Telephone Customer Churn Prediction - Harshit Jain | IIT Kanpur

1. Introduction

Customer Churn is when customers leave a service in a given period of time, what is bad for business.

This work has as objective to build a machine learning model to predict what customers will leave the service.

Also, an Exploratory Data Analysis is made to a better understand about the data.

Another point on this work is use the PyCaret Python Module to make all the experiment pipeline.

1.1 Enviroment Setup

```
In [ ]: !pip install pycaret
In [2]: # Standard
        import pandas as pd
        import numpy as np
        # Pycaret
        from pycaret.classification import *
        # PLots
        from plotly.offline import iplot
        import plotly.graph_objects as go
        import plotly.figure factory as ff
        from plotly.subplots import make subplots
        import seaborn as sns
        # Sklearn tools
        from sklearn.preprocessing import LabelEncoder
        from sklearn.metrics import *
        # Extras
        from datetime import date
        import warnings
        warnings.filterwarnings("ignore")
        # Datapath and Setup
        data_path = "/kaggle/input/telco-customer-churn/"
        random seed = 142
```

```
In [3]: # Helper functions for structured data
        ## Get info about the dataset
        def dataset info(dataset, dataset name: str):
            print(f"Dataset Name: {dataset name} | Number of Samples: {dataset.shape[0]}
            print(30*"=")
            print("Column
                                       Data Type")
            print(dataset.dtypes)
            print(30*"=")
            missing data = dataset.isnull().sum()
            if sum(missing_data) > 0:
                print(missing_data[missing_data.values > 0])
            else:
                print("No Missing Data on this Dataset!")
            print(30*"=")
            print(f"Memory Usage: {np.round(dataset.memory usage(index=True).sum() / 10ef
        ## Dataset Sampling
        def data_sampling(dataset, frac: float, random_seed: int):
            data_sampled_a = dataset.sample(frac=frac, random_state=random_seed)
            data sampled b = dataset.drop(data sampled a.index).reset index(drop=True)
            data sampled a.reset index(drop=True, inplace=True)
            return data sampled a, data sampled b
        ## Bar Plot
        def bar plot(data, plot title: str, x axis: str, y axis: str):
            colors = ["#0080ff",] * len(data)
            colors[0] = "#ff8000"
            trace = go.Bar(y=data.values, x=data.index, text=data.values,
                            marker color=colors)
            layout = go.Layout(autosize=False, height=600,
                             title={"text" : plot title,
                                "y" : 0.9,
                                "x" : 0.5,
                                "xanchor" : "center",
                                "yanchor" : "top"},
                             xaxis={"title" : x axis},
                            yaxis={"title" : y axis},)
            fig = go.Figure(data=trace, layout=layout)
            fig.update_layout(template="simple_white")
            fig.update traces(textposition="outside",
                            textfont size=14,
                            marker=dict(line=dict(color="#000000", width=2)))
            fig.update_yaxes(automargin=True)
            iplot(fig)
        ## Plot Pie Chart
        def pie_plot(data, plot_title: str):
            trace = go.Pie(labels=data.index, values=data.values)
            layout = go.Layout(autosize=False,
                             title={"text" : plot_title,
                                "y" : 0.9,
                                "x" : 0.5,
                                "xanchor" : "center",
                                "vanchor" : "top"})
            fig = go.Figure(data=trace, layout=layout)
            fig.update_traces(textfont_size=14,
                            marker=dict(line=dict(color="#000000", width=2)))
            fig.update_yaxes(automargin=True)
            iplot(fig)
```

```
## Histogram
def histogram_plot(data, plot_title: str, y_axis: str):
    trace = go.Histogram(x=data)
    layout = go.Layout(autosize=False,
                    title={"text" : plot title,
                       "y" : 0.9,
                       "x" : 0.5,
                       "xanchor" : "center",
                       "yanchor" : "top"},
                    yaxis={"title" : y axis})
    fig = go.Figure(data=trace, layout=layout)
   fig.update_traces(marker=dict(line=dict(color="#000000", width=2)))
   fig.update layout(template="simple white")
   fig.update_yaxes(automargin=True)
    iplot(fig)
# Particular case: Histogram subplot (1, 2)
def histogram_subplot(dataset_a, dataset_b, feature_a: str,
                        feature_b: str, title: str, title_a: str, title_b: str):
    fig = make_subplots(rows=1, cols=2, subplot_titles=(
                        title a,
                        title_b
                        )
    fig.add trace(go.Histogram(x=dataset a[feature a], showlegend=False), row=1,
    fig.add_trace(go.Histogram(x=dataset_b[feature_b], showlegend=False), row=1,
   fig.update layout(template="simple white")
    fig.update layout(autosize=False,
                        title={"text" : title,
                        "y" : 0.9,
                        "x" : 0.5,
                        "xanchor" : "center",
                        "yanchor" : "top"},
                        yaxis={"title" : "<i>Frequency</i>"})
    fig.update traces(marker=dict(line=dict(color="#000000", width=2)))
    fig.update yaxes(automargin=True)
    iplot(fig)
# Calculate scores with Test/Unseen labeled data
def test score report(data unseen, predict unseen):
    le = LabelEncoder()
   data_unseen["Label"] = le.fit_transform(data_unseen.Churn.values)
   data unseen["Label"] = data unseen["Label"].astype(int)
    accuracy = accuracy_score(data_unseen["Label"], predict_unseen["Label"])
    roc_auc = roc_auc_score(data_unseen["Label"], predict_unseen["Label"])
   precision = precision score(data unseen["Label"], predict unseen["Label"])
    recall = recall_score(data_unseen["Label"], predict_unseen["Label"])
   f1 = f1_score(data_unseen["Label"], predict_unseen["Label"])
    df unseen = pd.DataFrame({
        "Accuracy" : [accuracy],
        "AUC" : [roc auc],
        "Recall" : [recall],
        "Precision" : [precision],
        "F1 Score" : [f1]
    })
    return df_unseen
# Confusion Matrix
def conf_mat(data_unseen, predict_unseen):
```

```
unique_label = data_unseen["Label"].unique()
cmtx = pd.DataFrame(
    confusion_matrix(data_unseen["Label"], predict_unseen["Label"], labels=ur
    index=['{:}'.format(x) for x in unique_label],
    columns=['{:}'.format(x) for x in unique_label]
)
ax = sns.heatmap(cmtx, annot=True, fmt="d", cmap="YlGnBu")
ax.set_ylabel('Predicted')
ax.set_xlabel('Target');
ax.set_title("Predict Unseen Confusion Matrix", size=14);
```

