Customer Churn Risk Prediction

- Introduction
- · Data Set
- · Projejct Objective
- Project Motivation
- · Software Needed
- · Loading the Data and Importing Libraries
- · Gathering Data
- Exploratory Data Analysis
- Modelling
- Conclusion

Introduction

Your client is a major mobile telecommunication network provider in the US. They are experiencing issues related to customer churn or attrition i.e. customers cancelling their accounts and possibly switching to other competitor services.

Data Set

The data available includes customers' demographic profile, their plan features and usage history along with an indicator whether they actually churned or not. This is provided in the dataset below:

Churn History Dataset.csv

Use this historical dataset to build/train the churn models. Then evaluate the prediction accuracy of the models on the test dataset below:

· Churn Test Dataset.csv

Project Objective

client is interested in understanding the leading indicators of churn and identifying potential churners ahead of time. This will enable them to take pre-emptive action such as offering better plans and discounts to potential churners and encouraging them to continue their service

Software Needed

Software: Python and Jupyter Notebook

The following packages (libraries) need to be installed:

- 1. pandas
- 2. NumPy
- 3. scikit Learn
- 4. Logistic Regression
- 5. Random Forest Classification
- 6. Desicion Tree Classification
- 7. GB regressor

▼ Importing Library

```
import pandas as pd
import numpy as np
import seaborn as sns
import matplotlib.pyplot as plt
import warnings
warnings.filterwarnings(action='ignore' , category=FutureWarning )
```

▼ Gathering Data

```
churn_df = pd.read_csv('Churn History Dataset.csv')
churn_test_df = pd.read_csv('Churn Test Dataset.csv')
churn_df.head()
```

1/22, 4:17 PM			Classification_solution_rakesh.ipynb - Colaboratory								
	state	account length		-	international plan	voice mail plan	number vmail messages	total day minutes	total day calls	to cha	
0	KS	128	415	382- 4657	no	yes	25	265.1	110.0	4	
churn_c	lf.shape	2									
(3	333, 21))									
				1921							
churn_c	lf.colum	nns									
In	'ir 'to 'to 'to 'n	nternation otal day notal eve notal night otal night otal intl	nal plominute minute t minute minute tomer	an', 'vo: s', 'tota s', 'tota tes', 'to es', 'to	, 'area code', ice mail plan', al day calls', al eve calls', otal night call tal intl calls' calls', 'Y_var'	'numbe 'total 'total s', 'to , 'tota	r vmail me day charge eve charge tal night	charge',			
cat_col	.s = ['s	state',	'inte	rnationa	al plan' , 'voi	ce mai	l plan',	'Y_var']			

churn_df.dtypes

state	object
account length	int64
area code	int64
phone number	object
international plan	object
voice mail plan	object
number vmail messages	int64
total day minutes f	loat64
total day calls f.	loat64
total day charge f	loat64
total eve minutes f	loat64
total eve calls	int64
total eve charge f.	loat64
total night minutes f	loat64
total night calls f.	loat64
total night charge f.	loat64
total intl minutes f	loat64
total intl calls	int64
total intl charge f	loat64
number customer service calls	int64
Y_var	object
dtype: object	

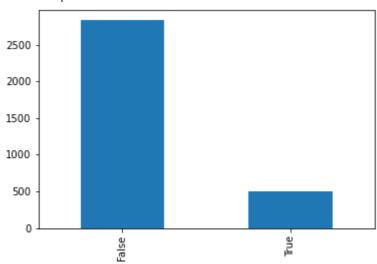
Check the descriptive statistics of numeric variables churn_df.describe()

	account length	area code	number vmail messages	total day minutes	total day calls	total day charge
count	3333.000000	3333.000000	3333.000000	3333.000000	3332.000000	3332.000000
mean	101.064806	437.182418	8.099010	190.740294	103.218788	101.768574
std	39.822106	42.371290	13.688365	598.879213	128.891770	4025.094680
min	1.000000	408.000000	0.000000	0.000000	0.000000	0.000000
25%	74.000000	408.000000	0.000000	143.700000	87.000000	24.430000
50%	101.000000	415.000000	0.000000	179.400000	101.000000	30.500000
75%	127.000000	510.000000	20.000000	216.600000	114.000000	36.825000
max	243.000000	510.000000	51.000000	34545.000000	7100.000000	232343.000000

