

Senario:- A telecommunications Company is analyzing it's Customer data to understand the factors Influencing Customer churn (i.e: weather a Customer discontinues their Service).

The've Identified two factors Monthly Data usage (GB) and Customer Service Calls (Number)

X_1	X_2	Y
Monthly data usage (GB)	Customer Service Calls (Num)	Churn (1, 0)
10	1	0
25	3	1
15	0	0
5	4	1
20	2	0

$$(\hat{b}) = ((X^T * X)^{-1} * X^T) * Y$$

$$X \Rightarrow \begin{bmatrix} 1 & 10 & 1 \\ 1 & 25 & 3 \\ 1 & 15 & 0 \\ 1 & 5 & 4 \\ 1 & 20 & 2 \end{bmatrix}$$

log(odds) :-

$$B_0 :- 3.5$$

$$B_1 :- 0.2$$

$$B_2 :- 0.8$$

Predicting Churn for New Customers:

X_1 Monthly data usage (GiB)	X_2 Customer Service (Nom)	Y Churn (0,1)
18	3	1

$$\log(\text{odds}) = \beta_0 + \beta_1(x_1) + \beta_2(x_2)$$

$$\frac{1}{1 + e^{-(\beta_0 + \beta_1 x_1 + \beta_2 x_2)}}$$

$$\Rightarrow \frac{1}{1 + e^{-(3.5 + 0.2 \times 18 + 0.8 \times 3)}}$$

$$\Rightarrow \frac{1}{1 + e^{-2.5}}$$

$$\Rightarrow \hat{p} = 0.92$$

$$\Rightarrow 1$$

Q1:- Calculate log(odds) and Probability of Customer 2.

$$Y = \frac{1}{1 + e^{-(a_0 + a_1 x_1 + a_2 x_2)}}$$

$$Y = \frac{1}{1 + e^{-(3.5 + 0.2 \times 25 + 0.8 \times 3)}}$$

$$Y = \frac{1}{1 + e^{-3.9}}$$

$$Y = \frac{1}{1 + e^{-3.9}} = 0.98$$

