X Education - Lead Scoring Case Study

Detection of Hot Leads to concentrate more of marketing efforts on them, improving conversion rates for X Education

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Background of X Education Company

● An education company named X Education sells online courses to industry professionals.

● On any given day, many professionals who are interested in the courses land on their website and

browse for courses.

●The company markets its courses on several websites and search engines like Google.

● Once these people land on the website, they might browse the courses or fill up a form for the course or watch some videos.

● When these people fill up a form providing their email address or phone number, they are classified to be a lead.

● Once these leads are acquired, employees from the sales team start making calls, writing emails, etc.

●Through this process, some of the leads get converted while most do not.

●The typical lead conversion rate at X education is around 30%.

Problem Statement and Objective

Problem Statement:

- X Education gets a lot of leads, its lead conversion rate is very poor at around 30%
- X Education wants to make lead conversion process more efficient by identifying the most potential leads, also known as Hot Leads
- Their sales team want to know these potential set of leads, which they will be focusing more on communicating rather than making calls to everyone.

Objective of the Study:

- To help X Education select the most promising leads, i.e., the leads that are most likely to convert into paying customers.
- The company requires us to build a model wherein we need to assign a lead score to each of the leads such that the customers with a higher lead score have a higher conversion chance and the customers with a lower lead score have a lower conversion chance.
- The CEO has given a ballpark of the target lead conversion rate to be around 80%.

Suggested Ideas for Lead Conversion

Leads Grouping

- Leads are grouped based on their propensity or likelihood to convert.
- This results in a focused group of hot leads.

Better Communication

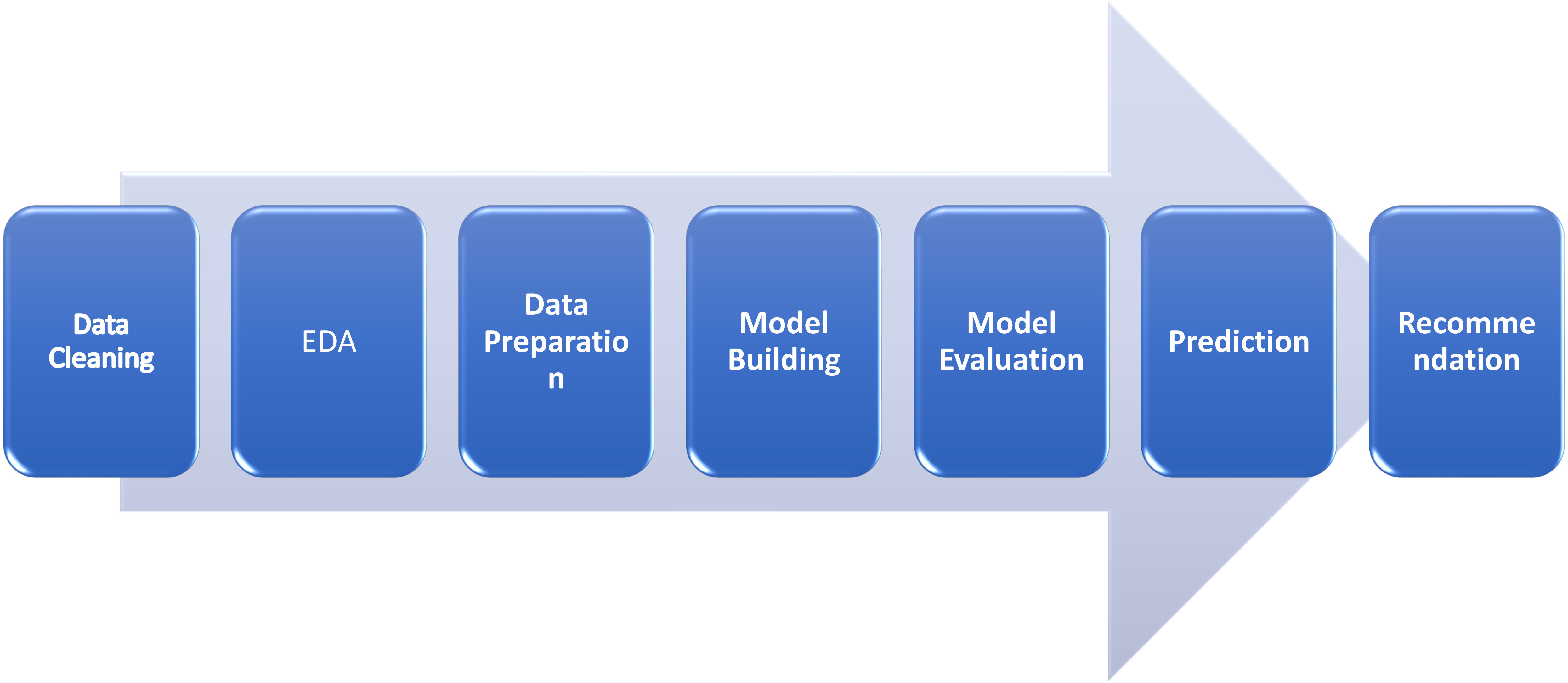
- We could have a smaller pool of leads to communicate with, which would allow us to have a greater impact.

Boost Conversion

- We would have a greater conversion rate and be able to hit the 80% objective since we concentrated on hot leads that were more likely to convert.

Since we have a target of 80% conversion rate, we would want to obtain a high **sensitivity** in obtaining hot leads.

