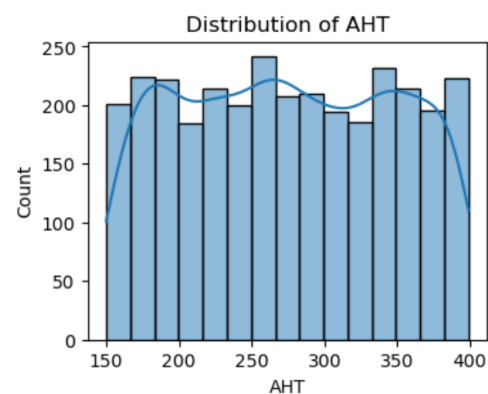
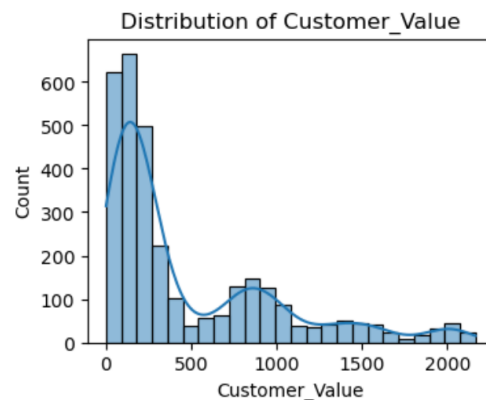
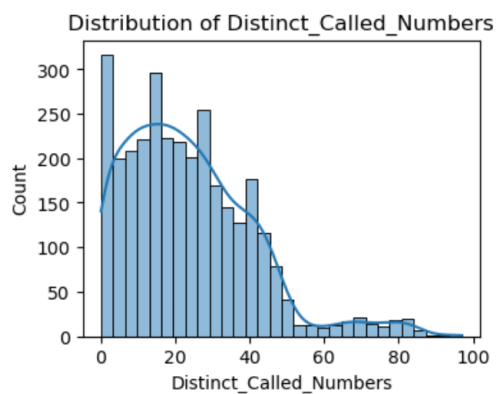
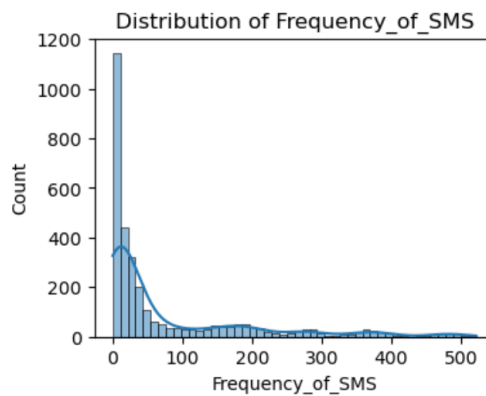
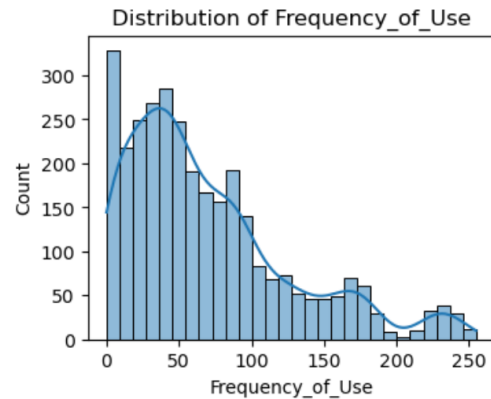
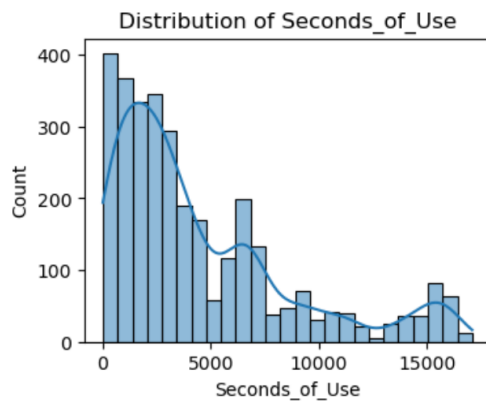
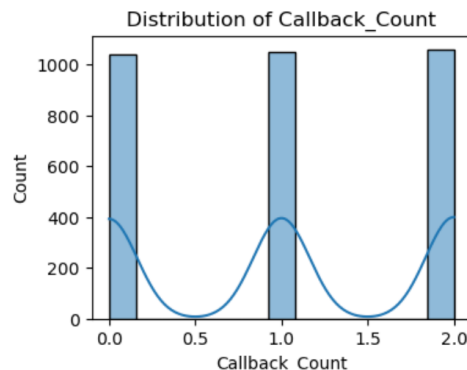
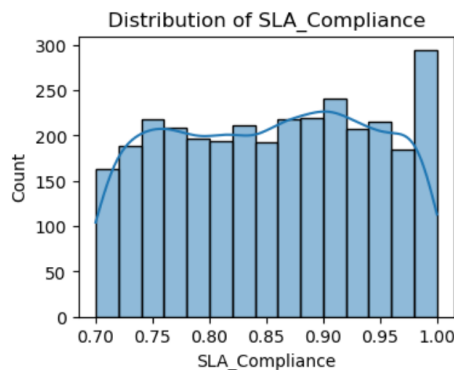
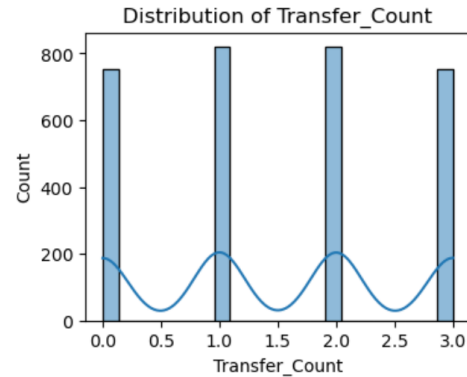
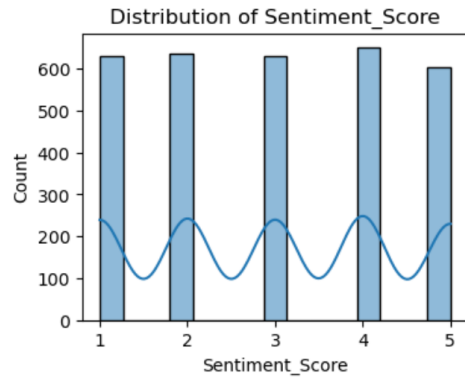