Removing (. and whitespaces) from Y_var

churn_df['Y_var'].value_counts().plot(kind = 'bar')





churn_df['Y_var'].value_counts()

False 2829 True 504

Name: Y_var, dtype: int64

100*churn_df['Y_var'].value_counts()/len(churn_df['Y_var'])

False 84.878488 True 15.121512

Name: Y_var, dtype: float64

- Data is highly **imbalanced**, ratio =85:15
- So we analyse the data with other features while taking the target values separately to get some insights.

Concise Summary of the dataframe, as we have too many columns, we are using the ve churn_df.info(verbose = True)

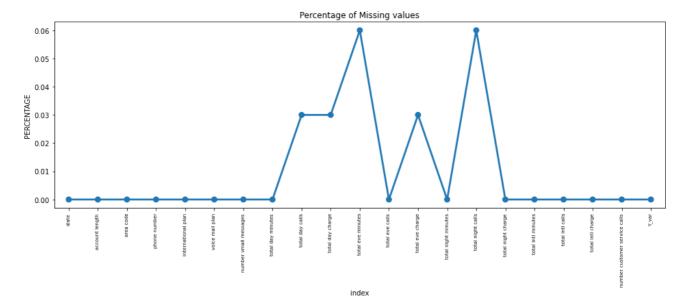
```
<class 'pandas.core.frame.DataFrame'>
RangeIndex: 3333 entries, 0 to 3332
Data columns (total 21 co
```

Data	columns (total 21 columns):		
#	Column	Non-Null Count	Dtype
0	state	3333 non-null	object
1	account length	3333 non-null	int64
2	area code	3333 non-null	int64
3	phone number	3333 non-null	object
4	international plan	3333 non-null	object
5	voice mail plan	3333 non-null	object
6	number vmail messages	3333 non-null	int64
7	total day minutes	3333 non-null	float64
8	total day calls	3332 non-null	float64
9	total day charge	3332 non-null	float64
10	total eve minutes	3331 non-null	float64
11	total eve calls	3333 non-null	int64
12	total eve charge	3332 non-null	float64
13	total night minutes	3333 non-null	float64
14	total night calls	3331 non-null	float64
15	total night charge	3333 non-null	float64
16	total intl minutes	3333 non-null	float64
17	total intl calls	3333 non-null	int64
18	total intl charge	3333 non-null	float64
19	number customer service calls	3333 non-null	int64
20	Y_var	3333 non-null	object
dtype	es: float64(10), int64(6), obje	ct(5)	

memory usage: 546.9+ KB

Missing Values

```
missing = pd.DataFrame((churn_df.isnull().sum())*100/churn_df.shape[0]).reset_index(
plt.figure(figsize=(16,5))
ax = sns.pointplot('index',0,data=missing)
plt.xticks(rotation =90, fontsize =7)
plt.title("Percentage of Missing values")
plt.ylabel("PERCENTAGE")
plt.show()
```



there is some missings values in some columns but all the missing values are less than 0.06% so its safe to fill that value with mean or median

Filling missing value

```
churn_df = churn_df.fillna(churn_df.median())
```

→ Data Cleaning

1. Create a copy of base data for manupulation & processing

```
df = churn_df.copy()
df.info()
```

<class 'pandas.core.frame.DataFrame'>
RangeIndex: 3333 entries, 0 to 3332
Data columns (total 21 columns):