2. Load Data

```
In [4]: dataset = pd.read_csv("WA_Fn-UseC_-Telco-Customer-Churn.csv")
    dataset.head(3)
```

Out[4]:

	customerID	gender	SeniorCitizen	Partner	Dependents	tenure	PhoneService	MultipleLines	lr
0	7590- VHVEG	Female	0	Yes	No	1	No	No phone service	
1	5575- GNVDE	Male	0	No	No	34	Yes	No	
2	3668- QPYBK	Male	0	No	No	2	Yes	No	
4									•

Check for duplicated samples.

```
In [5]:
    dataset[dataset.duplicated()]
```

Out[5]:

customerID gender SeniorCitizen Partner Dependents tenure PhoneService MultipleLines Int

```
In [6]: dataset_info(dataset, "customers")
```

```
Dataset Name: customers | Number of Samples: 7043 | Number of Columns: 21
_____
Column
                 Data Type
customerID
                   object
                   object
gender
SeniorCitizen
                   int64
                   object
Partner
                   object
Dependents
tenure
                   int64
PhoneService
                   object
MultipleLines
                   object
InternetService
                   object
OnlineSecurity
                   object
                   object
OnlineBackup
DeviceProtection
                   object
TechSupport
                   object
                   object
StreamingTV
StreamingMovies
                   object
                   object
Contract
                   object
PaperlessBilling
PaymentMethod
                   object
MonthlyCharges
                  float64
                   object
TotalCharges
Churn
                   object
dtype: object
_____
No Missing Data on this Dataset!
_____
Memory Usage: 1.183 MB
```

The dataset has a small memory size allocation (1.183 MB) and is composed for many Categorical (object) features and only a few numeric, but one of the categorical features doesn't look right, the TotalCharges, as showed on the displayed dataframe, the festure is numeric.