# Capstone Contact Center Churn

Harish Laxmi Narasimha Venugopal

## Exploratory Data Analysis (EDA) Histograms for numerical columns





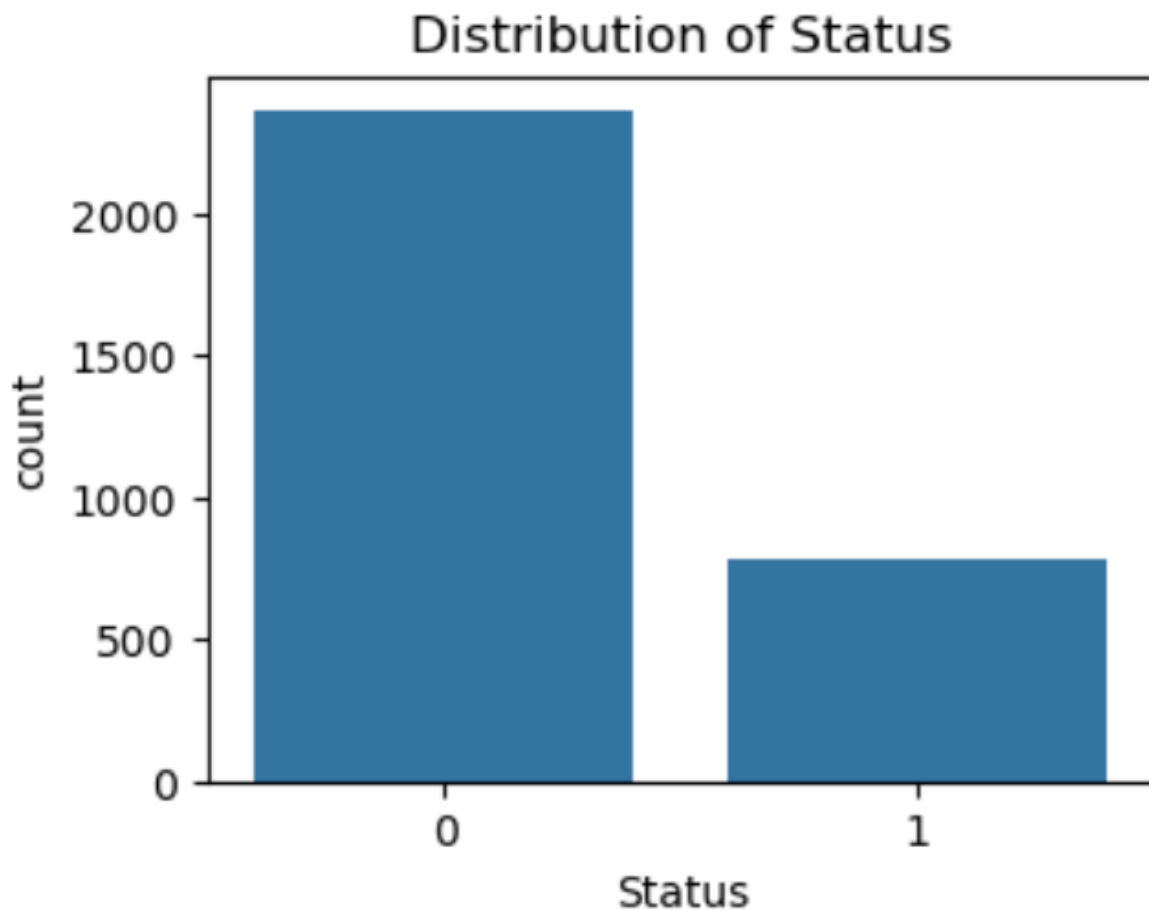
**Leveraged the above plots to gain valuable insights into customer behavior and identify areas for improvement in your contact center operations**