Analysis Approach



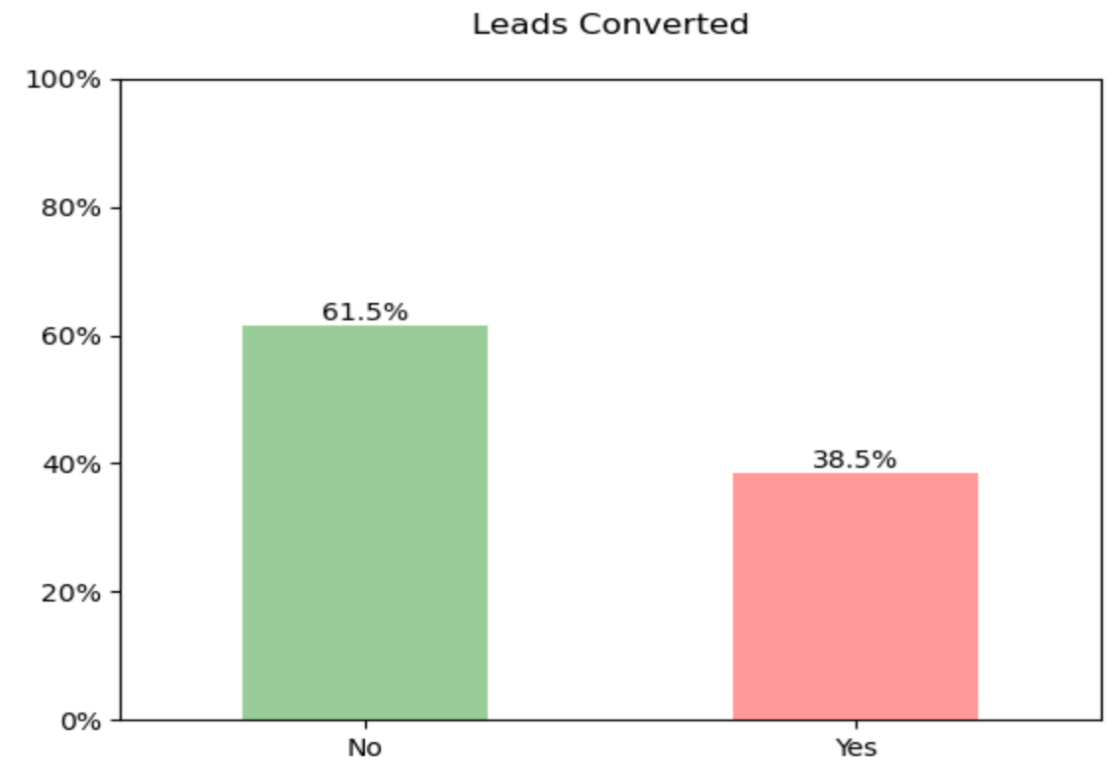
Data Cleaning

- Select" level represents null values for some categorical variables, as customers did not choose any option from the list.
- Columns with over 37% null values were dropped.
- Missing values in categorical columns were handled based on value counts and certain considerations.
- Drop columns that don't add any insight or value to the study objective (tags, country)
- Imputation was used for some categorical variables.
- Additional categories were created for some variables.
- Columns with no use for modeling (Prospect ID, Lead Number) or only one category of response were dropped.
- Numerical data was imputed with mode after checking distribution.

Data Cleaning

- Skewed category columns were checked and dropped to avoid bias in logistic regression models.
- Outliers in TotalVisits and Page Views Per Visit were treated and capped.
- Invalid values were fixed and data was standardized in some columns, such as lead source.
- Low frequency values were grouped together to “Others”.
- Binary categorical variables were mapped.
- Other cleaning activities were performed to ensure data quality and accuracy.
- Fixed Invalid values & Standardizing Data in columns by checking casing styles, etc. (lead source has Google, google)

