



MORINGA

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DSF-PT05

PHASE 3 PROJECT

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UNDERSTANDING CUSTOMER CHURN, A CASE OF SYRIATEL COMMUNICATIONS

A Deep Dive into Telecom Customer Behavior



Project Overview

Purpose: To tackle the challenge of rising customer churn by leveraging data-driven insights.

Goal: Identify and mitigate key factors leading to customer departure.

Method: Conduct a comprehensive analysis of customer behaviors, service engagement, and interaction trends to reveal underlying causes of churn.

Objectives

To utilize clustering techniques to segment SyriaTel's customer base into distinct groups based on usage patterns, demographics, and other relevant factors.

To assess the impact of various service features on customer retention using predictive modeling techniques.

To validate the predictive model's performance using appropriate evaluation metrics and refine it to improve accuracy and generalizability.

To evaluate the long-term effectiveness of implemented retention strategies through monitoring and analyzing churn rates over time.

To formulate and recommend bespoke retention strategies based on the analytical findings.

Data Pre-processing & EDA

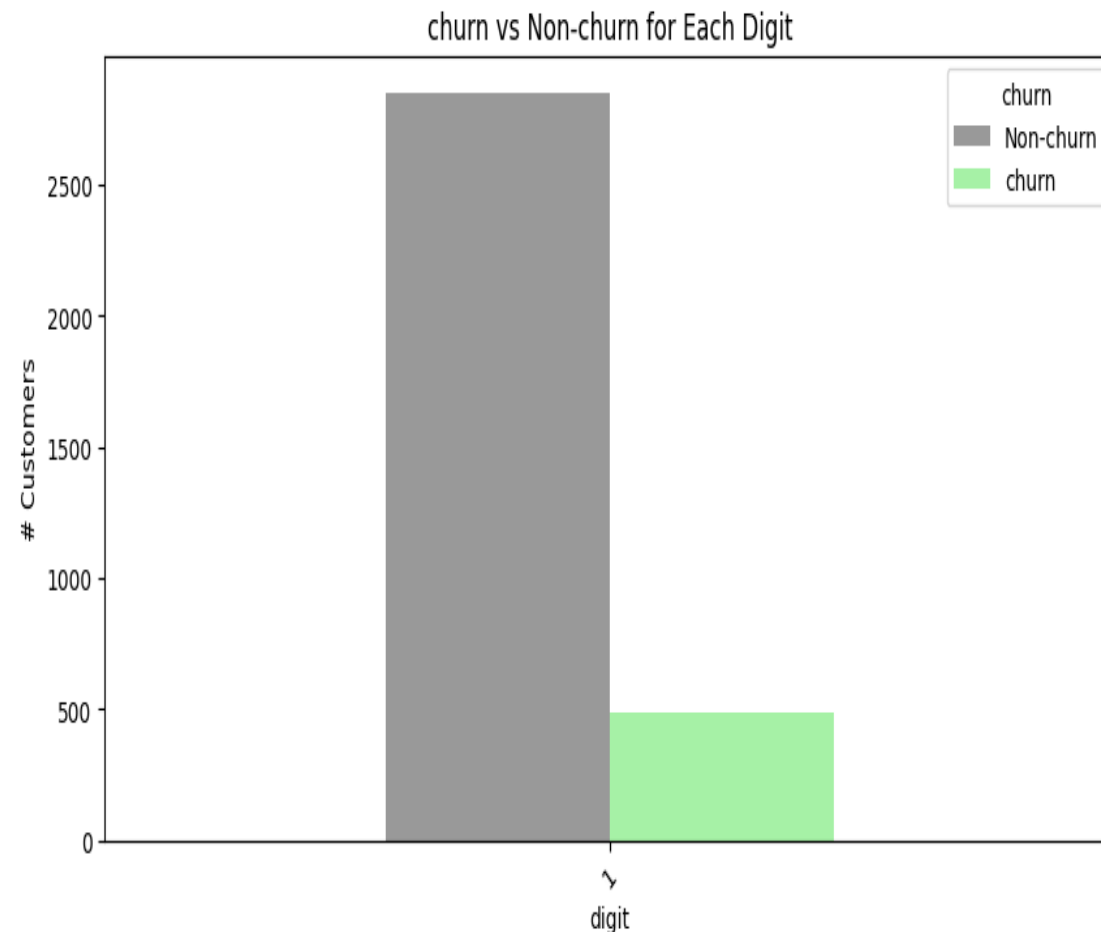
An analysis to extract meaningful insights from the data and identify the best features to be used for modeling