- **Seconds of use** A large number of users have very low usage (close to zero seconds). This suggests a segment of users who might be inactive, have just signed up, or are not heavily utilizing the contact center services.
- There's a gradual decrease in the number of users as the **frequency of use** increases, with some small spikes along the way
- **Frequency of SMS** Heavily right-skewed, indicating that most customers send a low number of SMS messages.
- **Distribution of Distinct called numbers** - This may be a baseline for normal calling behavior
- **Distribution of customer value** most customers have relatively low value, while a smaller group of high-value customers contributes disproportionately to revenue. Prioritize retention efforts on the high-value segment. Investigate the characteristics of the high-value segment.
- **Distribution of Average Handling Time** - AHT is fairly consistent across the customer base., meaning contact center agents are doing a great job at handling customer queries within the organizational AHT standards.
- **Distribution of Sentiment score** – Showcase scores ranging from 1 to 5., indicating customer spread with respect to sentiment scores. Will need to analyze

factors driving high and low sentiment scores. Correlate sentiment with other variables (e.g., AHT, call reason) to identify areas for improvement

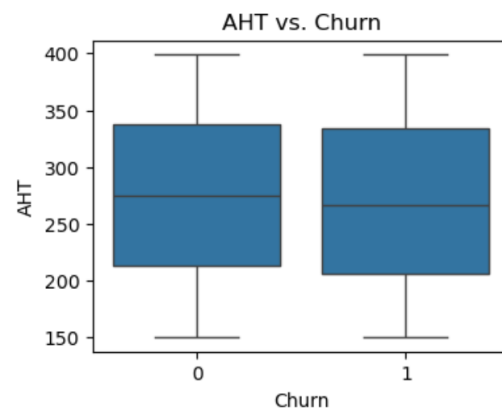
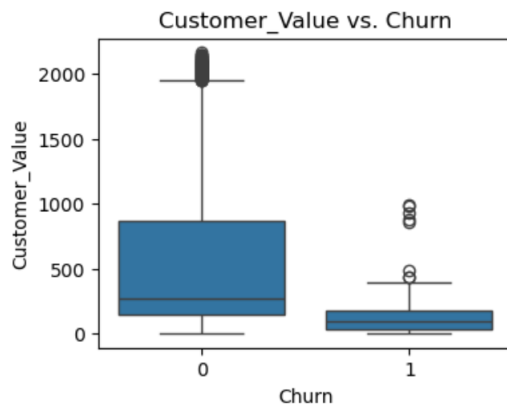
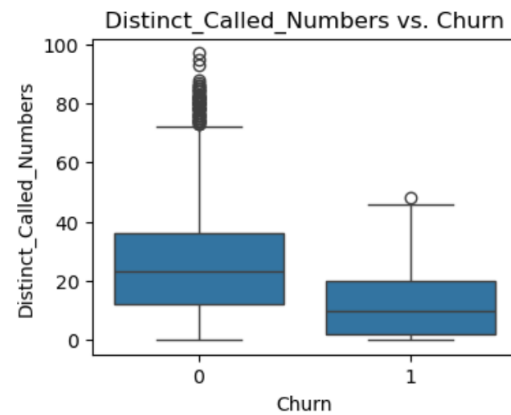
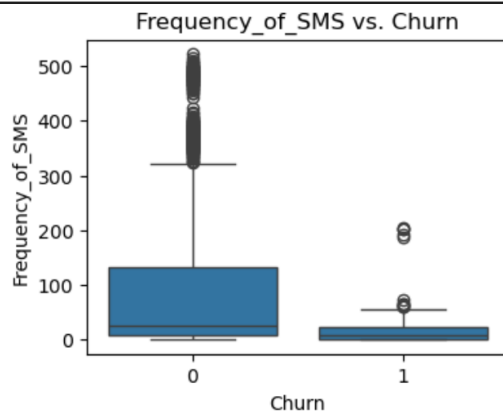
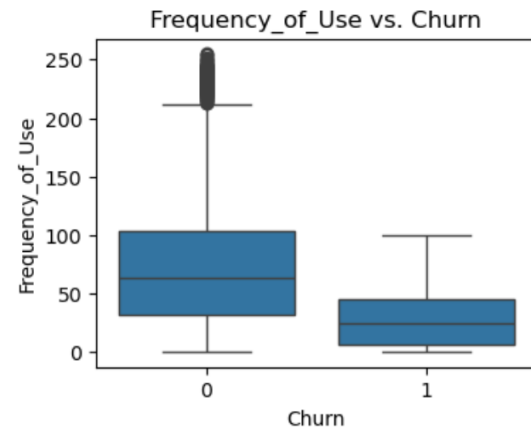
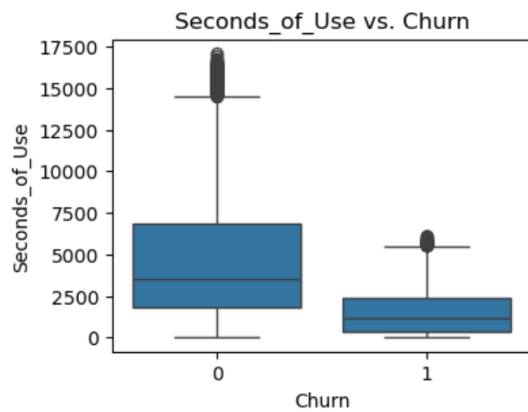
- **Distribution of transfer count** - Many calls are resolved without a transfer, but a significant number of calls require 1, 2, or even 3 transfers. Minimize transfers by improving agent training, providing better knowledge base tools, and optimizing call routing. High transfer counts often indicate customer frustration., leading to a churn.
- **Distribution of SLA compliance** - Roughly uniform distribution with some clustering around certain compliance scores. Need to identify why there are differences and address the root causes of non-compliance to ensure consistent service levels.
- **Distribution of Callback\_Count** - Many calls are resolved without a callback, some resolved with 1 or 2. Improve first-call resolution to reduce the need for callbacks. Analyze the reasons for callbacks. This will be a recommendation to business.

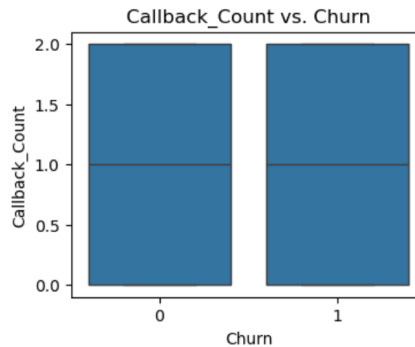
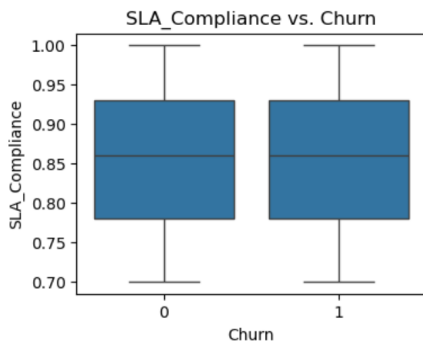
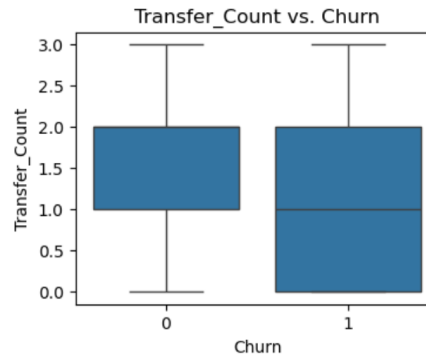
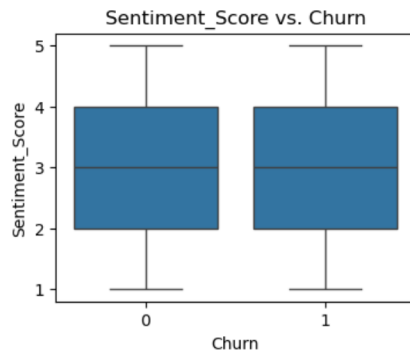
**Exploratory Data Analysis (EDA)**  
**Bar charts for Categorical columns – after encoding**