EDA

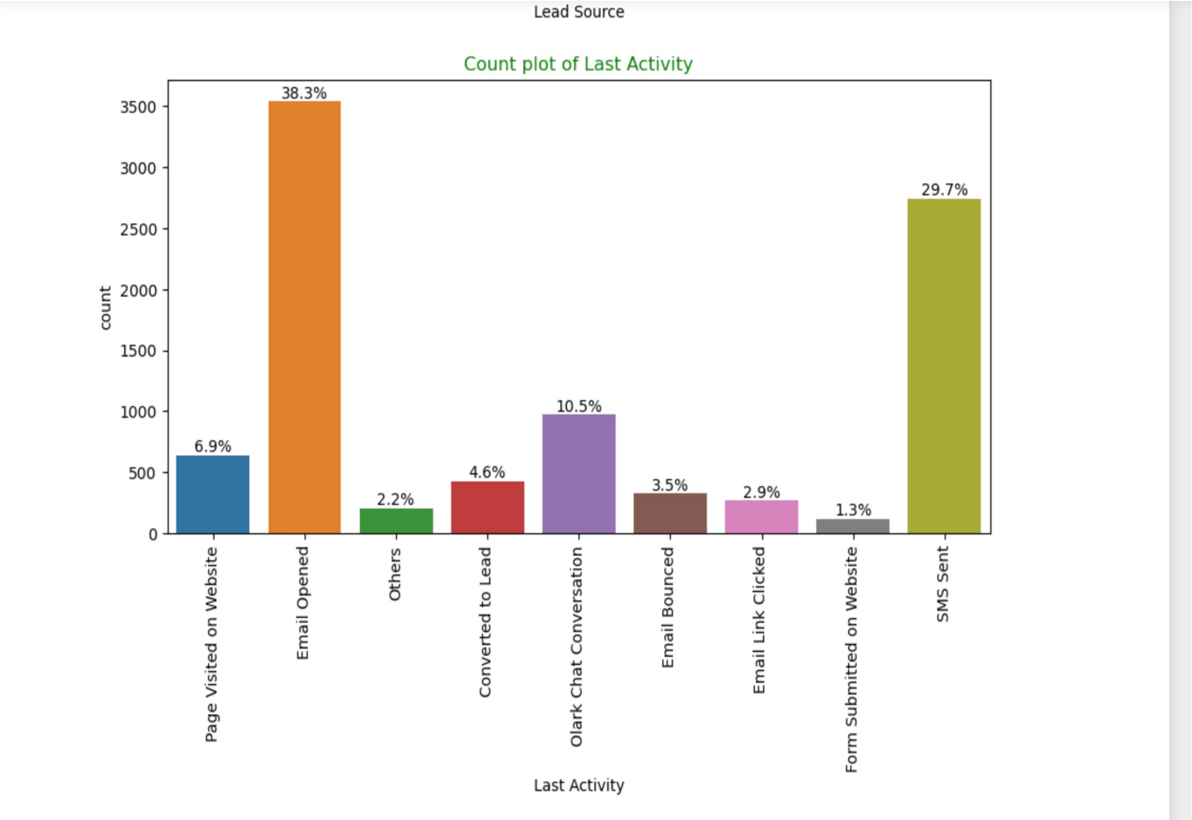


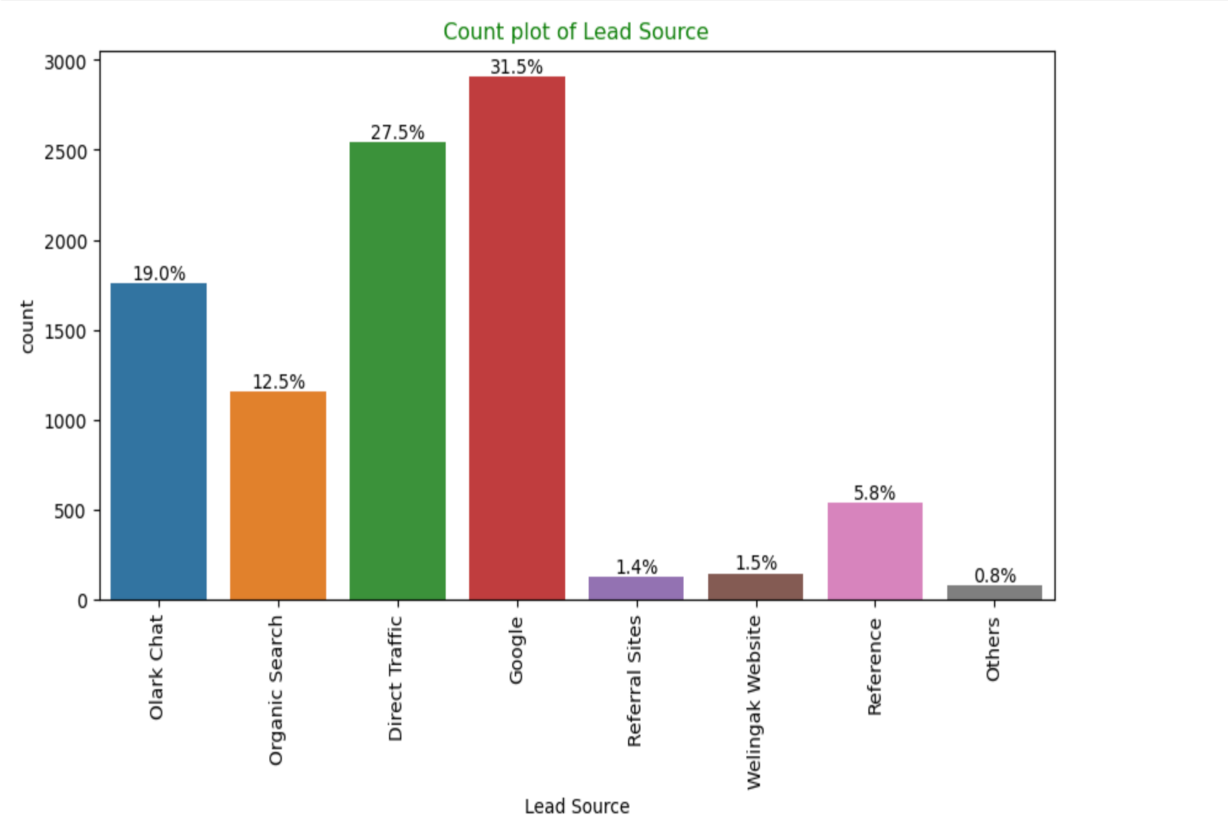
Insights:

- ❑ Data is imbalanced while analysing target variable
- ❑ **Conversion rate is of 38.5%**, meaning only 38.5% of the people have converted to leads.(Minority)
- ❑ While 61.5% of the people didn't convert to leads. (Majority)

