

Digital Egypt Pioneers Initiative (Round 3)

Data Science Track

Customer Churn Prediction & Analysis

(Telecom Industry Case Study)

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1. Introduction

This project is about building a machine learning model to predict customer churn in a telecom firm. The project is built on 4 main phases:

1. The first phase of the project utilizes data analysis techniques such as data cleaning and EDA to understand the data and deliver insights about any hidden patterns within data.
2. Then based on these insights we use feature transformation and feature engineering to transform the data in a form that would be most appropriate for machine learning.
3. The third phase is the machine learning model development, where we train and test different machine learning models (classifiers) with the obtained - cleaned and feature engineered - data, namely:
 - Logistic Regression
 - Random Forest
 - Gradient Boosting
 - XGBoosting
 - Support Vector Machines
4. Based on the results of the classifiers, we choose the one with the best results for deployment.

The data was downloaded from the following link:

<https://www.kaggle.com/code/zakriasaad1/customer-churn-prediction-on-telecom-dataset/data>

2. Data Preprocessing & EDA

2.1. Data Inspection

The raw data has 38 columns (15 numerical and 23 categorical) and 7043 rows that .
The columns' description is in [Appendix \(A\)](#).

2.1.1. Data info() and nunique() values

```
<class 'pandas.core.frame.DataFrame'>
RangeIndex: 7043 entries, 0 to 7042
Data columns (total 38 columns):
#   Column                                Non-Null Count  Dtype
---  -
0   Customer ID                           7043 non-null   object
1   Gender                                7043 non-null   object
2   Age                                    7043 non-null   int64
3   Married                                7043 non-null   object
4   Number of Dependents                   7043 non-null   int64
5   City                                    7043 non-null   object
6   Zip Code                               7043 non-null   int64
7   Latitude                               7043 non-null   float64
8   Longitude                              7043 non-null   float64
9   Number of Referrals                     7043 non-null   int64
10  Tenure in Months                       7043 non-null   int64
11  Offer                                   3166 non-null   object
12  Phone Service                           7043 non-null   object
13  Avg Monthly Long Distance Charges       6361 non-null   float64
14  Multiple Lines                           6361 non-null   object
15  Internet Service                         7043 non-null   object
16  Internet Type                           5517 non-null   object
17  Avg Monthly GB Download                 5517 non-null   float64
18  Online Security                         5517 non-null   object
19  Online Backup                           5517 non-null   object
20  Device Protection Plan                   5517 non-null   object
21  Premium Tech Support                     5517 non-null   object
22  Streaming TV                             5517 non-null   object
23  Streaming Movies                         5517 non-null   object
24  Streaming Music                         5517 non-null   object
25  Unlimited Data                          5517 non-null   object
26  Contract                                7043 non-null   object
27  Paperless Billing                        7043 non-null   object
28  Payment Method                          7043 non-null   object
29  Monthly Charge                          7043 non-null   float64
30  Total Charges                           7043 non-null   float64
31  Total Refunds                           7043 non-null   float64
32  Total Extra Data Charges                 7043 non-null   int64
33  Total Long Distance Charges              7043 non-null   float64
34  Total Revenue                           7043 non-null   float64
35  Customer Status                         7043 non-null   object
36  Churn Category                          1869 non-null   object
37  Churn Reason                            1869 non-null   object

dtypes: float64(9), int64(6), object(23)
memory usage: 2.0+ MB
```

Customer ID	Gender	Age	Married	Number of Dependents	City	Zip Code	Latitude	Longitude	Number of Referrals	Tenure in Months	Offer	Phone Service	Avg Monthly Long Distance Charges	Multiple Lines	Internet Service	Internet Type	Avg Monthly GB Download	Online Security	Online Backup	Device Protection Plan	Premium Tech Support	Streaming TV	Streaming Movies	Streaming Music	Unlimited Data	Contract	Paperless Billing	Payment Method	Monthly Charge	Total Charges	Total Refunds	Total Extra Data Charges	Total Long Distance Charges	Total Revenue	Customer Status	Churn Category	Churn Reason
7043	2	62	2	10	1106	1626	1626	1625	12	72	5	2	3583	2	2	3	49	2	2	2	2	2	2	2	2	3	2	3	1591	6540	500	16	6068	6975	3	5	20

The info() shows that Nulls exist in both the numerical and categorical columns.

2.1.2. Data head ()

	Customer ID	Gender	Age	Married	Number of Dependents	City	Zip Code	Latitude	Longitude	Number of Referrals	...	Payment Method	Monthly Charge	Total Charges	Total Refunds
0	0002-ORFBO	Female	37	Yes	0	Frazier Park	93225	34.827662	-118.999073	2	...	Credit Card	65.6	593.30	0.00
1	0003-MKNFE	Male	46	No	0	Glendale	91206	34.162515	-118.203869	0	...	Credit Card	-4.0	542.40	38.33
2	0004-TLHLJ	Male	50	No	0	Costa Mesa	92627	33.645672	-117.922613	0	...	Bank Withdrawal	73.9	280.85	0.00
3	0011-IGKFF	Male	78	Yes	0	Martinez	94553	38.014457	-122.115432	1	...	Bank Withdrawal	98.0	1237.85	0.00
4	0013-EXCHZ	Female	75	Yes	0	Camarillo	93010	34.227846	-119.079903	3	...	Credit Card	83.9	267.40	0.00

