Lag2_7day) == TRUE, 0, ifelse(Lag2_7
day == "organic", 1, 0))) %>%
        mutate(Lag2_7days_paid = ifelse(is.na(Lag2_7day) == TRUE, 0, ifelse(Lag2_7day)
== "paid", 1, 0)))
#check
#x5 <- sqldf("select Customer_ID, Day, Lag2_7day, Lag2_7days_direct, Lag2_7days_disp
, Lag2 7days email, Lag2 7days organic, Lag2 7days paid, Lag2 7days null, Lag2 7days
unknown from btd 05 01 where Customer ID in (107871604, 106257389, 106242216, 1062573
89)")
# separate columns for marketing channels: Lag3-7days
btd 05 02 <- btd 05 01 %>%
       mutate(Lag3_7days_unknown = ifelse(is.na(Lag3_7day) == TRUE, 0, ifelse(Lag3_7
day == "unknown", 1, 0))) %>%
        mutate(Lag3_7days_null = ifelse(is.na(Lag3_7day) == TRUE, 1, 0)) %>%
        mutate(Lag3_7days_direct = ifelse(is.na(Lag3_7day) == TRUE, 0, ifelse(Lag3_7d
ay == "direct", 1, 0))) %>%
        mutate(Lag3 7days disp = ifelse(is.na(Lag3 7day) == TRUE, 0, ifelse(Lag3 7day
```

```
== "disp", 1, 0))) %>%
        mutate(Lag3 7days email = ifelse(is.na(Lag3 7day) == TRUE, 0, ifelse(Lag3 7da
y == "email", 1, 0))) %>%
       mutate(Lag3 7days organic = ifelse(is.na(Lag3 7day) == TRUE, 0, ifelse(Lag3 7
day == "organic", 1, 0))) %>%
       mutate(Lag3 7days paid = ifelse(is.na(Lag3 7day) == TRUE, 0, ifelse(Lag3 7day)
== "paid", 1, 0)))
#check
#x6 <- sqldf("select Customer_ID, Day, Lag3_7day, Lag3_7days_direct, Lag3_7days_disp
, Lag3 7days email, Lag3 7days organic, Lag3 7days paid, Lag3 7days null, Lag3 7days
unknown from btd_05_02 where Customer_ID in (107871604, 106257389, 106242216, 1062573
89)")
# Separate columns for marketing channels: Lag1-3days
btd_06 <- btd_05_02 %>%
       mutate(Lag1 3days unknown = ifelse(is.na(Lag1 3day) == TRUE, 0, ifelse(Lag1 3
day == "unknown", 1, 0))) %>%
        mutate(Lag1 3days null = ifelse(is.na(Lag1 3day) == TRUE, 1, 0)) %>%
        mutate(Lag1 3days direct = ifelse(is.na(Lag1 3day) == TRUE, 0, ifelse(Lag1 3d
ay == "direct", 1, 0))) %>%
       mutate(Lag1 3days disp = ifelse(is.na(Lag1 3day) == TRUE, 0, ifelse(Lag1 3day
== "disp", 1, 0))) %>%
        mutate(Lag1 3days email = ifelse(is.na(Lag1 3day) == TRUE, 0, ifelse(Lag1 3da
y == "email", 1, 0))) %>%
       mutate(Lag1 3days organic = ifelse(is.na(Lag1 3day) == TRUE, 0, ifelse(Lag1 3
day == "organic", 1, 0))) %>%
        mutate(Lag1 3days paid = ifelse(is.na(Lag1 3day) == TRUE, 0, ifelse(Lag1 3day)
== "paid", 1, 0)))
#check
#x7 <- sqldf("select Customer ID, Day, Lag1 3day, Lag1 3days direct, Lag1 3days disp
, Lag1 3days email, Lag1 3days organic, Lag1 3days paid, Lag1 3days null, Lag1 3days
unknown from btd 06 where Customer ID in (107871604, 106257389, 106242216, 106257389)
")
# separate columns for marketing channels: Lag2-3days
btd 06 01 <- btd 06 %>%
        mutate(Lag2 3days unknown = ifelse(is.na(Lag2 3day) == TRUE, 0, ifelse(Lag2 3
day == "unknown", 1, 0))) %>%
        mutate(Lag2 3days null = ifelse(is.na(Lag2 3day) == TRUE, 1, 0)) %>%
        mutate(Lag2 3days direct = ifelse(is.na(Lag2 3day) == TRUE, 0, ifelse(Lag2 3d
ay == "direct", 1, 0))) %>%
        mutate(Lag2 3days disp = ifelse(is.na(Lag2 3day) == TRUE, 0, ifelse(Lag2 3day
== "disp", 1, 0))) %>%
        mutate(Lag2_3days_email = ifelse(is.na(Lag2_3day) == TRUE, 0, ifelse(Lag2_3da)
y == "email", 1, 0))) %>%
        mutate(Lag2_3days_organic = ifelse(is.na(Lag2_3day) == TRUE, 0, ifelse(Lag2_3
day == "organic", 1, 0))) %>%
       mutate(Lag2 3days paid = ifelse(is.na(Lag2 3day) == TRUE, 0, ifelse(Lag2 3day
```

```
== "paid", 1, 0)))
#check
#x8 <- sqldf("select Customer ID, Day, Lag2 3day, Lag2 3days direct, Lag2 3days disp
, Lag2 3days email, Lag2 3days organic, Lag2 3days paid, Lag2 3days null, Lag2 3days
unknown from btd 06 01 where Customer ID in (107871604, 106257389, 106242216, 106257
389)")
# separate columns for marketing channels: Lag3-3days
btd 06 02 <- btd 06 01 %>%
       mutate(Lag3 3days unknown = ifelse(is.na(Lag3 3day) == TRUE, 0, ifelse(Lag3 3
day == "unknown", 1, 0))) %>%
        mutate(Lag3 3days null = ifelse(is.na(Lag3 3day) == TRUE, 1, 0)) %>%
        mutate(Lag3_3days_direct = ifelse(is.na(Lag3_3day) == TRUE, 0, ifelse(Lag3_3d
ay == "direct", 1, 0))) %>%
        mutate(Lag3 3days disp = ifelse(is.na(Lag3 3day) == TRUE, 0, ifelse(Lag3 3day
== "disp", 1, 0))) %>%
        mutate(Lag3_3days_email = ifelse(is.na(Lag3_3day) == TRUE, 0, ifelse(Lag3_3da
y == "email", 1, 0))) %>%
        mutate(Lag3 3days organic = ifelse(is.na(Lag3 3day) == TRUE, 0, ifelse(Lag3 3
day == "organic", 1, 0))) %>%
        mutate(Lag3 3days paid = ifelse(is.na(Lag3 3day) == TRUE, 0, ifelse(Lag3 3day
== "paid", 1, 0)))
# Some customer IDs dont see to have complete data. Exclude these customers from data
to see how the models perform
# btd 06 02 <- btd 06 02 %>%
         filter(!(Customer ID %in% c(111096680, 111155221, 113474511, 113618012, 1136
#
55275, 113742641, 115569063, 115599079, 115912380, 116506489, 119793828, 119925357)))
# remove observations with all 4 touch-points as unknown
btd 06 02 <- btd 06 02 %>%
        mutate(Combo = paste0(Current,Lag1,Lag2,Lag3)) %>%
        filter(Combo != "unknownunknownunknown")
```

## **Summary of data**

```
# Frequency of use of each channel at last touchpoint (for Table 2 of paper)
bt57visits <- btd 06 02 %>%
        summarize(Direct = sum(Direct), Disp = sum(Disp), Email = sum(Email), Organic
= sum(Organic), Paid = sum(Paid)) %>%
        gather(key = Channel) %>%
        arrange(-value) %>%
        rename("Channel Visits" = "value")
# Frequency of use of each channel at last touchpoint (for Table 2 of paper) - Purcha
ses only
bt57P <- btd 06 02 %>%
        filter(Purchase == 1) %>%
        summarize(Direct = sum(Direct), Disp = sum(Disp), Email = sum(Email), Organic
= sum(Organic), Paid = sum(Paid)) %>%
        gather(key = Channel) %>%
        arrange(-value) %>%
        rename("Purchases" = "value")
# Calculate conversion rate for each channel based on last touchpoint (Table 2 of pap
er)
bt57sumstats <- bt57visits %>%
        left_join(bt57P) %>%
        mutate(Conversion Rate = (Purchases / `Channel Visits`) * 100) %>%
        mutate(Conversion Rate = round(Conversion Rate, 2)) %>%
        arrange(-Conversion Rate)
# SUMMARY STATISTICS
bt57sumstats <- as tibble(bt57sumstats)</pre>
bt57sumstats$Conversion Rate = paste0(bt57sumstats$Conversion Rate, "%", sep = "")
knitr::kable(bt57sumstats)
```

Channel	<b>Channel Visits</b>	Purchases Conversion_Rate
Direct	335	71 21.19%
Organic	575	77 13.39%
Paid	289	38 13.15%
Disp	57	7 12.28%
Email	132	8 6.06%

Channel	Channel Visits	Purchases	Conversion_Rate	Cost	Profit ROI
Paid	289	38	13.15%	4046	5700 40.88%
Disp	57	7	12.28%	399	1050 163.16%

# CONTIGUOUS VISITS FOR THE SAME CUSTOMER -Table 3
knitr::kable(bt57visitmatrix)

Current	direct	disp	email	organic	paid	unknown	
direct	112	1	1	14	5	166	36
disp	2	12	2	8	2	20	11
email	5	1	27	9	1	81	8
organic	17	8	8	182	81	245	34
paid	10	1	2	54	57	152	13
unknown	189	34	92	308	143	1306	94

# CONTIGUOS VISITS FOR THE SAME CUSTOMER (PURCHASES ONLY) knitr::kable(bt57visitmatrixP)

Current	direct	disp	email	organic	paid	unknown
direct	59	NA	NA	1	2	9
disp	NA	7	NA	NA	NA	NA
email	NA	NA	5	NA	NA	3
organic	1	NA	NA	74	NA	2
paid	NA	NA	NA	NA	38	NA
unknown	NA	NA	NA	NA	NA	24