EDA

Univariate Analysis



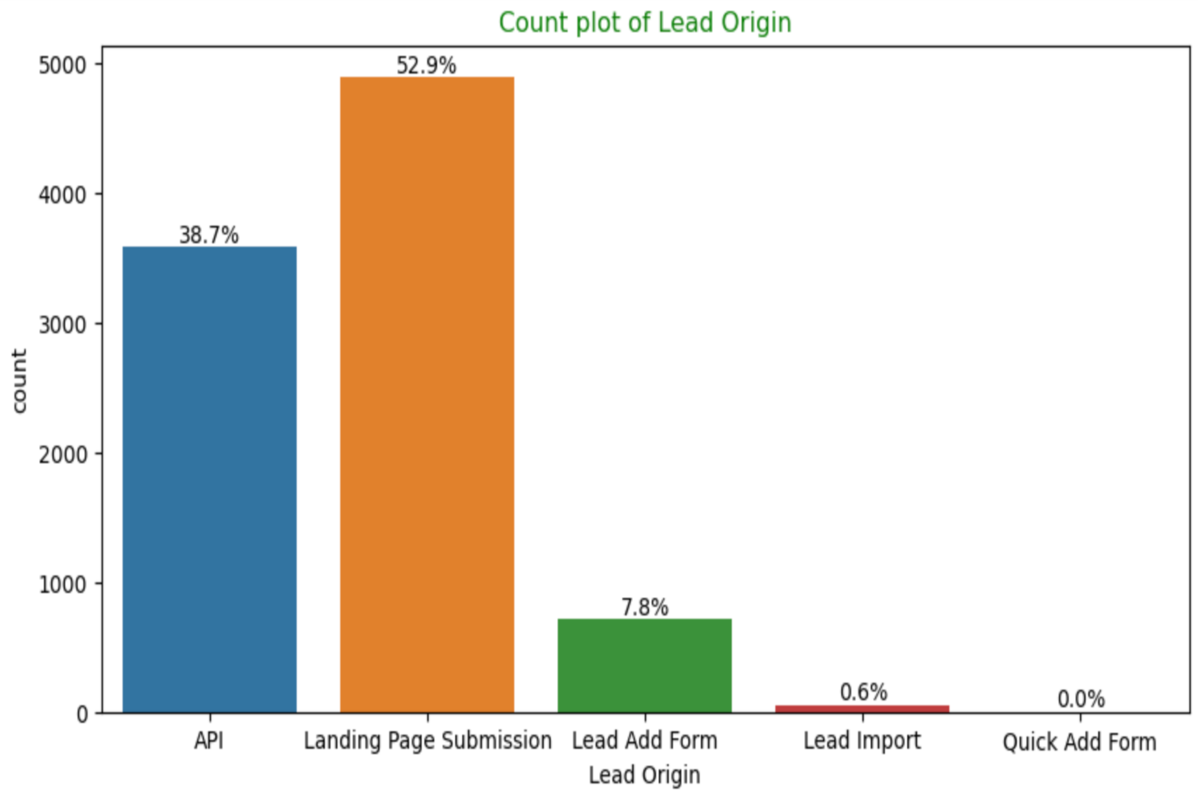


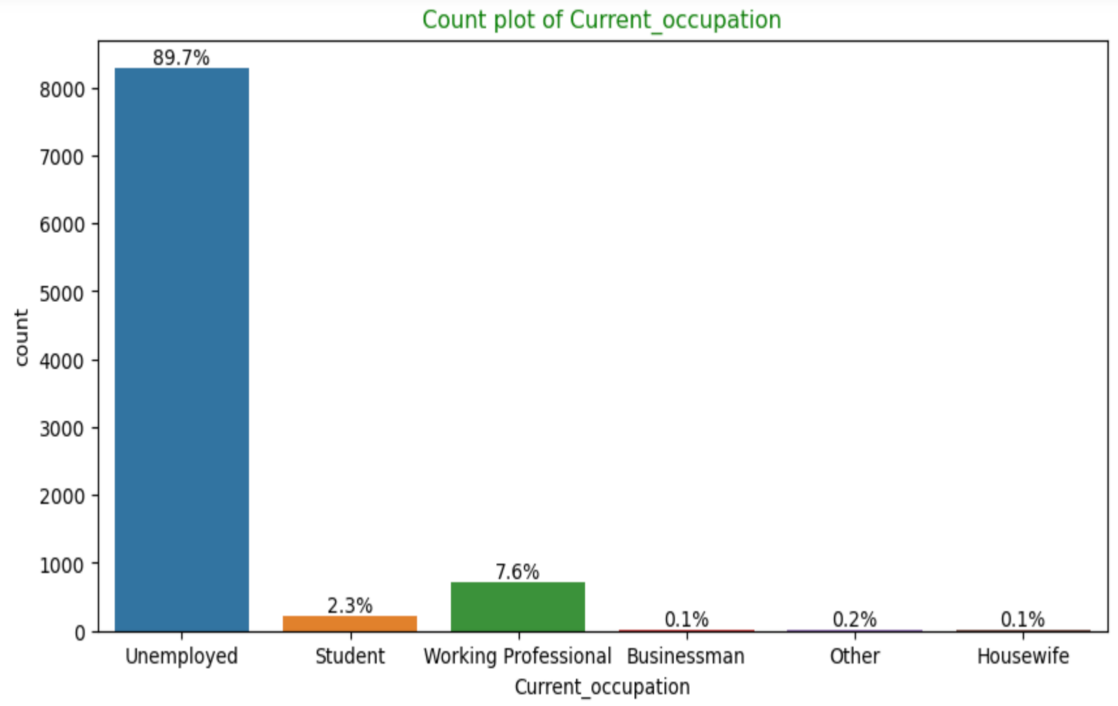
Last Activity: 68% of customers contribution in SMS Sent & Email Opened activities.

Lead Source: 58% Lead source is from Google & Direct Traffic combined.

EDA

Univariate Analysis

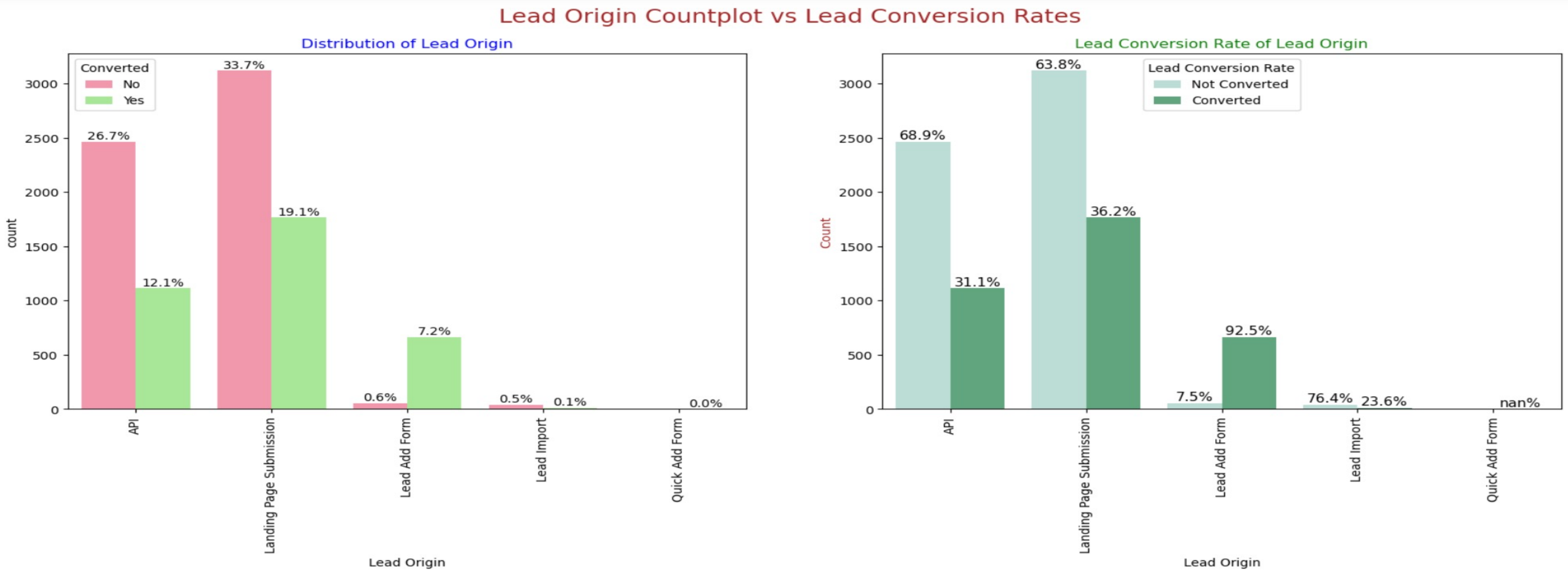




Lead Origin: "Landing Page Submission" identified 53% of customers, "API" identified 39%.