2.1.3. Data Stats describe () (Transposed)

	count	mean	std	min	25%	50%	75%	max
Age	7043.0	46.509726	16.750352	19.000000	32.000000	46.000000	60.000000	80.000000
Number of Dependents	7043.0	0.468692	0.962802	0.000000	0.000000	0.000000	0.000000	9.000000
Zip Code	7043.0	93486.070567	1856.767505	90001.000000	92101.000000	93518.000000	95329.000000	96150.000000
Latitude	7043.0	36.197455	2.468929	32.555828	33.990646	36.205465	38.161321	41.962127
Longitude	7043.0	-119.756684	2.154425	-124.301372	-121.788090	-119.595293	-117.969795	-114.192901
Number of Referrals	7043.0	1.951867	3.001199	0.000000	0.000000	0.000000	3.000000	11.000000
Tenure in Months	7043.0	32.386767	24.542061	1.000000	9.000000	29.000000	55.000000	72.000000
Avg Monthly Long Distance Charges	6361.0	25.420517	14.200374	1.010000	13.050000	25.690000	37.680000	49.990000
Avg Monthly GB Download	5517.0	26.189958	19.586585	2.000000	13.000000	21.000000	30.000000	85.000000
Monthly Charge	7043.0	63.596131	31.204743	-10.000000	30.400000	70.050000	89.750000	118.750000
Total Charges	7043.0	2280.381264	2266.220462	18.800000	400.150000	1394.550000	3786.600000	8684.800000
Total Refunds	7043.0	1.962182	7.902614	0.000000	0.000000	0.000000	0.000000	49.790000
Total Extra Data Charges	7043.0	6.860713	25.104978	0.000000	0.000000	0.000000	0.000000	150.000000
Total Long Distance Charges	7043.0	749.099262	846.660055	0.000000	70.545000	401.440000	1191.100000	3564.720000
Total Revenue	7043.0	3034.379056	2865.204542	21.360000	605.610000	2108.640000	4801.145000	11979.340000

The preliminary stats shows that some numerical columns, such as Total Long Distance Charges and Total Revenue columns, might have outliers.

2.1.4. `info_plus()`: A More Insightful View of Data

We made a function `info_plus()` which, for every column in a single table, shows `info()`, Nulls count, `nunique()`, first 5 unique values, and percentage of Nulls.

	Column	Non-Null	Nulls	DType	N Unique	First 5 Unique	% Missing
0	Customer ID	7043	0	object	7043	[0002-ORFBO, 0003-MKNFE, 0004-TLHLJ, 0011-IGKFF, 0013-EXCHZ]	0
1	Gender	7043	0	object	2	[Female, Male]	0
2	Age	7043	0	int64	62	[37, 46, 50, 78, 75]	0
3	Married	7043	0	object	2	[Yes, No]	0
4	Number of Dependents	7043	0	int64	10	[0, 3, 1, 2, 4]	0
5	City	7043	0	object	1106	[Frazier Park, Glendale, Costa Mesa, Martinez, Camarillo]	0
6	Zip Code	7043	0	int64	1626	[93225, 91206, 92627, 94553, 93010]	0
7	Latitude	7043	0	float64	1626	[34.827662, 34.162515, 33.645672, 38.014457, 34.227846]	0
8	Longitude	7043	0	float64	1625	[-118.999073, -118.203869, -117.922613, -122.115432, -119.079903]	0
9	Number of Referrals	7043	0	int64	12	[2, 0, 1, 3, 8]	0
10	Tenure in Months	7043	0	int64	72	[9, 4, 13, 3, 71]	0
11	Offer	3166	3877	object	5	[nan, Offer E, Offer D, Offer A, Offer B]	55
12	Phone Service	7043	0	object	2	[Yes, No]	0
13	Avg Monthly Long Distance Charges	6361	682	float64	3583	[42.39, 10.69, 33.65, 27.82, 7.38]	9
14	Multiple Lines	6361	682	object	2	[No, Yes, nan]	9
15	Internet Service	7043	0	object	2	[Yes, No]	0
16	Internet Type	5517	1526	object	3	[Cable, Fiber Optic, DSL, nan]	21
17	Avg Monthly GB Download	5517	1526	float64	49	[16.0, 10.0, 30.0, 4.0, 11.0]	21
18	Online Security	5517	1526	object	2	[No, Yes, nan]	21
19	Online Backup	5517	1526	object	2	[Yes, No, nan]	21
20	Device Protection Plan	5517	1526	object	2	[No, Yes, nan]	21
21	Premium Tech Support	5517	1526	object	2	[Yes, No, nan]	21
22	Streaming TV	5517	1526	object	2	[Yes, No, nan]	21
23	Streaming Movies	5517	1526	object	2	[No, Yes, nan]	21
24	Streaming Music	5517	1526	object	2	[No, Yes, nan]	21
25	Unlimited Data	5517	1526	object	2	[Yes, No, nan]	21
26	Contract	7043	0	object	3	[One Year, Month-to-Month, Two Year]	0
27	Paperless Billing	7043	0	object	2	[Yes, No]	0
28	Payment Method	7043	0	object	3	[Credit Card, Bank Withdrawal, Mailed Check]	0
29	Monthly Charge	7043	0	float64	1591	[65.6, -4.0, 73.9, 98.0, 83.9]	0
30	Total Charges	7043	0	float64	6540	[593.3, 542.4, 280.85, 1237.85, 267.4]	0
31	Total Refunds	7043	0	float64	500	[0.0, 38.33, 21.25, 30.53, 44.42]	0
32	Total Extra Data Charges	7043	0	int64	16	[0, 10, 20, 40, 120]	0
33	Total Long Distance Charges	7043	0	float64	6068	[381.51, 96.21, 134.6, 361.66, 22.14]	0
34	Total Revenue	7043	0	float64	6975	[974.81, 610.28, 415.45, 1599.51, 289.54]	0
35	Customer Status	7043	0	object	3	[Stayed, Churned, Joined]	0
36	Churn Category	1869	5174	object	5	[nan, Competitor, Dissatisfaction, Other, Price]	73
37	Churn Reason	1869	5174	object	20	[nan, Competitor had better devices, Product dissatisfaction, Network reliability, Limited range of services]	73

We will use this function later in order to get a comprehensive `info()` for newly created DataFrames.

Now if we filter the info plus only for the columns with missing values (Nulls > 0) we get 15 categorical columns and only 1 Numerical Column:

```
[22]: df_info[df_info['Nulls'] > 0]
```