Data preprocessing

- Assumptions about data shape
- Missing values
- Data types
- Categorical variables
- Outliers or errors
- Feature Engineering/Creating

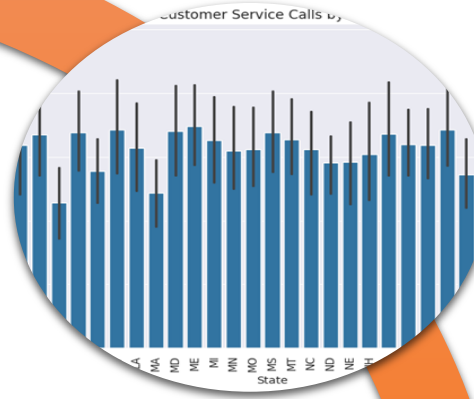
EDA

- Statistical Summary
- EDA Univariate Analysis
- EDA Bivariate Analysis
- EDA Multivariate Analysis
- Conclusion

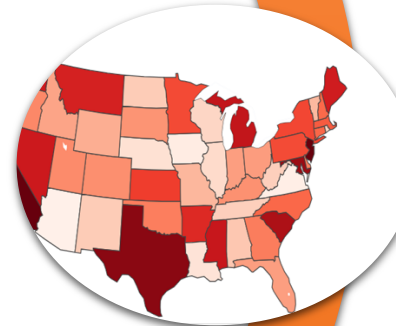


Pre- processing visualizations

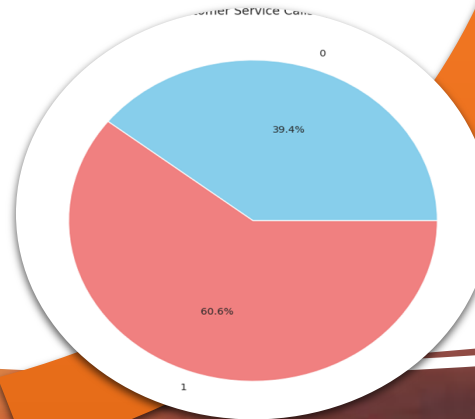
Visualizations are critical to providing insights into the relationships between different variables and the target variable (churn).



Customer Service calls by state



Customer Churn by State



Mean customer service calls by churn

Segmentation and Clustering

Focus Area: Critical analysis to understand Syriatel's customer base through segmentation and clustering.

Purpose: Group customers by characteristics, behaviors, and service usage.

Objective: Identify unique customer segments with specific needs and preferences.

Strategy: Use insights to develop personalized retention approaches.

Technique: Utilize K-means clustering in unsupervised learning to analyze customer data.

Purpose: Identify homogeneous customer groups for targeted engagement.

