Predicting Customer Turnover in Telecom Company

```
In [106]:
          import pandas as pd
          import numpy as np
          import seaborn as sn
          from sklearn.pipeline import Pipeline
          from sklearn.linear model import LogisticRegression
          from sklearn.neighbors import KNeighborsClassifier
          from sklearn.model selection import train test split, GridSearchCV
          from sklearn.preprocessing import MinMaxScaler
          from sklearn.metrics import classification report, confusion matrix
          from sklearn.tree import DecisionTreeClassifier
          from sklearn.ensemble import RandomForestClassifier
          import statsmodels.api as sm
          import scipy.stats as st
          from sklearn.metrics import precision score
          from sklearn.metrics import recall score
          from sklearn.metrics import f1_score
          from sklearn.metrics import accuracy score
```

Data Prep

This data set is from Kaggle and is used to predict customer turnover.

```
In [2]: df = pd.read_csv('telecom.csv')
In [3]: df.head(5)
```

Out[3]:

	state	account length	area code	phone number	international plan	voice mail plan	number vmail messages	total day minutes	total day calls	total day charge	 total eve calls
0	KS	128	415	382- 4657	no	yes	25	265.1	110	45.07	 99
1	ОН	107	415	371- 7191	no	yes	26	161.6	123	27.47	 103
2	NJ	137	415	358- 1921	no	no	0	243.4	114	41.38	 110
3	ОН	84	408	375- 9999	yes	no	0	299.4	71	50.90	 88
4	OK	75	415	330- 6626	yes	no	0	166.7	113	28.34	 122

5 rows × 21 columns

```
In [4]: print(df.columns)
        Index(['state', 'account length', 'area code', 'phone number',
                'international plan', 'voice mail plan', 'number vmail messages',
               'total day minutes', 'total day calls', 'total day charge',
               'total eve minutes', 'total eve calls', 'total eve charge',
               'total night minutes', 'total night calls', 'total night charge',
               'total intl minutes', 'total intl calls', 'total intl charge',
               'customer service calls', 'churn'],
              dtype='object')
In [5]: remove = ['state', 'area code', 'phone number', 'account length']
In [6]: df = df.drop(remove, axis = 1)
In [7]: #Creating Dummy Variables
        df2 = pd.get dummies(df, drop first = True)
In [8]: print(df2.dtypes)
        number vmail messages
                                    int64
        total day minutes
                                   float64
        total day calls
                                    int64
        total day charge
                                  float64
        total eve minutes
                                  float64
        total eve calls
                                    int64
        total eve charge
                                  float64
        total night minutes
                                  float64
        total night calls
                                     int64
        total night charge
                                  float64
        total intl minutes
                                  float64
        total intl calls
                                    int64
        total intl charge
                                  float64
        customer service calls
                                    int64
                                     bool
        international plan yes
                                    uint8
        voice mail plan yes
                                    uint8
        dtype: object
In [9]: #Converting Churn type from Boolean to integer where False Becomes 0, anmd
        df3 = df2.astype({"churn":'int64'})
```

In [84]: df3

Out[84]:

	number vmail messages	total day minutes	total day calls	total day charge	total eve minutes	total eve calls	total eve charge	total night minutes	total night calls	total night charge	total intl minutes
0	25	265.1	110	45.07	197.4	99	16.78	244.7	91	11.01	10.0
1	26	161.6	123	27.47	195.5	103	16.62	254.4	103	11.45	13.7
2	0	243.4	114	41.38	121.2	110	10.30	162.6	104	7.32	12.2
3	0	299.4	71	50.90	61.9	88	5.26	196.9	89	8.86	6.6
4	0	166.7	113	28.34	148.3	122	12.61	186.9	121	8.41	10.1
3328	36	156.2	77	26.55	215.5	126	18.32	279.1	83	12.56	9.9
3329	0	231.1	57	39.29	153.4	55	13.04	191.3	123	8.61	9.6
3330	0	180.8	109	30.74	288.8	58	24.55	191.9	91	8.64	14.1
3331	0	213.8	105	36.35	159.6	84	13.57	139.2	137	6.26	5.0
3332	25	234.4	113	39.85	265.9	82	22.60	241.4	77	10.86	13.7