	Column	Non-Null	Nulls	DType	N Unique	First 5 Unique	% Missing
11	Offer	3166	3877	object	5	[nan, Offer E, Offer D, Offer A, Offer B]	55
13	Avg Monthly Long Distance Charges	6361	682	float64	3583	[42.39, 10.69, 33.65, 27.82, 7.38]	9
14	Multiple Lines	6361	682	object	2	[No, Yes, nan]	9
16	Internet Type	5517	1526	object	3	[Cable, Fiber Optic, DSL, nan]	21
17	Avg Monthly GB Download	5517	1526	float64	49	[16.0, 10.0, 30.0, 4.0, 11.0]	21
18	Online Security	5517	1526	object	2	[No, Yes, nan]	21
19	Online Backup	5517	1526	object	2	[Yes, No, nan]	21
20	Device Protection Plan	5517	1526	object	2	[No, Yes, nan]	21
21	Premium Tech Support	5517	1526	object	2	[Yes, No, nan]	21
22	Streaming TV	5517	1526	object	2	[Yes, No, nan]	21
23	Streaming Movies	5517	1526	object	2	[No, Yes, nan]	21
24	Streaming Music	5517	1526	object	2	[No, Yes, nan]	21
25	Unlimited Data	5517	1526	object	2	[Yes, No, nan]	21
36	Churn Category	1869	5174	object	5	[nan, Competitor, Dissatisfaction, Other, Price]	73
37	Churn Reason	1869	5174	object	20	[nan, Competitor had better devices, Product dissatisfaction, Network reliability, Limited range of services]	73

The `info_plus()` function gives us several advantages, in one table it shows us:

1. Which columns that we should drop without analysis (Nulls > %50).
2. Which columns have 2 values (Yes/No), or which have multiple unique values.
3. Which categorical columns are ordinal and which are nominal.

For instance, a column like “Churn Category” should be dropped without analysis since the number of missing values is huge (%73). The “Streaming TV” column should be considered for filling the Nulls since it has only %21 missing values. On the other hand, “Multiple Lines” column can either be considered for filling the missing values or dropping the rows with missing values since it only has %9 missing values.

The real power of using the `info_plus()` function is that it gives us a bird’s eye view on which columns and rows to drop, and which to consider for filling Nulls.

2.2. Data Cleaning

2.2.1. Dropping Rows

- Our data has no duplicate rows, or rows with less than %5 missing values. So no rows were dropped.
- The target variable (Customer Status column) has 3 unique values: Stayed: Churned, and Joined. Our classifier needs only 2 of them.
- Since the number of Joined rows doesn't exceed 7%. So we are left with one of two choices, delete all "Joined" rows or turn them into "Stayed".
- We chose to turn them into "Stayed" because we found out that the "Joined" state corresponds to "Tenure in Months" column values of 1, 2 and 3 months. But at the same time for these same 3 "Tenure in Months" values there are Customer Status with "Churned" state. Hence we can consider "Joined" to be equivalent to "Stayed" which means we'll turn those rows.

2.2.2. Dropping Columns

Our columns can be divided into categories according to their significance:

A. Relevancy

Drop irrelevant columns:

- Customer ID
- Online Security
- Online Backup
- Paperless Billing
- Payment Method

B. Number of Categories

Categorical columns with many unique values can't be categorized:

- Latitude → Drop
- Longitude → Drop
- Zip Code → Drop
- City (vital) → Keep because it's very significant

C. Missing Values %:

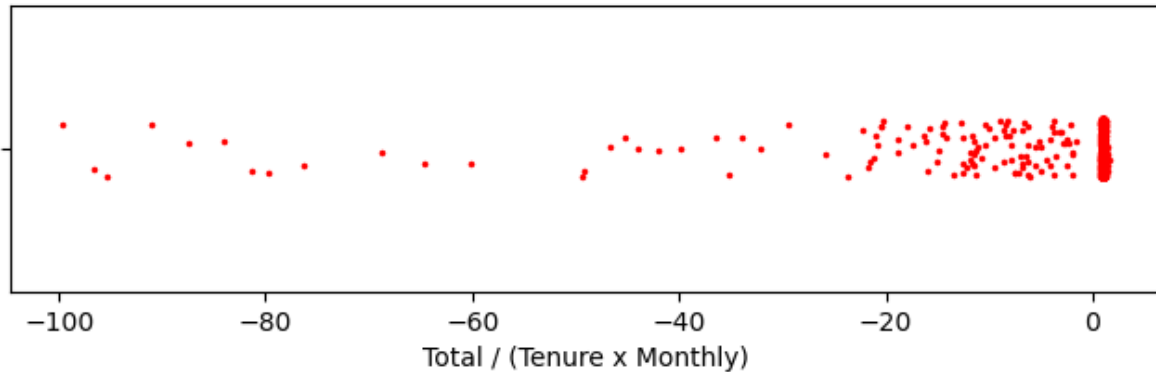
Columns with too many missing values (over %50 Nulls)

- Offers → Drop
- Churn Category → Drop
- Churn Reason → Drop

D. Related columns (highly correlated):

a. Monthly Charge, Total Charges → Drop Monthly Charge

- Total Charges column = Monthly Charges x Tenure in Months.
- This is true except for the rows with Monthly Charges outliers (%80 of the column values fall between 0.95 and 1.05) as shown in the Strip Plot below.



- Hence, we'll keep one of them. And since the rest of all financial charges are calculated till last quarter, we'll drop the Monthly Charge column and keep the Total Charges for consistency of data.
- Another reason to remove the Monthly Charge column is that it has outliers while the Total Charges column doesn't.

b. Total Refunds, Total Extra Data Charges, Total Long Distance Charges, Total Revenue

- From the dataset columns dictionary in [Appendix A](#):
Total Revenue = Total Charges - Total Refunds + Total Extra Data Charges + Total Long Distance Charges
- To avoid multicollinearity, So we can remove total revenue or the other 4 values.
- However, since charges can be of great significance in a client's churn decision, we'll remove the Total Revenue column and keep the other 4.

c. Average Monthly Long Distance Charges, Total Long Distance Charges

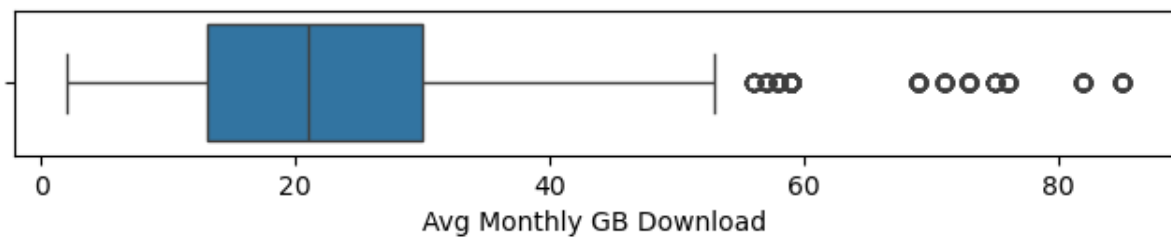
- Similar to the previous section, the Avg Monthly Long Distance Charges and the Total Long Distance Charges columns can be calculated from each other directly. Hence, we will drop one of them to avoid multicollinearity.
- We chose to drop the Avg Monthly Long Distance Charges for two reasons:
 - i. It has 9 missing values while the Total Long Distance Charges column doesn't have any.
 - ii. The Total Long Distance Charges column had already been chosen to keep in the previous section.