```
# Matrix of visit n v/s visit n-1 (Table 3 of paper) - for Non-Purchases only
bt57visitmatrixNP <- btd_06_02 %>%
    filter(Purchase == 0) %>%
    count(Current, Lag1) %>%
    spread(key = Lag1, value = n)
```

# CONTIGUOS VISITS FOR THE SAME CUSTOMER (NON-PURCHASES ONLY)
knitr::kable(bt57visitmatrixNP)

Current	direct	disp	email	organic	paid	unknown	
direct	53	1	1	13	3	157	36
disp	2	5	2	8	2	20	11
email	5	1	22	9	1	78	8
organic	16	8	8	108	81	243	34
paid	10	1	2	54	19	152	13
unknown	189	34	92	308	143	1282	94

# CONTIGUOUS VISITS FOR THE SAME CUSTOMER -Table 3
knitr::kable(bt57visitmatrix3d)

Current	direct	disp	email	organic	paid	unknown	
direct	112	1	1	14	5	166	36
disp	2	12	2	8	2	19	12
email	5	1	27	9	1	81	8
organic	17	8	8	182	81	243	36
paid	10	1	2	54	57	151	14
unknown	189	34	92	308	143	1306	94

```
# Matrix of visit n v/s visit n-1 (Table 3 of paper) - for Purchases only
bt57visitmatrixP3d <- btd_06_02 %>%
    filter(Purchase == 1) %>%
    count(Current, Lag1_3day) %>%
    spread(key = Lag1_3day, value = n)
```

# CONTIGUOS VISITS FOR THE SAME CUSTOMER (PURCHASES ONLY)
knitr::kable(bt57visitmatrixP3d)

Current	direct	disp	email	organic	paid	unknown
direct	59	NA	NA	1	2	9
disp	NA	7	NA	NA	NA	NA
email	NA	NA	5	NA	NA	3
organic	1	NA	NA	74	NA	2
paid	NA	NA	NA	NA	38	NA
unknown	NA	NA	NA	NA	NA	24

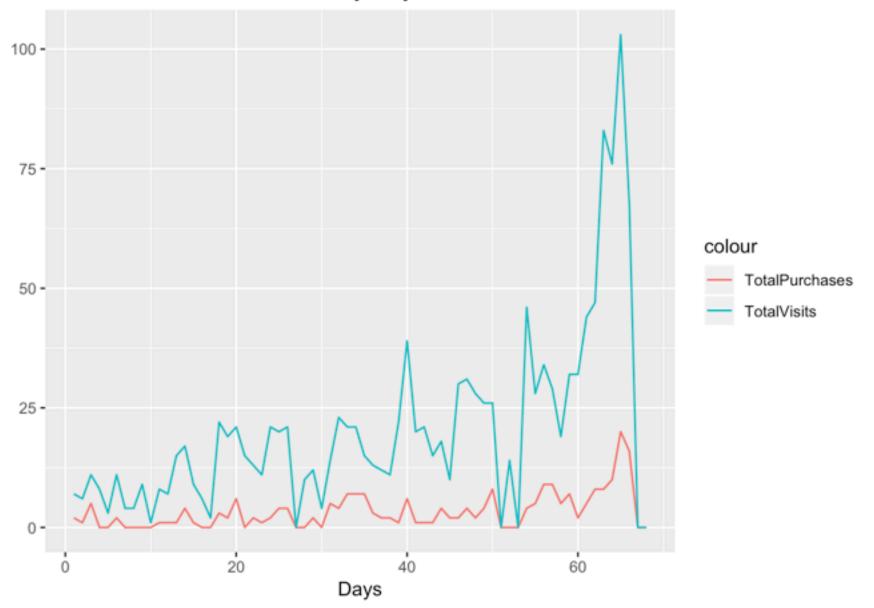
```
# Matrix of visit n v/s visit n-1 (Table 3 of paper) - for Non-Purchases only
bt57visitmatrixNP3d <- btd_06_02 %>%
        filter(Purchase == 0) %>%
        count(Current, Lag1_3day) %>%
        spread(key = Lag1_3day, value = n)

# CONTIGUOS VISITS FOR THE SAME CUSTOMER (NON-PURCHASES ONLY)
knitr::kable(bt57visitmatrixNP3d)
```

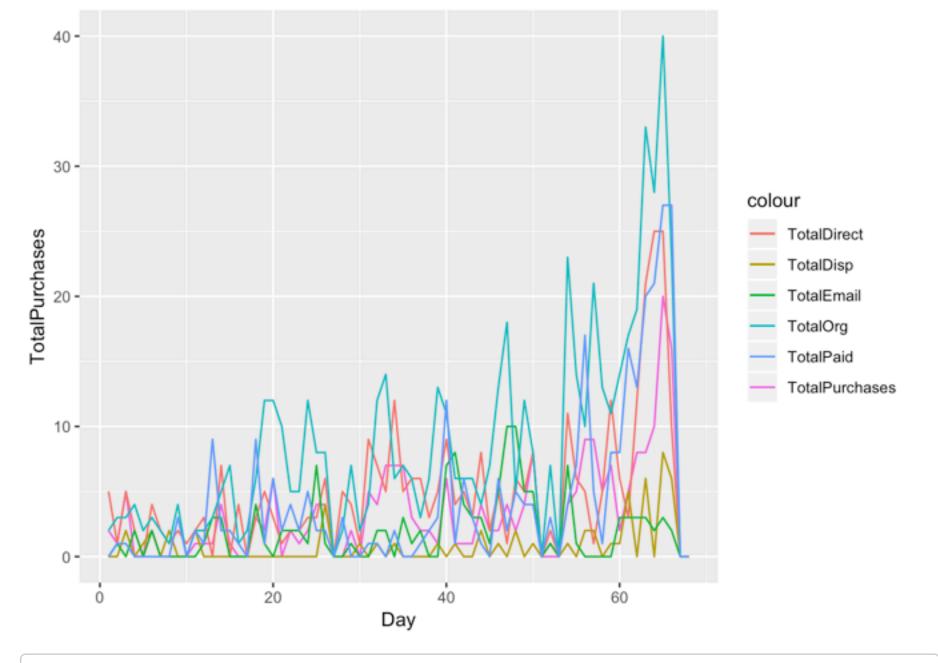
Current	direct	disp	email	organic	paid	unknown	
direct	53	1	1	13	3	157	36
disp	2	5	2	8	2	19	12
email	5	1	22	9	1	78	8
organic	16	8	8	108	81	241	36
paid	10	1	2	54	19	151	14
unknown	189	34	92	308	143	1282	94

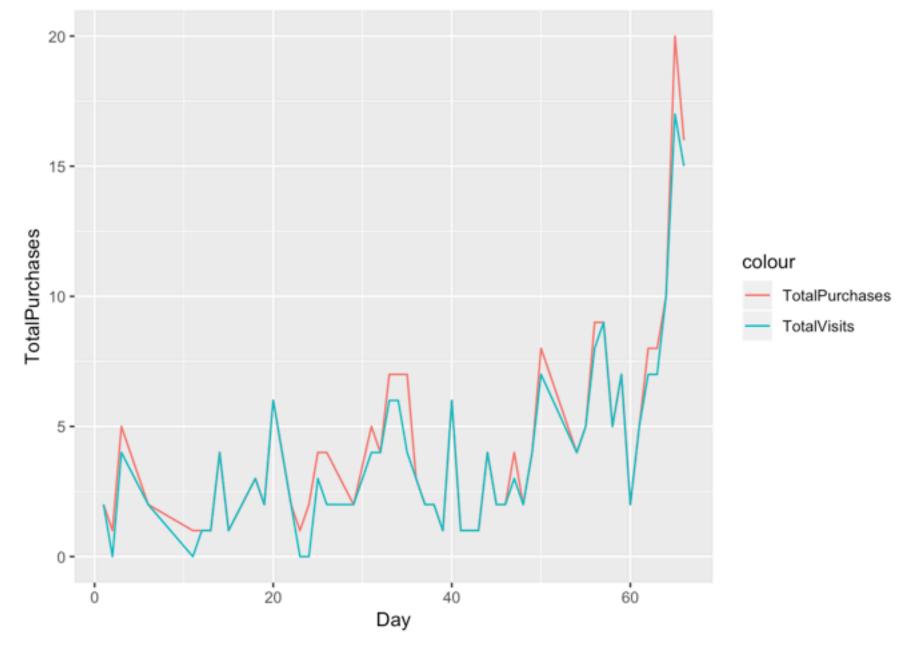
## Graph

## Channel Visits & Purchases by Day

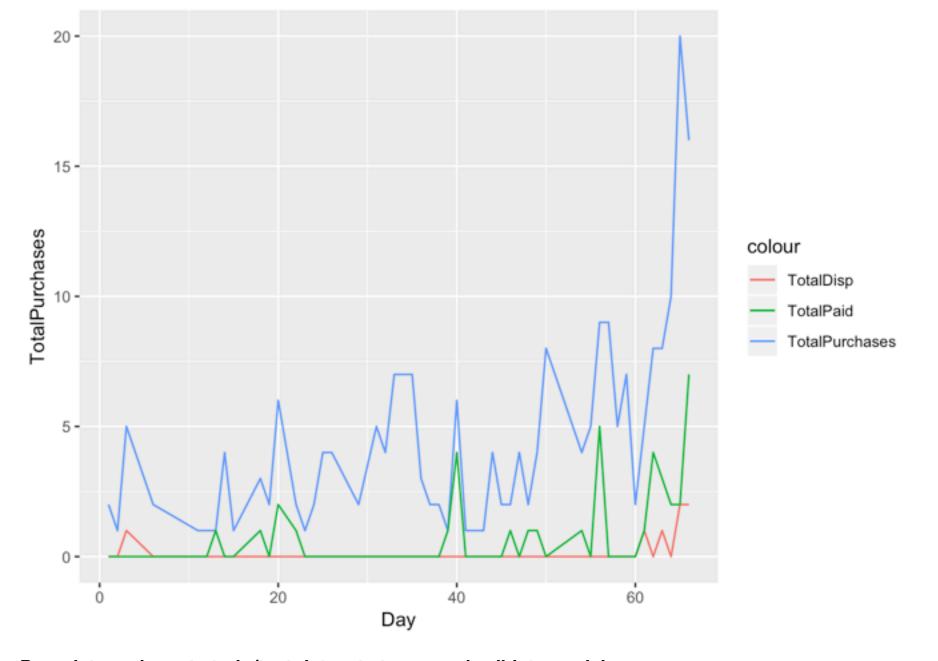