3333 rows × 17 columns

In [10]: print(df3.dtypes)

number vmail messages	int64
total day minutes	float64
total day calls	int64
total day charge	float64
total eve minutes	float64
total eve calls	int64
total eve charge	float64
total night minutes	float64
total night calls	int64
total night charge	float64
total intl minutes	float64
total intl calls	int64
total intl charge	float64
customer service calls	int64
churn	int64
international plan_yes	uint8
voice mail plan_yes	uint8
dtype: object	

```
In [11]: df3.head(5)
```

Out[11]:

	number vmail messages	total day minutes	total day calls	total day charge	total eve minutes	eve	total eve charge	total night minutes	•	total night charge	total intl minutes	tota in call
0	25	265.1	110	45.07	197.4	99	16.78	244.7	91	11.01	10.0	
1	26	161.6	123	27.47	195.5	103	16.62	254.4	103	11.45	13.7	
2	0	243.4	114	41.38	121.2	110	10.30	162.6	104	7.32	12.2	
3	0	299.4	71	50.90	61.9	88	5.26	196.9	89	8.86	6.6	
4	0	166.7	113	28.34	148.3	122	12.61	186.9	121	8.41	10.1	

Identify X & Y, and Logistic Regression using Statsmodels

```
In [12]: target = ['churn']
In [13]: #identify Y (Target) Variables and Response Variables (X)
    y = df3[target]
    X = df3.drop(target, axis = 1)

In [14]: import statsmodels.api as sm
    # Creating intercept term required for sm.Logit
    X = sm.add_constant(X)

# Fit model
    logit_model = sm.Logit(y, X)

#results of the fit
    result = logit_model.fit()
```

Optimization terminated successfully.

Current function value: 0.323896

Iterations 7

In [15]: #Looking at P-values in comparison to our target variables.
result.summary()

Out[15]:

Logit Regression Results

Dep. Variable: churn No. Observations: 3333 Model: Logit **Df Residuals:** 3316 Method: MLE **Df Model:** 16 **Date:** Tue, 05 Jul 2022 Pseudo R-squ.: 0.2172 Time: 21:49:37 Log-Likelihood: -1079.5 -1379.1 converged: True LL-Null: **Covariance Type:** nonrobust **LLR p-value:** 3.381e-117

	coef	std err	z	P> z	[0.025	0.975]
const	-8.5682	0.711	-12.058	0.000	-9.961	-7.175
number vmail messages	0.0360	0.018	1.996	0.046	0.001	0.071
total day minutes	-0.2255	3.274	-0.069	0.945	-6.643	6.192
total day calls	0.0032	0.003	1.171	0.242	-0.002	0.009
total day charge	1.4027	19.260	0.073	0.942	-36.346	39.151
total eve minutes	0.7965	1.635	0.487	0.626	-2.408	4.001
total eve calls	0.0011	0.003	0.394	0.694	-0.004	0.007
total eve charge	-9.2859	19.237	-0.483	0.629	-46.990	28.419
total night minutes	-0.1244	0.876	-0.142	0.887	-1.842	1.593
total night calls	0.0007	0.003	0.235	0.814	-0.005	0.006
total night charge	2.8458	19.474	0.146	0.884	-35.322	41.014
total intl minutes	-4.3477	5.301	-0.820	0.412	-14.738	6.043
total intl calls	-0.0926	0.025	-3.699	0.000	-0.142	-0.044
total intl charge	16.4268	19.634	0.837	0.403	-22.055	54.908
customer service calls	0.5139	0.039	13.089	0.000	0.437	0.591
international plan_yes	2.0457	0.145	14.067	0.000	1.761	2.331
voice mail plan_yes	-2.0262	0.574	-3.527	0.000	-3.152	-0.900

```
In [16]: #These variables will be selected, as they have a P-Value P<= 0.05. #The rest have no statistical significance with response variable
```