2.2.3. Handling Missing Values

A. Missing Values of Numerical Columns

	Column	Non-Null	Nulls	DType	N Unique	First 5 Unique	% Missing
11	Avg Monthly GB Download	5517	1526	float64	49	[16.0, 10.0, 30.0, 4.0, 11.0]	21

Checking the numerical columns with missing values for outliers using BoxPlot.



Since the Avg Monthly GB Download column has outliers, we'll fill the missing values with the median rather than the mean.

B. Missing Values of Categorical Columns

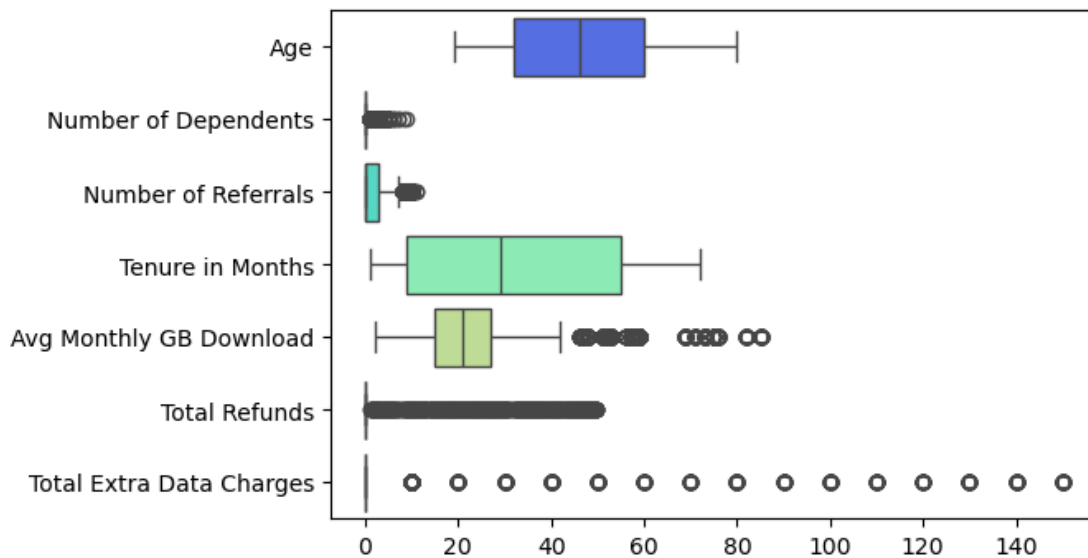
	Column	Non-Null	Nulls	DType	N Unique	First 5 Unique	% Missing
8	Multiple Lines	6361	682	object	2	[No, Yes, nan]	9
10	Internet Type	5517	1526	object	3	[Cable, Fiber Optic, DSL, nan]	21
12	Device Protection Plan	5517	1526	object	2	[No, Yes, nan]	21
13	Premium Tech Support	5517	1526	object	2	[Yes, No, nan]	21
14	Streaming TV	5517	1526	object	2	[Yes, No, nan]	21
15	Streaming Movies	5517	1526	object	2	[No, Yes, nan]	21
16	Streaming Music	5517	1526	object	2	[No, Yes, nan]	21
17	Unlimited Data	5517	1526	object	2	[Yes, No, nan]	21

We will fill the categorical values missing values using the mode.

2.2.4. Handling Outliers

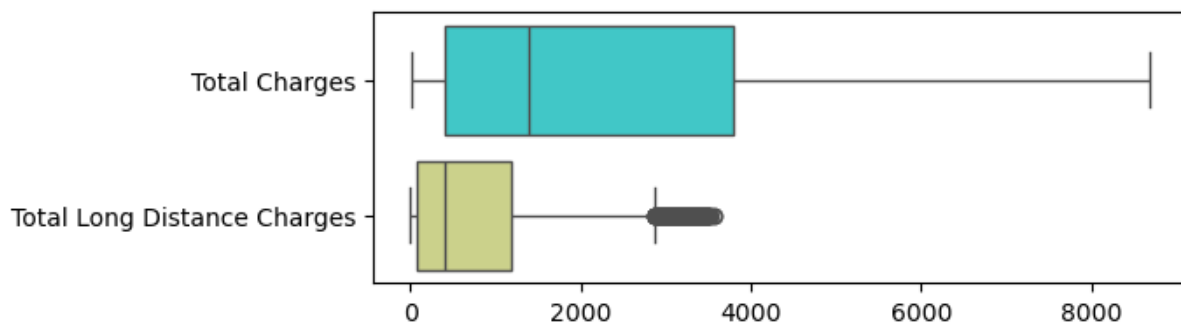
For a better view of the values, we separated the categorical columns that has missing values into two categories, the small values category and the large values columns:

C. Small Values Columns:

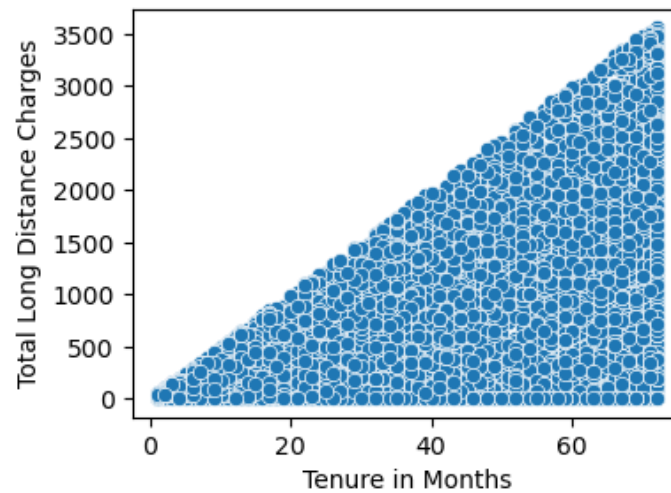


- Age, Number of Dependents, and Tenure in Months columns: no outliers.
- Number of Referrals column: Shows outliers, but from the stats description the max value is 11 which is reasonable. So, no outliers here as well.
- Avg Monthly GB Download: it can be explained as some users have excessive internet usage compared to others. So even if they are treated as outliers in filling nulls they are not outliers in the "wrong values" sense.