```
ggplot(bt57graph, aes(Day)) +
    geom_line(aes(y = TotalPurchases, color = "TotalPurchases")) +
    geom_line(aes(y = TotalDirect, color = "TotalDirect")) +
    geom_line(aes(y = TotalDisp, color = "TotalDisp")) +
    geom_line(aes(y = TotalEmail, color = "TotalEmail")) +
    geom_line(aes(y = TotalOrg, color = "TotalOrg")) +
    geom_line(aes(y = TotalPaid, color = "TotalPaid"))
```





```
ggplot(bt57graphP, aes(Day)) +
    geom_line(aes(y = TotalPurchases, color = "TotalPurchases")) +
    #geom_line(aes(y = TotalDirect, color = "TotalDirect")) +
    geom_line(aes(y = TotalDisp, color = "TotalDisp")) +
    #geom_line(aes(y = TotalEmail, color = "TotalEmail")) +
    #geom_line(aes(y = TotalOrg, color = "TotalOrg")) +
    geom_line(aes(y = TotalPaid, color = "TotalPaid"))
```



## Prep data and create train/test datasets to run and validate models

```
bt57 <- btd_06_02

# Convert response variable to factor
bt57$Purchase = as.factor(bt57$Purchase) # coded as 1=good_risk, 2=bad_risk
table(bt57$Purchase)</pre>
```

```
##
## 0 1
## 3329 225
```

```
#str(bt57)

#The values for the class/response variable must be factors and must be valid names
bt57$Purchase <-as.factor(ifelse(bt57$Purchase==1, "Purchase", "No_Purchase")) #recod
e response variable
table(bt57$Purchase)</pre>
```

```
##
## No_Purchase Purchase
## 3329 225
```

```
#As coded, the default reference/first level is the "lowest" alphabetical value; here it is "Bad". Caret's default "Positive" class is the first level of the outcome varia ble in binary classification. Make "Good" the first level bt57$Purchase <- relevel(bt57$Purchase, "Purchase") table(bt57$Purchase)
```

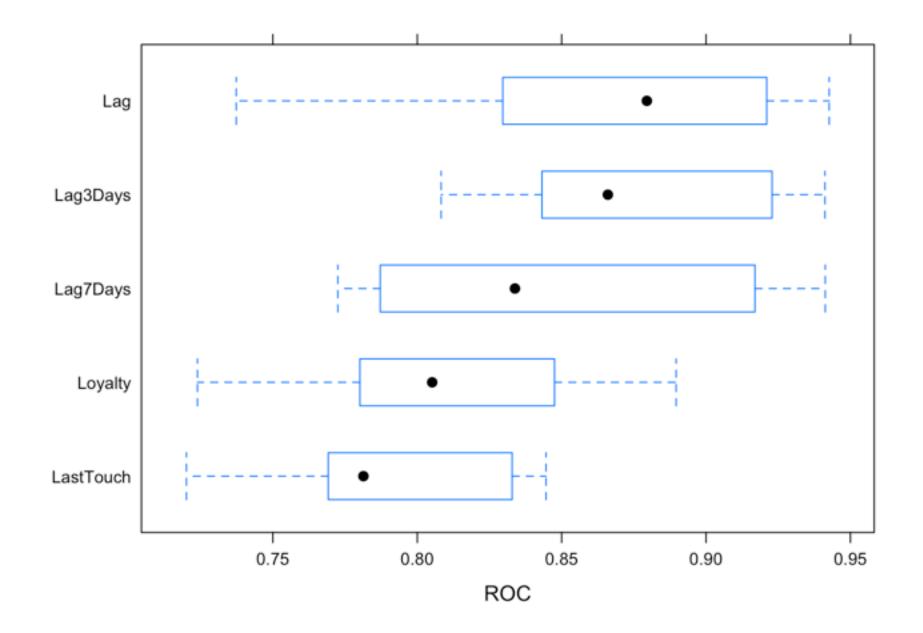
## **Build classification models - CURRENT channels separated**

```
# Set parameters for testing models
# Use ROC as the metric to compare models
cmetric <- "ROC"</pre>
# Note: Due to imbalanced output, accuracy is not an ideal metric for comparing model
S
# Model1 - only current touch point
set.seed(1234)
model1 <- train(Purchase ~ Current unknown + Current direct + Current disp + Current
email + Current_organic + Current_paid, data = bt57train, method = "glmnet", family =
"binomial" , metric=cmetric, trControl = trainControl("cv", number = 10, summaryFunct
ion=twoClassSummary, classProbs = TRUE), tuneLength = 10)
# Make predictions on Test data
probsTestmodel1 <- predict(model1, type="prob", newdata=bt57test)</pre>
predsmodel1 <-probsTestmodel1[,1]</pre>
LastTouch <-probsTestmodel1[,1] # repeat above to give proper name for chart
# Model2 - current touch point and loyalty
set.seed(1234)
model2 <- train(Purchase ~ Loyalty + Current_unknown + Current_direct + Current_disp</pre>
+ Current email + Current organic + Current paid, data = bt57train, method = "glmnet"
```

```
, family = "binomial" , metric=cmetric, trControl = trainControl("cv", number = 10, s
ummaryFunction=twoClassSummary, classProbs = TRUE), tuneLength = 10)
# Make predictions on Test data
probsTestmodel2 <- predict(model2, type="prob", newdata=bt57test)</pre>
predsmodel2 <-probsTestmodel2[,1]</pre>
Loyalty <-probsTestmodel2[,1]</pre>
# Model5 - loyalty, current touch point, all 3 lags (3 days) - separated by channel -
excluded null from lag1 and Lag2 as they do not have any nulls
set.seed(1234)
model5_1 <- train(Purchase ~ Loyalty + Current_unknown + Current_direct + Current_dis</pre>
p + Current email + Current organic + Current paid + Lag1 3days direct + Lag1 3days d
isp + Lag1_3days_email + Lag1_3days_organic + Lag1_3days_paid + Lag1_3days_unknown +
Lag2 3days direct + Lag2 3days disp + Lag2 3days email + Lag2 3days organic + Lag2 3d
ays_paid + Lag2_3days_unknown + Lag3_3days_direct + Lag3_3days_disp + Lag3_3days_emai
1 + Lag3_3days_organic + Lag3_3days_paid + Lag3_3days_unknown + Lag3_3days_null, data
= bt57train, method = "glmnet", na.action = na.omit, family = "binomial", metric=cme
tric, trControl = trainControl("cv", number = 10, summaryFunction=twoClassSummary, cl
assProbs = TRUE), tuneLength = 10)
# Make predictions on Test data
probsTestmodel5 1 <- predict(model5 1, type="prob", newdata=bt57test)</pre>
predsmodel5 1 <-probsTestmodel5 1[,1]</pre>
Lag3Days <-probsTestmodel5_1[,1]</pre>
# Model8 - loyalty, current touch point, all 3 lags (7 days) - separated by channel -
Excluded null from all 3 lags as they do not have nulls
set.seed(1234)
model8_1 <- train(Purchase ~ Loyalty + Current_unknown + Current_direct + Current_dis</pre>
p + Current email + Current organic + Current paid + Lag1 7days direct + Lag1 7days d
isp + Lag1_7days_email + Lag1_7days_organic + Lag1_7days_paid + Lag1_7days_unknown +
Lag2 7days direct + Lag2 7days disp + Lag2 7days email + Lag2 7days organic + Lag2 7d
ays_paid + Lag2_7days_unknown + Lag3_7days_direct + Lag3_7days_disp + Lag3_7days_emai
1 + Lag3_7days_organic + Lag3_7days_paid + Lag3_7days_unknown, data = bt57train, meth
od = "glmnet", na.action = na.omit, family = "binomial", metric=cmetric, trControl =
trainControl("cv", number = 10, summaryFunction=twoClassSummary, classProbs = TRUE),
tuneLength = 10)
# Make predictions on Test data
probsTestmodel8 1 <- predict(model8 1, type="prob", newdata=bt57test)</pre>
predsmodel8 1 <-probsTestmodel8 1[,1]</pre>
Lag7Days <-probsTestmodel8_1[,1]</pre>
# ModelX - loyalty, current touch point, all 3 lags (unfiltered) - separated by chann
el - Excluded null from all 3 lags as they donot have any nulls.
set.seed(1234)
modelX_1 <- train(Purchase ~ Loyalty + Current_unknown + Current_direct + Current_dis</pre>
p + Current email + Current organic + Current paid + Lagldirect + Lagldisp + Laglemai
```

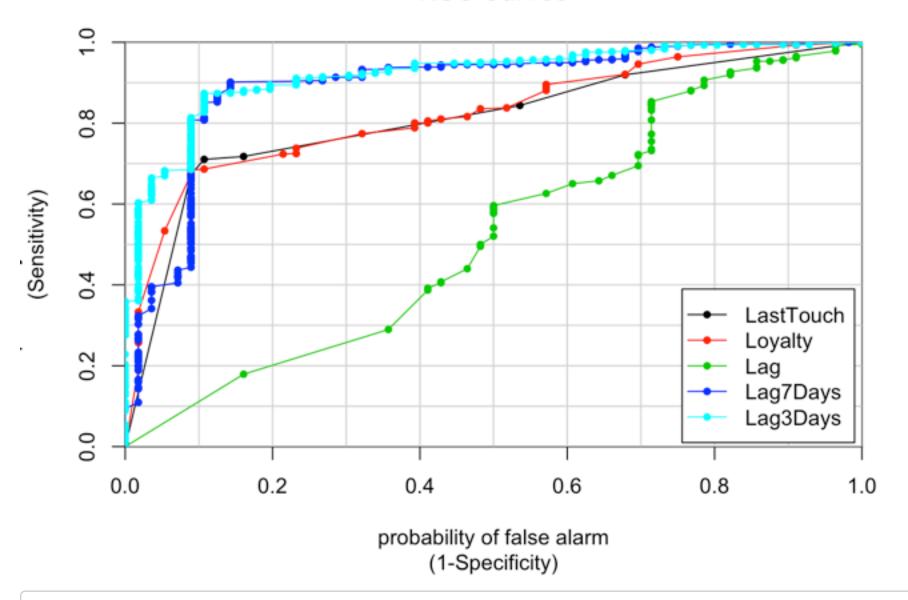
```
##
## Call:
## summary.resamples(object = results)
##
## Models: LastTouch, Loyalty, Lag, Lag7Days, Lag3Days
## Number of resamples: 10
##
## ROC
##
                             Median
              Min.
                    1st Qu.
                                       Mean
                                             3rd Qu.
                                                       Max. NA's
## LastTouch 0.7200567 0.7692941 0.7813494 0.7872124 0.8276751 0.8445882
## Loyalty
          0.7238750 0.7819118 0.8051531 0.8077394 0.8459412 0.8896471
                                                              0
## Lag
          0.7373206 0.8311147 0.8794999 0.8671790 0.9174370 0.9426511
                                                              0
## Lag7Days 0.7725000 0.7926765 0.8338318 0.8473805 0.9063529 0.9412941
                                                              0
## Lag3Days 0.8082500 0.8432353 0.8660000 0.8734791 0.9175230 0.9411765
##
## Sens
##
               Min.
                      1st Qu.
                               Median
                                              3rd Qu.
                                         Mean
                                                         Max.
## Loyalty
          ## Lag
0.05882353 0.07628676 0.1470588 0.1709559 0.2352941 0.4117647
## Lag3Days
##
          NA's
## LastTouch
             0
## Loyalty
             0
             0
## Lag
## Lag7Days
             0
## Lag3Days
             0
##
## Spec
##
              Min. 1st Qu. Median
                                   Mean 3rd Qu. Max. NA's
## LastTouch 1.0000000
                    1.000
                         1.000 1.0000000 1.000000
## Loyalty
                    1.000 1.000 1.0000000 1.000000
          1.0000000
                                                 1
                                                     0
## Lag
                    1.000 1.000 1.0000000 1.000000
          1.0000000
                                                 1
                                                     0
## Lag7Days 1.0000000
                    1.000 1.000 1.0000000 1.000000
                                                 1
                                                     0
                    0.988 0.992 0.9915904 0.995996
## Lag3Days 0.9799197
                                                     0
```

bwplot(results, metric="ROC") # boxplots to compare ROCs from 10 resamples



# Compare ROC curves
colAUC(cbind(LastTouch, Loyalty, Lag, Lag7Days, Lag3Days), bt57test\$Purchase, plotROC
=TRUE)

## ROC Curves