TotalCharges is converted from Object to float64, the same of MonthlyCharges feature.

```
In [7]: dataset["TotalCharges"] = pd.to_numeric(dataset["TotalCharges"], errors="coerce")
print(f"The Feature TotalCharges is type {dataset.TotalCharges.dtype} now!")
```

The Feature TotalCharges is type float64 now!

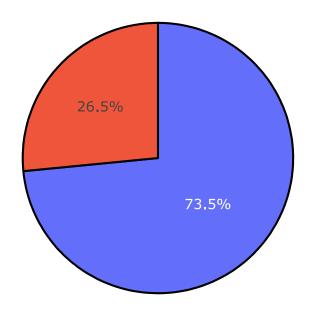
3. Exploratory Data Analysis

3.1 Churn Distribution

The Client Churn Distribution is checked for any imbalance, as the feature is the target, it's important to choose what strategy to adopt when dealing with imbalanced classes. Below, a Pie Chart shows the feature distribution.

In [8]: pie_plot(dataset["Churn"].value_counts(), plot_title="Client Churn Distribution

Client Churn Distribution



There's some imbalance on Churn Distribution, 26.5% of the clients have churned, and small occurrences of a label could lead to bad predictor. It's possible to choose some ways to work with this case:

- Make a random over-sampling, duplicating some samples of the minority class until this reach
 a balance, but this could lead to an overfitted model.
- Make a random down-sampling, removing some samples from the majority class until this
 reach a balance, but this leads to information loss and not feeding the model with the collected
 samples.
- Another resampling technique, as SMOTE.
- Choosing a metric that deals with imbalanced datasets, like F1 Score.

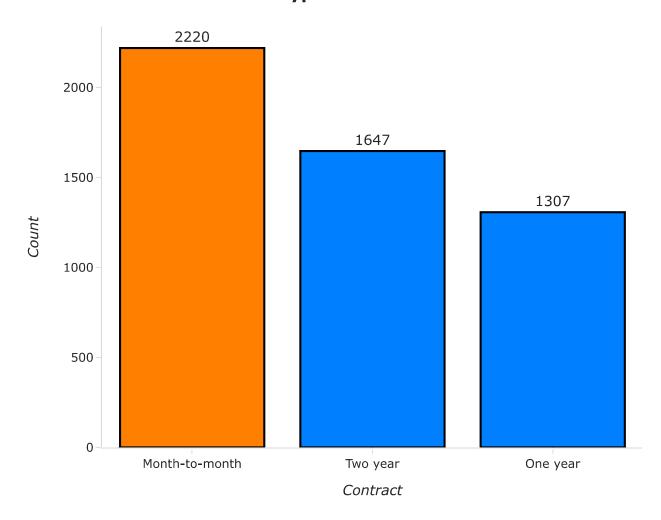
The Churn problem is about client retention, so is worth to check about false positives, so precision and recall metrics are a must for this situation.

F1 Score is used to check the quality of the model predictions, as the metric is an harmonic mean of precision and recall.

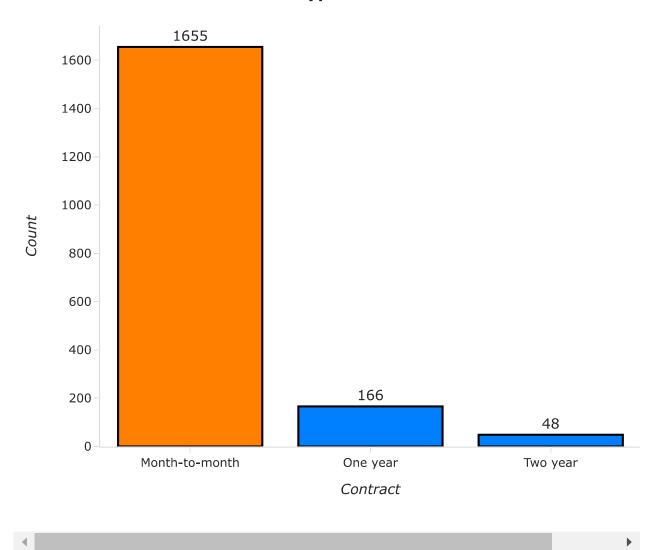
3.2 Analysis of the Contract Type

```
In [9]: df_aux = dataset.query('Churn == "No"')
    df_aux = df_aux["Contract"].value_counts()
    bar_plot(df_aux, "<b>Contract Types of not Churned Clients</b>", "<i>Contract</i>
```