- Status = 0: Approximately 2,300 customers (roughly 75% of the dataset)
  - Status = 1: Approximately 800 customers (roughly 25% of the dataset)
  - Status = 1 represents customers on basic software subscription plans
  - Status = 0 represents customers with enhanced features, or premium
- 
- "Status" is a categorical variable in the dataset.
  - The distribution of "Status" is imbalanced, with more customers having Status = 0 than Status = 1.
  - **Customers with Status = 1 (basic software subscription) have a higher churn rate compared to customers with Status = 0.**
  - **It would be good to target the customers with basic subscription plans with value added feature capabilities to uplift them to premium subscription with value added features.**

Below box plots help understand **usage-based metrics and customer value** (key indicators of churn risk). By focusing on proactive engagement with at-risk customers, we can potentially reduce churn and improve customer retention





- **Seconds of use vs Churn** - Customers who churned (Churn = 1) generally had significantly lower "Seconds\_of\_Use" than those who didn't churn (Churn = 0). Low usage is a strong indicator of potential churn. Target these customers with engagement campaigns
- **Frequency of use vs Churn** - Similar to seconds of use vs churn. , customers who had a low frequency of use churned high. Reinforce low usage = high churn %
- **Frequency of SMS usage** - Customers who had a churn didn't use SMS as a communication channel to interact with the contact center either proactively and/or reactively.
- **Distinct Called Numbers vs Churn** - Customers who churned didn't call different distinct called numbers, which means these customers didn't try different product options, explored the product portfolio, features and support to take maximum benefit of the product /subscription.
- **Customer value vs Churn** - Customers who churned had a significantly lower "Customer\_Value". Protecting high-value customers should be a priority, and you can identify at-risk customers via the other metrics.

**Average handle time (AHT) vs Churn** - AHT may not be a key feature/driver for churn. No significant difference between customers who churned vs who didn't.

**Sentiment score vs churn** - overall sentiment may not directly predict churn.

Investigate changes in sentiment over time for individual customers. A sudden drop in sentiment could be a red flag.

**Transfer count vs churn, SLA compliance vs Churn, Callback count vs Churn** -

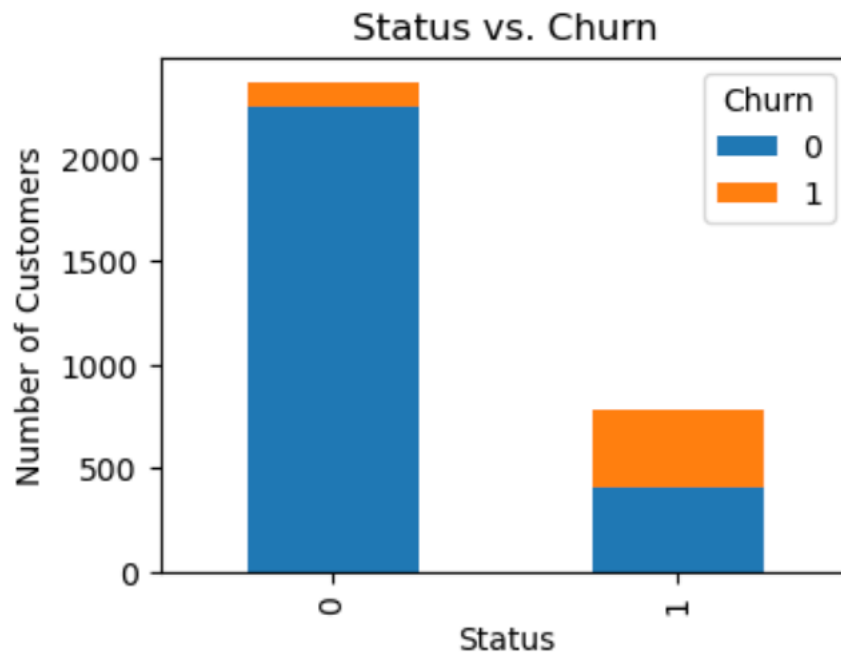
Although the current dataset shows there is little to no difference between customers

who churned vs who didn't. We need to look at this in depth, high % transfers, SLA noncompliance and callback counts on a given customer interaction causes customers to have a bad experience and may move them from positive customers to negative customers leading to a churn. Need additional dataset to evaluate this accurately.

