

Churn Analysis

Churn Analysis

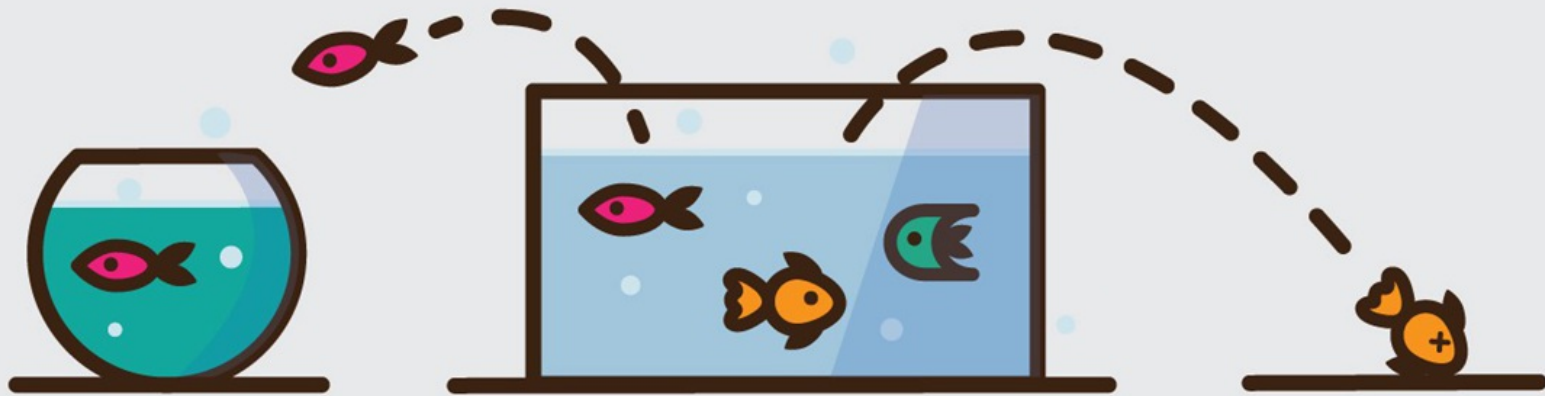
Agenda

Cursory Recommendations

Data Source: Kaggle

Data Prep: Yes/No
to 0/1. One-hot-
encoding. Tier
columns.
Columns with Nu..

CUSTOMER CHURN



Churn Analysis

Churn Analysis	Agenda	Cursory Recommendations	Data Source: Kaggle	Data Prep: Yes/No to 0/1. One-hot-encoding. Tier columns. Columns with Nu..
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1. Cursory Recommendations
2. Data Source and Prep
3. Correlation Analysis in Excel to determine variables most correlated, negatively or positively, with Churn.
4. Decision Tree Analysis using Python (Jupyter) to identify customer segments which behave similarly.
5. Deeper Analysis using Tableau to identify subsegments, trends, and opportunities.
6. Predictive model: Logistic Regression

Churn Analysis

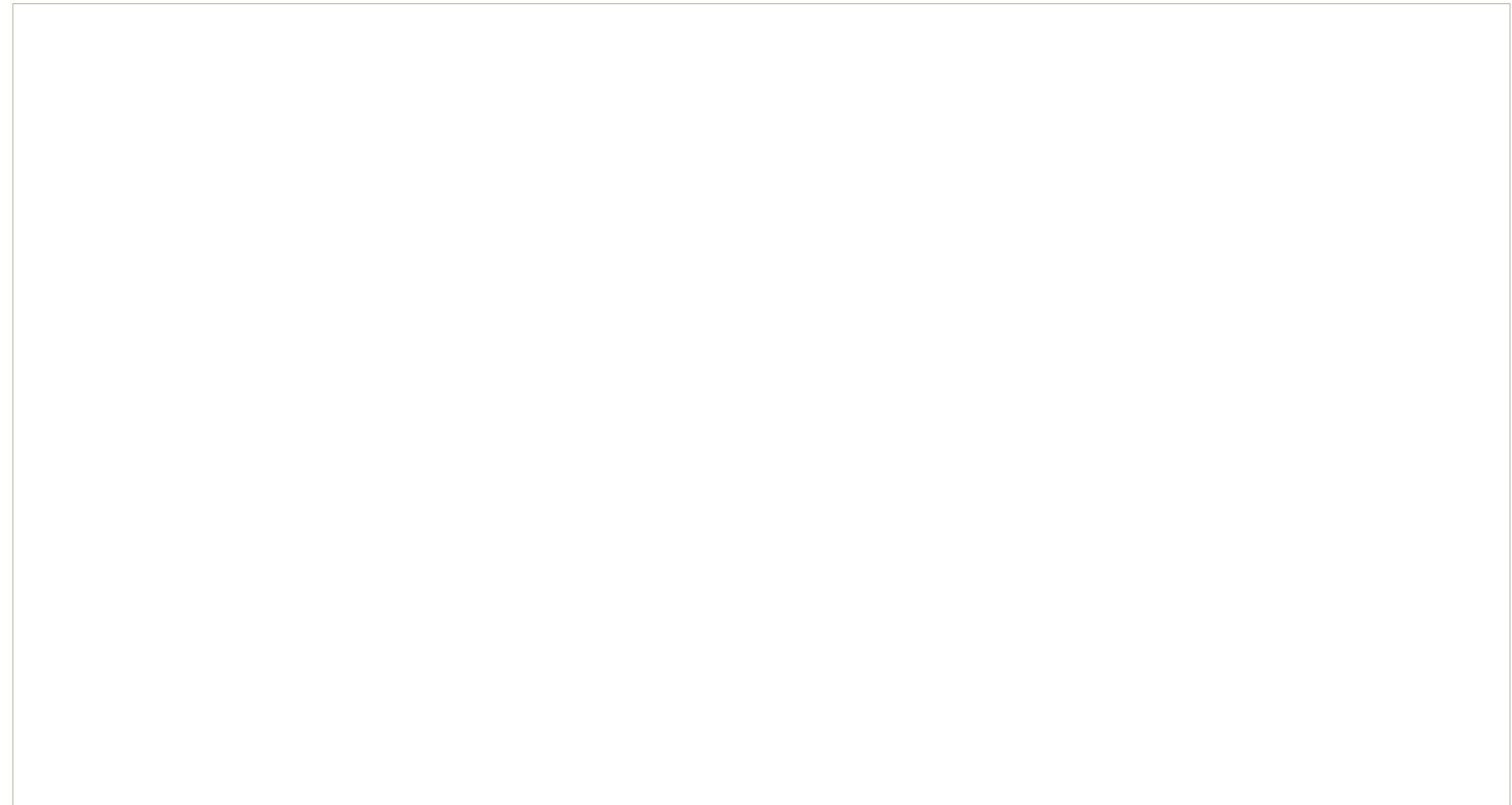
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Cursory Recommendations