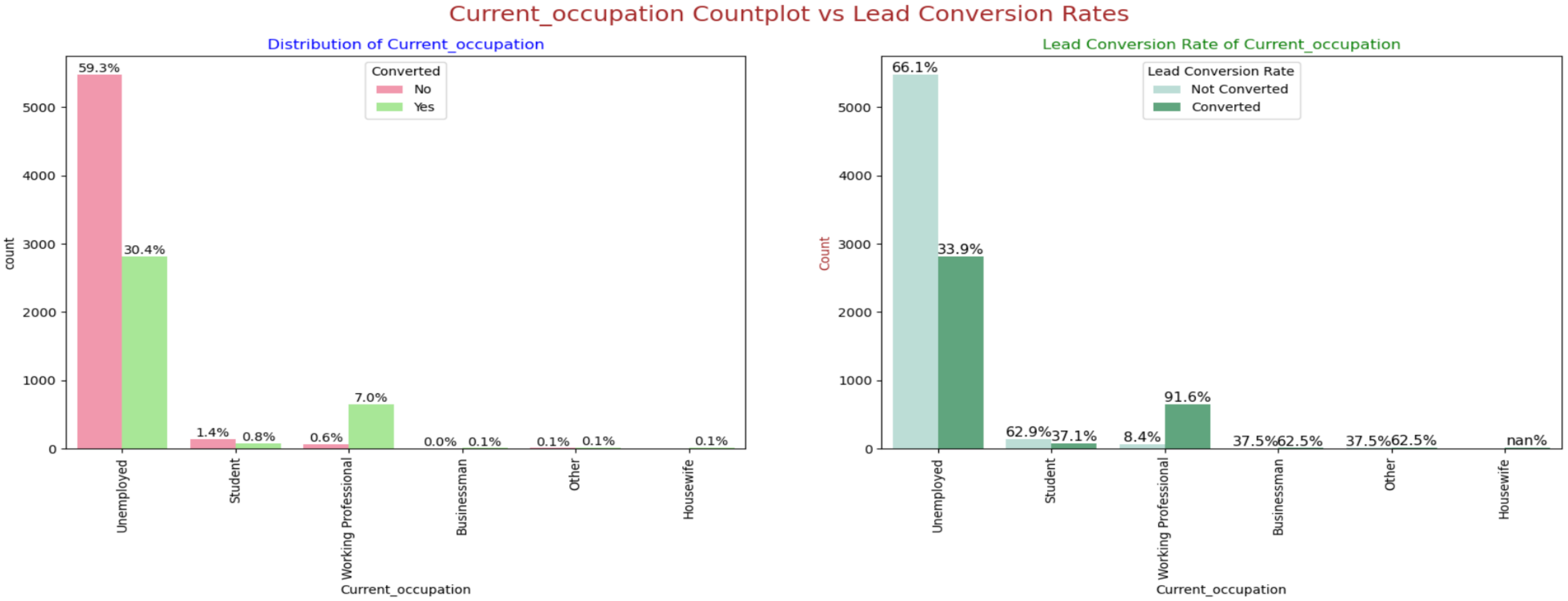
Current occupation: It has 90% of the customers as Unemployed

EDA: Bivariate analysis for categorical variables



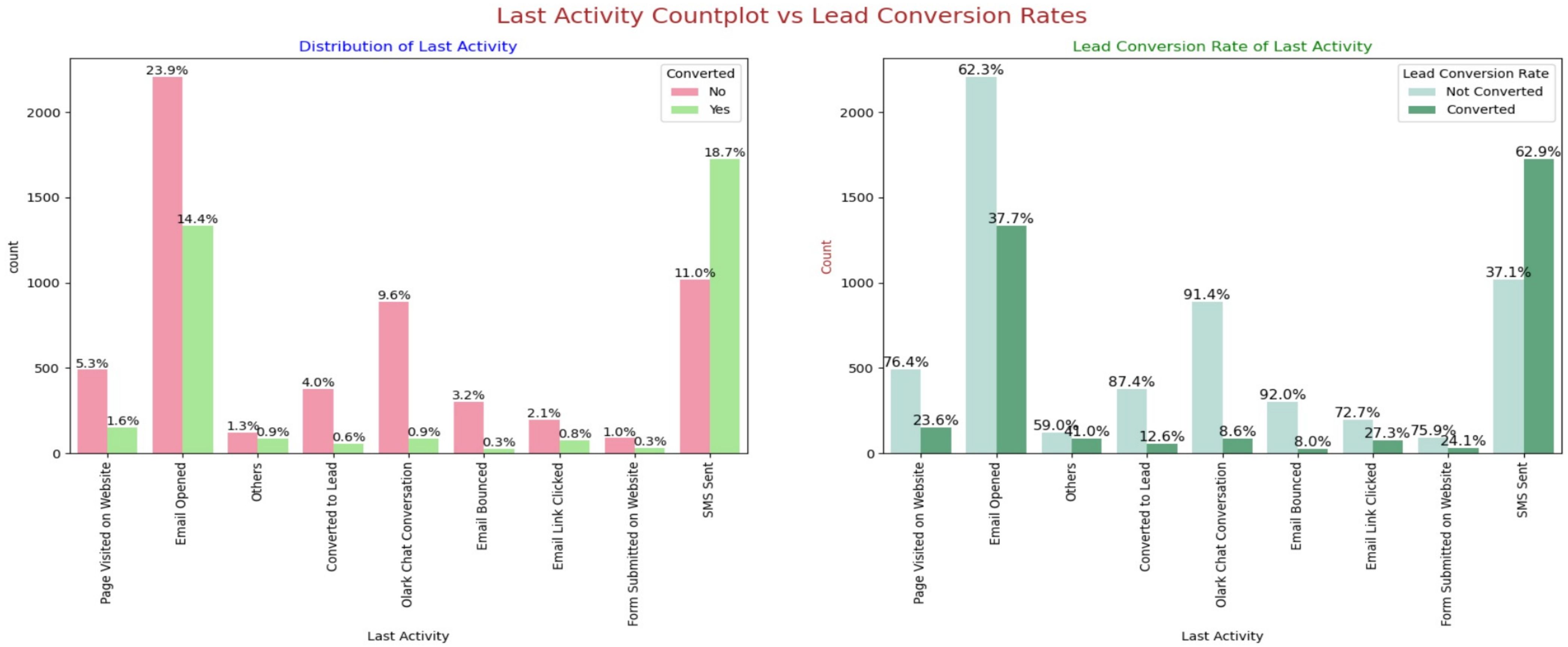
Lead Origin: Around *52%* of all leads originated from "*Landing Page Submission*" with a **lead conversion rate (LCR) of 36.2%**.The "*API*" identified approximately 39% of customers with a **lead conversion rate (LCR) of 31%**.