In summary -

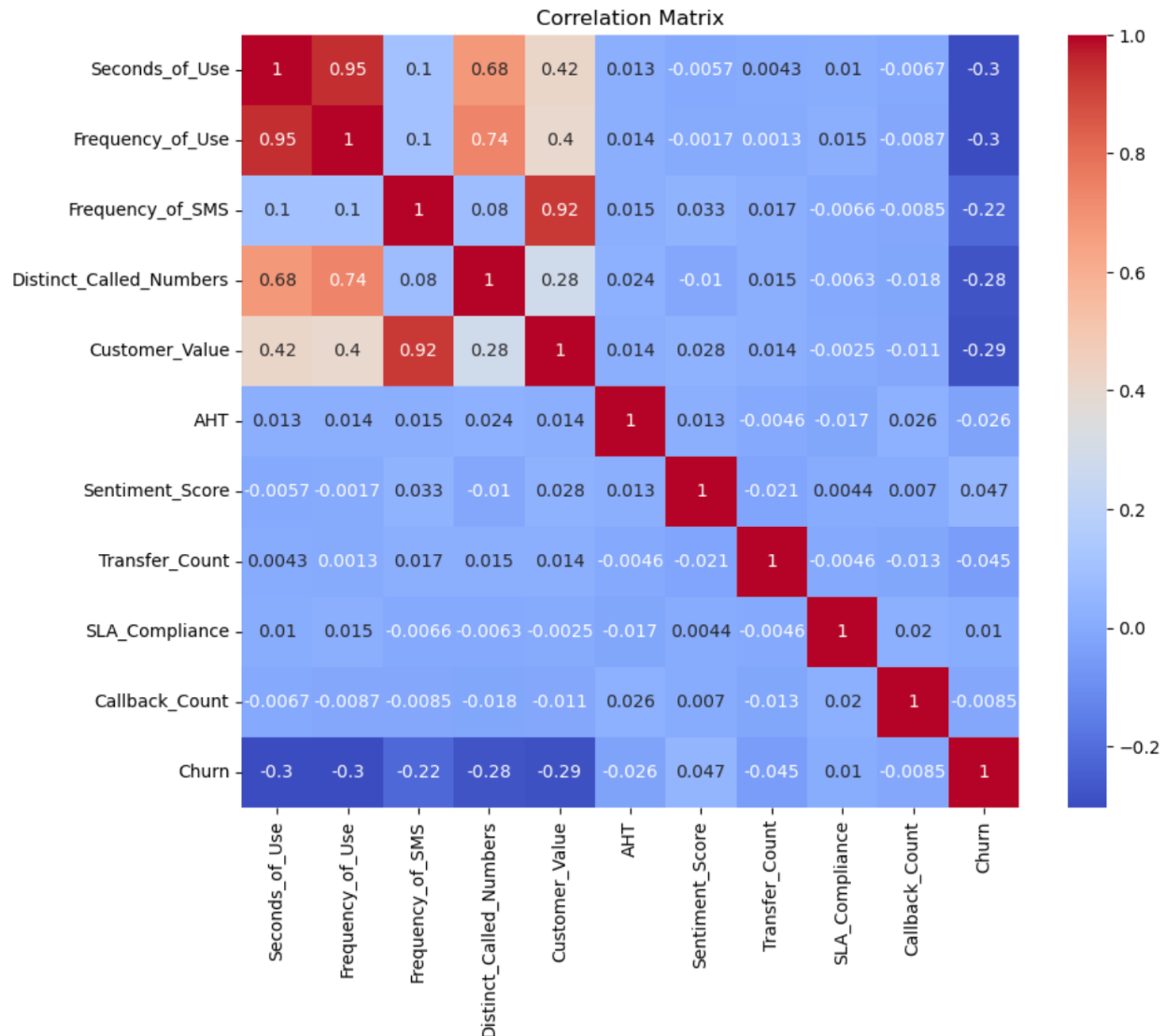
- The strongest predictors of churn in these plots are related to usage ("Seconds\_of\_Use", "Frequency\_of\_Use", "Frequency\_of\_SMS", "Distinct\_Called\_Numbers") and "Customer\_Value".
- Target customers with low usage and value with proactive engagement strategies (e.g., personalized offers, onboarding support, highlighting valuable features).
- While important for overall customer service, "AHT", "Sentiment\_Score", "Transfer\_Count" and "SLA\_Compliance" don't appear to be strong indicators of churn in this dataset on their own. Consider investigating trends in sentiment (sudden decreases) and combining these metrics with usage data for a more nuanced analysis.

## Churn Risk Assessment – Helps identify business strategies for customer retention



- The stacked bar chart shows two categories of "Status" (0 and 1) and their respective churn behavior (Churn = 0 or 1)
- Customers with **Status = 1** have a significantly higher proportion of churn (orange segment) compared to customers with **Status = 0**, where churn is much lower
- **There more customers with "Basic Subscription (base plan)" who would cancel a subscription service than engaged customers with added features who actively use a program**
- The rate of cancelations within the **"Basic Subscription (base plan)"** with "Status=1" is higher.





**Correlation matrix** shows the correlation coefficients between different variables in the dataset, including Churn. Red indicates positive correlation, blue indicates negative correlation, and the intensity of the color indicates the strength of the relationship

#### **Positively correlated features (higher churn risk):**

- Complaints (0.53) → Customers with complaints are more likely to churn.
- Status (0.50) → Certain customer statuses may indicate higher churn probability.
- Tariff\_1 (0.11) → Some tariff plans may lead to higher churn.

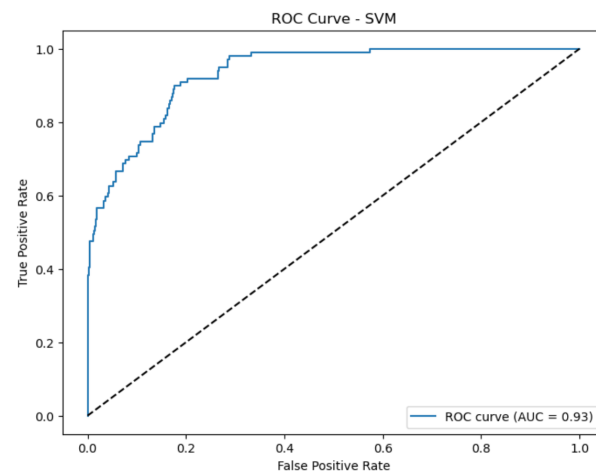
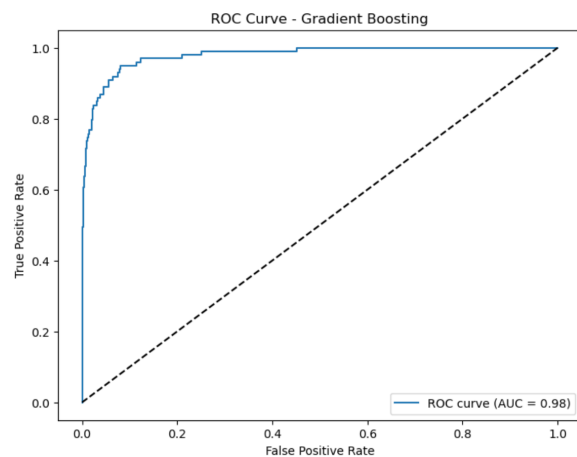
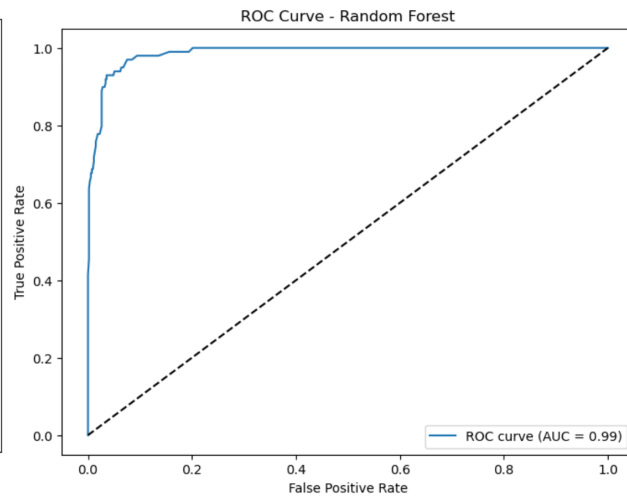
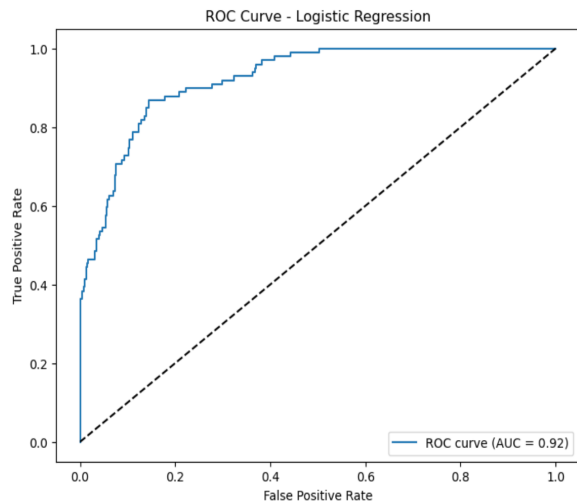
#### **Negatively correlated features (less likely to churn):**

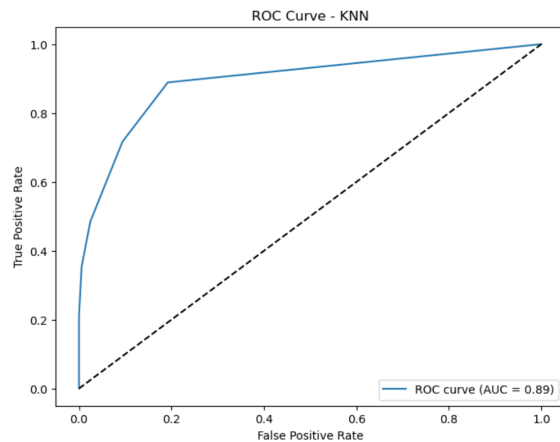
- Customer\_Value (-0.29) → High-value customers are less likely to leave.
- Seconds\_of\_Use (-0.30) → More call usage is associated with retention.

- Frequency\_of\_SMS (-0.22) → Higher SMS usage means lower churn.
- Subscription\_Length (-0.03) → Longer subscription durations correlate with lower churn

### Train and evaluation of each classifier w/ ROC curve plots

### Precision, Recall, F1-score present in the README and Jupyter notebook





- **Random Forest:** Exhibits the highest AUC (0.99), indicating the best performance among the models in distinguishing between customers who will churn and those who will not.
- **Gradient Boosting:** Also shows excellent performance, with an AUC of (0.98).
- **SVM:** Demonstrates good performance as well, achieving an AUC of (0.93)
- **Logistic Regression:** Performs well, with an AUC of 0.92, showing a decent ability to discriminate.
- **KNN:** Shows fairly good performance with an AUC of 0.8.

Based on the AUC values, Random Forest is the best-performing model, followed closely by Gradient Boosting. The Logistic Regression, SVM, and KNN models also exhibit good performance.

While Random Forest has the highest AUC, other factors should be considered when choosing the final model:

- **Interpretability:** Logistic Regression is more interpretable than Random Forest or Gradient Boosting. If understanding the factors driving churn is crucial, Logistic Regression may be preferred.
- **Computational Cost:** Complex models like Random Forest and Gradient Boosting can be more computationally expensive to train and deploy than simpler models like Logistic Regression.

- **Overfitting:** Random Forest and Gradient Boosting are prone to overfitting, especially with high-dimensional data. Regularization techniques and careful hyperparameter tuning are necessary to mitigate overfitting.

### **Recommendations:**

1. Random Forest or Gradient Boosting: As top-performing models, consider using Random Forest or Gradient Boosting as your primary churn prediction model.
2. Evaluate Logistic Regression: If interpretability is a key requirement, evaluate Logistic Regression and consider using it if its performance is acceptable.
3. Hyperparameter Tuning: Optimize the hyperparameters of all models using techniques like cross-validation to achieve the best possible performance on your specific dataset.
4. Model Validation: Thoroughly validate the selected model on a held-out test set to ensure its generalization performance.

In summary, the ROC curves indicate that all the models have good predictive power for churn, with Random Forest and Gradient Boosting showing the best performance. As an additional recommendation it would be ideal to choose the final model based on a balance of performance, interpretability, computational cost, and risk of overfitting.