D. Large Values Columns:



This scatterplot shows that the Total Long Distance Charges column outliers correspond to high Tenure in Months column values, i.e older subscribers. Hence these are not actually outliers



2.3. Encoding Categorical Data Columns

This table shows the current data categorical columns after filling the missing data.

	Column	Non-Null	Nulls	DType	N Unique	First 5 Unique	% Missing
0	Gender	7043	0	object	2	[Female, Male]	0
1	Married	7043	0	object	2	[Yes, No]	0
2	City	7043	0	object	1106	[Frazier Park, Glendale, Costa Mesa, Martinez, Camarillo]	0
3	Phone Service	7043	0	object	2	[Yes, No]	0
4	Multiple Lines	7043	0	object	2	[No, Yes]	0
5	Internet Service	7043	0	object	2	[Yes, No]	0
6	Internet Type	7043	0	object	3	[Cable, Fiber Optic, DSL]	0
7	Device Protection Plan	7043	0	object	2	[No, Yes]	0
8	Premium Tech Support	7043	0	object	2	[Yes, No]	0
9	Streaming TV	7043	0	object	2	[Yes, No]	0
10	Streaming Movies	7043	0	object	2	[No, Yes]	0
11	Streaming Music	7043	0	object	2	[No, Yes]	0
12	Unlimited Data	7043	0	object	2	[Yes, No]	0
13	Contract	7043	0	object	3	[One Year, Month-to-Month, Two Year]	0
14	Customer Status	7043	0	object	2	[Stayed, Churned]	0

2.3.1. Encoding Ordinal Data

The Contract column is the only ordinal data column. Using mapping to replace the column values:

Before	Encoded
Month-to-Month	1
One Year	2
Two Year	3

2.3.2. Encoding Nominal Data

A. Columns with 2-State Nominal Data

These are columns with values that range between one of two values:

1. Gender Column [Male/Female]
2. Customer Status Column [Stayed/Churned]
3. Married, Phone Service, Multiple Lines, Internet Service, Device Protection Plan, Premium Technical Support, Streaming TV, Streaming Movies, Streaming Music and Unlimited Data [Yes/No]

We will also use mapping here:

Before			Encoded
Male	Churned	Yes	1
Female	Stayed	No	0

B. Columns with Number of States > 2

In these cases we will use Binary encoding instead of One-Hot Encoding to reduce the number of features as much as possible.

1. Internet Type [Cable, Fiber Optic, DSL] \rightarrow 2 bits \rightarrow replaced by 2 columns
2. City [1106 Cities] \rightarrow 11 bits \rightarrow replaced by 11 columns

3. ML Model Development & MLOps

3.1. Introduction

After the Data-Preprocessing Phase, we obtained the following DataFrame:

	Column	Non-Null	Nulls	DType	N Unique	First 5 Unique	% Missing
0	Gender	7043	0	int64	2	[0, 1]	0
1	Age	7043	0	int64	62	[37, 46, 50, 78, 75]	0
2	Married	7043	0	int64	2	[1, 0]	0
3	Number of Dependents	7043	0	int64	10	[0, 3, 1, 2, 4]	0
4	City_0	7043	0	int64	2	[0, 1]	0
5	City_1	7043	0	int64	2	[0, 1]	0
6	City_2	7043	0	int64	2	[0, 1]	0
7	City_3	7043	0	int64	2	[0, 1]	0
8	City_4	7043	0	int64	2	[0, 1]	0
9	City_5	7043	0	int64	2	[0, 1]	0
10	City_6	7043	0	int64	2	[0, 1]	0
11	City_7	7043	0	int64	2	[0, 1]	0
12	City_8	7043	0	int64	2	[0, 1]	0
13	City_9	7043	0	int64	2	[0, 1]	0
14	City_10	7043	0	int64	2	[1, 0]	0
15	Number of Referrals	7043	0	int64	12	[2, 0, 1, 3, 8]	0
16	Tenure in Months	7043	0	int64	72	[9, 4, 13, 3, 71]	0
17	Phone Service	7043	0	int64	2	[1, 0]	0
18	Multiple Lines	7043	0	int64	2	[0, 1]	0
19	Internet Service	7043	0	int64	2	[1, 0]	0
20	Internet Type_0	7043	0	int64	2	[0, 1]	0
21	Internet Type_1	7043	0	int64	2	[1, 0]	0
22	Avg Monthly GB Download	7043	0	float64	49	[16.0, 10.0, 30.0, 4.0, 11.0]	0
23	Device Protection Plan	7043	0	int64	2	[0, 1]	0
24	Premium Tech Support	7043	0	int64	2	[1, 0]	0
25	Streaming TV	7043	0	int64	2	[1, 0]	0
26	Streaming Movies	7043	0	int64	2	[0, 1]	0
27	Streaming Music	7043	0	int64	2	[0, 1]	0
28	Unlimited Data	7043	0	int64	2	[1, 0]	0
29	Contract	7043	0	int64	3	[2, 1, 3]	0
30	Total Charges	7043	0	float64	6540	[593.3, 542.4, 280.85, 1237.85, 267.4]	0
31	Total Refunds	7043	0	float64	500	[0.0, 38.33, 21.25, 30.53, 44.42]	0
32	Total Extra Data Charges	7043	0	int64	16	[0, 10, 20, 40, 120]	0
33	Total Long Distance Charges	7043	0	float64	6068	[381.51, 96.21, 134.6, 361.66, 22.14]	0
34	Customer Status	7043	0	int64	2	[0, 1]	0

3.2. Machine Learning Models Used

We will use 5 different machine learning models as classifiers for churn prediction:

1. Logistic Regression (Baseline Model)
2. Random Forest
3. Gradient Boosting
4. eXtreme Gradient Boosting (XGBoosting)
5. Support Vector Machines

With each of these models, we will use the basic version of the model algorithm, and then use the model with the assistance of the Grid Search Algorithm. Finally, we will compare the results in all cases and select the model with the best results for deployment.