Contract Types of not Churned Clients



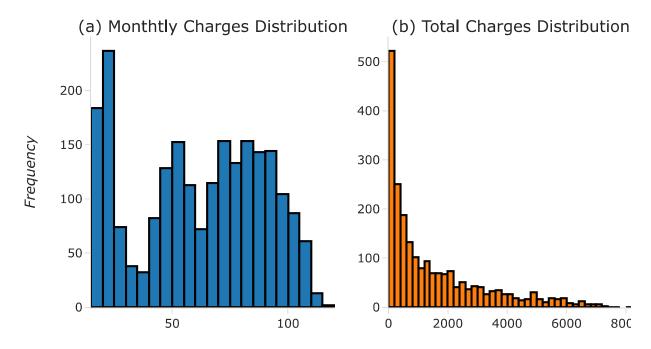
Contract Types of Churned Clients



Now, the difference between a Month-to-month and annual contracts is bigger, and can lead to a conclusion that annual contracts are better to retain the clients, perhaps fidelity promotions could aid to reduce the churn rate.

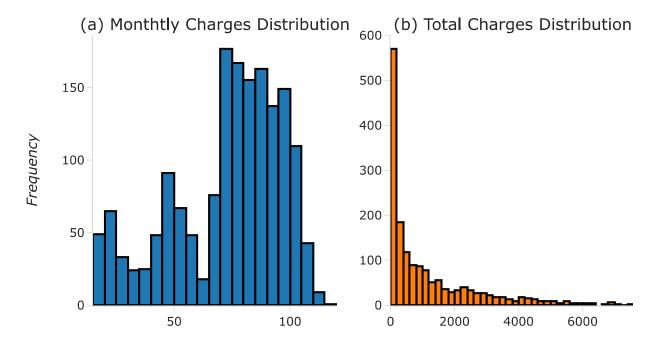
As the problem can be examined more deep on Month-to-month contract types, a good idea is see the Monthly Charges and Total Charges distribution for the not churned clients of this contract

Charges Distribution for Month-to-month contracts for not Churne



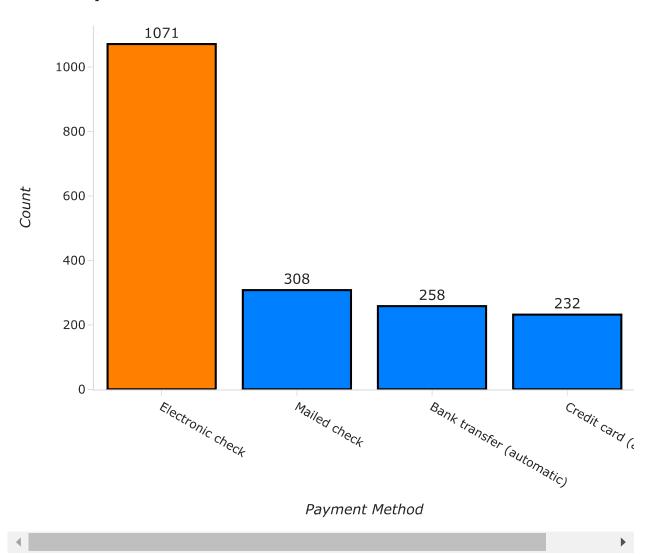
From the plots, can be said that many clients just got charged with a few values, principally for the Total Charges. On the following plots, the same features are analyzed, but for churned clients.