#	Column	Non-Null Count	Dtype
0	state	3333 non-null	object
1	account length	3333 non-null	int64
2	area code	3333 non-null	int64
3	phone number	3333 non-null	object
4	international plan	3333 non-null	object
5	voice mail plan	3333 non-null	object
6	number vmail messages	3333 non-null	int64
7	total day minutes	3333 non-null	float64
8	total day calls	3333 non-null	float64
9	total day charge	3333 non-null	float64
10	total eve minutes	3333 non-null	float64

```
3333 non-null int64
11 total eve calls
12 total eve charge
                                3333 non-null float64
                                3333 non-null float64
13 total night minutes
14 total night calls
                               3333 non-null float64
15 total night charge
                               3333 non-null float64
16 total intl minutes
                                3333 non-null float64
                               3333 non-null int64
17 total intl calls
                               3333 non-null float64
18 total intl charge
19 number customer service calls 3333 non-null int64
                                 3333 non-null object
20 Y_var
dtypes: float64(10), int64(6), object(5)
memory usage: 546.9+ KB
```

Checking Duplicate?

Exploratory Data Analysis

1. Plot distibution of individual predictors by churn

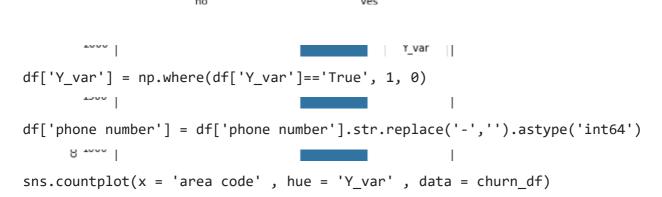
Univariate Analysis

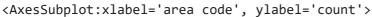
```
for i, predictor in enumerate(df[['international plan', 'voice mail plan']]):
    plt.figure(i)
    sns.countplot(data=df, x=predictor, hue='Y_var')
```

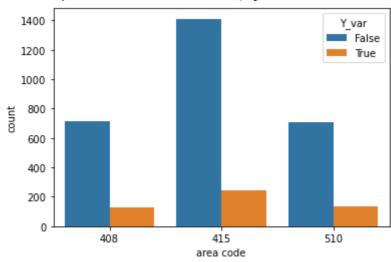


Customer with internation plan activate have high rate of churning

2.Convert the target variable 'Churn' in a binary numeric variable i.e. Yes=1; No = 0







churn df['area code'].value counts()

415 1655 510 840 408 838 Name: area code, dtype: int64

Relationship between Total_Charges and (total_Calls, total_Minutes)

Filtering only day , eve , night , intl calls , minutes and charges columns from df columns

```
day = []
eve = []
night = []
intl = []
total =[]
for i in df.columns:
    if 'day' in i:
        day.append(i)
    elif 'eve' in i:
        eve.append(i)
    elif 'night' in i:
        night.append(i)
    elif 'intl' in i:
        intl.append(i)
for i in df.columns:
    if 'total' in i:
        total.append(i)
```

Outliers Detection

```
Q1 = churn df[total].quantile(0.25)
Q3 = churn_df[total].quantile(0.75)
IQR = Q3-Q1
upper limit = 03 + 1.5 * IQR
lower_limit = Q1 - 1.5 * IQR
print("Upper limit",upper_limit)
print("Lower limit",lower_limit)
    Upper limit total day minutes
                                       325.950
    total day calls
                           154.500
    total day charge
                           55.405
    total eve minutes
                           338.350
    total eve calls
                          154.500
    total eve charge
                           28.760
    total night minutes
                           337.750
    total night calls
                          152.000
                          15.195
    total night charge
    total intl minutes
                           17.500
    total intl calls
                           10.500
    total intl charge
                            4.725
    dtype: float64
    Lower limit total day minutes
                                       34,350
    total day calls
                           46.500
    total day charge
                           5.845
    total eve minutes
                           63.550
    total eve calls
                           46.500
    total eve charge
                           5.400
    total night minutes
                           64.550
    total night calls
                           48.000
                           2.915
    total night charge
    total intl minutes
                            3.100
```

total intl calls -1.500 total intl charge 0.845

dtype: float64

▼ Removing Outliers

```
df = df[\sim((df[total] < (Q1 - 1.5 * IQR)) | (df[total] > (Q3 + 1.5 * IQR))).any(axis=1)
```

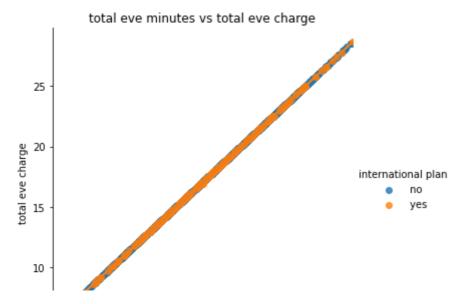
1. Relationship between total eve minutes and eve charge

```
df.head(1)
```

	state	account length	area code	phone number	international plan	voice mail plan	number vmail messages	total day minutes	total day calls	tc cha
0	KS	128	415	3824657	no	yes	25	265.1	110.0	4
1 rows x 21 columns										

1 rows × 21 columns

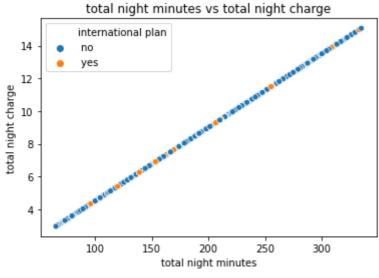
```
for i in eve[0:-1]:
    sns.lmplot(x = i , y = eve[-1] , data = df , hue = 'international plan' )
    plt.title('{} vs {}'.format(i , eve[-1]))
```

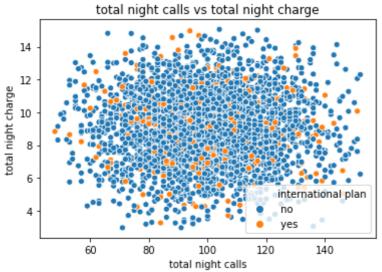


2. Relationship between total night minutes and night charge

150

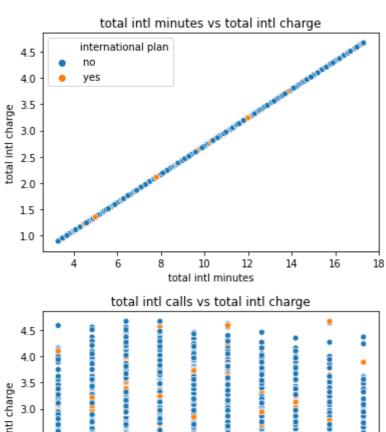
```
for i in night[0:-1]:
    plt.figure()
    sns.scatterplot(x = i , y = night[-1] , data = df , hue = 'international plan')
    plt.title('{} vs {}'.format(i , night[-1]))
```

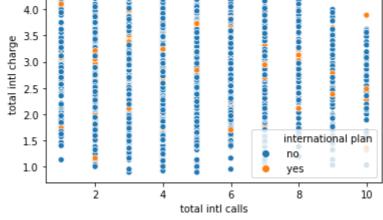




3. Relationship between total intl minutes and intl charge

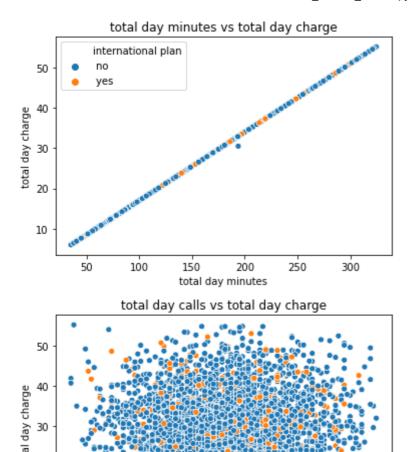
```
for i in intl[0:-1]:
    plt.figure()
    sns.scatterplot(x = i , y = intl[-1] , data = df , hue = 'international plan')
    plt.title('{} vs {}'.format(i , intl[-1]))
```





4. Relationship between total day minutes, calls and eve charge

```
for i in day[0:-1]:
    plt.figure()
    sns.scatterplot(x = i , y = day[-1] , data = df , hue = 'international plan')
    plt.title('{} vs {}'.format(i , day[-1]))
```



 $\textbf{10.} \ \textbf{Churn by Daily Charges , Evening Charges , Night Charage , intl Charges}$

10 l no

Churned by Internation charges

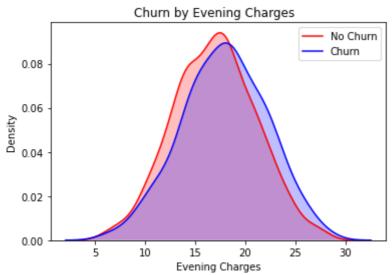
total day calls

Tov+(0 5 1 0 'Chunn by intonnational changes')

- its surprising, even increasing internatinal charges churning decreases.
- i.e intl charges doesn't effect churning.
- · int charges are not the cause of churning

Churned by Evening charges

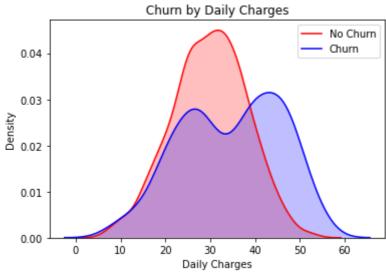
Text(0.5, 1.0, 'Churn by Evening Charges ')



· evening charges are also not effecting churning rate

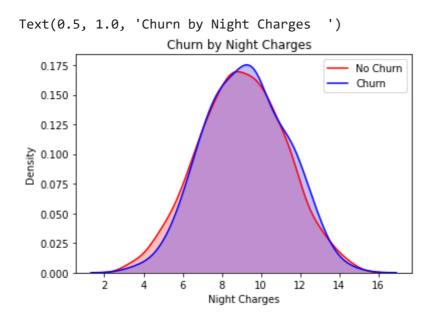
Churned by daily charges

Text(0.5, 1.0, ' Churn by Daily Charges ')



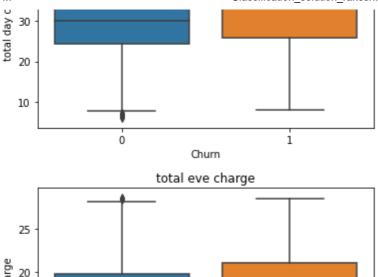
- Increasing in day calling charges churning also increasing
- i.e client should be decreased daily charges of calling so that churning decrease and customer buy another plan

Churned by night charges



night charges doesn't seems effecting churning

```
charge = ['total day charge','total eve charge','total intl charge', 'total night ch
for i in charge:
    plt.figure()
    plt.title('{}'.format(i))
    sns.boxplot(x ='Y_var' , y= i , data = df)
    plt.xlabel("Churn")
    plt.show()
```



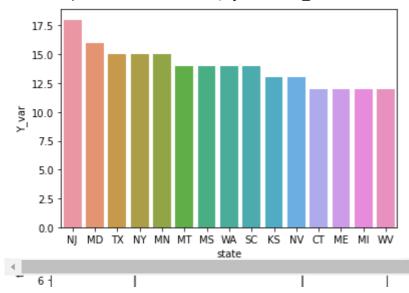
Plot insights:

- Churning customers have higer day charges with a median of ca. 35 USD compared to a median of non-churners of ca. 30 USD.
- Churning customers have higher evening charges with a median of ca.20 USD and much lower interquartile range compared to that of non-churners (median of ca. 17 USD).

Highest Churning state

state = df.groupby('state')['Y_var'].sum().sort_values(ascending = False).reset_inde
print('Highest Churne state: {} '.format(state['state'].tolist()))
sns.barplot(x='state' , y='Y_var' , data = state)

Highest Churne state: ['NJ', 'MD', 'TX', 'NY', 'MN', 'MT', 'MS', 'WA', 'SC', 'KS', 'N
<AxesSubplot:xlabel='state', ylabel='Y_var'>



▼ Dummies for categorical columns

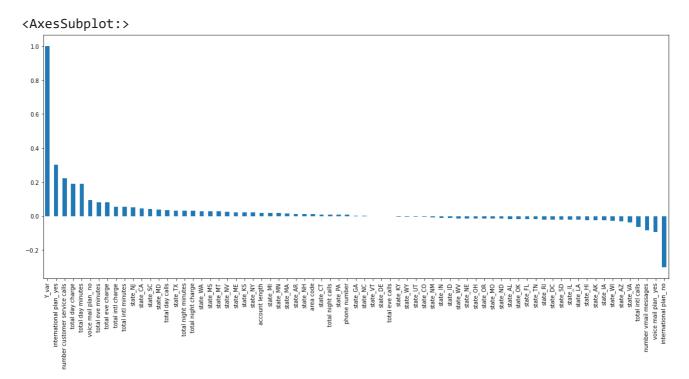
Ó

df = pd.get_dummies(df)

i

Build a correlation of all predictors with 'Churn'

```
plt.figure(figsize=(20,8))
df.corr()['Y_var'].sort_values(ascending = False).plot(kind='bar')
```



Derived Insight:

HIGH Churn seen in case of internation plan yes, No voice plan, when number of customer service calls more and total eve charges increased

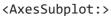
LOW Churn is seens in case of Subscriptions without international plan, Subscriptions with voice mail plan service and number of vmail messages service

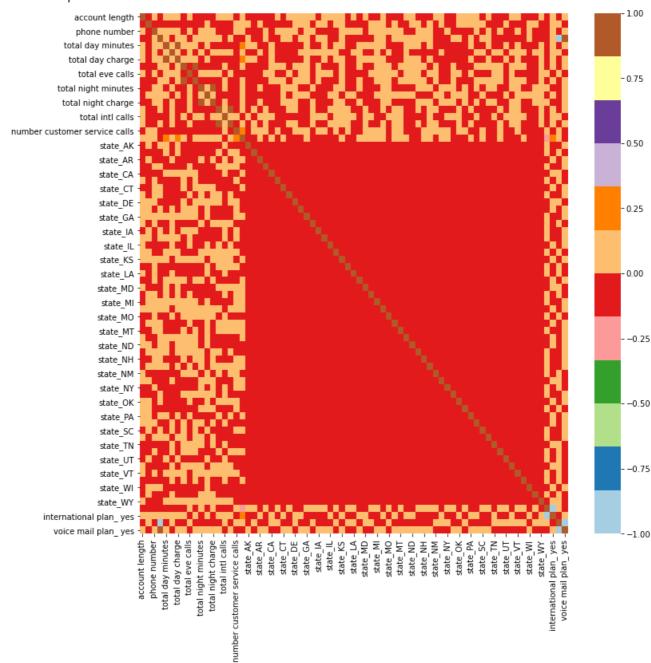
Factors like total day charge, total day calls and # state GA , UT , OR , NH , NC , DE have alomost NO impact on Churn

This is also evident from the **Heatmap** below

```
plt.figure(figsize=(12,12))
```

sns.heatmap(df.corr(), cmap="Paired")





- CONCLUSION

1. with internatinal plan are the highest churners

- 2. without voice mail plan are more likely to churn because of no contract terms, as they are free to go customers.
- 3. state VA and state AZ customers are low churners

```
test_df = churn_test_df.copy()
```

Churn test data

```
test_df['Churn Indicator'] = test_df['Churn Indicator'].str.strip().str.replace('.',
test_df['Churn Indicator'] = np.where(test_df['Churn Indicator']=='True', 1, 0)
test_df['phone number'] = test_df['phone number'].str.replace('-','').astype('int64'
test_df = pd.get_dummies(test_df)
test_df_train = test_df.drop('Churn Indicator', axis = 1)
```

Model Building

```
import pandas as pd
from sklearn import metrics
from sklearn.model_selection import train_test_split
from sklearn.metrics import recall_score
from sklearn.metrics import classification_report
from sklearn.metrics import confusion_matrix
from sklearn.tree import DecisionTreeClassifier
from imblearn.combine import SMOTEENN

X = df.drop('Y_var', axis =1)
y = df['Y_var']
X.head()
```

	account length	area code	phone number	number vmail messages	day	total day calls	day	total eve minutes	eve	total eve charge
0	128	415	3824657	25	265.1	110.0	45.07	197.4	99	16.78
1	107	415	3717191	26	161.6	123.0	27.47	195.5	103	16.62
2	137	415	3581921	0	243.4	114.0	41.38	121.2	110	10.30
4	75	415	3306626	0	166.7	113.0	28.34	148.3	122	12.61
5	118	510	3918027	0	223.4	98.0	37.98	220.6	101	18.75