EDA: Bivariate analysis for categorical variables



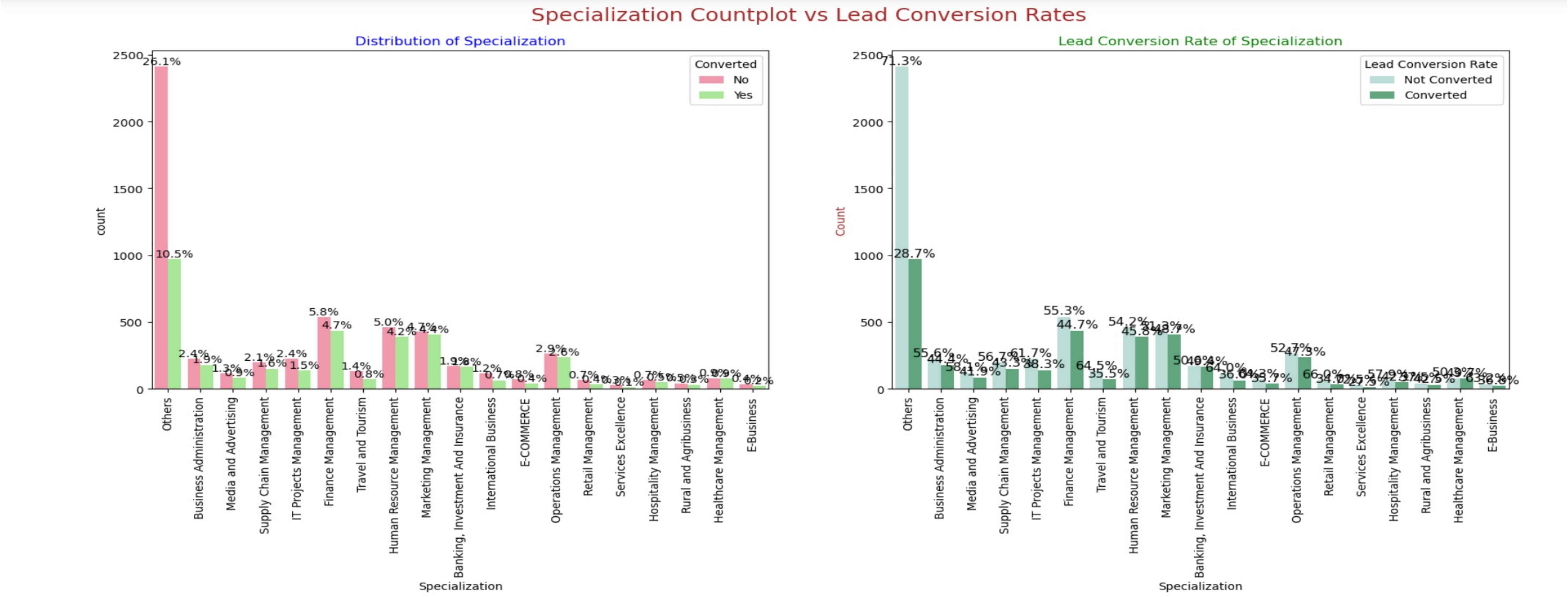
Current occupation: Around 90% of the customers are *Unemployed* with **lead conversion rate (LCR) of 34%**. While *Working Professional* contribute only 7% of total customers with almost **92% lead conversion rate (LCR)**.

EDA: Bivariate analysis for categorical variables



Last Activity: '*SMS Sent*' has **high lead conversion rate of 63%** with 30% contribution from last activities, '*Email Opened*' activity contributed 38% of last activities performed by the customers with 37% lead conversion rate.

EDA: Bivariate analysis for categorical variables



Specialization: Marketing Managemt,HR Management,Finance Management shows good contribution for Lead Conversion rate

Data preparation

- Binary level categorical columns were already mapped to 1 / 0 in previous steps
- Created dummy features (one-hot encoded) for categorical variables – Lead Origin, Lead Source, Last Activity, Specialization, Current_occupation
- Splitting Train & Test Sets :
  - 70:30 % ratio was chosen for the split
- Feature scaling
  - Standardization method was used to scale the features
- Checking the correlations
  - Predictor variables which were highly correlated with each other were dropped (Lead Origin_Lead Import and Lead Origin_Lead Add Form).

Model Building

Feature Selection

- The data set has lots of dimension and large number of features.
- This will reduce model performance and might take high computation time.
- Hence it is important to perform **Recursive Feature Elimination** (RFE) and to select only the important columns.
- Then we can manually finetune the model.