Charges Distribution for Month-to-month contracts for Churned



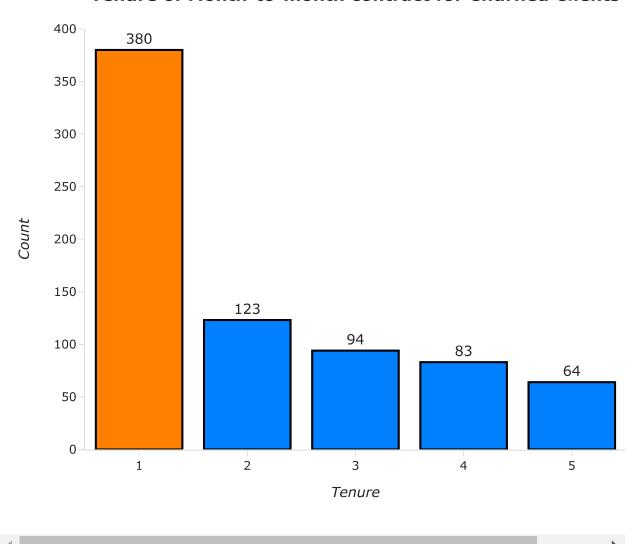
Total Charges had the same behaviour, but the Monthly Charges for many churned clients was high, maybe the amount of chage value could lead the client to leave the service. Still on the Month-to-month contract, it's time to analyze the most used Payment methods of churned clients.

Payment Method of Month-to-month contract Churned Clie



Many Churned Clients used to pay with electronic checks, automatic payments, as bank transfers or credit card have a few churned clients. A good idea could make promotions to clients that use automatic payment methods. Lastly, the tenure of the churned clients.

Tenure of Month-to-month contract for Churned Clients



Most clients just used the service for one month, seems like the clients used to service to check the quality or the couldn't stay for the amount of charges, as the Monthly Charges for these clients was high and the Total Charges was small, as the client just stayed a little time

4. Setting up PyCaret

Before setting up PyCaret, a random sample of 10% size of the dataset will be get to make predictions with unseen data.

```
In [16]: data, data_unseen = data_sampling(dataset, 0.9, random_seed)
print(f"There are {data_unseen.shape[0]} samples for Unseen Data.")
```

There are 704 samples for Unseen Data.

The PyCaret's setup is made with 90% of data samples and just use one function (setup) from the module.

It's possible configure with variuos options, as data pre-processing, feature engineering, etc. The easy and efficient of PyCaret buy a lot of time when prototyping models.

Each setup is an experiment and for this problem, is used the following options:

- Normalization of the numerical features with Z-Score.
- Feature Selection with permutation importance techniques.
- · Outliers Removal.
- Features Removal based on Multicollinearity.
- Features Scalling Transformation.
- Ignore low variance on Features.
- PCA for Dimensionality Reduction, as the dataset has many features.
- Numeric binning on the features MonthlyCharges and TotalCharges.
- 70% of samples for Train and 30% for test.

	Description	Value
0	session_id	142
1	Target	Churn
2	Target Type	Binary
3	Label Encoded	No: 0, Yes: 1
4	Original Data	(6339, 21)
5	Missing Values	True
6	Numeric Features	4
7	Categorical Features	15
8	Ordinal Features	False
9	High Cardinality Features	False
10	High Cardinality Method	None
11	Transformed Train Set	(4215, 37)
12	Transformed Test Set	(1902, 37)
13	Shuffle Train-Test	True
14	Stratify Train-Test	False
15	Fold Generator	StratifiedKFold
16	Fold Number	10
17	CPU Jobs	-1
18	Use GPU	False
19	Log Experiment	False
20	Experiment Name	clf-default-name
21	USI	721f
22	Imputation Type	simple
23	Iterative Imputation Iteration	None
24	Numeric Imputer	mean
25	Iterative Imputation Numeric Model	None
26	Categorical Imputer	constant
27	Iterative Imputation Categorical Model	None
28	Unknown Categoricals Handling	least_frequent
29	Normalize	True
30	Normalize Method	zscore
31	Transformation	True

	Description	Value
32	Transformation Method	yeo-johnson
33	PCA	True
34	PCA Method	linear
35	PCA Components	0.99
36	Ignore Low Variance	True
37	Combine Rare Levels	False
38	Rare Level Threshold	None
39	Numeric Binning	True
40	Remove Outliers	True
41	Outliers Threshold	0.05
42	Remove Multicollinearity	True
43	Multicollinearity Threshold	0.9
44	Remove Perfect Collinearity	True
45	Clustering	False
46	Clustering Iteration	None
47	Polynomial Features	False
48	Polynomial Degree	None
49	Trignometry Features	False
50	Polynomial Threshold	None
51	Group Features	False
52	Feature Selection	True
53	Feature Selection Method	classic
54	Features Selection Threshold	0.8
55	Feature Interaction	False
56	Feature Ratio	False
57	Interaction Threshold	None
58	Fix Imbalance	False
59	Fix Imbalance Method	SMOTE