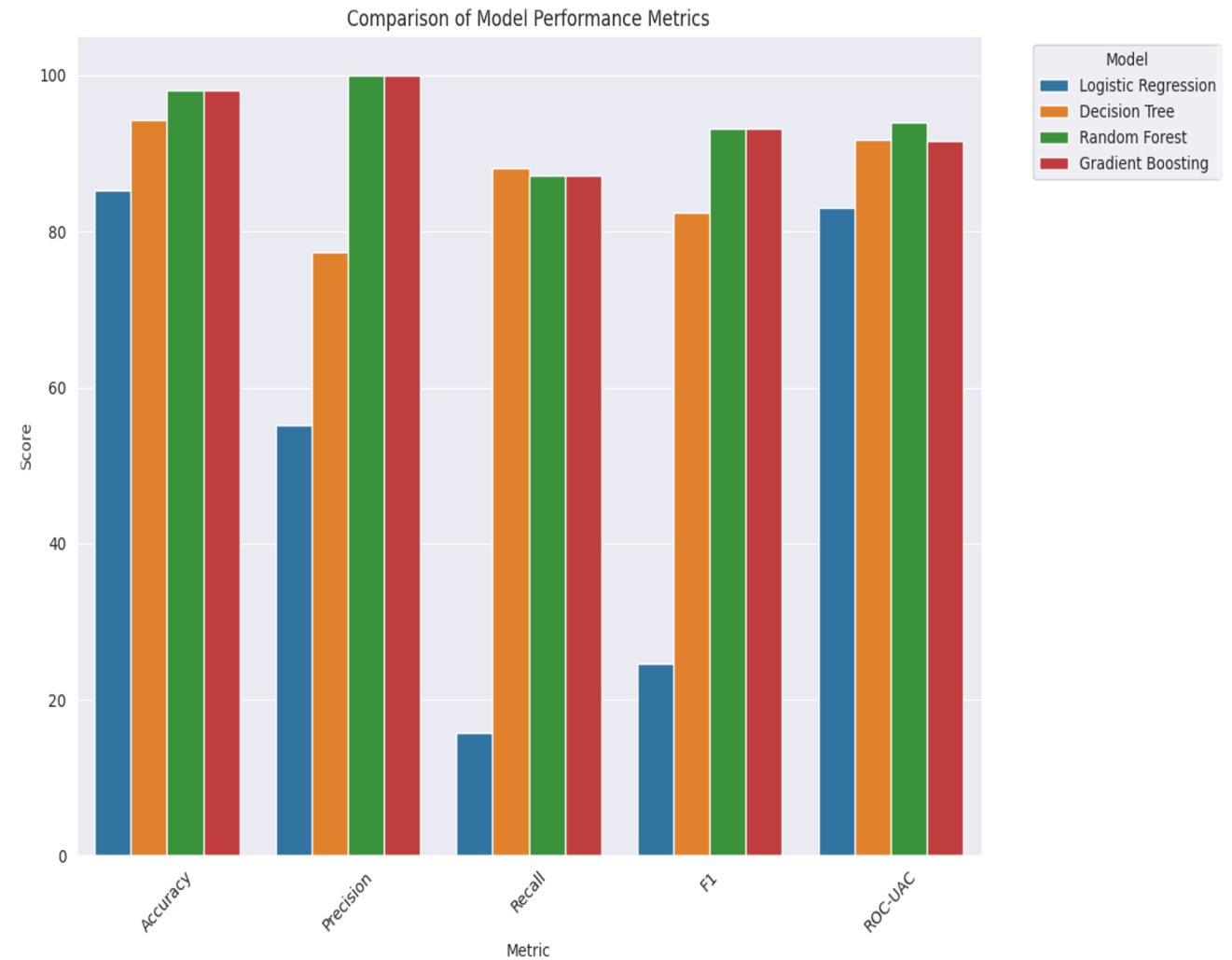
Outcome: Tailored retention initiatives increase relevance and effectiveness.

Impact: Key in strategic decision-making to boost satisfaction, reduce churn, and build loyalty.

Modelling

Taking an iterative approach to the classifier models and using 3 models to analyze the accuracy, precision, recall, and F1 scores, with ROC/AUC Score and providing a classification report for;

- Logistic Regression
- Decision Tree Classifier
- Random Forest Classifier
- Gradient Boosting Classifier



Model Performance Overview

Gradient Boosting Classifier

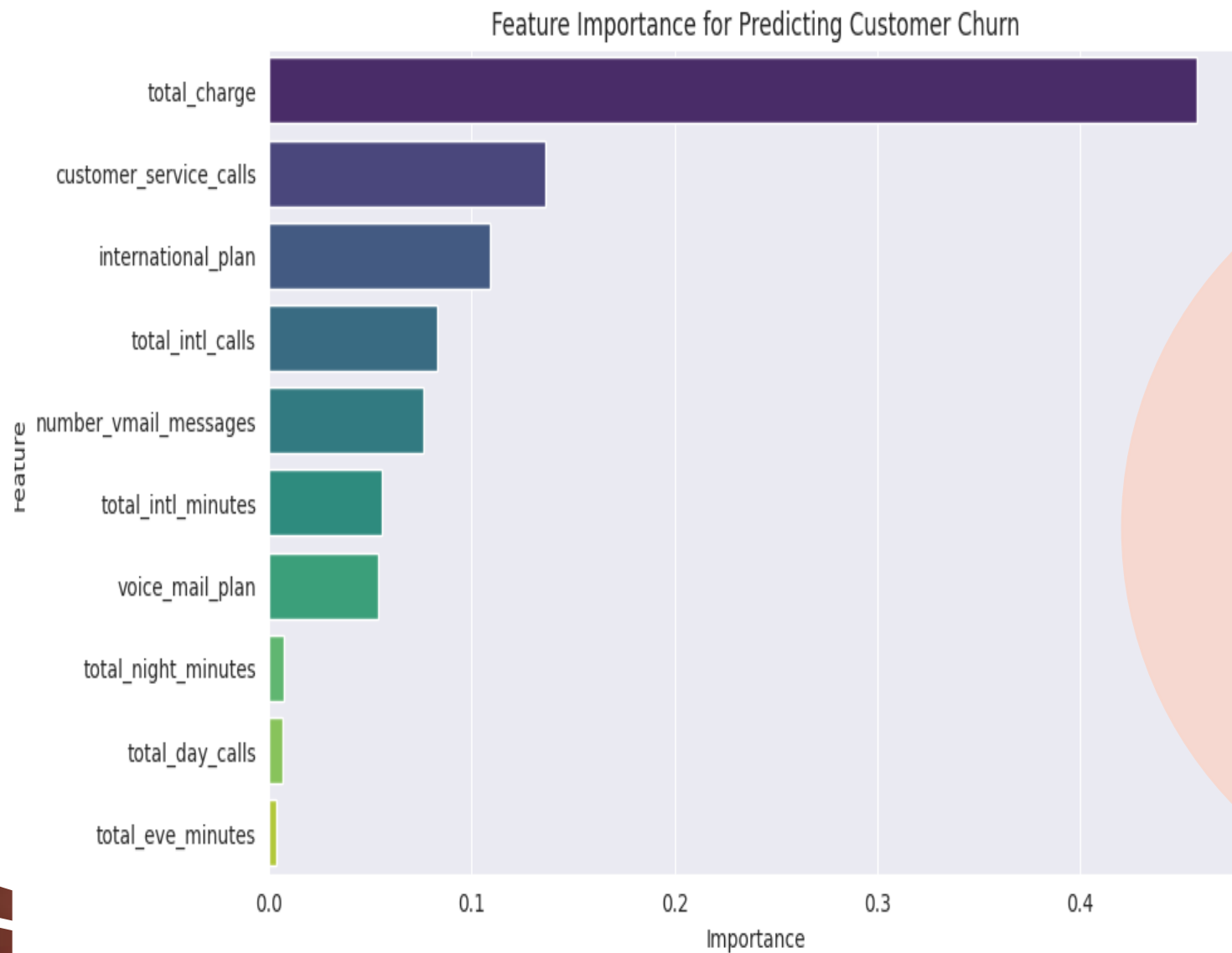
- Highest accuracy for churn prediction.
- Slightly lower ROC-AUC score vs. Random Forest suggests limitations in prediction confidence across thresholds.