Model Building

- Manual Feature Reduction process was used to build models by dropping variables with p – value greater than 0.05.
- Model 7 looks stable after four iteration with:
  - significant p-values within the threshold (p-values < 0.05) and
  - No sign of multicollinearity with VIFs less than 5
- Hence, **logm7** will be our final model, and we will use it for Model Evaluation which further will be used to make predictions.

Model Evaluation

It was decided to go ahead with 0.345
as cut-off after checking evaluation
metrics coming from both plots

Confusion Matrix & Evaluation Metrics with 0.345 as cut-off

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**************************************************

Confusion Matrix
[[3231  771]
 [ 491 1975]]

**************************************************

True Negative                     :  3231
True Positive                     :  1975
False Negative                    :  491
False Positve                     :  771
Model Accuracy                    :  0.8049
Model Sensitivity                 :  0.8009
Model Specificity                 :  0.8073
Model Precision                   :  0.7192
Model Recall                      :  0.8009
Model True Positive Rate (TPR)    :  0.8009
Model False Positive Rate (FPR)   :  0.1927

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Confusion Matrix & Evaluation Metrics with 0.41 as cut-off

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**************************************************

Confusion Matrix
[[3407  595]
 [ 592 1874]]

**************************************************

True Negative                     :  3407
True Positive                     :  1874
False Negative                    :  592
False Positve                     :  595
Model Accuracy                    :  0.8165
Model Sensitivity                 :  0.7599
Model Specificity                 :  0.8513
Model Precision                   :  0.759
Model Recall                      :  0.7599
Model True Positive Rate (TPR)    :  0.7599
Model False Positive Rate (FPR)   :  0.1487

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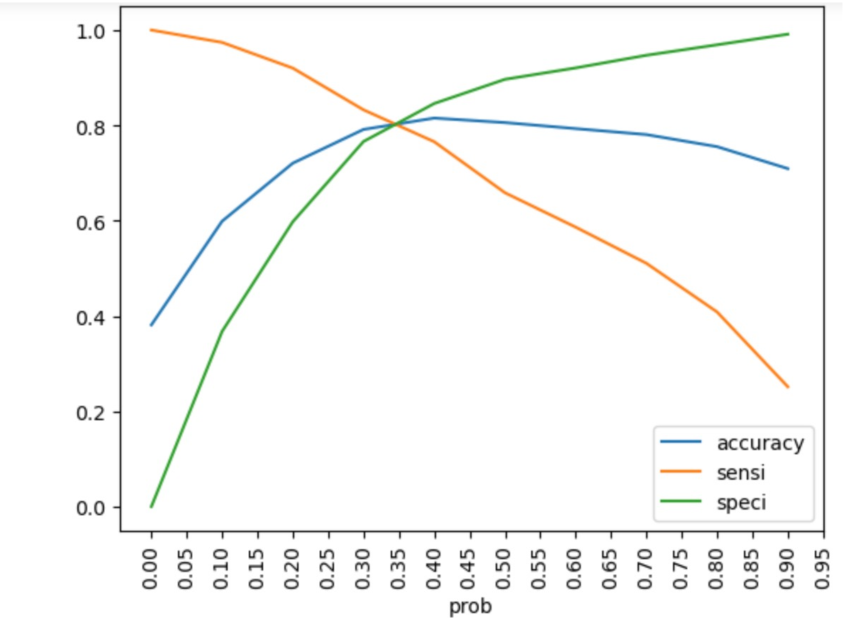
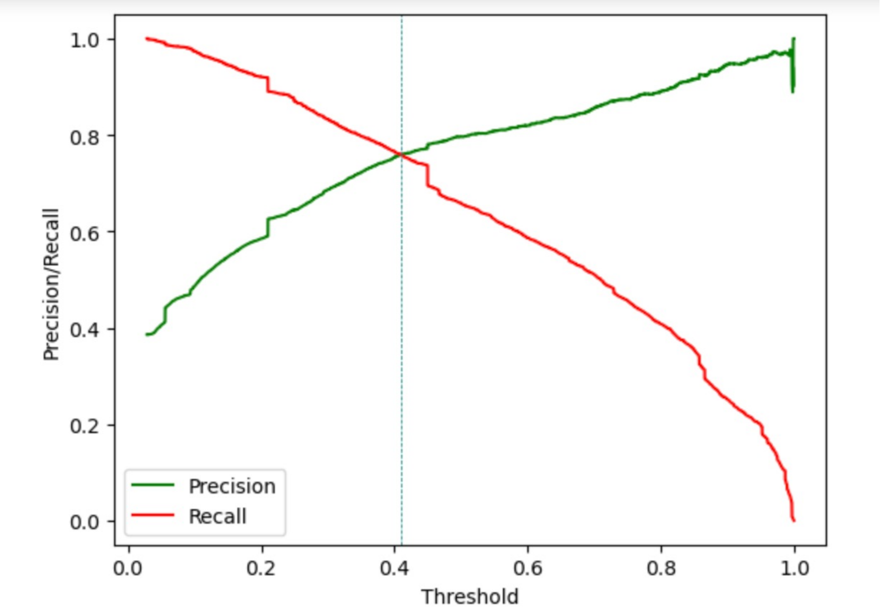




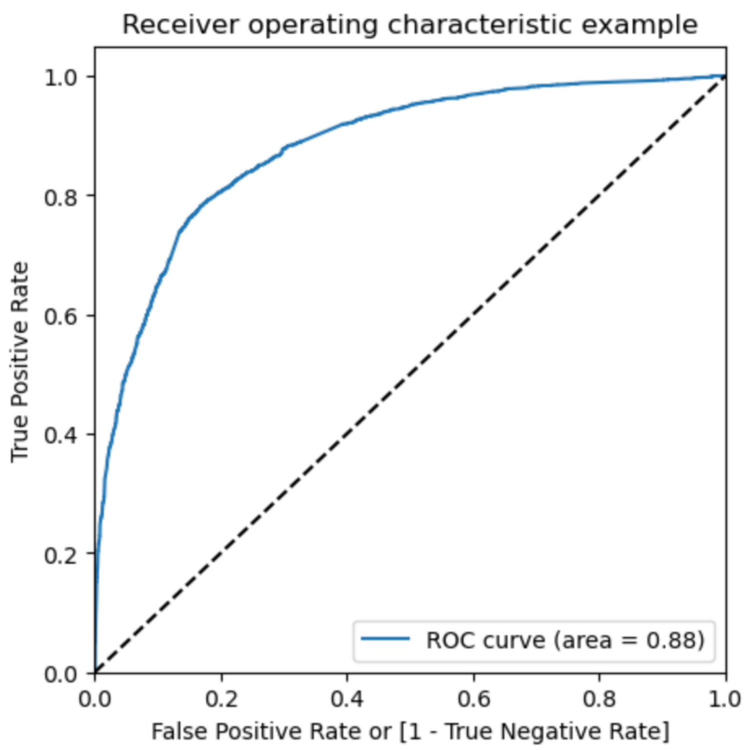
Model Evaluation

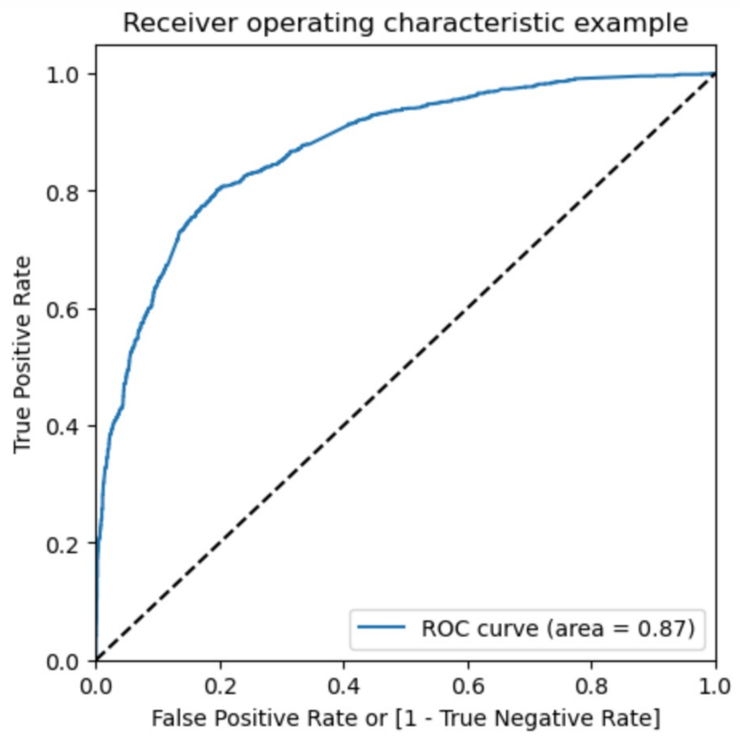
ROC Curve – Train Data Set

- Area under ROC curve is 0.88 out of 1 which indicates a good predictive model.
- The curve is as close to the top left corner of the plot, which represents a model that has a high true positive rate and a low false positive rate at all threshold value

ROC Curve – Test Data Set

- Area under ROC curve is 0.87 out of 1 which indicates a good predictive model.
- The curve is as close to the top left corner of the plot, which represents a model that has a high true positive rate and a low false positive rate at all threshold values





Model Evaluation

Confusion Matrix and Metrics

Train Dataset

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**************************************************

Confusion Matrix
[[3231  771]
 [ 491 1975]]

**************************************************

True Negative                    :  3231
True Positive                    :  1975
False Negative                   :  491
False Positve                    :  771
Model Accuracy                   :  0.8049
Model Sensitivity                :  0.8009
Model Specificity                :  0.8073
Model Precision                  :  0.7192
Model Recall                     :  0.8009
Model True Positive Rate (TPR)   :  0.8009
Model False Positive Rate (FPR)  :  0.1927

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Test Dataset

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Confusion Matrix
[[1351  326]
 [ 222  873]]

**************************************************

True Negative                    :  1351
True Positive                    :  873
False Negative                   :  222
False Positve                    :  326
Model Accuracy                   :  0.8023
Model Sensitivity                :  0.7973
Model Specificity                :  0.8056
Model Precision                  :  0.7281
Model Recall                     :  0.7973
Model True Positive Rate (TPR)   :  0.7973
Model False Positive Rate (FPR)  :  0.1944

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Using a cut-off value of 0.345, the model achieved a **sensitivity** of **80.09% in the train set** and **79.73% in the test set**.

- Sensitivity in this case indicates how many leads the model identify correctly out of all potential leads which are converting
- The CEO of X Education had set a target **sensitivity of around 80%**.
- The model also achieved an **accuracy of 80.49%**, which is in line with the study's objectives.

Recommendation

- We have determined the following features that have the highest positive coefficients, and these features should be given priority in our marketing and sales efforts to increase lead conversion.
  - Lead Source_Welingak Website 5.39
  - Lead Source_Reference 2.89
  - Last Activity_SMS Sent 2.07
  - Last Activity_Others 1.26
  - Total Time Spent on Website 1.05
  - Last Activity_Email Opened 0.94
  - Lead Source_Olark Chat 0.91

We have also identified features with negative coefficients that may indicate potential areas for improvement. These include:

- Specialization in Hospitality Management: -1.09
- Specialization in Others: -1.20
- Lead Origin of Landing Page Submission: -1.26

Recommendation

To increase our Lead Conversion Rates

- Focus on features with positive coefficients for targeted marketing strategies.
- Develop strategies to attract high-quality leads from top-performing lead sources.
- Optimize communication channels based on lead engagement impact.
- Engage **working professionals** with tailored messaging.
- More budget/spend can be done on **Welingak Website** in terms of advertising, etc.
- Incentives/discounts for providing reference that convert to lead, encourage providing more references.
- Working professionals to be aggressively targeted as they have high conversion rate and will have better financial situation to pay higher fees too.


THANK
YOU