3.3. Model Performance Evaluation

In our evaluation of each of the models, we will use the following metrics:

1. Accuracy = $\frac{T_p + T_N}{T_p + T_N + F_p + F_N}$
2. Precision = $\frac{T_p}{T_p + F_p}$
3. Recall (sensitivity) = $\frac{T_p}{T_p + F_N}$
4. F1-Score = $2 \times \frac{\text{Precision} \times \text{Recall}}{\text{Precision} + \text{Recall}}$

Where:

T_p : True Positive

T_N is the True Negative

F_p is the False Positive (Type I Error)

F_N is the False Negative (Type II Error)

However, since customer churn prediction works like an alarming system mainly made to identify if someone is going to churn, a False Negative would be the worst type of error. Hence to minimize False Negatives, we need to maximize the Recall metric. Consequently, Recall would be the most important metric to us, and the most desired to be maximized compared to the other metrics.

3.4. Logistic Regression (Baseline Model)

3.4.1. Why Logistic Regression?

It is one of the simplest classification models. It will be our baseline model used as the reference or benchmark for other models' performances.

3.4.2. Data Preparation

Before training the model:

1. Features and targets were separated.
2. Data was split into Training (80%) and Testing (20%) with stratification.
3. For the basic Logistic Regression model, StandardScaler was applied to normalize numerical features.
4. For Logistic Regression with Grid Search model, a Scikit-Learn Scaler-Model pipeline is used to conduct that train/test feature scaling.

3.4.3. Logistic Regression Basic Model

Hyper Parameter	Value	Results	Value
Random State	30	Accuracy	0.85
Max Iterations	300	Precision	0.74
		Recall	0.73
		F1 Score	0.73

3.4.4. Logistic Regression with Grid Search

Grid Search Cross-Validation was used to tune key hyperparameters to optimize recall, which is critical for detecting churners. Regularization L2 was used, and the hyperparameter under tuning was the model complexity $C = 1/\lambda$ which is the inverse of the regularization parameter (penalty value) λ .

Hyper Parameter	Value	Results	Value
C (Tunable)	0.1, 1, 10, 100	Accuracy	0.82
Penalty	L2 Reg.	Precision	0.85
Max Iterations	200, 300, 500, 700	Recall	0.82
		F1 Score	0.82

3.4.5. Conclusion

Regularized Logistic Regression model with Grid Search Cross Validation shows promising results and can be considered deployment in our situation. However, we are seeking to deploy the model with the highest performance metrics, which we will find out after comparing all the models in the project.

3.5. Random Forest

3.5.1. Why Random Forest?

The random forest classifier is an ensemble learning method that builds multiple decision trees during training and merges their predictions to produce a more accurate and stable classification:

- It is considered a Tree-Based ML algorithm, it is immune to large value difference between features, which means it doesn't need feature scaling.
- It can provide high performance in cases of small dataset size and a reasonable number of features, just like our case.

3.5.2. Data Preparation

Before training the model:

1. Features and targets were separated.
2. Data was split into Training (70%) and Testing (30%) with stratification.
3. no feature scaling was introduced to either model.

3.5.3. Random Forest Basic Model Training

Hyper Parameter	Value	Results	Value
Random State	30	Accuracy	0.87
Class Weight	Balanced	Precision	0.87
		Recall	0.73
		F1 Score	0.86

3.5.4. Random Forest with Grid Search

Grid Search was used to tune the following hyperparameters to optimize recall:

Hyper Parameter	Value	Results	Value
n_estimators / # Trees (Tune)	200, 300, 400, 500	Accuracy	0.87
Max Depth (Tune)	10, 20, 30, None	Precision	0.87
Min Samples Split (Tune)	2, 5, 10	Recall	0.87
Min Samples Leaf (Tune)	1, 2, 4	F1 Score	0.87
Max Features (Tune)	Sqrt, Log2		

3.5.5. Conclusion

Random Forest has the highest results among all models and appears to be far superior compared to Logistic Regression. However, Grid Search Cross Validation doesn't appear to have added much to the performance of the Random Forest model. So, Random Forest with Grid Search will be our choice for deployment.

3.6. Gradient Boosting

Gradient Boosting is an ensemble learning technique that builds a strong predictive model by combining many weak learners, typically decision trees.

The model is trained sequentially, where each tree attempts to correct the errors made by the previous one. This makes Gradient Boosting especially effective for complex, non-linear datasets such as telecom customer churn.

3.6.1. Why Gradient Boosting?

- Works well for binary classification problems like churn prediction.
- Captures complex patterns and variable interactions.
- Offers a balanced performance without heavy hyperparameter tuning.
- Serves as a strong baseline model for comparison with more advanced boosting methods.

3.6.2. Data Preparation

Before training the model:

1. Features and targets were separated.
2. Data was split into Training (80%) and Testing (20%) with stratification.
3. StandardScaler was applied to normalize numerical features.

3.6.3. Gradient Boosting Baseline Model Training

Hyper Parameter	Value	Results	Value
n_estimators / # Trees	100	Accuracy	0.87
Learning Rate	0.1	Precision	0.86
max_depth	3	Recall	0.67
random_state	42	F1 Score	0.86

This model served as the initial benchmark.

3.6.4. Gradient Boosting Hyperparameter Tuning

GridSearchCV was used to tune the following key hyperparameters to optimize recall, which is critical for detecting churners.

Search space included:

Hyper Parameter	Value	Results	Value
n_estimators / # Trees (Tune)	100, 150, 200, 250	Accuracy	0.87
Max Depth (Tune)	3, 4, 5, 6	Precision	0.86
Min Samples Split (Tune)	2, 5, 10	Recall	0.70
Min Samples Leaf (Tune)	1, 2, 4	F1 Score	0.86
Learning Rate	0.01, 0.02, 0.05, 0.1		
Subsample	0.8, 0.85, 0.9, 0.095		

3.6.5. Conclusion

- Gradient Boosting provided a strong starting point and offered competitive performance.
- However, more advanced boosting algorithms like XGBoost delivered superior accuracy and recall, especially on imbalanced telecom churn data.

3.7. eXtreme Gradient Boosting (XGBoost)

XGBoost is an optimized and high-performance implementation of Gradient Boosting.

It is widely used across machine learning competitions and real-world applications due to its speed, regularization capabilities, and excellent handling of complex datasets.