Random Forest Classifier

- A strong balance of accuracy and class distinction capabilities (high ROC-AUC score).
- Robust choice for churn prediction, offering reliable performance.

Logistic Regression

- Offers simplicity and interpretability.
- Valuable for scenarios requiring insight into the influence of individual features, despite lower performance metrics



Feature Importance Visualization

Conclusions

Churn Analysis

- **Churn Rate:** At 14.5%, it highlights a notable customer departure rate.
- **Influential Factors:** International plans and the frequency of customer service calls exhibit a moderate positive correlation with churn, significantly impacting customer retention efforts.

Customer Behavior Insights

- **International Plan Impact:** Customers with international plans show higher churn rates, signaling a need for deeper analysis on dissatisfaction causes.
- **Customer Service Calls Correlation:** A weak positive correlation with churn implies that increased customer service interaction might not directly enhance retention.

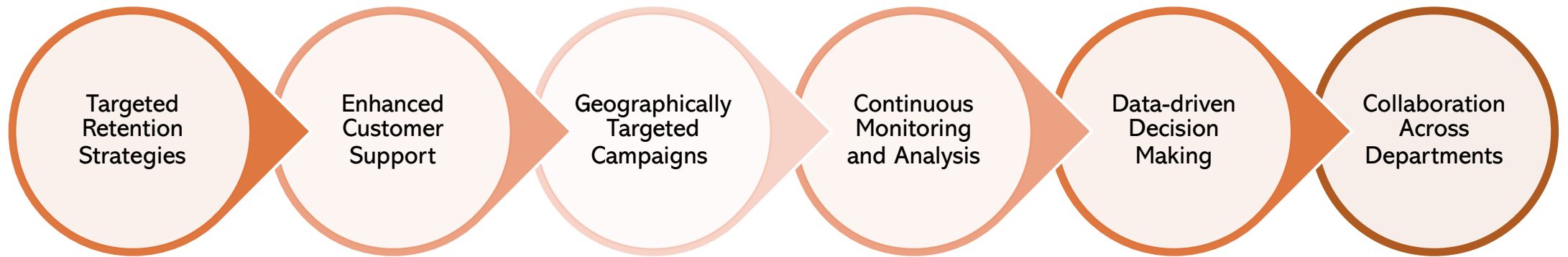
Geographical Patterns

- **Observation:** Churn rates vary across different states, indicating potential geographical influences on customer behavior.
- **Action Item:** Further exploration needed to understand regional differences and tailor retention strategies accordingly.