5. Model Build

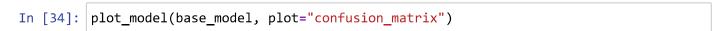
In [18]: | compare_models(fold=10, sort="F1")

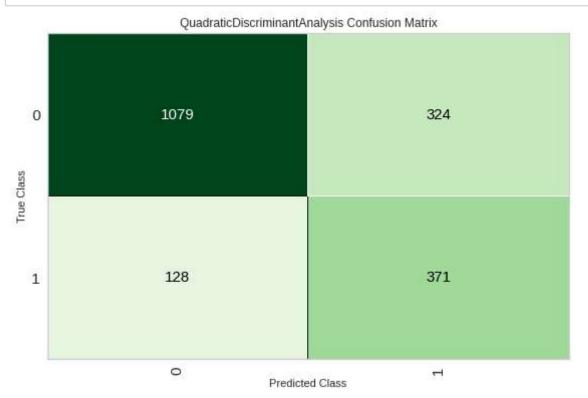
-	Model	Accuracy	AUC	Recall	Prec.	F1	Kappa	MCC	TT (Sec)
qda	Quadratic Discriminant Analysis	0.7573	0.8210	0.7025	0.5509	0.6172	0.4435	0.4508	0.028
lda	Linear Discriminant Analysis	0.7912	0.8352	0.5610	0.6456	0.5995	0.4594	0.4620	0.040
svm	SVM - Linear Kernel	0.7822	0.0000	0.5890	0.6191	0.5977	0.4499	0.4538	0.043
lr	Logistic Regression	0.7900	0.8405	0.5525	0.6452	0.5944	0.4540	0.4571	0.303
nb	Naive Bayes	0.7625	0.7827	0.5917	0.5721	0.5812	0.4157	0.4162	0.020
ridge	Ridge Classifier	0.7893	0.0000	0.5175	0.6554	0.5775	0.4399	0.4458	0.019
gbc	Gradient Boosting Classifier	0.7832	0.8313	0.5047	0.6424	0.5635	0.4224	0.4288	3.482
ada	Ada Boost Classifier	0.7725	0.8128	0.5012	0.6143	0.5504	0.4005	0.4052	0.803
lightgbm	Light Gradient Boosting Machine	0.7718	0.8129	0.4901	0.6141	0.5437	0.3944	0.3997	0.586
knn	K Neighbors Classifier	0.7523	0.7727	0.5260	0.5594	0.5414	0.3721	0.3730	0.230
rf	Random Forest Classifier	0.7746	0.8110	0.4628	0.6299	0.5322	0.3887	0.3974	1.820
et	Extra Trees Classifier	0.7694	0.7903	0.4424	0.6221	0.5159	0.3704	0.3803	0.780
dt	Decision Tree Classifier	0.7115	0.6472	0.4671	0.4818	0.4737	0.2753	0.2757	0.164

The best model suggested by PyCaret is the Quadratic Discriminant Analysis (QDA), with a F1 Score around 0.6 and a good Recall, around 0.7.

	Accuracy	AUC	Recall	Prec.	F1	Kappa	MCC
0	0.7322	0.7947	0.7373	0.5148	0.6063	0.4130	0.4283
1	0.7464	0.8169	0.6610	0.5379	0.5932	0.4118	0.4164
2	0.7512	0.8228	0.6780	0.5442	0.6038	0.4256	0.4310
3	0.7607	0.8368	0.7094	0.5533	0.6217	0.4506	0.4580
4	0.7417	0.8063	0.6838	0.5263	0.5948	0.4099	0.4175
5	0.7696	0.8367	0.7009	0.5694	0.6284	0.4640	0.4692
6	0.7577	0.8232	0.7350	0.5478	0.6277	0.4538	0.4646
7	0.7815	0.8393	0.7094	0.5887	0.6434	0.4878	0.4922
8	0.7458	0.7957	0.6752	0.5338	0.5962	0.4145	0.4206
9	0.7862	0.8378	0.7350	0.5931	0.6565	0.5039	0.5100
Mean	0.7573	0.8210	0.7025	0.5509	0.6172	0.4435	0.4508
SD	0.0166	0.0164	0.0262	0.0245	0.0208	0.0323	0.0315

And see the hyper-parameters used for build the base model.