In [18]: #Statistical information regarding confidence intervals, P-values and Odds
 params = np.exp(result.params)
 conf = np.exp(result.conf_int())
 conf['OR'] = params
 pvalue=round(result.pvalues,3)
 conf['pvalue']=pvalue
 conf.columns = ['CI 95%(2.5%)', 'CI 95%(97.5%)', 'Odds Ratio','pvalue']
 print ((conf))

CI 95%(2.5%)	CI 95%(97.5%)	Odds Ratio	pvalue
0.071474	0.123442	0.093930	0.000
0.999389	1.067332	1.032801	0.054
0.885699	0.971003	0.927371	0.001
1.447970	1.670960	1.555474	0.000
5.469707	9.319230	7.139570	0.000
0.057695	0.468068	0.164333	0.001
	0.071474 0.999389 0.885699 1.447970 5.469707	0.9993891.0673320.8856990.9710031.4479701.6709605.4697079.319230	0.0714740.1234420.0939300.9993891.0673321.0328010.8856990.9710030.9273711.4479701.6709601.5554745.4697079.3192307.139570

Looking at Odds ratio, we see that International Plan, has an odds ratio greater than one. They are 7 times more likely to leave.

Also customers who have made customer service calls are 55% more likely to leave

Customers who make international calls are 8% less likely to leave, and customers who have a voicemail plan are 84% less likely to leave

Creating Test Train Split

```
In [19]: target = ['churn']
X = df3[cols]
y= df3[target]

In [20]: X_train, X_test, y_train, y_test = train_test_split(X, y, test_size = 0.25,
```

Fitting the Model

Drawing ROC Curve

```
In [28]: from sklearn.metrics import roc_curve, auc
#Used to calculate the probability of scores of each of the datapoints
y_score = log.fit(X_train, y_train.values.ravel()).decision_function(X_test

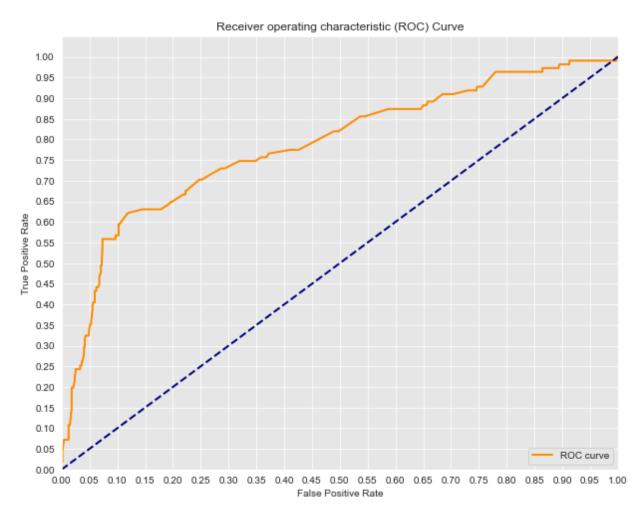
fpr, tpr, thresholds = roc_curve(y_test, y_score)

In [29]: #calculating the AUC
print('AUC: {}'.format(auc(fpr, tpr)))
```

AUC: 0.7853725094388995

```
In [109]:
          import matplotlib.pyplot as plt
          import seaborn as sns
          %matplotlib inline
          sns.set_style('darkgrid', {'axes.facecolor': '0.9'})
          print('AUC: {}'.format(auc(fpr, tpr)))
          plt.figure(figsize=(10, 8))
          lw = 2
          plt.plot(fpr, tpr, color='darkorange',
                   lw=lw, label='ROC curve')
          plt.plot([0, 1], [0, 1], color='navy', lw=lw, linestyle='--')
          plt.xlim([0.0, 1.0])
          plt.ylim([0.0, 1.05])
          plt.yticks([i/20.0 for i in range(21)])
          plt.xticks([i/20.0 for i in range(21)])
          plt.xlabel('False Positive Rate')
          plt.ylabel('True Positive Rate')
          plt.title('Receiver operating characteristic (ROC) Curve')
          plt.legend(loc='lower right')
          plt.show()
```