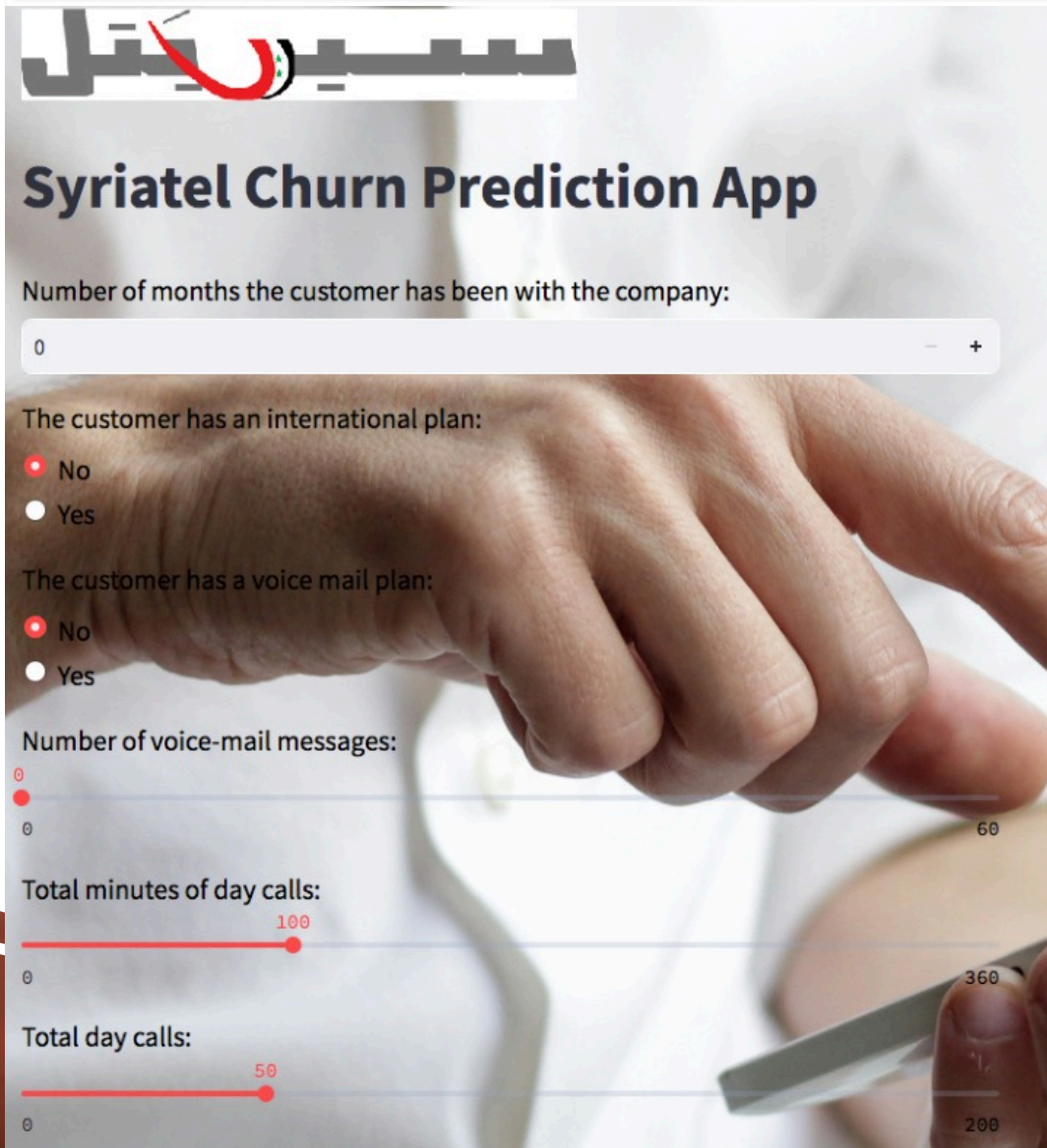
Service Usage Analysis

- **The distribution Analysis of service usage patterns, such as total day minutes and total evening minutes, did not show significant correlations with churn. However, further exploration may be warranted to understand the impact of these factors on customer retention**

Recommendations



Model Deployment App



Syriatel Churn Prediction App

Number of months the customer has been with the company:

0

The customer has an international plan:

☒ No
☐ Yes

The customer has a voice mail plan:

☒ No
☐ Yes

Number of voice-mail messages:

0

Total minutes of day calls:

0 100 360

Total day calls:

0 50 200



Total number of evening calls:

0 100 200

Total minutes of night calls:

0 200 400

Total number of night calls:

0 100 200

Total minutes of international calls:

0 30

Total number of international calls:

0 30

Number of calls to customer service:

0 10

Total charge:

0 59 100

Predict Churn