```
##
                           LastTouch
                                        Loyalty
                                                     Lag Lag7Days Lag3Days
## Purchase vs. No Purchase 0.8078211 0.8224588 0.5241458 0.8940591 0.9191492
```

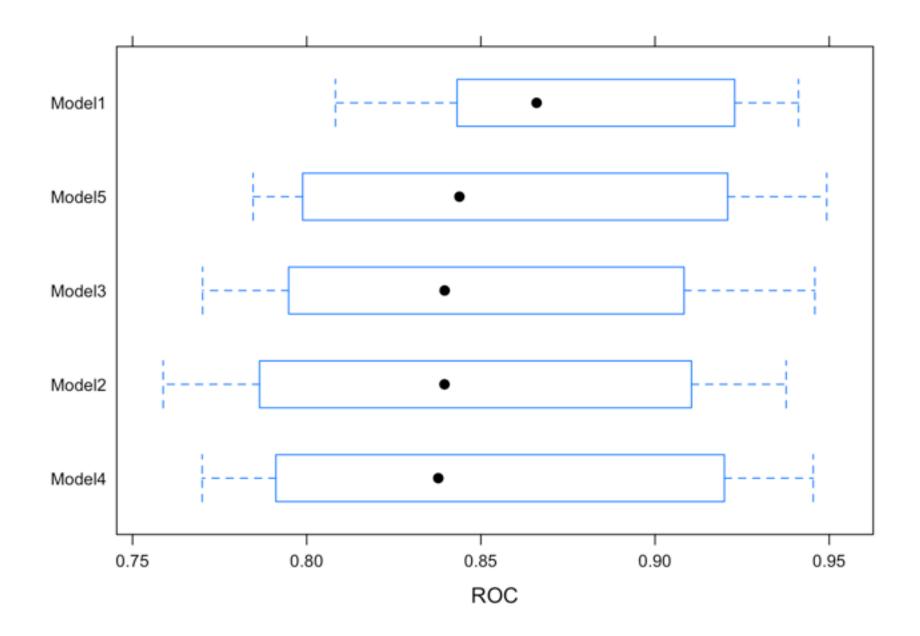
#### Fine tune the best performing model

```
# Model5 - loyalty, current touch point, all 3 lags (3 days) - separated by channel -
remove unknown
set.seed(1234)
model5 2 <- train(Purchase ~ Loyalty + Current direct + Current disp + Current email</pre>
+ Current organic + Current paid + Lag1 3days direct + Lag1 3days disp + Lag1 3days e
mail + Lag1 3days organic + Lag1 3days paid + Lag2 3days direct + Lag2 3days disp + L
ag2_3days_email + Lag2_3days_organic + Lag2_3days_paid + Lag3_3days_direct + Lag3_3da
ys disp + Lag3 3days email + Lag3 3days organic + Lag3 3days paid + Lag3 3days null,
data = bt57train, method = "glmnet", na.action = na.omit, family = "binomial", metri
c=cmetric, trControl = trainControl("cv", number = 10, summaryFunction=twoClassSummar
y, classProbs = TRUE), tuneLength = 10)
# Make predictions on Test data
probsTestmodel5 2 <- predict(model5 2, type="prob", newdata=bt57test)</pre>
predsmodel5 2 <-probsTestmodel5 2[,1]</pre>
# Model5 - loyalty, current touch point, first 2 lags (3 days) - separated by channel
```

```
- remove unknown
set.seed(1234)
model5 3 <- train(Purchase ~ Loyalty + Current direct + Current disp + Current email
+ Current organic + Current paid + Lag1 3days direct + Lag1 3days disp + Lag1 3days e
mail + Lag1 3days organic + Lag1 3days paid + Lag2 3days direct + Lag2 3days disp + L
ag2 3days email + Lag2 3days organic + Lag2 3days paid, data = bt57train, method = "g
lmnet", na.action = na.omit, family = "binomial" , metric=cmetric, trControl = trainC
ontrol("cv", number = 10, summaryFunction=twoClassSummary, classProbs = TRUE), tuneLe
ngth = 10)
# Make predictions on Test data
probsTestmodel5_3 <- predict(model5_3, type="prob", newdata=bt57test)</pre>
predsmodel5 3 <-probsTestmodel5 3[,1]</pre>
# Model5 - loyalty, current touch point, first lag (3 days) - separated by channel -
remove unknown and null
set.seed(1234)
model5_4 <- train(Purchase ~ Loyalty + Current_direct + Current_disp + Current_email</pre>
+ Current organic + Current paid + Lag1 3days direct + Lag1 3days disp + Lag1 3days e
mail + Lag1 3days organic + Lag1 3days paid, data = bt57train, method = "glmnet", na.
action = na.omit, family = "binomial" , metric=cmetric, trControl = trainControl("cv"
, number = 10, summaryFunction=twoClassSummary, classProbs = TRUE), tuneLength = 10)
# Make predictions on Test data
probsTestmodel5 4 <- predict(model5 4, type="prob", newdata=bt57test)</pre>
predsmodel5 4 <-probsTestmodel5 4[,1]</pre>
# Model5 - loyalty, current touch point, first lag (3 days) - separated by channel -
KEEP unknown and null
set.seed(1234)
model5 5 <- train(Purchase ~ Loyalty + Current unknown + Current direct + Current dis
p + Current email + Current organic + Current paid + Lag1 3days direct + Lag1 3days d
isp + Lag1 3days email + Lag1 3days organic + Lag1 3days paid + Lag1 3days unknown, d
ata = bt57train, method = "glmnet", na.action = na.omit, family = "binomial", metric
=cmetric, trControl = trainControl("cv", number = 10, summaryFunction=twoClassSummary
, classProbs = TRUE), tuneLength = 10)
# Make predictions on Test data
probsTestmodel5 5 <- predict(model5 5, type="prob", newdata=bt57test)</pre>
predsmodel5 5 <-probsTestmodel5 5[,1]</pre>
######## Compare models
set.seed(1234)
models <- list(model5_1, model5_2, model5_3, model5_4, model5_5)</pre>
results <- resamples(models)</pre>
summary(results)
```

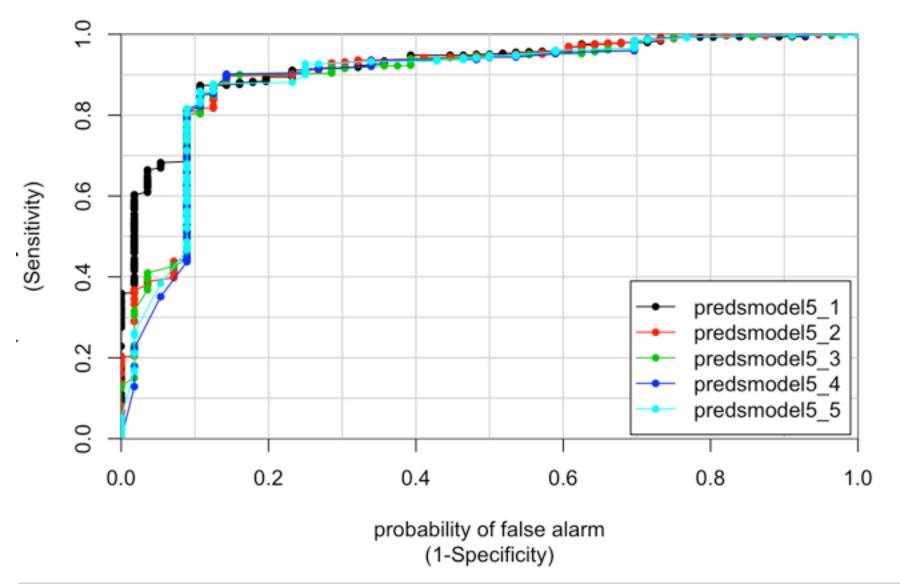
```
##
## Call:
## summary.resamples(object = results)
##
## Models: Model1, Model2, Model3, Model4, Model5
## Number of resamples: 10
##
## ROC
##
             Min.
                    1st Qu.
                             Median
                                         Mean
                                               3rd Qu.
                                                           Max. NA's
## Model1 0.8082500 0.8432353 0.8660000 0.8734791 0.9175230 0.9411765
                                                                  0
## Model2 0.7587999 0.7902353 0.8395533 0.8437188 0.9005255 0.9376471
                                                                  0
## Model3 0.7701250 0.7975294 0.8396010 0.8475394 0.8989015 0.9458824
                                                                  0
## Model4 0.7700000 0.7947853 0.8377746 0.8486901 0.9094950 0.9454118
                                                                  0
## Model5 0.7846250 0.8040142 0.8438462 0.8549196 0.9107920 0.9492941
                                                                  0
##
## Sens
##
              Min.
                      1st Qu.
                               Median
                                           Mean
                                                   3rd Qu.
                                                               Max.
## Model1 0.05882353 0.07628676 0.1470588 0.17095588 0.23529412 0.4117647
## Model4 0.00000000 0.00000000 0.001250000 0.00000000 0.1250000
## Model5 0.00000000 0.00000000 0.0000000 0.03014706 0.04411765 0.1250000
##
         NA's
## Model1
            0
## Model2
## Model3
            0
## Model4
            0
## Model5
            0
##
## Spec
##
             Min.
                    1st Qu. Median
                                      Mean 3rd Qu. Max. NA's
## Model1 0.9799197 0.9880000
                            0.992 0.9915904 0.995996
## Model2 0.9920000 0.9960000
                            1.000 0.9980000 1.000000
## Model3 1.0000000 1.0000000
                            1.000 1.0000000 1.000000
## Model4 0.9880000 0.9970000
                            1.000 0.9979984 1.000000
                                                      1
                                                          0
## Model5 0.9880000 0.9919759
                            1.000 0.9959968 1.000000
                                                          0
```

bwplot(results, metric="ROC") # boxplots to compare ROCs from 10 resamples



# Compare ROC curves
colAUC(cbind(predsmodel5\_1, predsmodel5\_2, predsmodel5\_3, predsmodel5\_4, predsmodel5\_
5), bt57test\$Purchase, plotROC=TRUE)

## **ROC Curves**



# The original model including Loyalty, Lasttouch and the 3 lags (3 days) is still the best model

#### **Model Fit**