AUC: 0.7853725094388995



The Area Under the Curve (AUC) is the measure of the ability of a classifier to distinguish between classes and is used as a summary of the ROC curve. The higher the AUC, the better

the performance of the model at distinguishing between the positive and negative classes. In This case our model has a score of 0.78/1.00 or 78%

Confusion matrix for binary classification

```
In [31]: #predictions on Test set
         predictions = log.predict(X_test)
In [32]: #Calculating the accuracy score by comparing the actual values and predicte
         from sklearn.metrics import confusion matrix
         cm = confusion_matrix(y_test, predictions)
         TN, FP, FN, TP = confusion_matrix(y_test, predictions).ravel()
         print('True Positive(TP) = ', TP)
         print('False Positive(FP) = ', FP)
         print('True Negative(TN) = ', TN)
         print('False Negative(FN) = ', FN)
         accuracy = (TP+TN) / (TP+FP+TN+FN)
         print('Accuracy of the binary classification = {:0.3f}'.format(accuracy))
         True Positive(TP)
                                83
         False Positive(FP) =
                                247
                                476
         True Negative(TN) =
         False Negative(FN) = 28
         Accuracy of the binary classification = 0.670
In [33]: #Visual Representation of the Confusion Matrix
         from sklearn.metrics import plot confusion matrix
         plot confusion matrix(clf, X test, y test)
Out[33]: <sklearn.metrics. plot.confusion matrix.ConfusionMatrixDisplay at 0x7fb44
         eb64100>
                                            450
                                            400
                                            350
                                            300
          True labe
```

- 250 - 200 - 150 - 100

0

Predicted label

```
In [108]: #evaluation metrics of Logistic Regression Model
    print (classification_report(y_test, predictions))
```

	precision	recall	f1-score	support
0	0.94	0.66	0.78	723
1	0.25	0.75	0.38	111
accuracy			0.67	834
macro avg	0.60	0.70	0.58	834
weighted avg	0.85	0.67	0.72	834

The Confusion matrix performance on the Logistic Regresson classifier shows accuracy score of 67%

KNN - K-NEAREST NEIGHBORS

```
In [34]: knn_clf = KNeighborsClassifier()
```

KNN with GridSearch

```
In [42]: knn.score(X_test,y_test)
```

Out[42]: 0.8669064748201439

```
In [43]: # Evaluating KNN Algorithm
print(confusion_matrix(y_test,knn_prediction))

TN, FP, FN, TP = confusion_matrix(y_test, knn_prediction).ravel()

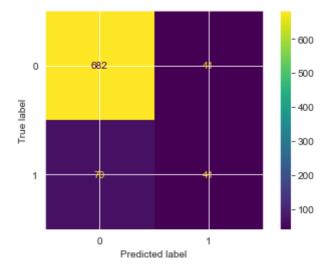
print('True Positive(TP) = ', TP)
print('False Positive(FP) = ', FP)
print('True Negative(TN) = ', TN)
print('False Negative(FN) = ', FN)

accuracy = (TP+TN) / (TP+FP+TN+FN)

print('Accuracy of the binary classification = {:0.3f}'.format(accuracy))
```

```
[[682 41]
[ 70 41]]
True Positive(TP) = 41
False Positive(FP) = 41
True Negative(TN) = 682
False Negative(FN) = 70
Accuracy of the binary classification = 0.867
```

```
In [44]: plot_confusion_matrix(knn,X_test,y_test)
```