1. Incentivize customers to use Auto Bank Transfer payment method instead of e-check payment. Are delinquent payments an issue?
2. 26% of Month-to-Month customers leave before 3 months. Offer free Tech Support and other svcs if customer stays beyond 3 months?
3. 54.6% churn for Month-to-Month customers with Fiber optic Internet! Data shows that customers are slightly less likely to churn when they have additional services on top of Fiber optic Internet. Offer free Tech Support and other svcs if customer stays beyond 3 months?
4. Senior Customers are of special value. What more can be done to increase their loyalty? They are 16% of customer base, have 41.7% churn rate, 71% have M2M contract. They tend to have multiple lines more as well as full package subscr (Ph+Internet+StreamTV+StreamMovie)
5. Logistic Regression Model (with Cross Validation) has a 77.9% prediction accuracy. Tune the model to be more accurate for predicting churners instead of non-churners. Also test other models: Decision Tree (Random Forest), Support Vector Machine, Naiive Bayes, etc.)

Churn Analysis

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Churn Analysis



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Correlation Analysis in Excel to determine variables most correlated, negatively or positively, with Churn.

Decision Tree Analysis (ran on 75% of data) using Python (Jupyter) to identify customer segments which behave similarly.

42.2% Churn for M2M customers. 54.5% Churn for M2M cust w Fiber Optic Internet, more when shorter tenure. 41.1% Churn for short term customers (<3.5mos).

Churn	Correlation	Bar	Correlation (Absolute Value)	My initial thoughts, questions, and comments
Contract_mon_to_mon	0.41		0.41	Customers can leave more easily since they are not locked into a long term contract. There is no penalty. Other telecom companies also give incentives to those who are already with another company. Is there a price increase after 3 months?
tenure	-0.35		0.35	The longer customers are with a company, the less likely they will churn. Most likely heavily related to one or two year contracts.
InternetService_FiberOp	0.31		0.31	Relatively high churn for Fiber Optic Internet Service Customers. Unsatisfied with the service and or too costly? Did the price increase after their contracts ended? Was the price not worth the additional speed?
Contract_twoyear	-0.30		0.30	Not too surprising here
PaymentMethod_echek	0.30		0.30	This is interesting. I wonder if there was a problem in the payment process. Was this app payment related? Something to investigate
tenure_0-3mos	0.28		0.28	More churn for short term customers. Is this also related to customers who are month-to-month contract?
OnlineSecurity	-0.28		0.28	Less churn when a customer has additional services. I wonder what segments are present here. Those insecure with hacking and privacy issues? Families more represented here?
TechSupport	-0.27		0.27	Less churn when a customer has additional services. I wonder what segments are present here. Older customers? Do these customers have more products and services e.g Phone+Internet+TV ?
tenure_48-72mos	-0.26		0.26	Creatures of habit and familiarity

Churn Analysis

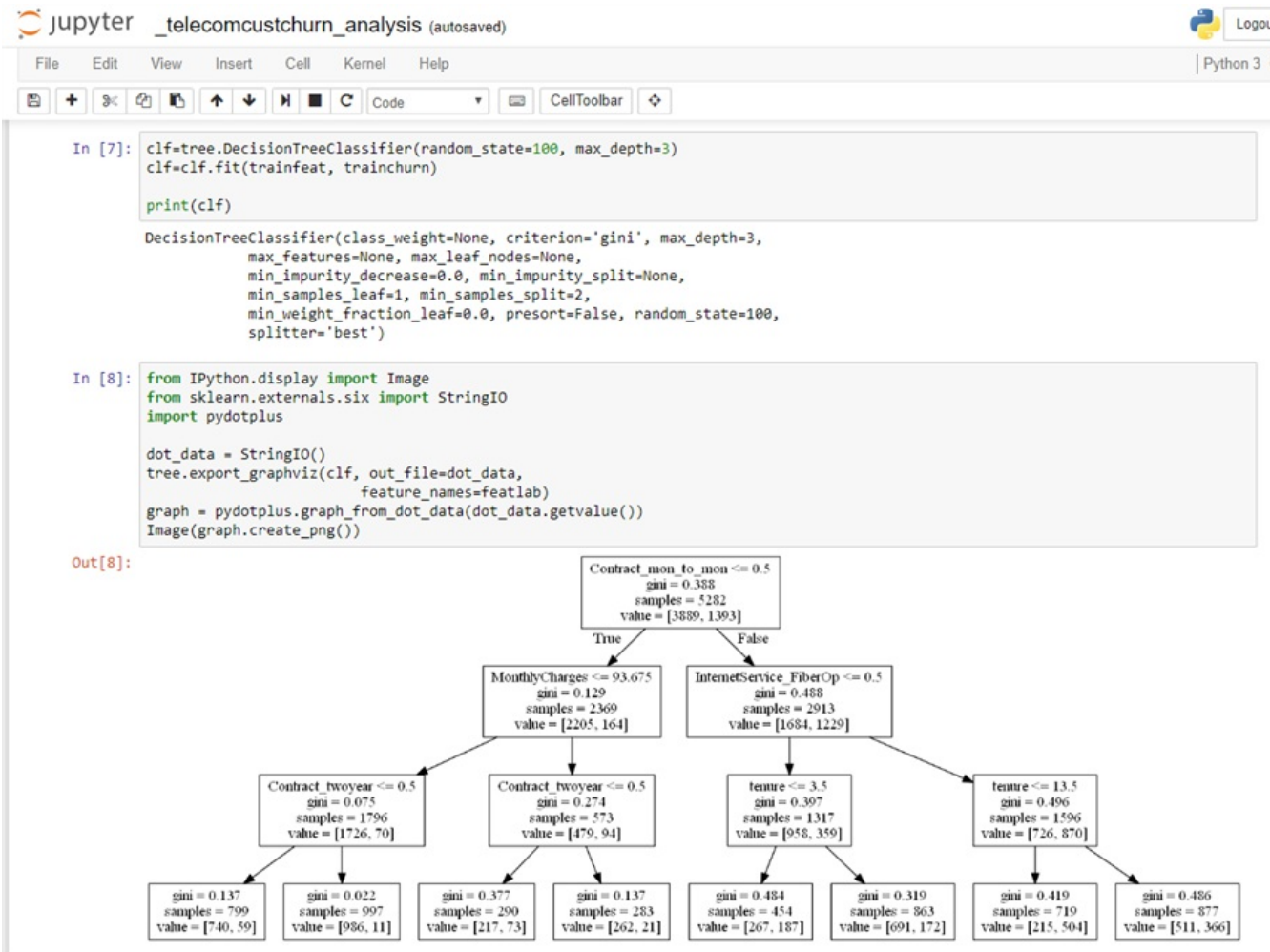
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After identifying some variables
correlated with churn and segments
with higher churn percentages, we
can start a deeper analysis using a
Tableau Dashboard



Churn Analysis

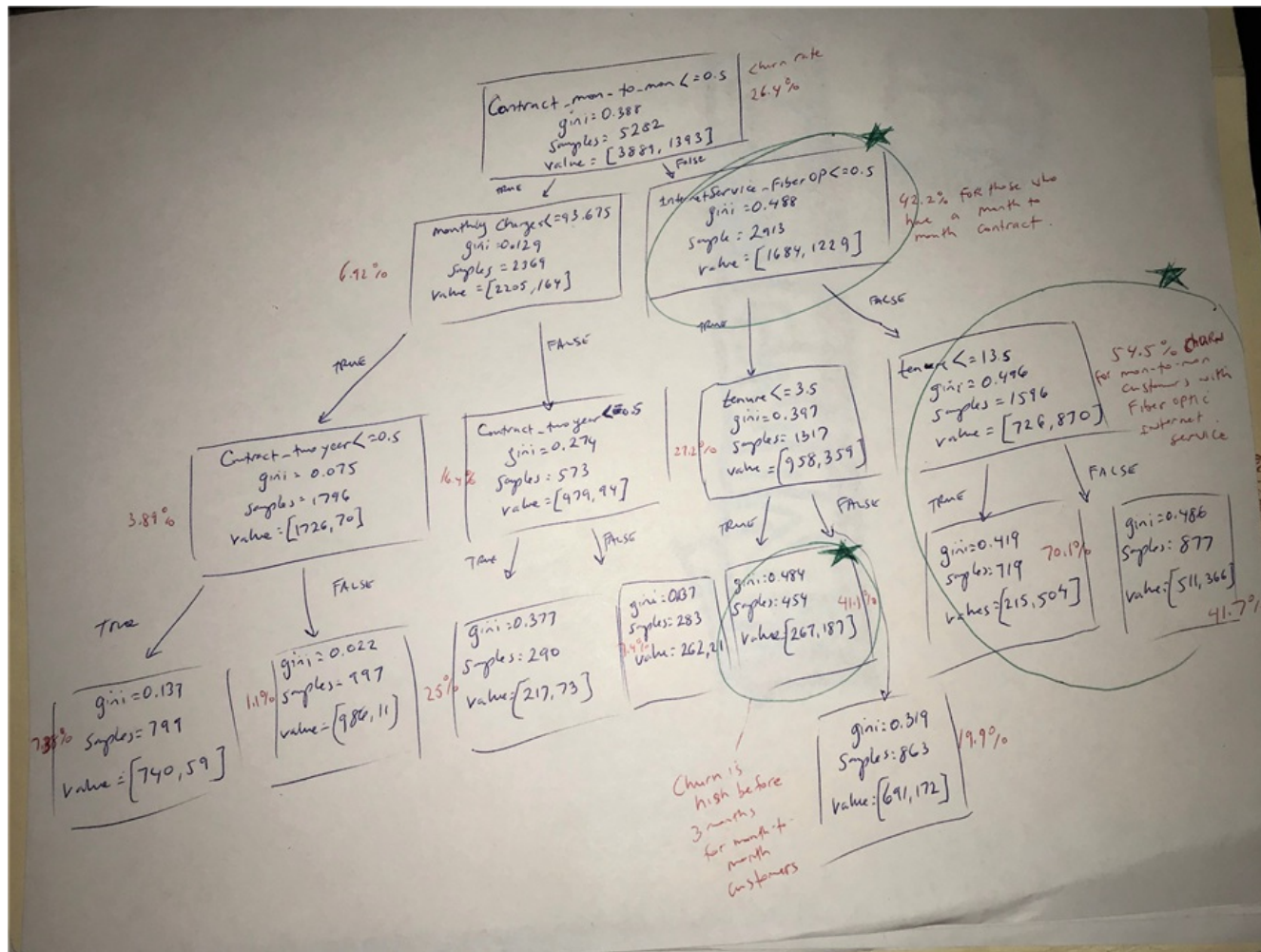
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After identifying some variables correlated with churn and segments with higher churn percentages, we can start a deeper analysis using a Tableau Dashboard

(For the following slides, note the circle with black outline. This indicates the data in other charts have been filtered for that segment)



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ENTIRE CUSTOMER POPULATION:
Key Metrics: <3yr avg tenure, 26.5% churn rate, 55% M2M contracts, 34% use e-check pay, \$65 avg mo charge, 78% internet subscriber, ..



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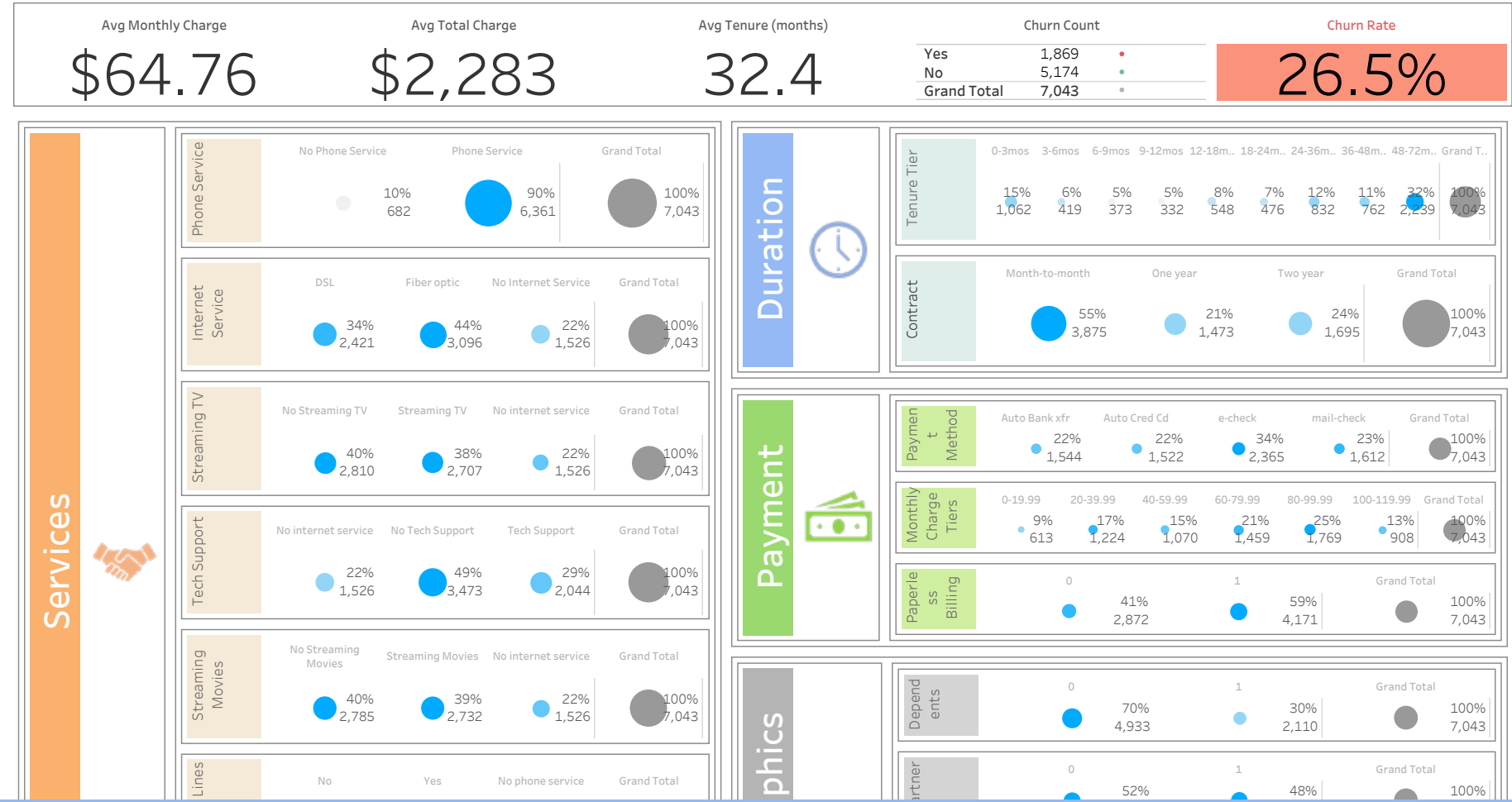
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MONTH-TO-MONTH CUSTOMERS: 42.7% churn, subsc to Fiber optic internet more, use e-check method more, subsc to tech-support less, are more "single/childless". Possibly a more fickle younger base. 26% churn in less than 6 mos!

Customers having issues with various services? Offer free Tech Support and other svcs if customer stays beyond 3 months? Delinquent payments? Incentive customer to ..

Churn Analysis Dashboard



Duration

Tenure Tier

0-3mos	3-6mos	6-9mos	9-12mos	12-18m..	18-24m..	24-36m..	36-48m..	48-72m..	Grand T..
15% 1,062	6% 419	5% 373	5% 332	8% 548	7% 476	12% 832	11% 762	32% 2,239	100% 7,043

Contract

Month-to-month	One year	Two year	Grand Total
55% 3,875	21% 1,473	24% 1,695	100% 7,043

Payment

Payment Method

Auto Bank xfr	Auto Cred Cd	e-check	mail-check	Grand Total
22% 1,544	22% 1,522	34% 2,365	23% 1,612	100% 7,043

Monthly Charge Tiers

0-19.99	20-39.99	40-59.99	60-79.99	80-99.99	100-119.99	Grand Total
9% 613	17% 1,224	15% 1,070	21% 1,459	25% 1,769	13% 908	100% 7,043

Paperless Billing

0	41% 2,872	1	59% 4,171	Grand Total
				100% 7,043

Physics

Dependents

0	70% 4,933	1	30% 2,110	Grand Total
				100% 7,043

Partner

0	52%	1	48%	Grand Total
				100%

Churn Analysis

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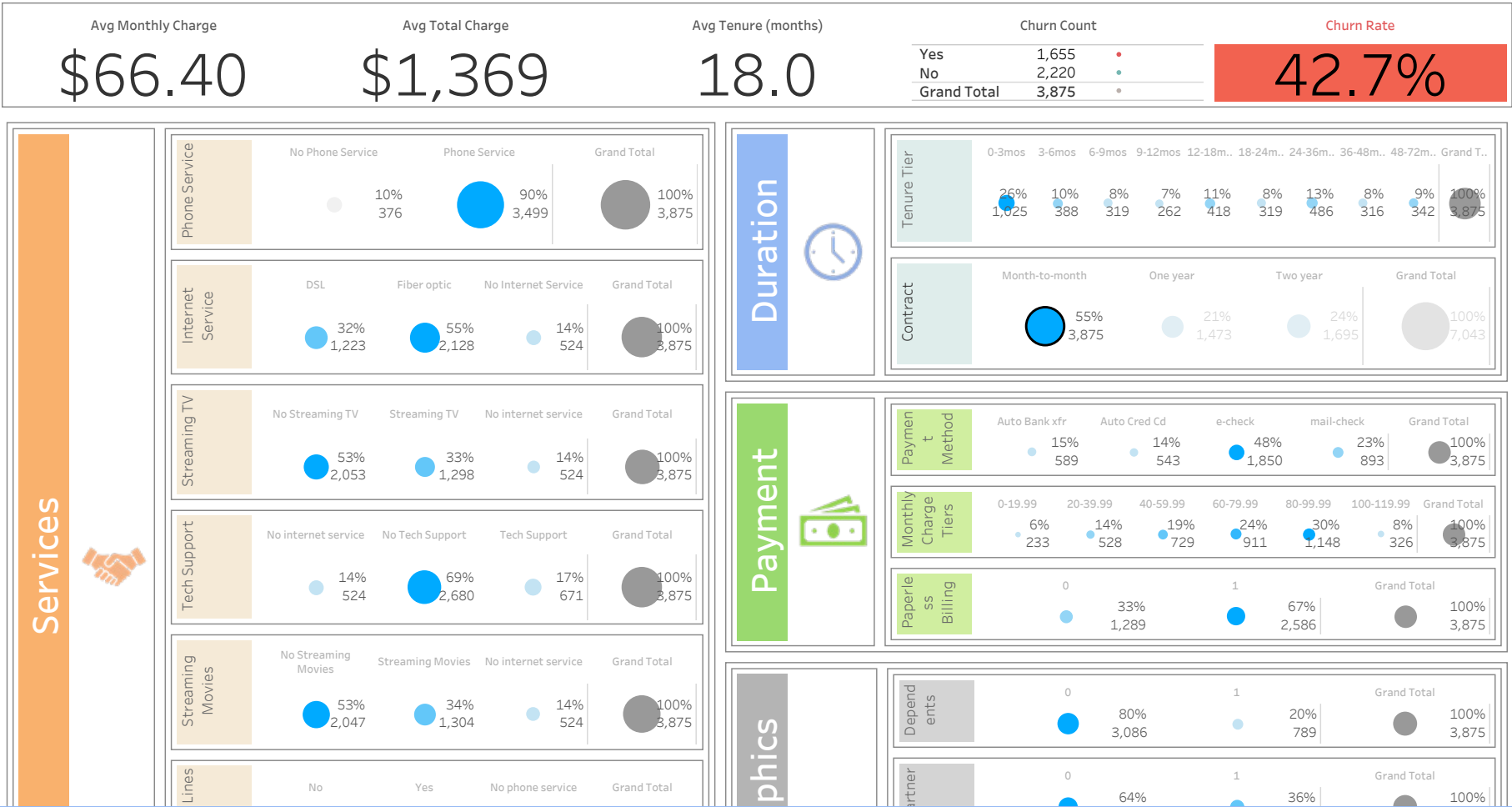
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Customers having issues with various services? Offer free Tech Support and other svcs if customer stays beyond 3 months? Delinquent payments? Incentive customer to use Auto Bank Transfer method rather than e-check?

MONTH-TO-MONTH CUSTOMERS with Fiber optic Internet: 54.6% churn! Same recommendations as prior slide. 30% seniors in this segment?!? Discover more about s..

Churn Analysis Dashboard



Duration

Tenure Tier

0-3mos	3-6mos	6-9mos	9-12mos	12-18m..	18-24m..	24-36m..	36-48m..	48-72m..	Grand T..
26% 1,025	10% 388	8% 319	7% 262	11% 418	8% 319	13% 486	8% 316	9% 342	100% 3,875

Contract

Month-to-month	One year	Two year	Grand Total
55% 3,875	21% 1,473	24% 1,695	100% 7,043

Payment

Payment Method

Auto Bank xfr	Auto Cred Cd	e-check	mail-check	Grand Total
15% 589	14% 543	48% 1,850	23% 893	100% 3,875

Monthly Charge Tiers

0-19.99	20-39.99	40-59.99	60-79.99	80-99.99	100-119.99	Grand Total
6% 233	14% 528	19% 729	24% 911	30% 1,148	8% 326	100% 3,875

Paperless Billing

0	33% 1,289	1	67% 2,586	Grand Total
				100% 3,875

Physics

Dependents

0	80% 3,086	1	20% 789	Grand Total
				100% 3,875

Partner

0	64%	1	36%	Grand Total
				100%

Churn Analysis

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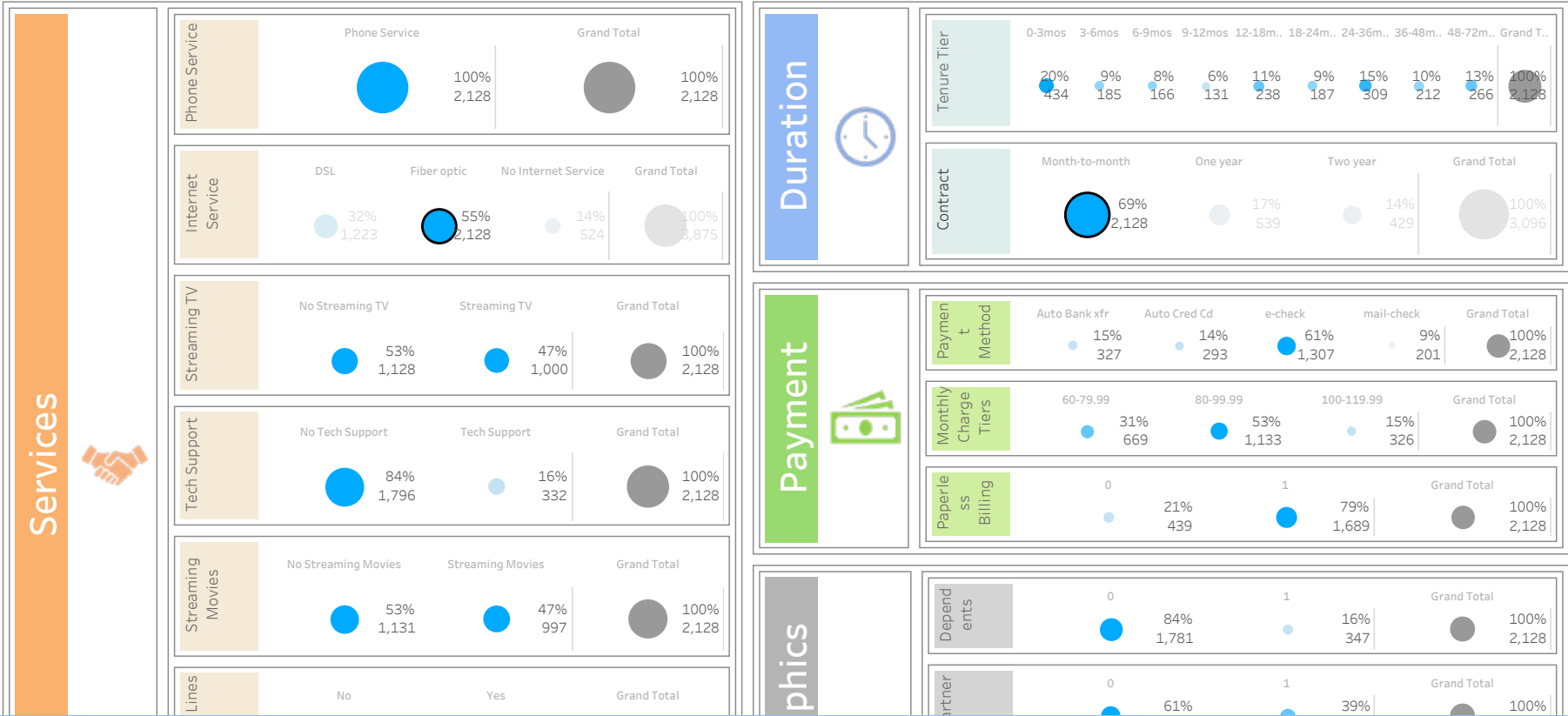
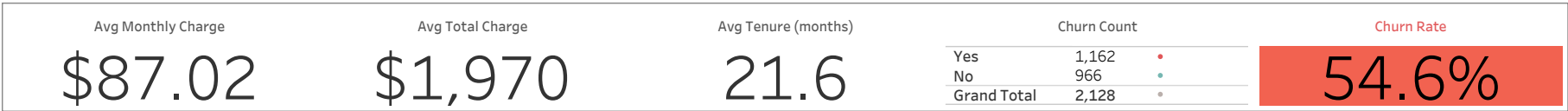
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SENIOR CUSTOMERS: 16% of customer base, 41.7% churn rate, 71% have M2M contract, tend to have multiple lines more as well as full package subscr (Ph+Internet+StreamTV+StreamMovie)

Predictive Model: Logistic Regression with 77.9% Accuracy. Used Jupyter/TabPy to facilitate model usage in Tableau.

Churn Analysis Dashboard



Churn Analysis

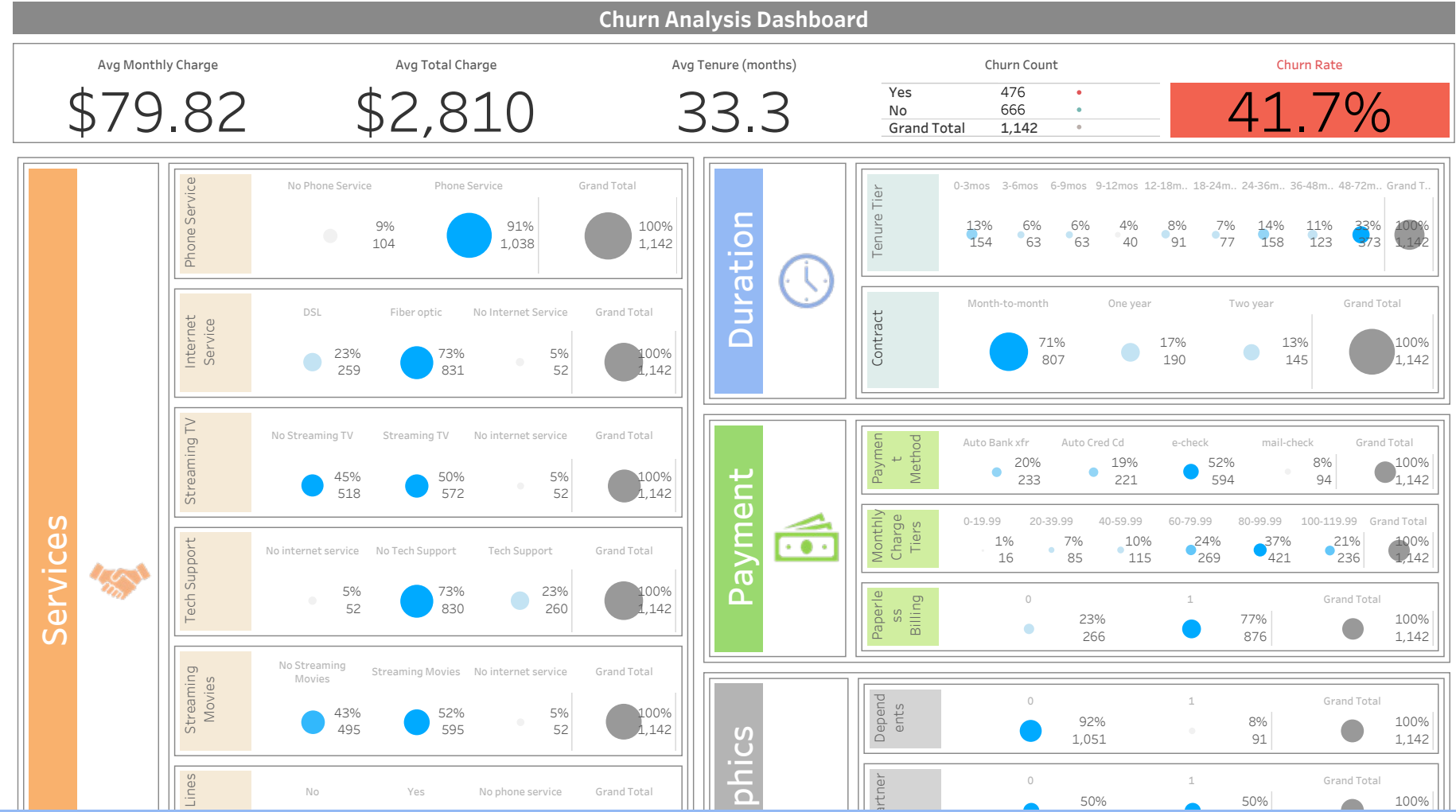
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Can we create a dashboard that uses a predictive model to gauge Churn Risk for a customer? Yes! See below as an example.

The image displays a Jupyter Notebook on the left and a Tableau dashboard on the right, both showing churn analysis results.

Jupyter Notebook:

```
# Show accuracy and area under ROC curve
print("Accuracy: %.3f" % accuracy_score(y, Churn_pred, normalize=True))
print("Aucroc: %.3f" % metrics.roc_auc_score(y, Churn_pred))

Classification report:
      precision    recall  f1-score   support

     0       0.83       0.89       0.86       5174
     1       0.61       0.48       0.54       1869

 avg / total       0.77       0.78       0.77       7043

Accuracy: 0.780
Aucroc: 0.684
```

In [26]:

```
def ChurnProb(ContractM2M, FiberOp, eCheck, PaperlessBill, OnlineSec, TechSupp, C
X2=np.column_stack([ContractM2M, FiberOp, eCheck, PaperlessBill, OnlineSec, T

    list=lgclf.predict_proba(X2)
    list=list[:, 1]

    return list.tolist()

# Connect to TabPy server using the client library
connection = tabpy_client.Client('http://localhost:9004/')

connection.deploy('ChurnProb',
                  ChurnProb,
                  "What is the customer's probability of churning?", override="Tr

# connection.remove('ChurnProb')
```

In [27]:

```
from collections import Counter
Counter(Churn_pred)
```

Out[27]:

```
Counter({0: 5568, 1: 1475})
```

In [29]:

```
data['Churn_pred']=Churn_pred

all=data[['Contract_mon_to_mon', 'InternetService_FiberOp', 'PaymentMethod_echeck',
          'TechSupport_adj', 'Dependents', 'SeniorCitizen', 'Partner', 'Churn', 'Chu
```

In [31]:

```
all.to_csv(r'C:\Users\grolan\Desktop\My Learning\Springboard\TelecomCustChurn
```

Tableau Dashboard:

The Tableau dashboard, titled "TelecomCustChurn_Analysis 112418", shows a "Model Logistic Regression (CV): Accuracy: 77.9%". The dimensions include Blend, Churn Percentage, Churn, Contract, Customer ID, Dependents, and Device Protection. The measures include Churn %, Churn_Pred_Accuracy, Churn_Pred_per_cust, Churn_Pred_per_cust_0_1, Churn_Pred_prob_input, Churn_Pred_prob_input div 3, Churn, and Contract mon to mon. The dashboard displays a table of customer data with columns for Customer ID, Contract mon to mon, and Interr service I O.

Customer ID	Contract mon to mon	Interr service I O
0002-ORFBO	0	0
0003-MKNFE	1	0
0004-TLHLJ	1	1
0011-IGKFF	1	1
0013-EXCHZ	1	1
0013-MHZWF	1	0
0013-SMEOE	0	1
0014-BMAQU	0	1
0015-10601	1	0

Results are computed along Table (across).

```
SCRIPT_REAL(
    RETURN tabpy.query('ChurnProb', _arg1, _arg2, _arg3, _arg4, _arg5, _arg6, _arg7, _arg8, _arg9) ['respo
    MIN([Contract mon to mon]), MIN([InternetService_FiberOp]), MIN([PaymentMethod_echeck]), MIN([Paperless B
    MIN([TechSupport_adj]), MIN([Dependents]), MIN([Senior Citizen]), MIN([Partner])])
```

The calculation is valid.

28172 marks 7043 rows by 4 columns SUM of Measure Values: 10.706.014

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Customer ID	Contract mon to mon	InternetSe rvce Fiber Op	Payment Method ec heck	Paperless Billing	OnlineSecur ity adj	TechSupport t adj	Dependents	Senior Citizen	Partner	Churn (Actual)	Churn (Prediction Probability)	Churn (Prediction)	Churn (Pred) matches Churn (Actual)
0002-ORFBO	0	0	0	1	0	1	1	0	1	0	3.9%	0	1
0003-MKNFE	1	0	0	0	0	0	0	0	0	0	23.9%	0	1
0004-TLHLJ	1	1	1	1	0	0	0	0	0	1	67.6%	1	1
0011-IGKFF	1	1	1	1	0	0	0	1	1	1	65.5%	1	1
0013-EXCHZ	1	1	0	1	0	1	0	1	1	1	44.1%	0	0
0013-MHZWF	1	0	0	1	0	1	1	0	0	0	22.6%	0	1
0013-SMEOE	0	1	0	1	1	1	0	1	1	0	8.3%	0	1
0014-BMAQU	0	1	0	1	1	1	0	0	1	0	7.1%	0	1
0015-UOCOJ	1	0	1	1	1	0	0	1	0	0	38.5%	0	1
0016-QLJIS	0	0	0	1	1	1	1	0	1	0	2.5%	0	1
0017-DINOC	0	0	0	0	1	1	0	0	0	0	2.6%	0	1
0017-IUDMW	0	1	0	1	1	1	1	0	1	0	6.1%	0	1
0018-NYROU	1	1	1	1	0	0	0	0	1	0	61.6%	1	0
0019-EFAEP	0	1	0	1	1	0	0	0	0	0	11.9%	0	1
0019-GFNTW	0	0	0	0	1	1	0	0	0	0	2.6%	0	1
0020-INWCK	0	1	0	1	0	0	1	0	1	0	12.1%	0	1
0020-JDNXP	0	0	0	0	1	1	1	0	1	0	1.7%	0	1
0021-IKXGC	1	1	1	1	0	0	0	1	0	0	71.1%	1	0
0022-TCJCI	0	0	0	0	1	0	0	1	0	1	4.1%	0	0
0023-HGHWL	1	0	1	1	0	0	0	1	0	1	49.6%	0	0
0023-UYUPN	0	0	1	0	0	0	0	1	1	0	8.4%	0	1
0023-XUOPT	1	1	1	0	0	0	0	0	1	1	51.8%	1	1
0027-KWYKW	1	1	1	1	0	0	1	0	1	0	57.5%	1	0
0030-FNXPP	1	0	0	0	0	0	0	0	0	0	23.9%	0	1
0031-PVLZI	1	0	0	0	0	0	1	0	1	1	16.9%	0	0
0032-PGELS	1	0	0	0	1	0	1	0	1	1	11.5%	0	0
0036-IHMOT	0	1	0	1	0	1	1	0	1	0	9.2%	0	1
0040-HALCW	0	0	0	0	0	0	1	0	1	0	3.5%	0	1

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