```
# Compare the fit of the first 4 models

# Set probability threshold for classifcation
threshold <- 0.3

probsmodel1 <- predict(model1, type="prob", newdata=bt57)
predmodel1 <- factor(ifelse(probsmodel1[, "Purchase"] > threshold, 1, 0))

probsmodel2 <- predict(model2, type="prob", newdata=bt57)
predmodel2 <- factor(ifelse(probsmodel2[, "Purchase"] > threshold, 1, 0))

probsmodel5_1 <- predict(model5_1, type="prob", newdata=bt57)</pre>
```

```
predmodel5_1 <- factor(ifelse(probsmodel5_1[, "Purchase"] > threshold, 1, 0))
#probsmodel5 2 <- predict(model5 2, type="prob", newdata=bt57)</pre>
#predmodel5 2 <- factor(ifelse(probsmodel5 2[, "Purchase"] > threshold, 1, 0))
probsmodel8 1 <- predict(model8 1, type="prob", newdata=bt57)</pre>
predmodel8_1 <- factor(ifelse(probsmodel8_1[, "Purchase"] > threshold, 1, 0))
# add the predictions to the data
btd 06 02 preds <- btd 06 02 %>%
        mutate(Model1 = predmodel1, Model2 = predmodel2, Model5 1 = predmodel5 1, Mod
el8_1 = predmodel8_1) %>%
        select(ID, Purchase, Direct, Disp, Email, Organic, Paid, Model1, Model2, Mode
15 1, Model8 1)
# Frequency of use of each channel at last touchpoint - observed
bt57visits pred <- btd 06 02 preds %>%
        summarize(Direct = sum(Direct), Disp = sum(Disp), Email = sum(Email), Organic
= sum(Organic), Paid = sum(Paid)) %>%
        gather(key = Channel) %>%
        #arrange(-value) %>%
        rename("Channel Visits" = "value")
# Frequency of use of each channel at last touchpoint (Purchases only) - observed
bt57P pred <- btd 06 02 preds %>%
        filter(Purchase == 1) %>%
        summarize(Direct = sum(Direct), Disp = sum(Disp), Email = sum(Email), Organic
= sum(Organic), Paid = sum(Paid)) %>%
        gather(key = Channel) %>%
        #arrange(-value) %>%
        rename("Observed" = "value")
# Frequency of use of each channel at last touchpoint (Purchases only) - Model1
bt57M1 <- btd 06 02 preds %>%
        filter(Model1 == 1) %>%
        summarize(Direct = sum(Direct), Disp = sum(Disp), Email = sum(Email), Organic
= sum(Organic), Paid = sum(Paid)) %>%
        gather(key = Channel) %>%
        #arrange(-value) %>%
        rename("Model1" = "value")
# Frequency of use of each channel at last touchpoint (Purchases only) - Model2
bt57M2 <- btd 06 02 preds %>%
        filter(Model2 == 1) %>%
        summarize(Direct = sum(Direct), Disp = sum(Disp), Email = sum(Email), Organic
= sum(Organic), Paid = sum(Paid)) %>%
        gather(key = Channel) %>%
        #arrange(-value) %>%
        rename("Model2" = "value")
```

```
# Frequency of use of each channel at last touchpoint (Purchases only) - Model5_1
bt57M5 1 <- btd 06 02 preds %>%
        filter(Model5 1 == 1) %>%
        summarize(Direct = sum(Direct), Disp = sum(Disp), Email = sum(Email), Organic
= sum(Organic), Paid = sum(Paid)) %>%
        gather(key = Channel) %>%
        #arrange(-value) %>%
        rename("Model5_1" = "value")
# Frequency of use of each channel at last touchpoint (Purchases only) - Model8 1
bt57M8 1 <- btd 06 02 preds %>%
        filter(Model8 1 == 1) %>%
        summarize(Direct = sum(Direct), Disp = sum(Disp), Email = sum(Email), Organic
= sum(Organic), Paid = sum(Paid)) %>%
        gather(key = Channel) %>%
        #arrange(-value) %>%
        rename("Model8 1" = "value")
# Calculate Mean Absolute Percent Error
bt57sumstats pred <- bt57visits pred %>%
        left join(bt57P pred) %>%
        left join(bt57M1) %>%
        left join(bt57M2) %>%
        left_join(bt57M5_1) %>%
        left join(bt57M8 1) %>%
        mutate(MAPE_5_1 = ((abs(Model5_1 - Observed)) / Observed) * 100, MAPE_8_1 = (
(abs(Model8 1 - Observed)) / Observed) * 100)
# SUMMARY STATISTICS
knitr::kable(bt57sumstats pred)
```

Channel	Channel Visits	Observed	Model1	Model2	Model5_1	Model8_1	MAPE_5_1	MAPE_8_1
Direct	335	71	0	0	123	107	73.239437	50.70423
Disp	57	7	0	0	3	0	57.142857	100.00000
Email	132	8	0	0	2	0	75.000000	100.00000
Organic	575	77	0	0	74	2	3.896104	97.40260
Paid	289	38	0	0	45	21	18.421053	44.73684

#### **Model coefficients**

```
# Run model 1 (LastTouch) with complete data
out_model1_1 <- glm(Purchase ~ Current_unknown + Current_direct + Current_disp + Curr
ent_email + Current_organic + Current_paid, btd_06_02, family = "binomial")
summary(out_model1_1)</pre>
```

```
##
## Call:
## glm(formula = Purchase ~ Current_unknown + Current_direct + Current_disp +
       Current_email + Current_organic + Current_paid, family = "binomial",
##
##
       data = btd 06 02)
##
## Deviance Residuals:
##
       Min
                 1Q
                      Median
                                   3Q
                                           Max
## -0.6902 -0.5310 -0.1493 -0.1493
                                        3.0009
##
## Coefficients: (1 not defined because of singularities)
##
                   Estimate Std. Error z value Pr(>|z|)
## (Intercept)
                   -1.88787
                               0.17407 -10.846 < 2e-16 ***
## Current unknown -2.60357
                               0.26913 - 9.674 < 2e-16 ***
## Current direct
                    0.57460
                               0.21948
                                       2.618 0.00885 **
## Current disp
                   -0.07825
                               0.43950 - 0.178 0.85869
## Current email
                               0.40418 - 2.110
                                                0.03483 *
                   -0.85297
## Current organic 0.02107
                                       0.099
                               0.21283
                                                0.92113
## Current paid
                         NA
                                    NA
                                                     NA
                                            NA
## ---
## Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
##
## (Dispersion parameter for binomial family taken to be 1)
##
##
       Null deviance: 1677.3 on 3553
                                       degrees of freedom
## Residual deviance: 1390.5 on 3548 degrees of freedom
## AIC: 1402.5
##
## Number of Fisher Scoring iterations: 7
```

```
# Run model 2 (LastTouch + Loyalty) with complete data
out_model2_1 <- glm(Purchase ~ Loyalty + Current_unknown + Current_direct + Current_d
isp + Current_email + Current_organic + Current_paid, btd_06_02, family = "binomial"
)
summary(out_model2_1)</pre>
```

```
##
## Call:
## glm(formula = Purchase ~ Loyalty + Current unknown + Current direct +
       Current disp + Current email + Current organic + Current paid,
##
       family = "binomial", data = btd 06 02)
##
##
## Deviance Residuals:
##
       Min
                 10
                     Median
                                   30
                                          Max
## -0.7937 -0.4261 -0.1603 -0.1246
                                       3.1654
##
## Coefficients: (1 not defined because of singularities)
##
                      Estimate Std. Error z value Pr(>|z|)
                                  0.221472 -10.628 < 2e-16 ***
## (Intercept)
                     -2.353790
## Loyalty01-Basic
                      0.829832
                                  0.214262 3.873 0.000108 ***
                      0.655634
## Loyalty02-Silver
                                 0.212044 3.092 0.001988 **
## Loyalty03-Gold
                      0.148927
                                  0.338946 0.439 0.660383
## Loyalty04-Platinum 0.581329
                                 0.265021 2.194 0.028270 *
## Current unknown
                     -2.649480
                                 0.271882 - 9.745 < 2e-16 ***
                                 0.227442 2.332 0.019713 *
## Current direct
                      0.530343
## Current disp
                                  0.442744 - 0.391 0.696067
                      -0.172952
## Current email
                     -0.994288
                                  0.409947
                                          -2.425 0.015291 *
## Current organic
                     -0.009339
                                  0.215623
                                           -0.043 0.965453
## Current paid
                            NA
                                       NA
                                               NA
                                                        NA
## ---
## Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
##
## (Dispersion parameter for binomial family taken to be 1)
##
      Null deviance: 1677.3 on 3553 degrees of freedom
##
## Residual deviance: 1371.4 on 3544 degrees of freedom
## AIC: 1391.4
##
## Number of Fisher Scoring iterations: 7
```