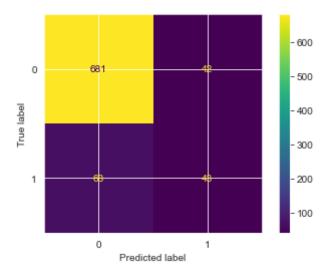


```
In [45]: print (classification_report(y_test, knn_prediction))
                        precision
                                      recall f1-score
                                                           support
                     0
                              0.91
                                        0.94
                                                   0.92
                                                               723
                              0.50
                     1
                                        0.37
                                                   0.42
                                                               111
              accuracy
                                                   0.87
                                                               834
             macro avg
                              0.70
                                        0.66
                                                   0.67
                                                               834
         weighted avg
                              0.85
                                        0.87
                                                   0.86
                                                               834
```

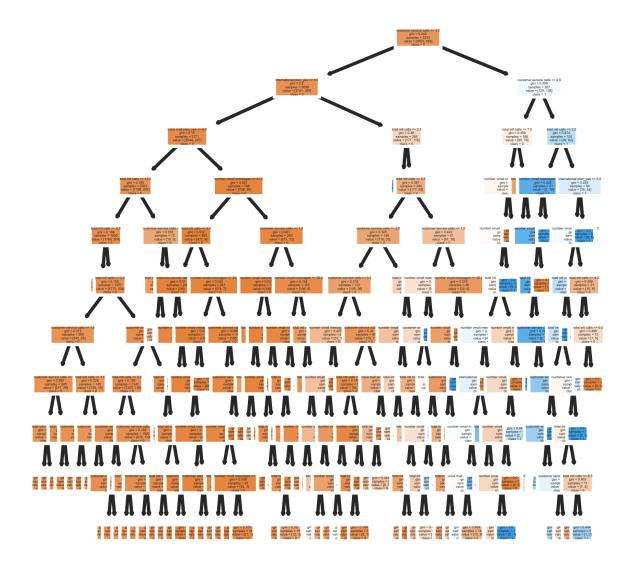
DECISION TREE ALGORITHM

```
In [46]: dt_clf = DecisionTreeClassifier()
In [47]: #Parameters for GridSearchCV
         dt_grid = {'criterion': ['gini', 'entropy'],
             'max_depth': [2, 5, 10],
             'min samples split': [2, 5, 10, 20]}
In [48]: dt = GridSearchCV(dt clf, dt grid, scoring = 'accuracy', cv = 3 )
In [49]: dt.fit(X train, y train)
Out[49]: GridSearchCV(cv=3, estimator=DecisionTreeClassifier(),
                      param grid={'criterion': ['gini', 'entropy'],
                                   'max depth': [2, 5, 10],
                                   'min samples split': [2, 5, 10, 20]},
                      scoring='accuracy')
In [50]: dt.best params
Out[50]: {'criterion': 'gini', 'max depth': 10, 'min samples split': 5}
In [51]: dt = DecisionTreeClassifier(criterion= 'gini', max_depth= 10, min_samples_s
In [52]: dt.fit(X,y.values.ravel())
Out[52]: DecisionTreeClassifier(max depth=10, min samples split=10)
In [53]: dt.score(X_test,y_test)
Out[53]: 0.86810551558753
```

```
In [54]: dt_prediction = dt.predict(X_test)
plot_confusion_matrix(dt,X_test,y_test)
```

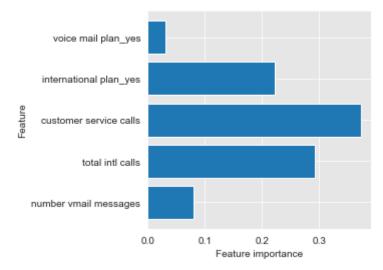


```
In [55]: print(confusion matrix(y test,dt prediction))
         TN, FP, FN, TP = confusion matrix(y test, dt prediction).ravel()
         print('True Positive(TP) = ', TP)
         print('False Positive(FP) = ', FP)
         print('True Negative(TN) = ', TN)
         print('False Negative(FN) = ', FN)
         accuracy = (TP+TN) / (TP+FP+TN+FN)
         print('Accuracy of the binary classification = {:0.3f}'.format(accuracy))
         [[681 42]
          [ 68
               4311
         True Positive(TP) =
                               43
         False Positive(FP) =
                               42
         True Negative(TN) =
                               681
         False Negative(FN) = 68
         Accuracy of the binary classification = 0.868
```



Feature Importance using Decison Trees

In [57]: dt.feature_importances_



Simply Put, the larger the value the more important the feature. Recall earlier, that customers who have made customer service calls are 55% more likely to leave.