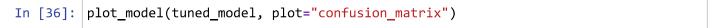


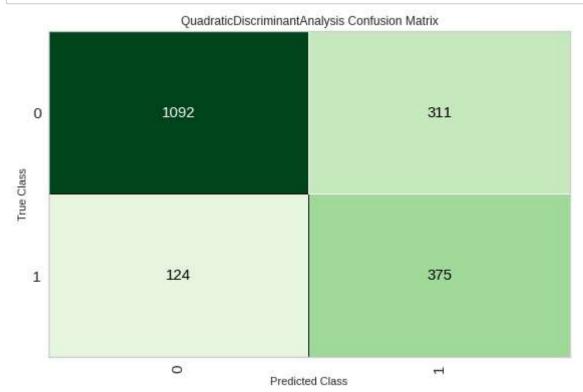
It's possible to tune the base model and optmize a metric, for this case, F1 Score.

In [35]: tuned_model = tune_model(base_model, fold=10, optimize="F1")

	Accuracy	AUC	Recall	Prec.	F1	Kappa	MCC
0	0.7512	0.8137	0.7627	0.5389	0.6316	0.4520	0.4675
1	0.7630	0.8264	0.7203	0.5592	0.6296	0.4594	0.4674
2	0.7701	0.8384	0.7373	0.5686	0.6421	0.4769	0.4856
3	0.7915	0.8458	0.7350	0.6014	0.6615	0.5130	0.5184
4	0.7464	0.8079	0.7009	0.5325	0.6052	0.4235	0.4322
5	0.7625	0.8441	0.7436	0.5541	0.6350	0.4645	0.4755
6	0.7506	0.8160	0.7607	0.5361	0.6290	0.4495	0.4651
7	0.7933	0.8466	0.7521	0.6027	0.6692	0.5216	0.5283
8	0.7553	0.8225	0.7179	0.5455	0.6199	0.4445	0.4536
9	0.7838	0.8426	0.7607	0.5855	0.6617	0.5068	0.5162
Mean	0.7668	0.8304	0.7391	0.5625	0.6385	0.4712	0.4810
SD	0.0164	0.0140	0.0199	0.0249	0.0193	0.0310	0.0295

There's an improvement from the base model on F1 Score! Now, time to see what hyper-parameters were used by the tuned model.





In [37]: bagged_model = ensemble_model(tuned_model)

	Accuracy	AUC	Recall	Prec.	F1	Kappa	MCC
0	0.7441	0.8130	0.7627	0.5294	0.6250	0.4402	0.4571
1	0.7630	0.8268	0.7203	0.5592	0.6296	0.4594	0.4674
2	0.7678	0.8384	0.7288	0.5658	0.6370	0.4703	0.4784
3	0.7891	0.8453	0.7350	0.5972	0.6590	0.5087	0.5144
4	0.7417	0.8072	0.6923	0.5260	0.5978	0.4127	0.4212
5	0.7625	0.8458	0.7436	0.5541	0.6350	0.4645	0.4755
6	0.7435	0.8180	0.7607	0.5266	0.6224	0.4377	0.4547
7	0.7910	0.8473	0.7521	0.5986	0.6667	0.5173	0.5244
8	0.7530	0.8236	0.7179	0.5419	0.6176	0.4404	0.4499
9	0.7791	0.8427	0.7607	0.5779	0.6568	0.4984	0.5086
Mean	0.7635	0.8308	0.7374	0.5577	0.6347	0.4650	0.4752
SD	0.0174	0.0142	0.0218	0.0260	0.0201	0.0324	0.0307