5 rows × 72 columns

Train Test Split

```
X_train,X_test,y_train,y_test=train_test_split(X,y,test_size=0.2)
```

Logistic Regression

```
from sklearn.linear_model import LogisticRegression
model_lr= LogisticRegression(random_state=0)
model lr.fit(X_train, y_train)
     LogisticRegression(random_state=0)
y_pred = model_lr.predict(X_test)
y_pred[0:10]
     array([0, 0, 0, 0, 0, 0, 0, 0, 0])
model lr.score(X test , y test)
     0.8583061889250815
print(classification_report(y_test, y_pred, labels=[0,1]))
                                                  support
                   precision
                               recall f1-score
                0
                        0.86
                                 1.00
                                           0.92
                                                      527
                1
                        0.00
                                  0.00
                                           0.00
                                                       87
                                           0.86
                                                      614
         accuracy
        macro avg
                        0.43
                                  0.50
                                           0.46
                                                      614
     weighted avg
                        0.74
                                 0.86
                                           0.79
                                                      614
     C:\Users\rakesh.kumar\Miniconda3\envs\clf-env-dev\lib\site-packages\sklearn\metrics\
       _warn_prf(average, modifier, msg_start, len(result))
     C:\Users\rakesh.kumar\Miniconda3\envs\clf-env-dev\lib\site-packages\sklearn\metrics\_
       warn prf(average, modifier, msg start, len(result))
     C:\Users\rakesh.kumar\Miniconda3\envs\clf-env-dev\lib\site-packages\sklearn\metrics\
       _warn_prf(average, modifier, msg_start, len(result))
print('score of churn_test_df with LogisticRegression' , model_lr.score(test_df_trai
print(classification_report(test_df['Churn Indicator'] , model_lr.predict(test_df_tr
     score of churn test df with LogisticRegression 0.8564593301435407
                   precision
                               recall f1-score
                                                  support
                0
                        0.86
                                  1.00
                                           0.92
                                                      1432
                        0.00
                                 0.00
                                           0.00
                                                      240
```

accuracy			0.86	1672
macro avg	0.43	0.50	0.46	1672
weighted avg	0.73	0.86	0.79	1672

- C:\Users\rakesh.kumar\Miniconda3\envs\clf-env-dev\lib\site-packages\sklearn\metrics_
 _warn_prf(average, modifier, msg_start, len(result))
- C:\Users\rakesh.kumar\Miniconda3\envs\clf-env-dev\lib\site-packages\sklearn\metrics_
 _warn_prf(average, modifier, msg_start, len(result))

As you can see that the accuracy is quite low, and as it's an imbalanced dataset, we shouldn't

 consider Accuracy as our metrics to measure the model, as Accuracy is cursed in imbalanced datasets.

Hence, we need to check recall, precision & f1 score for the minority class, and it's quite evident that the precision, recall & f1 score is too low for Class 1, i.e. churned customers.

Hence, moving ahead to call SMOTEENN (UpSampling + ENN)

```
sm = SMOTEENN()
X_resampled, y_resampled = sm.fit_resample(X, y)
Xr_train,Xr_test,yr_train,yr_test=train_test_split(X_resampled, y_resampled,test_siz
model_lr_smote=LogisticRegression()
model lr_smote.fit(Xr_train,yr_train)
```

```
yr_predict = model_lr_smote.predict(Xr_test)
model_score_r = model_lr_smote.score(Xr_test, yr_test)
print(model_score_r)
print(metrics.classification_report(yr_test, yr_predict))
```

0.5885714285714285

	precision	recall	f1-score	support
0	0.00	0.00	0.00	144
1	0.59	1.00	0.74	206
accuracy			0.59	350
macro avg	0.29	0.50	0.37	350
weighted avg	0.35	0.59	0.44	350

- C:\Users\rakesh.kumar\Miniconda3\envs\clf-env-dev\lib\site-packages\sklearn\metrics_
 _warn_prf(average, modifier, msg_start, len(result))
- C:\Users\rakesh.kumar\Miniconda3\envs\clf-env-dev\lib\site-packages\sklearn\metrics_
 _warn_prf(average, modifier, msg_start, len(result))
- C:\Users\rakesh.kumar\Miniconda3\envs\clf-env-dev\lib\site-packages\sklearn\metrics_
 _warn_prf(average, modifier, msg_start, len(result))

Accuracy is very low with logistic Regression . we will try some other classfier

Decision Tree Classifier

```
[ ] Ļ11 cells hidden
```

→ Random Forest Classifier

```
from sklearn.ensemble import RandomForestClassifier
model_rf = RandomForestClassifier()
model_rf.fit(X_train , y_train)
model_rf.score(X_test , y_test)

0.9332247557003257
```

print(classification_report(y_test, y_pred, labels=[0,1]))

	precision	recall	f1-score	support
0 1	0.95 0.83	0.98 0.69	0.96 0.75	527 87
accuracy macro avg	0.89	0.83	0.94 0.86	614 614
weighted avg	0.93	0.94	0.93	614

Handling Imblanced data

accuracy

macro avg

```
sm = SMOTEENN()
X resampled, y resampled = sm.fit resample(X, y)
Xr_train,Xr_test,yr_train,yr_test=train_test_split(X_resampled, y_resampled,test_siz
model_rf_smote=RandomForestClassifier()
model_rf_smote.fit(Xr_train,yr_train)
yr_predict = model_rf_smote.predict(Xr_test)
model score r = model rf smote.score(Xr test, yr test)
print(model_score_r)
print(metrics.classification_report(yr_test, yr_predict))
    0.9127906976744186
                  precision
                            recall f1-score
                                                support
                      0.93
                                0.87
                                         0.90
                                                    157
```

0.92

0.91

0.91

187

344

344

0.95

0.91

0.90

0.92

weighted avg

0.91

0.91

0.91

344

```
print(metrics.confusion_matrix(yr_test, yr_predict))
   [[137   20]
      [ 10  177]]
```

With RF Classifier, also we are able to get very good results, infact better than Decision Tree.

Accuracy is 93% and its also working fine with minority clsss

let's finalise the model which was created by RF Classifier, and save the model so that we can use it in a later stage :)

Pickling the model

```
import pickle
filename = 'model.sav'
pickle.dump(model_rf_smote , open(filename, 'wb'))
load_model = pickle.load(open(filename , 'rb'))

model_score_r = load_model.score(Xr_test, yr_test)

print(model_score_r)
    0.9127906976744186
```

Accuracy with churn_train_df

```
print('score of churn_test_df with Random Forest Classifier' ,model_score_r)
print(metrics.classification_report(yr_test, yr_predict))
```

```
score of churn test df with Random Forest Classifier 0.9127906976744186
              precision
                         recall f1-score
                                              support
           0
                   0.93
                             0.87
                                       0.90
                                                  157
                   0.90
                             0.95
                                       0.92
                                                  187
                                       0.91
                                                  344
    accuracy
                   0.92
                             0.91
                                       0.91
                                                  344
   macro avg
weighted avg
                   0.91
                             0.91
                                       0.91
                                                  344
```

Accuracy with churn_test_df

print('score of churn_test_df with Random Forest Classifier' ,load_model.score(test_ print(classification_report(test_df['Churn Indicator'] ,load_model.predict(test_df_t

score of churn_test_df with Random Forest Classifier 0.8558612440191388 precision recall f1-score support 0 0.95 0.88 0.91 1432 0.50 0.71 0.59 240 1672 accuracy 0.86 macro avg 0.72 0.80 0.75 1672 weighted avg 0.88 0.86 0.87 1672

we are getting 85% accuracy score with random forest on our churn_test data . its also giving quite good result with minority class than other model

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