```
# Run model 5 with complete data
out_model5_1 <- glm(Purchase ~ Loyalty + Current_unknown + Current_direct + Current_d
isp + Current_email + Current_organic + Current_paid + Lag1_3days_direct + Lag1_3days
_disp + Lag1_3days_email + Lag1_3days_organic + Lag1_3days_paid + Lag1_3days_unknown
+ Lag2_3days_direct + Lag2_3days_disp + Lag2_3days_email + Lag2_3days_organic + Lag2_
3days_paid + Lag2_3days_unknown + Lag3_3days_direct + Lag3_3days_disp + Lag3_3days_em
ail + Lag3_3days_organic + Lag3_3days_paid + Lag3_3days_null + Lag3_3days_unknown, bt
d_06_02, family = "binomial")
summary(out_model5_1)</pre>
```

```
##
## Call:
## glm(formula = Purchase ~ Loyalty + Current_unknown + Current_direct +
## Current_disp + Current_email + Current_organic + Current_paid +
```

```
##
       Lag1 3days direct + Lag1 3days disp + Lag1 3days email +
##
       Lag1 3days organic + Lag1 3days paid + Lag1 3days unknown +
##
       Lag2_3days_direct + Lag2_3days_disp + Lag2_3days_email +
##
       Lag2 3days organic + Lag2 3days paid + Lag2 3days unknown +
##
       Lag3_3days_direct + Lag3_3days_disp + Lag3_3days_email +
##
       Lag3 3days organic + Lag3 3days paid + Lag3 3days null +
##
       Lag3_3days_unknown, family = "binomial", data = btd_06_02)
##
## Deviance Residuals:
##
       Min
                 10
                      Median
                                    3Q
                                            Max
## -1.4940
            -0.2528
                     -0.1268
                              -0.0495
                                         3.2243
##
## Coefficients: (1 not defined because of singularities)
##
                       Estimate Std. Error z value Pr(>|z|)
## (Intercept)
                                  419.94474
                                             -0.051 0.959030
                      -21.57317
## Loyalty01-Basic
                        0.87703
                                    0.23091
                                              3.798 0.000146 ***
## Loyalty02-Silver
                         0.81581
                                    0.23701
                                              3.442 0.000577 ***
## Loyalty03-Gold
                        0.30559
                                    0.36916
                                              0.828 0.407779
## Loyalty04-Platinum
                         0.64426
                                    0.29542
                                              2.181 0.029199 *
## Current unknown
                       -2.33955
                                    0.29811
                                             -7.848 4.23e-15 ***
## Current direct
                                    0.31606
                                              3.495 0.000474 ***
                        1.10462
## Current disp
                        0.14203
                                    0.58515
                                              0.243 0.808216
## Current email
                                    0.49290
                                             -0.769 0.442016
                       -0.37894
## Current organic
                       -0.13762
                                    0.25117
                                             -0.548 0.583741
## Current paid
                                                           NA
                              NA
                                         NA
                                                 NA
## Lag1 3days direct
                        17.22592
                                  419.94447
                                              0.041 0.967280
## Lag1_3days_disp
                        17.47376
                                  419.94473
                                              0.042 0.966810
## Lag1_3days_email
                        16.66551
                                  419.94479
                                              0.040 0.968344
## Lag1_3days_organic
                       17.44210
                                  419.94449
                                              0.042 0.966870
## Lag1_3days_paid
                        17.40132
                                              0.041 0.966947
                                  419.94452
## Lag1 3days unknown
                       16.28264
                                  419.94450
                                              0.039 0.969071
## Lag2 3days direct
                        -0.10124
                                    0.45220
                                             -0.224 0.822854
## Lag2 3days disp
                        -1.46993
                                    1.12871
                                             -1.302 0.192810
## Lag2_3days_email
                         0.03766
                                    0.73309
                                              0.051 0.959029
## Lag2 3days organic
                                              0.240 0.810703
                        0.10915
                                    0.45569
## Lag2_3days_paid
                       -0.16558
                                    0.49073
                                             -0.337 0.735811
## Lag2 3days unknown
                         0.23580
                                    0.44040
                                              0.535 0.592357
## Lag3_3days_direct
                        2.53865
                                    0.43736
                                              5.804 6.46e-09 ***
## Lag3_3days_disp
                         1.73162
                                    1.17724
                                              1.471 0.141312
## Lag3 3days email
                                              2.095 0.036188 *
                        1.78588
                                    0.85252
## Lag3 3days organic
                        2.71230
                                    0.38806
                                              6.989 2.76e-12 ***
## Lag3 3days paid
                                    0.45172
                                              5.162 2.45e-07 ***
                        2.33164
## Lag3_3days_null
                        2.66138
                                    0.45094
                                              5.902 3.60e-09 ***
## Lag3 3days unknown
                                    0.33924
                                              7.761 8.44e-15 ***
                        2.63278
## ---
                   0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
## Signif. codes:
##
## (Dispersion parameter for binomial family taken to be 1)
##
##
       Null deviance: 1677.3
                              on 3553
                                       degrees of freedom
```

```
## Residual deviance: 1078.6 on 3525 degrees of freedom
## AIC: 1136.6
##
## Number of Fisher Scoring iterations: 17

# without the lag_null & unknown
out_model5_1_X <- glm(Purchase ~ Loyalty + Current_direct + Current_disp + Current_em
ail + Current_organic + Current_paid + Lag1_3days_direct + Lag1_3days_disp + Lag1_3da
ys_email + Lag1_3days_organic + Lag1_3days_paid + Lag2_3days_direct + Lag2_3days_disp
+ Lag2_3days_email + Lag2_3days_organic + Lag2_3days_paid + Lag3_3days_direct + Lag3_
3days_disp + Lag3_3days_email + Lag3_3days_organic + Lag3_3days_paid, btd_06_02, fam
ily = "binomial")
summary(out_model5_1_X)</pre>
```

```
##
## Call:
## glm(formula = Purchase ~ Loyalty + Current direct + Current disp +
##
       Current email + Current organic + Current paid + Lag1 3days direct +
##
       Lag1_3days_disp + Lag1_3days_email + Lag1_3days_organic +
       Lag1 3days paid + Lag2 3days direct + Lag2 3days disp + Lag2 3days email +
##
##
       Lag2_3days_organic + Lag2_3days_paid + Lag3_3days_direct +
##
       Lag3 3days disp + Lag3 3days email + Lag3 3days organic +
##
       Lag3_3days_paid, family = "binomial", data = btd_06_02)
##
## Deviance Residuals:
##
       Min
                      Median
                 1Q
                                    3Q
                                            Max
                             -0.0822
\#\# -1.3526
            -0.2774
                     -0.1619
                                         3.5897
##
## Coefficients:
##
                       Estimate Std. Error z value Pr(>|z|)
                                   0.317081 - 20.315 < 2e-16 ***
## (Intercept)
                      -6.441535
## Loyalty01-Basic
                      0.849626
                                   0.226967
                                              3.743 0.000182 ***
## Loyalty02-Silver
                       0.780350
                                   0.229320
                                              3.403 0.000667 ***
## Loyalty03-Gold
                       0.198327
                                   0.358638
                                              0.553 0.580264
                                              1.626 0.103976
## Loyalty04-Platinum 0.462446
                                   0.284429
## Current direct
                                            11.839 < 2e-16 ***
                       3.331485
                                   0.281406
## Current disp
                                              4.620 3.84e-06 ***
                       2.437835
                                   0.527697
                                              4.525 6.03e-06 ***
## Current email
                       2.101737
                                   0.464440
## Current_organic
                       2.353231
                                   0.253871
                                              9.269 < 2e-16 ***
                                              8.936 < 2e-16 ***
## Current paid
                       2.642237
                                   0.295692
## Lag1_3days_direct
                       2.109837
                                   0.253652
                                              8.318
                                                    < 2e-16 ***
## Lag1_3days_disp
                       2.482410
                                   0.528962
                                              4.693 2.69e-06 ***
## Lag1_3days_email
                                   0.549054
                                              2.284 0.022343 *
                       1.254310
## Lag1_3days_organic 2.113941
                                   0.241598
                                              8.750 < 2e-16 ***
## Lag1 3days paid
                       2.222395
                                   0.277736
                                              8.002 1.23e-15 ***
                                   0.276685
## Lag2_3days_direct
                       0.160541
                                              0.580 0.561759
## Lag2 3days disp
                      -1.305183
                                   1.102996
                                            -1.183 0.236687
## Lag2 3days email
                       0.358954
                                   0.611810
                                              0.587 0.557399
## Lag2 3days organic
                       0.234558
                                   0.232463
                                              1.009 0.312969
```

```
## Lag2_3days_paid
                                  0.297883 - 0.167 \ 0.867555
                     -0.049677
## Lag3 3days direct
                                  0.330133
                                           1.400 0.161479
                       0.462225
## Lag3_3days_disp
                     -0.504443
                                  1.142934 - 0.441 \ 0.658954
## Lag3 3days email
                     -0.358837
                                  0.816148
                                           -0.440 0.660175
## Lag3_3days_organic 0.554283
                                  0.251987
                                           2.200 0.027832 *
## Lag3 3days paid
                       0.004824
                                  0.336581
                                           0.014 0.988564
## ---
## Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
##
## (Dispersion parameter for binomial family taken to be 1)
##
       Null deviance: 1677.3 on 3553 degrees of freedom
##
## Residual deviance: 1179.5 on 3529
                                       degrees of freedom
## AIC: 1229.5
##
## Number of Fisher Scoring iterations: 7
```

```
# Run model 5 with complete data - only 1st lag
out_model5_1_L1 <- glm(Purchase ~ Loyalty + Current_unknown + Current_direct + Curren
t_disp + Current_email + Current_organic + Current_paid + Lag1_3days_direct + Lag1_3d
ays_disp + Lag1_3days_email + Lag1_3days_organic + Lag1_3days_paid + Lag1_3days_unkno
wn, btd_06_02, family = "binomial")
summary(out_model5_1_L1)</pre>
```

```
##
## Call:
## glm(formula = Purchase ~ Loyalty + Current unknown + Current direct +
       Current disp + Current email + Current organic + Current paid +
##
##
       Lag1 3days direct + Lag1 3days disp + Lag1 3days email +
       Lag1 3days organic + Lag1 3days paid + Lag1 3days unknown,
##
       family = "binomial", data = btd 06 02)
##
##
## Deviance Residuals:
##
       Min
                 10
                      Median
                                   30
                                           Max
## -1.1910
           -0.2709 \quad -0.1668 \quad -0.0709
                                        3.5214
##
## Coefficients: (1 not defined because of singularities)
##
                      Estimate Std. Error z value Pr(>|z|)
## (Intercept)
                      -18.6108
                                 420.9334 -0.044 0.964735
## Loyalty01-Basic
                        0.8154
                                   0.2249 3.625 0.000288 ***
## Loyalty02-Silver
                                   0.2265 3.486 0.000491 ***
                        0.7895
## Loyalty03-Gold
                        0.2142
                                   0.3553 0.603 0.546696
## Loyalty04-Platinum
                        0.5338
                                   0.2795 1.910 0.056123 .
## Current unknown
                                   0.2865 - 9.008 < 2e-16 ***
                       -2.5809
                                   0.2826 2.608 0.009102 **
## Current direct
                        0.7372
                                   0.5198 - 0.320 0.749274
## Current disp
                       -0.1661
## Current email
                       -0.5029
                                   0.4549 - 1.105 0.268949
                                   0.2320 -0.824 0.409688
## Current organic
                       -0.1913
## Current paid
                            NA
                                       NA
                                               NA
                                                         NA
                                 420.9334 0.040 0.967792
## Lag1 3days direct
                       16.9962
## Lag1 3days disp
                                            0.041 0.967524
                       17.1379
                                 420.9336
## Lag1 3days email
                                 420.9337 0.038 0.969474
                       16.1081
## Lag1 3days organic 17.0896
                                 420.9334 0.041 0.967615
## Lag1 3days paid
                       17.0902
                                 420.9334 0.041 0.967614
## Lag1 3days unknown
                                            0.036 0.971585
                       14.9937
                                 420.9334
## ---
                   0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
## Signif. codes:
##
## (Dispersion parameter for binomial family taken to be 1)
##
##
       Null deviance: 1677.3 on 3553 degrees of freedom
## Residual deviance: 1180.5 on 3538 degrees of freedom
## AIC: 1212.5
##
## Number of Fisher Scoring iterations: 17
```

```
# Run model 5 with complete data - only 3rd lag
out_model5_1_L3 <- glm(Purchase ~ Loyalty + Current_unknown + Current_direct + Curren
t_disp + Current_email + Current_organic + Current_paid + Lag3_3days_direct + Lag3_3d
ays_disp + Lag3_3days_email + Lag3_3days_organic + Lag3_3days_paid + Lag3_3days_null
+ Lag3_3days_unknown + Lag3_3days_null, btd_06_02, family = "binomial")
summary(out_model5_1_L3)</pre>
```

```
##
## Call:
## glm(formula = Purchase ~ Loyalty + Current unknown + Current direct +
       Current disp + Current email + Current organic + Current paid +
##
       Lag3 3days direct + Lag3 3days disp + Lag3 3days email +
##
##
       Lag3 3days organic + Lag3 3days paid + Lag3 3days null +
##
       Lag3 3days unknown + Lag3 3days null, family = "binomial",
##
       data = btd 06 02)
##
## Deviance Residuals:
##
       Min
                 1Q
                      Median
                                   30
                                           Max
## -1.2420 -0.2690 -0.1574 -0.0569
                                        3.1896
##
## Coefficients: (1 not defined because of singularities)
                      Estimate Std. Error z value Pr(>|z|)
##
                                  0.36934 - 13.063 < 2e-16 ***
## (Intercept)
                      -4.82465
## Loyalty01-Basic
                       0.83403
                                  0.22444 3.716 0.000202 ***
## Loyalty02-Silver
                       0.76788
                                  0.22662 3.388 0.000703 ***
## Loyalty03-Gold
                                  0.35739 0.973 0.330625
                       0.34769
## Loyalty04-Platinum 0.62932
                                  0.28428 2.214 0.026848 *
## Current unknown
                                  0.28242 -8.389 < 2e-16 ***
                     -2.36939
## Current direct
                      1.01591
                                  0.25984 3.910 9.24e-05 ***
## Current disp
                       0.25063
                                  0.47593
                                           0.527 0.598459
## Current email
                                  0.43462 - 1.297 0.194773
                      -0.56353
## Current organic
                                            0.281 0.778382
                       0.06417
                                  0.22800
## Current paid
                                               NA
                            NA
                                       NA
                                                        NA
## Lag3 3days direct
                                  0.39422
                                           7.124 1.05e-12 ***
                       2.80858
## Lag3 3days disp
                                           1.622 0.104860
                       1.80412
                                  1.11246
## Lag3 3days email
                       1.98406
                                  0.79889 2.484 0.013009 *
                                  0.35433 8.741 < 2e-16 ***
## Lag3 3days organic 3.09725
## Lag3 3days paid
                                  0.40754 6.839 7.96e-12 ***
                       2.78732
## Lag3 3days null
                       2.11349
                                  0.33512 6.307 2.85e-10 ***
## Lag3 3days unknown 3.12525
                                  0.30891 10.117 < 2e-16 ***
## ---
                 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
## Signif. codes:
##
## (Dispersion parameter for binomial family taken to be 1)
##
##
       Null deviance: 1677.3 on 3553
                                       degrees of freedom
## Residual deviance: 1168.6 on 3537
                                       degrees of freedom
## AIC: 1202.6
##
## Number of Fisher Scoring iterations: 7
```

```
# Test correlation between current and lag1
#bt57cor <- bt57 %>%
# select(Purchase, Current_direct, Current_disp, Current_email, Current_organi
c, Current_paid, Lag1_3days_direct, Lag1_3days_disp, Lag1_3days_email, Lag1_3days_org
anic, Lag1_3days_paid)
#ggpairs(bt57cor)

# Odds Ratio
knitr::kable(exp(coef(out_model5_1)))
```

	x
(Intercept)	0.000000e+00
Loyalty01-Basic	2.403759e+00
Loyalty02-Silver	2.260997e+00
Loyalty03-Gold	1.357427e+00
Loyalty04-Platinum	1.904574e+00
Current_unknown	9.637130e-02
Current_direct	3.018091e+00
Current_disp	1.152613e+00
Current_email	6.845854e-01
Current_organic	8.714266e-01
Current_paid	NA
Lag1_3days_direct	3.027778e+07
Lag1_3days_disp	3.879338e+07
Lag1_3days_email	1.728770e+07
Lag1_3days_organic	3.758451e+07
Lag1_3days_paid	3.608256e+07
Lag1_3days_unknown	1.178855e+07
Lag2_3days_direct	9.037197e-01
Lag2_3days_disp	2.299407e-01
Lag2_3days_email	1.038379e+00
Lag2_3days_organic	1.115327e+00

Lag2_3days_paid	8.474052e-01
Lag2_3days_unknown	1.265921e+00
Lag3_3days_direct	1.266256e+01
Lag3_3days_disp	5.649802e+00
Lag3_3days_email	5.964800e+00
Lag3_3days_organic	1.506382e+01
Lag3_3days_paid	1.029476e+01
Lag3_3days_null	1.431606e+01
Lag3_3days_unknown	1.391242e+01

## **Consideration Stage - using Multinomia Logistic Regression**

```
# Re-level the Current variable to use 'unknown' as reference
bt57$Current2 <- relevel(as.factor(bt57$Current), ref = "unknown")
cs <- multinom(Current2 ~ Loyalty, data = bt57)</pre>
```

```
## # weights: 36 (25 variable)

## initial value 6367.913154

## iter 10 value 4385.018720

## iter 20 value 4272.519142

## iter 30 value 4219.164027

## final value 4218.782442

## converged
```

```
summary(cs)
```

```
## Call:
## multinom(formula = Current2 ~ Loyalty, data = bt57)
##
## Coefficients:
##
          (Intercept) Loyalty01-Basic Loyalty02-Silver Loyalty03-Gold
            -2.138367
                          -0.24701367
## direct
                                              0.5111148
                                                             0.2374848
## disp
            -3.524400
                            0.53288942
                                             -0.7957478
                                                           -14.7038812
## email
            -4.468747
                            1.73305216
                                             2.0942937
                                                             2.2543381
## organic
            -1.297036
                            0.13138149
                                             -0.2033640
                                                             0.1633261
## paid
            -1.670142
                                             -0.9762556
                                                            -0.9239797
                           -0.04511145
##
          Loyalty04-Platinum
## direct
                    0.8122020
## disp
                   -0.1052471
## email
                   1.5329144
## organic
                   -0.1722823
## paid
                   -0.4544898
##
## Std. Errors:
##
           (Intercept) Loyalty01-Basic Loyalty02-Silver Loyalty03-Gold
## direct
            0.12459973
                             0.2008571
                                              0.1565906
                                                          2.444006e-01
## disp
                                              0.4119864
                                                          1.360930e-07
            0.23911450
                             0.3176991
## email
            0.38004608
                             0.4228328
                                              0.4022240
                                                          4.503376e-01
## organic 0.08731833
                                                          1.767182e-01
                             0.1281714
                                              0.1253966
            0.10164843
                                              0.1806702
## paid
                             0.1550880
                                                          3.049679e-01
##
           Loyalty04-Platinum
## direct
                    0.1913525
## disp
                    0.4779226
## email
                    0.4818805
## organic
                    0.1768621
                    0.2275767
## paid
##
## Residual Deviance: 8437.565
## AIC: 8487.565
```

```
# calculate p-value
z <- summary(cs)$coefficients/summary(cs)$standard.errors
p <- (1 - pnorm(abs(z), 0, 1)) * 2
knitr::kable(p)</pre>
```

	(Intercept)	Loyalty01-Basic	Loyalty02-Silver	Loyalty03-Gold	Loyalty04-Platinum
direct	0	0.2187728	0.0010984	0.3311982	0.0000219
disp	0	0.0934760	0.0534224	0.0000000	0.8257014
email	0	0.0000416	0.0000002	0.0000006	0.0014671
organic	0	0.3053419	0.1048535	0.3553728	0.3300042
paid	0	0.7711459	0.0000001	0.0024475	0.0458161

```
# calculate odds ratio
knitr::kable(exp(coef(cs)))
```

	(Intercept)	Loyalty01-Basic	Loyalty02-Silver	Loyalty03-Gold	Loyalty04-Platinum
direct	0.1178471	0.7811300	1.6671487	1.2680557	2.2528633
disp	0.0294695	1.7038483	0.4512437	0.000004	0.9001021
email	0.0114617	5.6578964	8.1197044	9.5289836	4.6316555
organic	0.2733409	1.1404027	0.8159812	1.1774206	0.8417415
paid	0.1882203	0.9558909	0.3767190	0.3969362	0.6347718

#### Incremental value

```
# Set probability threshold for classifcation
threshold <- 0.3
# Overall purchases - this is the same as probsmodel5 1
overallprobs <- predict(model5_1, type="prob", newdata=bt57)</pre>
overall <- ifelse(overallprobs[, "Purchase"] > threshold, 1, 0)
# Export the above to calculate cost/profit
bt57 prob <- bt57 %>%
        mutate(model5 1 0.3 = overall)
write excel csv(bt57 prob, "bt57 prob 0.3.csv")
# Change data to remove a single channel
# Direct
bt57direct <- bt57 %>%
        mutate(Current_direct = 0, Lag1_3days_direct = 0, Lag2_3days_direct = 0, Lag3
3days direct = 0)
directprobs <- predict(model5_1, type="prob", newdata=bt57direct)</pre>
direct <- ifelse(directprobs[, "Purchase"] > threshold, 1, 0)
# Display
bt57display <- bt57 %>%
        mutate(Current_disp = 0, Lag1_3days_disp = 0, Lag2_3days_disp = 0, Lag3_3days
_{disp} = 0)
displayprobs <- predict(model5_1, type="prob", newdata=bt57display)</pre>
display <- ifelse(displayprobs[, "Purchase"] > threshold, 1, 0)
# Email
bt57email <- bt57 %>%
        mutate(Current_email = 0, Lag1_3days_email = 0, Lag2_3days_email = 0, Lag3_3d
ays email = 0)
```

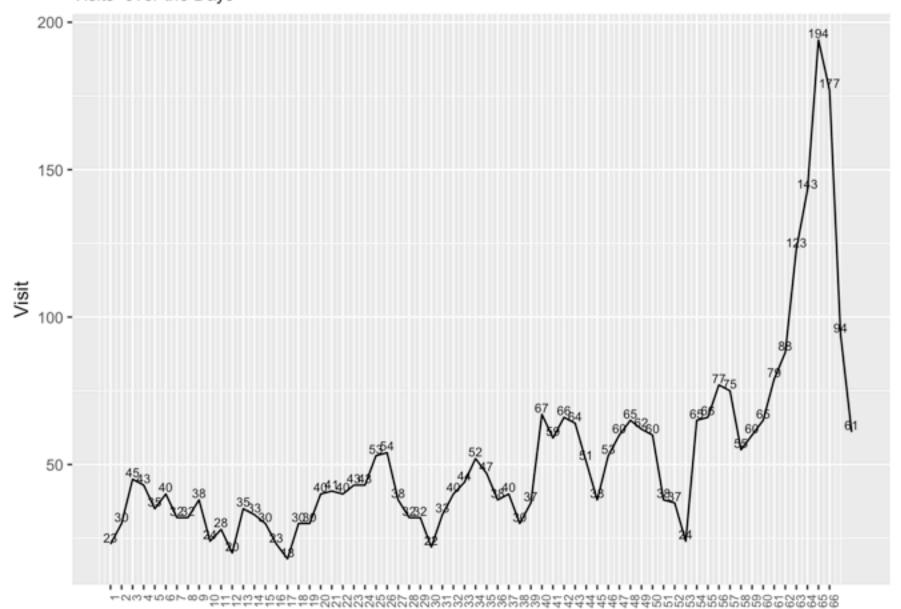
```
emailprobs <- predict(model5 1, type="prob", newdata=bt57email)</pre>
email <- ifelse(emailprobs[, "Purchase"] > threshold, 1, 0)
# Organic
bt57organic <- bt57 %>%
        mutate(Current_organic = 0, Lag1_3days_organic = 0, Lag2_3days_organic = 0, L
ag3 3days organic = 0)
organicprobs <- predict(model5 1, type="prob", newdata=bt57organic)</pre>
organic <- ifelse(organicprobs[, "Purchase"] > threshold, 1, 0)
# Paid
bt57paid <- bt57 %>%
        mutate(Current paid = 0, Lag1 3days paid = 0, Lag2 3days paid = 0, Lag3 3days
_paid = 0)
paidprobs <- predict(model5_1, type="prob", newdata=bt57paid)</pre>
paid <- ifelse(paidprobs[, "Purchase"] > threshold, 1, 0)
# add the predictions to the data
bt57 channeluse <- bt57 %>%
        mutate(OverallPred = overall, DirectPred = direct, DisplayPred = display, Ema
ilPred = email, OrganicPred = organic, PaidPred = paid) %>%
        select(Purchase, OverallPred, DirectPred, DisplayPred, EmailPred, OrganicPred
, PaidPred) %>%
        mutate(Purchase = ifelse(Purchase == "Purchase", 1, 0)) %>%
        summarize(Observed = sum(Purchase), Overall = sum(OverallPred), NoDirect = su
m(DirectPred), NoDisplay = sum(DisplayPred), NoEmail = sum(EmailPred), NoOrganic = su
m(OrganicPred), NoPaid = sum(PaidPred))
knitr::kable(bt57 channeluse)
```

Observed	Overall	NoDirect	NoDisplay	NoEmail	NoOrganic	NoPaid
225	247	122	245	250	154	193

## Summary Graphs

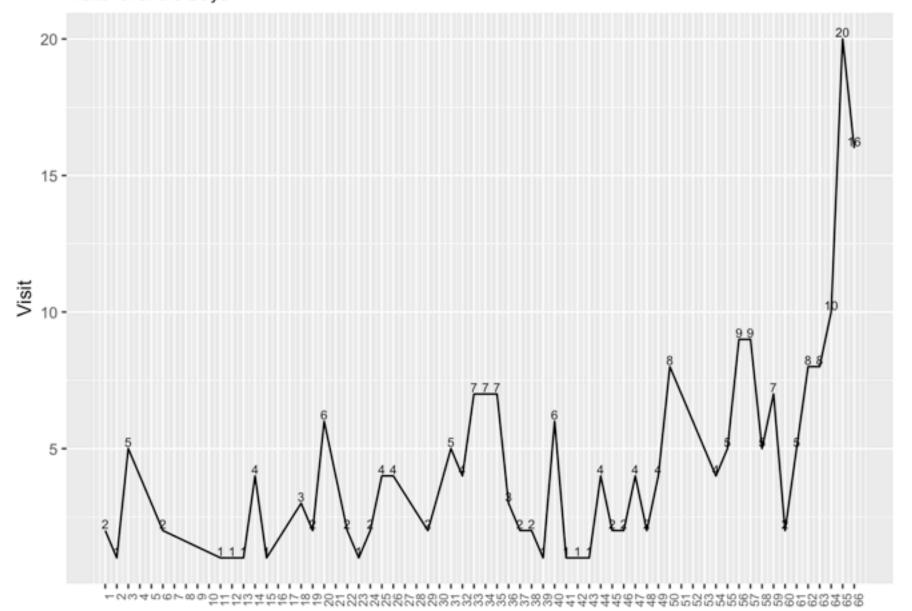
```
# Graph of Visits by Day
SST bothpurchasestatus <- btd 06 02 %>%
        group by(Day) %>%
        count(Customer ID) %>%
        select(Day, Customer ID, n)
SST bothpurch <- btd 06 02 %>%
        group by(Day) %>%
        count(Customer ID) %>%
        select(Day, n)
SS <- aggregate(SST bothpurch$n, by=list(DD = SST bothpurch$Day), FUN = sum)
colnames(SS) <- c("Day", "Visit")</pre>
SST <- btd 06 02 %>% filter(Purchase == 1) %>% group by(Day ) %>% count(Customer ID
) %>% select(Day, n)
SSTT <- aggregate(SST$n, by=list(DD = SST$Day), FUN = sum)</pre>
colnames(SSTT) <- c("Day" , "Visit")</pre>
SS %>%
        ggplot(aes(x=Day, y=Visit)) +
        geom line() +
        labs(title = "Visits over the Days") +
        scale x continuous(breaks = round(seq(min(SSTT$Day), max(SSTT$Day), by = 1),
1)) +
        geom text(aes(label=Visit), size = 2.5, position=position dodge(width=0.2), v
just=-0.25) +
        theme(plot.title = element text(size =10),axis.text.x = element text(size =7,
angle = 90, hjust =1),axis.title.x=element_blank())
```

#### Visits over the Days



# Graph of Visits by day - but restricted to purchases
SSTT %>% ggplot(aes(x=Day, y= Visit)) + geom\_line() + labs(title = "Visits over the
Days") + scale\_x\_continuous(breaks = round(seq(min(SSTT\$Day), max(SSTT\$Day), by = 1)
, 1)) + geom\_text(aes(label=Visit), size = 2.5, position=position\_dodge(width=0.2), v
just=-0.25) + theme(plot.title = element\_text(size =10),axis.text.x = element\_text(size =7,angle = 90, hjust =1),axis.title.x=element\_blank())

## Visits over the Days



```
# Graph of Purchases by day
SST_P <- SST %>% mutate(PC = 1) %>% select(-n)
SSTT_01 <- aggregate(SST_P$PC, by=list(DD = SST_P$Day), FUN = sum)
colnames(SSTT_01) <- c("Day" , "Purchase")

SSTT_01 %>% ggplot(aes(x=Day, y= Purchase)) + geom_line() + labs(title = "Purchase
over the Days") +scale_x_continuous(breaks = round(seq(min(SSTT_01$Day), max(SSTT_01$Day), by = 1), 1)) + geom_text(aes(label=Purchase), size = 2.5, position=position_do
dge(width=0.2), vjust=-0.25) + theme(plot.title = element_text(size =10),axis.text.x
= element_text(size =7,angle = 90, hjust =1),axis.title.x=element_blank())
```

## Purchase over the Days