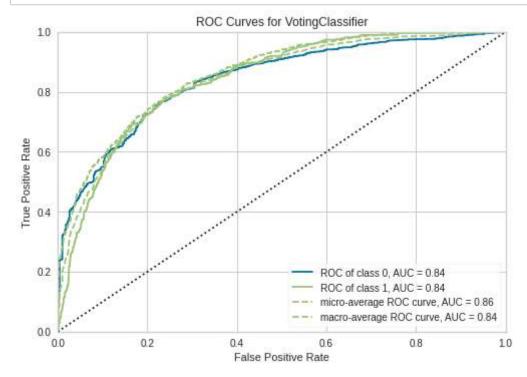
In [38]: blended_model = blend_models(estimator_list=[tuned_model, bagged_model], method='

	Accuracy	AUC	Recall	Prec.	F1	Kappa	MCC
0	0.7464	0.8138	0.7627	0.5325	0.6272	0.4441	0.4606
1	0.7654	0.8268	0.7203	0.5629	0.6320	0.4636	0.4712
2	0.7749	0.8386	0.7373	0.5762	0.6468	0.4852	0.4932
3	0.7915	0.8458	0.7350	0.6014	0.6615	0.5130	0.5184
4	0.7417	0.8077	0.6923	0.5260	0.5978	0.4127	0.4212
5	0.7625	0.8454	0.7436	0.5541	0.6350	0.4645	0.4755
6	0.7458	0.8167	0.7521	0.5301	0.6219	0.4390	0.4543
7	0.7933	0.8471	0.7521	0.6027	0.6692	0.5216	0.5283
8	0.7553	0.8227	0.7179	0.5455	0.6199	0.4445	0.4536
9	0.7815	0.8426	0.7607	0.5817	0.6593	0.5026	0.5124
Mean	0.7658	0.8307	0.7374	0.5613	0.6371	0.4691	0.4789
SD	0.0179	0.0142	0.0209	0.0270	0.0210	0.0338	0.0321

In [26]: stacked_model = stack_models([tuned_model, bagged_model], method="auto")

	Accuracy	AUC	Recall	Prec.	F1	Kappa	MCC
0	0.7583	0.8188	0.5339	0.5727	0.5526	0.3873	0.3878
1	0.7773	0.8439	0.4915	0.6304	0.5524	0.4071	0.4127
2	0.7844	0.8394	0.5169	0.6421	0.5728	0.4308	0.4353
3	0.7938	0.8422	0.5128	0.6667	0.5797	0.4462	0.4529
4	0.7867	0.8202	0.5641	0.6286	0.5946	0.4505	0.4517
5	0.8052	0.8587	0.5726	0.6768	0.6204	0.4906	0.4937
6	0.7910	0.8370	0.5812	0.6355	0.6071	0.4651	0.4660
7	0.8314	0.8639	0.5812	0.7556	0.6570	0.5477	0.5560
8	0.7886	0.8303	0.5128	0.6522	0.5742	0.4362	0.4418
9	0.7933	0.8501	0.5385	0.6562	0.5915	0.4550	0.4590
Mean	0.7910	0.8405	0.5406	0.6517	0.5902	0.4517	0.4557
SD	0.0178	0.0141	0.0307	0.0439	0.0303	0.0421	0.0433

```
In [27]: best_model = blended_model
   plot_model(best_model, plot="auc")
```

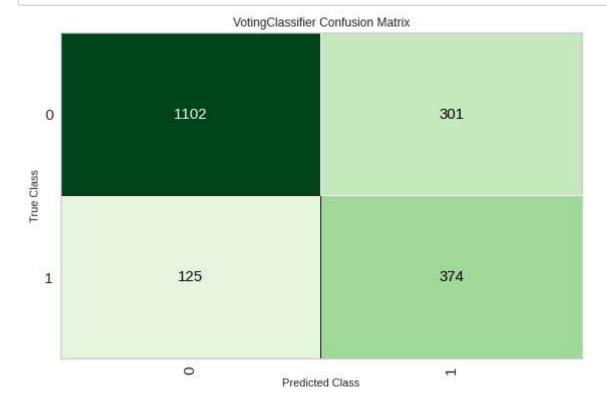


In [28]: predict_model(best_model);

	Model	Accuracy	AUC	Recall	Prec.	F1	Kappa	MCC
0	Voting Classifier	0.7702	0.8415	0.7535	0.5449	0.6325	0.4716	0.4847

```
In [29]: final_model = finalize_model(best_model)
```

In [33]: plot_model(final_model, plot = 'confusion_matrix')



In []: