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### Introduction



# A Data-Driven Approach to Customer Retention in E-commerce

today's In competitive e-commerce landscape, customer retention is paramount to sustained business success. This project aims to address the challenge of customer churn by leveraging historical transactional data. By analyzing key customer attributes such as preferred payment methods, satisfaction scores, and purchase behavior, we seek to uncover the underlying factors driving customer attrition.

Through rigorous data cleaning and preprocessing, we will ensure data quality and consistency. Subsequently, advanced data mining techniques will be employed to identify patterns and trends within the data. By segmenting customers based on their characteristics and behaviors, we can develop tailored retention strategies.

The ultimate goal of this project is to provide e-commerce businesses with actionable insights that can be used to implement targeted retention initiatives. By proactively addressing customer needs and concerns, we can foster long-lasting relationships and mitigate the risk of customer churn.



#### **Problem Statement:**

In the realm of e-commerce, businesses face the challenge of understanding customer churn patterns to ensure customer satisfaction and sustained profitability. This project aims to delve into the dynamics of customer churn within an e-commerce domain, utilizing historical transactional data to uncover underlying patterns and drivers of churn. By analyzing customer attributes such as tenure, preferred payment modes, satisfaction scores, and purchase behavior, the project seeks to investigate and understand the dynamics of customer attrition and their propensity to churn. The ultimate objective is to equip e-commerce enterprises with actionable insights to implement targeted retention strategies and mitigate churn, thereby fostering long-term customer relationships and ensuring business viability in a competitive landscape.

#### **Dataset Download:**

https://drive.google.com/uc?export=download&id=1iKKCze Fpk2n g3BIZ BiSjcDFdFcEn3D

## **Project Steps and Objectives:**

#### **Data Cleaning:**

#### **Handling Missing Values and Outliers:**

- Impute mean for the following columns, and round off to the nearest integer if required:
  - 1. WarehouseToHome,

```
-- mean values update by warehouseToHome column

set @mean_warehousetohome= round((select avg(WarehouseToHome is not null) from customer_churn),0);

select @mean_warehousetohome;

set sql_safe_updates=0;

update customer_churn

set WarehouseToHome= @mean_warehousetohome

where WarehouseToHome is null;
```

#### 2. HourSpendOnApp,

```
-- mean values update missing field by HourSpendOnApp column
set @HourSpendOnApp= round((select avg(HourSpendOnApp is not null) from customer_churn),0);
select @HourSpendOnApp;
update customer_churn
set HourSpendOnApp = @HourSpendOnApp
where HourSpendOnApp is null;
```

#### 3. OrderAmountHikeFromlastYear,

```
-- mean values update missing field by OrderAmountHikeFromlastYear column

set @OrderAmountHikeFromlastYear = round((select avg(OrderAmountHikeFromlastYear is not null) from customer_churn),0);

select @OrderAmountHikeFromlastYear;

update customer_churn

set OrderAmountHikeFromlastYear = @OrderAmountHikeFromlastYear

where OrderAmountHikeFromlastYear is null;
```



4. DaySinceLastOrder.

```
-- mean values update missing field by DaySinceLastOrder column --
set @DaySinceLastOrder = round((select avg(DaySinceLastOrder is not null) from customer_churn),0);
select @DaySinceLastOrder;
update customer_churn
set DaySinceLastOrder = @DaySinceLastOrder
where DaySinceLastOrder is null;
```

- Impute mode for the following columns:
  - 1. Tenure,

```
-- Impute mode for the missing field of the Tenure column --
set @Tenure=(select Tenure from customer_churn group by Tenure order by count(Tenure) desc limit 1 );
select @Tenure;
update customer_churn
set tenure =@Tenure
where tenure is null;
```

2. CouponUsed,

```
-- Impute mode for the missing field of the CouponUsed column --
select CouponUsed, count(couponused) from customer_churn group by CouponUsed order by count(CouponUsed) desc;
select CouponUsed from customer_churn group by CouponUsed order by count(CouponUsed) desc limit 1;
set @CouponUsed =(select CouponUsed from customer_churn group by CouponUsed order by count(CouponUsed) desc limit 1);
select @CouponUsed;
update customer_churn
set couponused = @couponused
where couponused is null;
```

OrderCount.

```
-- Impute mode for the missing field of the OrderCount column --
select OrderCount, count(OrderCount) from customer_churn group by ordercount order by count(ordercount) desc;
select ordercount from customer_churn group by ordercount order by count(ordercount) desc limit 1;
set @ordercount = (select ordercount from customer_churn group by ordercount order by count(ordercount) desc limit 1);
select @ordercount;
update customer_churn
set ordercount = @ordercount
where ordercount is null;
```

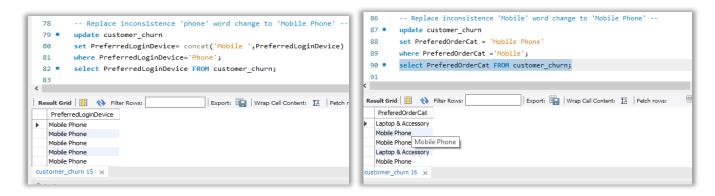
Handle outliers in the 'WarehouseToHome' column by deleting rows where the values are greater than 100.

```
-- Handle outliers in the 'WarehouseToHome' column by deleting rows where the values are greater than 100. --
-- Delete the outlier WarehouseToHome column --
DELETE FROM customer_churn WHERE WarehouseToHome > 100;
```

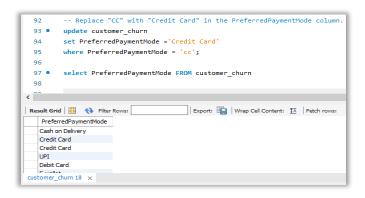


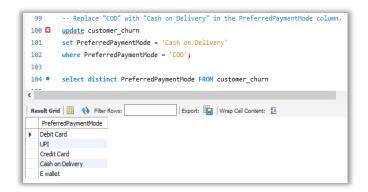
#### **Dealing with Inconsistencies:**

Replace occurrences of "Phone" in the 'PreferredLoginDevice' column and "Mobile" in the 'PreferedOrderCat' column with "Mobile Phone" to ensure uniformity.



Standardize payment mode values: Replace "COD" with "Cash on Delivery" and "CC" with "Credit Card" in the PreferredPaymentMode column.







#### **Data Transformation:**

#### **Column Renaming:**

- Rename the column "PreferedOrderCat" to "PreferredOrderCat".
- ❖ Rename the column "HourSpendOnApp" to "HoursSpentOnApp".

```
-- Rename the column "PreferedOrderCat" to "PreferredOrderCat". --
ALTER TABLE customer_churn RENAME COLUMN PreferedOrderCat TO PreferredOrderCat;

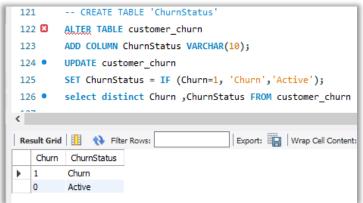
-- Rename the column "HourSpendOnApp" to "HoursSpentOnApp".--
ALTER TABLE customer_churn
RENAME COLUMN HourSpendOnApp TO HoursSpentOnApp;
```

#### **Creating New Columns:**

Create a new column named 'ComplaintReceived' with values "Yes" if the corresponding value in the 'Complain' is 1, and "No" otherwise.



Create a new column named 'ChurnStatus'. Set its value to "Churned" if the corresponding value in the 'Churn' column is 1, else assign "Active".





#### **Column Dropping:**

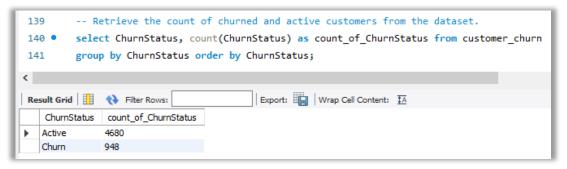
❖ Drop the columns "Churn" and "Complain" from the table.

```
-- Drop the "Churn" column --
ALTER TABLE customer_churn
DROP COLUMN Churn;

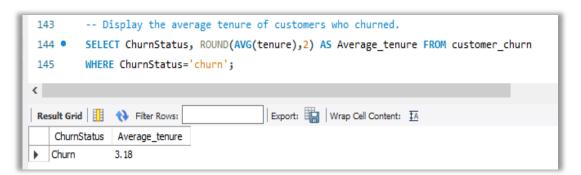
-- Drop the "Complain" column --
ALTER TABLE customer_churn
DROP COLUMN Complain;
```

#### **Data Exploration and Analysis:**

1. Retrieve the count of churned and active customers from the dataset.

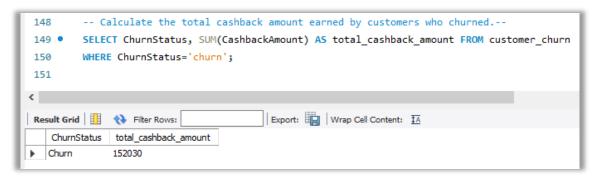


2. Display the average tenure of customers who churned.

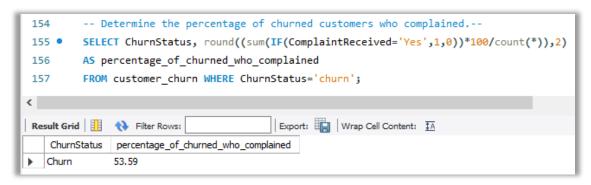




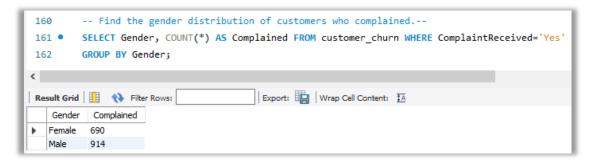
3. Calculate the total cashback amount earned by customers who churned.



4. Determine the percentage of churned customers who complained.



5. Find the gender distribution of customers who complained.



6. Identify the city tier with the highest number of churned customers whose preferred order category is Laptop & Accessory.

```
166
     whose preferred order category is Laptop & Accessory.*/
167
       SELECT CityTier, Count(*) AS number_of_churned FROM customer_churn
168 •
       where ChurnStatus='churn' AND PreferredOrderCat='Laptop & Accessory'
169
       GROUP BY CityTier ORDER BY CityTier DESC LIMIT 1;
171
<
                               Export: Wrap Cell Content: 🚻 Fetch rows:
                                                                CityTier number_of_churned
  3
```



7. Identify the most preferred payment mode among active customers.

```
172 -- Identify the most preferred payment mode among active customers.

173 • SELECT PreferredPaymentMode,COUNT(*) AS preferred_payment_mode_count FROM customer_churn

174 WHERE ChurnStatus='active'

175 GROUP BY PreferredPaymentMode

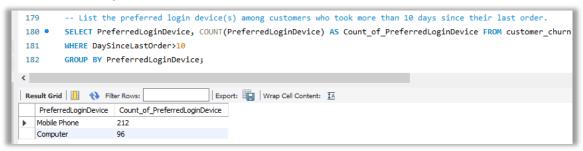
176 ORDER BY preferred_payment_mode_count DESC LIMIT 1;

177

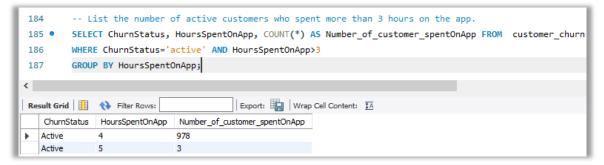
C

Result Grid  Filter Rows: Export: Wrap Cell Content: Fetch rows: PreferredPaymentMode | preferred_payment_mode_count |
Debit Card 1956
```

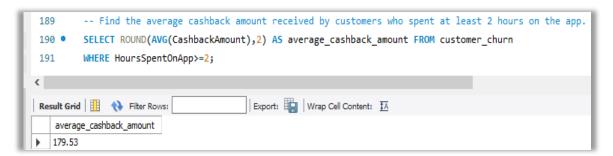
8. List the preferred login device(s) among customers who took more than 10 days since their last order.



9. List the number of active customers who spent more than 3 hours on the app.

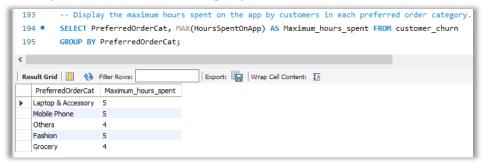


10. Find the average cashback amount received by customers who spent at least 2 hours on the app.

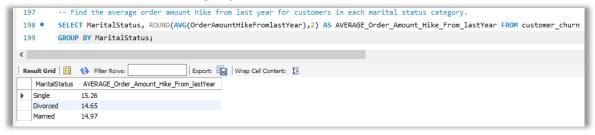




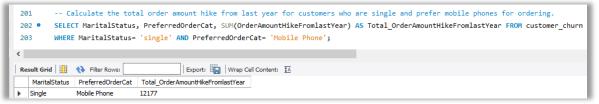
11. Display the maximum hours spent on the app by customers in each preferred order category.



12. Find the average order amount hike from last year for customers in each marital status category.



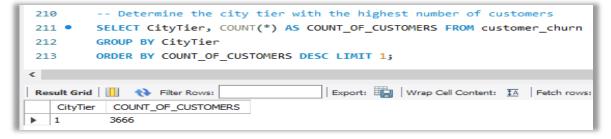
13. Calculate the total order amount hike from last year for customers who are single and prefer mobile phones for ordering.



14. Find the average number of devices registered among customers who used UPI as their preferred payment mode.

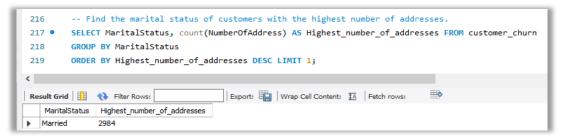


15. Determine the city tier with the highest number of customers.

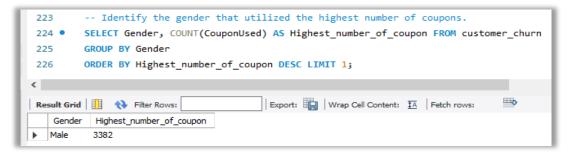




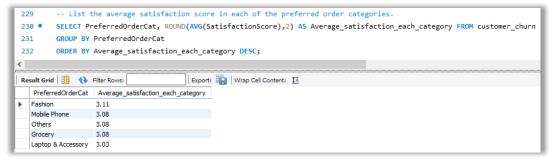
Find the marital status of customers with the highest number of addresses.



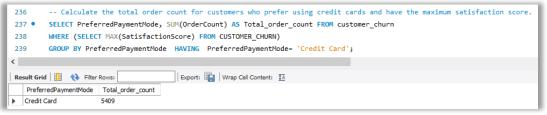
17. Identify the gender that utilized the highest number of coupons.



List the average satisfaction score in each of the preferred order categories.



19. Calculate the total order count for customers who prefer using credit cards and have the maximum satisfaction score.



20. How many customers are there who spent only one hour on the app and days since their last order was more than 5?

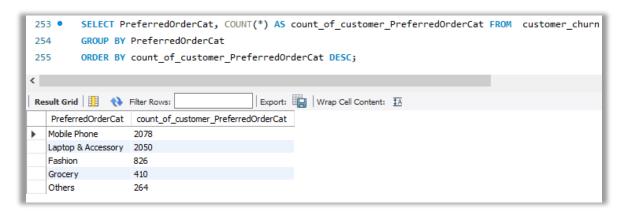




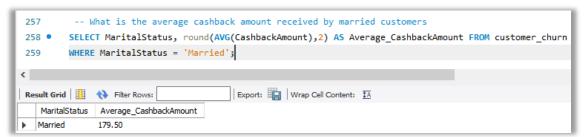
21. What is the average satisfaction score of customers who have complained?



22. How many customers are there in each preferred order category?



23. What is the average cashback amount received by married customers?



24. What is the average number of devices registered by customers who are not using Mobile Phone as their preferred login device?

```
262 -- What is the average number of devices registered by customers who are not using Mobile Phone as their preferred login device?
263 • SELECT ROUND(AVG(NumberOfDeviceRegistered),2) AS Average_number_of_devices_registered FROM customer_churn
264 WHERE PreferredLoginDevice<>'Mobile Phone';
265 • SELECT ROUND(AVG(NumberOfDeviceRegistered),2) AS Average_number_of_devices_registered FROM customer_churn
266 GROUP BY PreferredLoginDevice
267 HAVING 'Mobile Phone' NOT IN (PreferredLoginDevice);

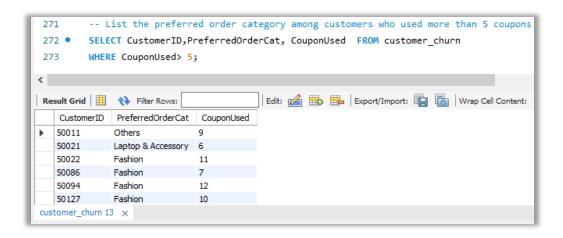
Result Grid 
Average_number_of_devices_registered

Average_number_of_devices_registered

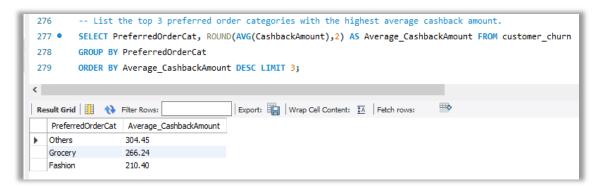
3.72
```



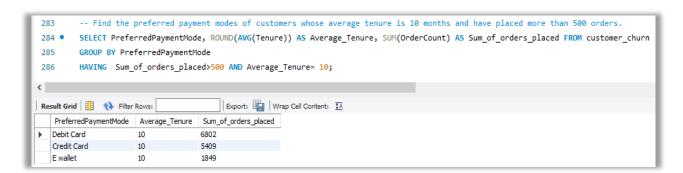
25. List the preferred order category among customers who used more than 5 coupons.



26. List the top 3 preferred order categories with the highest average cashback amount.

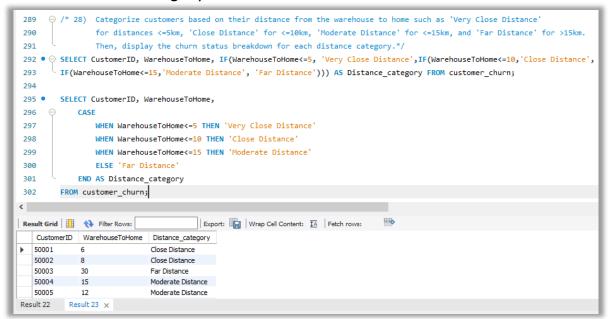


27. Find the preferred payment modes of customers whose average tenure is 10 months and have placed more than 500 orders.

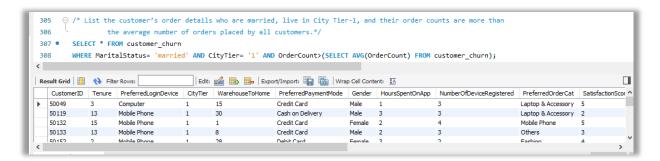




28. Categorize customers based on their distance from the warehouse to home such as 'Very Close Distance' for distances <=5km, 'Close Distance' for <=10km, 'Moderate Distance' for <=15km, and 'Far Distance' for >15km. Then, display the churn status breakdown for each distance category.



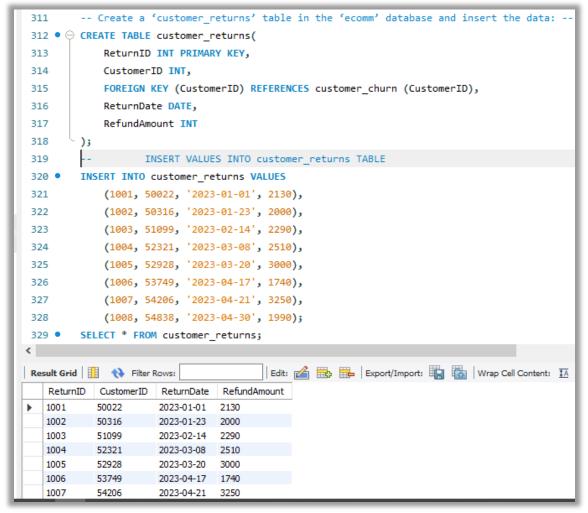
29. List the customer's order details who are married, live in City Tier-1, and their order counts are more than the average number of orders placed by all customers.





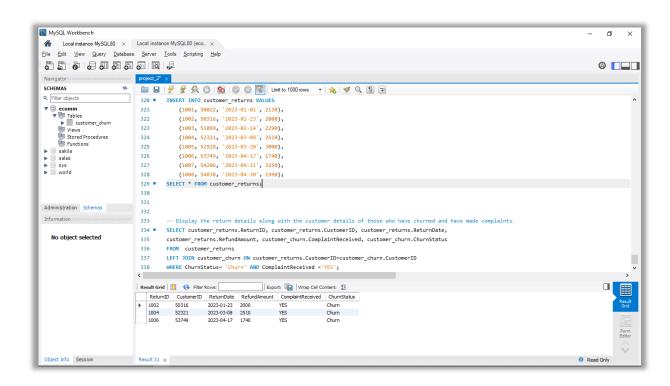
30. a) Create a 'customer\_returns' table in the 'ecomm' database and insert the following data:

ReturnID	CustomerID ReturnDate RefundAmount
1001	50022 2023-01-01 2130
1002	50316 2023-01-23 2000
1003	51099 2023-02-14 2290
1004	52321 2023-03-08 2510
1005	52928 2023-03-20 3000
1006	53749 2023-04-17 1740
1007	54206 2023-04-21 3250
1008	54838 2023-04-30 1990





32. b) Display the return details along with the customer details of those who have churned and have made complaints.





#### **Conclusion:**

By meticulously analyzing the historical transactional data, we have gained valuable insights into the factors driving customer churn within

the e-commerce domain. Through data cleaning, transformation, and exploratory data analysis, we have identified key metrics and patterns that significantly impact customer retention.

The findings from this study provide a solid foundation for e-commerce businesses to implement targeted retention strategies. By understanding the preferences, behaviors, and pain points of different customer segments, businesses can proactively address their needs and improve overall customer satisfaction.

Furthermore, the insights gained from this analysis can be leveraged to optimize marketing campaigns, personalize customer experiences, and enhance customer support services. By focusing on customer retention, ecommerce businesses can not only reduce costs associated with acquiring new customers but also build longlasting relationships that drive sustainable growth.