3.7.1. Why XGBoost?

- Significantly faster than traditional Gradient Boosting through parallel computation.
- Includes built-in regularization to reduce overfitting.
- Offers excellent control for handling imbalanced datasets using `scale_pos_weight`.
- Delivers robust and stable performance on churn prediction tasks.

3.7.2. Data Preparation

Since XGBoost does not directly accept string categorical features:

- All categorical columns were encoded prior to training.

3.7.3. XGBoosting Basic Model Training

XGBoost classifier was trained with the default values of the hyperparameters:

Hyper Parameter	Value	Results	Value
n_estimators / # Trees	Default = 100	Accuracy	0.84
Max Depth	Default = 6	Precision	0.84
colsample_bytree	Default = 1.0	Recall	0.72
scale_pos_weight	2.53	F1 Score	0.84
Learning Rate	Default = 0.3		
Subsample	Default = 1.0		

3.7.4. XGBoosting Hyperparameter Tuning (GridSearchCV)

Hyper Parameter	Value	Results	Value
n_estimators / # Trees	100, 150, 200, 250	Accuracy	0.83
Max Depth	3, 5, 7	Precision	0.85
colsample_bytree	0.8, 0.9	Recall	0.84
scale_pos_weight	2.53	F1 Score	0.84
Learning Rate	0.01, 0.02, 0.05, 0.1		
Subsample	0.8, 0.85, 0.9, 0.095		

Using GridSearchCV, the model was tuned to maximize recall, ensuring better identification of high-risk churn customers.

3.7.5. Results

- It was more effective at handling the class imbalance present in churn data.
- Delivered more stable and accurate predictions overall.

3.7.6. Conclusion

XGBoost outperformed the traditional Gradient Boosting model, making it one of the best-performing models in this project for predicting telecom customer churn.

3.8. Support Vector Machines

SVM works by finding the best boundary (called a hyperplane) that separates the data into classes. It chooses this boundary so that the margin (distance between the boundary and the closest data points) is as large as possible.

3.8.1. Data Preparation

1. Categorical columns were encoded
2. Splitting data into training and testing 80-20 respectively
3. Scaling the featured columns (training and testing data each one separately)

3.8.2. Model Training

The Hyperparameters used in SVM:

1. C Values: controls how much the model tries to avoid misclassifying training data
2. Kernel: A kernel defines how the SVM decides the shape of the boundary that separates the classes.
3. Gamma: controls how far the influence of a single training point reaches. (Has no affect on linear kernel)

Use 5-Fold Cross-Validation: This reduces overfitting and provides a stable estimate of model performance.

1. Training data is divided into 5 equal folds
2. The model trains 5 times
3. Each run uses a different fold as validation
4. The final score is the average of the 5 results

3.8.3. Evaluation Metrics

- 1) Accuracy
- 2) Recall
- 3) Loss
- 4) Precision
- 5) F1-score

3.8.4. Model Logging with MLflow

MLflow was used to track:

- Hyperparameters (C, kernel, gamma)
- Model metrics (accuracy, precision, recall, F1)
- Final trained model

The MLflow UI provides an easy comparison between runs, making it simple to identify the best-performing configuration.

3.8.5. Results

SVM without GridSearch

Hyper Parameter	Value	Results	Value
C	0.001	Accuracy	0.84
Kernel	Linear	Precision	0.84
		Recall	0.84
		F1 Score	0.84

SVM with GridSearch

Hyper Parameter	Value	Results	Value
C	0.001, 0.01, 0.1, 1, 10	Accuracy	0.85
Kernel	Linear, RBF, Polynomial	Precision	0.85
Gamma	Scale, Auto	Recall	0.85
		F1 Score	0.85

4. Model Deployment

4.1. Model of Choice: Random Forest with Grid Search

The table below shows a comparison between the results of the 5 Machine Learning models. The Random Forest is obviously the winner here. Thus, it will be our chosen machine learning model for deployment

#	Model	Metric	Algorithm	
			Basic	Grid Search
1	Logistic Regression	Accuracy	0.85	0.82
		Precision	0.74	0.85
		Recall	0.73	0.82
		F1-Score	0.73	0.82
2	Random Forest	Accuracy	0.87	0.87
		Precision	0.87	0.87
		Recall	0.73	0.87
		F1-Score	0.86	0.87
3	Gradient Boosting	Accuracy	0.87	0.87
		Precision	0.86	0.86
		Recall	0.67	0.70
		F1-Score	0.86	0.86
4	XGBoosting	Accuracy	0.84	0.83
		Precision	0.84	0.85
		Recall	0.72	0.84
		F1-Score	0.84	0.84
5	Support Vector Machine	Accuracy	0.84	0.85
		Precision	0.84	0.85
		Recall	0.84	0.85
		F1-Score	0.84	0.85

4.2. Streamlit Setup

Required Files:

4.2.1. File: `streamlit_app.py`

A Python file (script) where you write code using the Streamlit library to build interactive web applications for data science, machine learning, and dashboards, allowing you to turn Python scripts into shareable, beautiful apps with minimal code, often without needing HTML, CSS, or JavaScript. It's the file you run to launch your Streamlit app, which can contain UI elements like charts, text, sliders, and buttons.