In [112]:	<pre>print(classification_report(y_test, dt_prediction))</pre>					
		precision	recall	f1-score	support	
	0	0.91	0.94	0.93	723	
	1	0.51	0.39	0.44	111	
	accuracy			0.87	834	
	macro avg	0.71	0.66	0.68	834	
	weighted avg	0.86	0.87	0.86	834	

Random Forests Model

```
In [64]: rf = GridSearchCV(rf_clf, rf_grid, scoring = 'accuracy', cv = 3 )
In [66]: rf.fit(X,y.values.ravel())
Out[66]: GridSearchCV(cv=3, estimator=RandomForestClassifier(),
                       param grid={'max depth': [1, 2, 3, 4, 5],
                                   'n_estimators': [10, 20, 30, 40, 50, 60, 70, 80,
         90,
                                                     100]},
                       scoring='accuracy')
In [67]: rf.best params
Out[67]: {'max depth': 4, 'n estimators': 90}
In [68]: rf = RandomForestClassifier(max depth = 4, n estimators = 90, random state
In [69]: rf.fit(X,y.values.ravel())
Out[69]: RandomForestClassifier(max_depth=4, n_estimators=90, random_state=123)
In [73]: |rf.score(X,y)
Out[73]: 0.8847884788478848
In [75]: rf prediction = rf.predict(X test)
         plot confusion matrix(dt, X test, y test)
Out[75]: <sklearn.metrics. plot.confusion matrix.ConfusionMatrixDisplay at 0x7fb45
         3870af0>
                                            600
            0
                   681
                                            500
          True labe
                                            400
```

300

200



localhost:8888/notebooks/Documents/Flatiron/Phase 3 Project/Phase 3 Project.ipynb

Predicted label

```
In [76]: TN, FP, FN, TP = confusion_matrix(y_test, rf_prediction).ravel()

print('True Positive(TP) = ', TP)
print('False Positive(FP) = ', FP)
print('True Negative(TN) = ', TN)
print('False Negative(FN) = ', FN)

accuracy = (TP+TN) /(TP+FP+TN+FN)

print('Accuracy of the binary classification = {:0.3f}'.format(accuracy))

True Positive(TP) = 41
False Positive(FP) = 41
True Negative(TN) = 682
False Negative(FN) = 70
Accuracy of the binary classification = 0.867
In [111]: print(classification_report(y_test, rf_prediction))

precision recall f1-score support
```

	precision	recall	f1-score	support
0	0.91	0.94	0.92	723
1	0.50	0.37	0.42	111
accuracy			0.87	834
macro avg	0.70	0.66	0.67	834
weighted avg	0.85	0.87	0.86	834

Summary of findings

Looking at Odds ratio, we see that International Plan, has an odds ratio greater than one. They are 7 times more likely to leave.

Also customers who have made customer service calls are 55% more likely to leave.

Customers who make international calls are 8% less likely to leave, and customers who have a voicemail plan are 84% less likely to leave

For Logistic Regression, the model had an accuracy score of 0.67

For KNN, the model had an accuracy score of 0.867

For Decision Trees, the model had an accuracy score of 0.868

For Random Forests, the model had an accuracy score of 0.867

For Logistic Regression, The area under the ROC Curve, is 78.5

Plotting feature importances, using Decision Trees. customer services calls and then total international calls were top two important features

In []:	
In []:	