4.2.2. File: `requirements.txt`

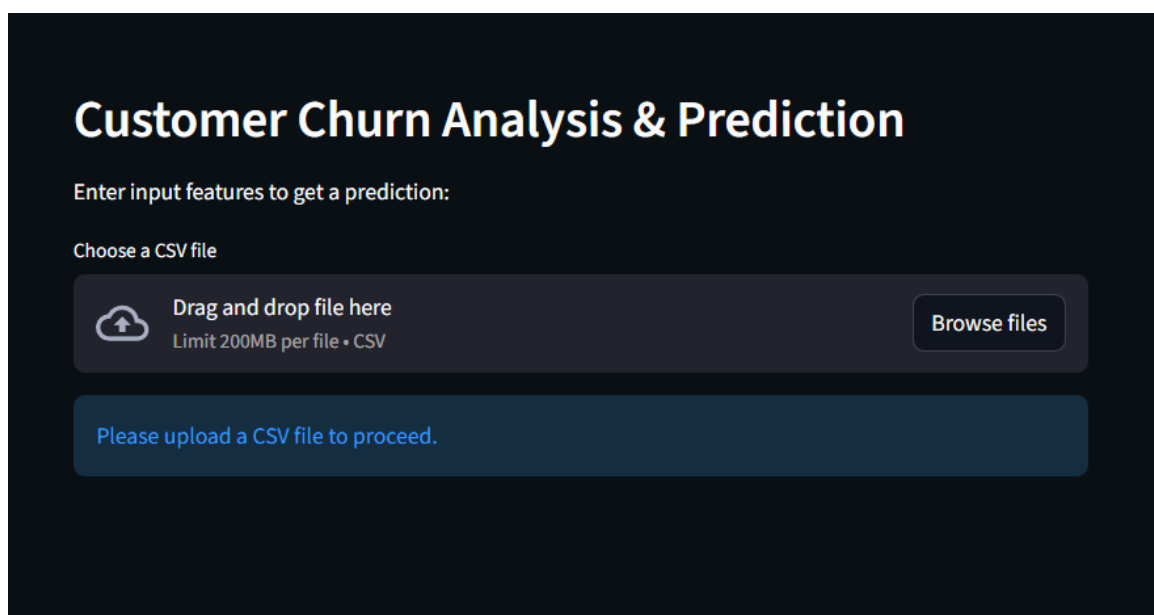
A plain text file listing all Python libraries (like pandas, numpy, streamlit itself) your app needs, enabling easy environment setup and deployment by telling pip what to install, ensuring your app runs consistently by specifying package versions.

4.2.3. Platform Accounts

1. We need a streamlit.io account and a github.com account.
2. Create a GitHub repo to host streamlit application files (`streamlit_app.py` and `requirements.txt` files).
3. Create a streamlit application and connect it to the GitHub repo.

4.2.4. Project Streamlit Webapp

The web application URL for this project is <https://cognitix.streamlit.app>.



Appendix (A): Dataset Columns Dictionary

No	Column	Description
0	CustomerID	A unique ID that identifies each customer
1	Gender	The customer's gender: Male, Female
2	Age	The customer's current age, in years, at the time the fiscal quarter ended (Q2 2022)
3	Married	Indicates if the customer is married: Yes, No
4	Number of Dependents	Indicates the number of dependents that live with the customer (dependents could be children, parents, grandparents, etc.)
5	City	The city of the customer's primary residence in California
6	Zip Code	The zip code of the customer's primary residence
7	Latitude	The latitude of the customer's primary residence
8	Longitude	The longitude of the customer's primary residence
9	Number of Referrals	Indicates the number of times the customer has referred a friend or family member to this company to date
10	Tenure in Months	Indicates the total amount of months that the customer has been with the company by the end of the quarter specified above
11	Offer	Identifies the last marketing offer that the customer accepted: None, Offer A, Offer B, Offer C, Offer D, Offer E
12	Phone Service	Indicates if the customer subscribes to home phone service with the company: Yes, No
13	Avg Monthly Long Distance Charges	Indicates the customer's average long distance charges, calculated to the end of the quarter specified above (if the customer is not subscribed to home phone service, this will be 0)
14	Multiple Lines	Indicates if the customer subscribes to multiple telephone lines with the company: Yes, No (if the customer is not subscribed to home phone service, this will be No)
15	Internet Service	Indicates if the customer subscribes to Internet service with the company: Yes, No
16	Internet Type	Indicates the customer's type of internet connection: DSL, Fiber Optic, Cable (if the customer is not subscribed to internet service, this will be None)
17	Avg Monthly GB Download	Indicates the customer's average download volume in gigabytes, calculated to the end of the quarter specified above (if the customer is not subscribed to internet service, this will be 0)
18	Online Security	Indicates if the customer subscribes to an additional online security service provided by the company: Yes, No (if the customer is not subscribed to internet service, this will be No)
19	Online Backup	Indicates if the customer subscribes to an additional online backup service provided by the company: Yes, No (if the customer is not subscribed to internet service, this will be No)

No	Column	Description
20	Device Protection Plan	Indicates if the customer subscribes to an additional device protection plan for their Internet equipment provided by the company: Yes, No (if the customer is not subscribed to internet service, this will be No)
21	Premium Tech Support	Indicates if the customer subscribes to an additional technical support plan from the company with reduced wait times: Yes, No (if the customer is not subscribed to internet service, this will be No)
22	Streaming TV	Indicates if the customer uses their Internet service to stream television programming from a third party provider at no additional fee: Yes, No (if the customer is not subscribed to internet service, this will be No)
23	Streaming Movies	Indicates if the customer uses their Internet service to stream movies from a third party provider at no additional fee: Yes, No (if the customer is not subscribed to internet service, this will be No)
24	Streaming Music	Indicates if the customer uses their Internet service to stream music from a third party provider at no additional fee: Yes, No (if the customer is not subscribed to internet service, this will be No)
25	Unlimited Data	Indicates if the customer has paid an additional monthly fee to have unlimited data downloads/uploads: Yes, No (if the customer is not subscribed to internet service, this will be No)
26	Contract	Indicates the customer's current contract type: Month-to-Month, One Year, Two Year
27	Paperless Billing	Indicates if the customer has chosen paperless billing: Yes, No
28	Payment Method	Indicates how the customer pays their bill: Bank Withdrawal, Credit Card, Mailed Check
29	Monthly Charge	Indicates the customer's current total monthly charge for all their services from the company
30	Total Charges	Indicates the customer's total charges, calculated to the end of the quarter specified above
31	Total Refunds	Indicates the customer's total refunds, calculated to the end of the quarter specified above
32	Total Extra Data Charges	Indicates the customer's total charges for extra data downloads above those specified in their plan, by the end of the quarter specified above
33	Total Long Distance Charges	Indicates the customer's total charges for long distance above those specified in their plan, by the end of the quarter specified above
34	Total Revenue	Indicates the company's total revenue from this customer, calculated to the end of the quarter specified above (Total Charges - Total Refunds + Total Extra Data Charges + Total Long Distance Charges)
35	Customer Status	Indicates the status of the customer at the end of the quarter: Churned, Stayed, or Joined
36	Churn Category	A high-level category for the customer's reason for churning, which is asked when they leave the company: Attitude, Competitor, Dissatisfaction, Other, Price (directly related to Churn Reason)
37	Churn Reason	A customer's specific reason for leaving the company, which is asked when they leave the company (directly related to Churn Category)