DATA MINING TECHNIQUES TELECOM USER CHURN PREDICTION

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ABSTRACT:

Telecom Companies are working hard to survive in this competitive market depending on multiple strategies. One among the strategies proposed by the company is to the decrease the potential of customers' churn known as "the customer movement from one provider to another". Any business wants to maximize the number of customers. To achieve this goal, it is important not only to try to attract new ones, but also to retain existing ones. Retaining a client will cost the company less than attracting a new one. In addition, a new client may be weakly interested in business services and it will be difficult to work with him, while old clients already have the necessary data on interaction with the service. Predicting customers' churn can be a very useful thing for the companies to boost their sales.

PROBLEM DEFINITION:

Churn prediction is one of the most popular Big Data use cases in business. It consists of detecting customers who are likely to cancel a subscription to a service. This can be telecom companies, SaaS companies, and any other company that sells a service for a monthly fee. Customer churn is a major problem and one of the most important concerns for large companies. Therefore, finding factors that increase customer churn is important to take necessary actions to reduce this churn. The main contribution of our work is to develop a churn prediction model which assists telecom operators to predict customers who are most likely subject to churn. The model developed in this work uses machine learning techniques on big data platform and builds a new way of features' engineering and selection.

DATASET:

I have used the Telecom Churn Dataset from data world website. This dataset tracks a fictional telecommunications company, Telco. It's customer churn data sourced by the IBM Developer Platform. It includes a target label indicating whether or not the customer left within the last month, and other dependent features that cover demographics, services that each customer has signed up for, and customer account information. It has data for 7043 clients, with 20 features.

```
dataoveriew(data_df, 'Overview of the dataset')
Overview of the dataset:
Number of rows: 7043
Number of features: 21
Data Features:
Data reatures:
['customerID', 'gender', 'SeniorCitizen', 'Partner', 'Dependents', 'tenure', 'PhoneService', 'MultipleLines', 'InternetServic
e', 'OnlineSecurity', 'OnlineBackup', 'DeviceProtection', 'TechSupport', 'StreamingTV', 'StreamingMovies', 'Contract', 'Paperle
ssBilling', 'PaymentMethod', 'MonthlyCharges', 'TotalCharges', 'Churn']
Missing values: 0
Unique values:
customerID
                         7043
gender
SeniorCitizen
Dependents
tenure
PhoneService
MultipleLines
InternetService
OnlineSecurity
OnlineBackup
DeviceProtection
TechSupport
StreamingTV
StreamingMovies
PaperlessBilling
PaymentMethod
MonthlyCharges
TotalCharges
                         6531
Churn
dtype: int64
```

 $\underline{https://data.world/sumitrock/teclocomplete/workspace/file?filename=telco_churn.csv}$

METHODOLOGY:

Customer Churn dataset churn.csv from data.world.com is used for this project. Initially I have explored the dataset w.r.t to the target variable and then explored the numeric features. Then the dataset was preprocessed for converting the data into a data representation that is suitable for machine learning algorithms.

Once the major factors for the churn are realised then the model is built. I have performed five data mining algorithms namely Logistic Regression, SVC, RandomForrest, DecisionTree and GaussianNB to infer the accuracies for the datset. Then I have done hyperparameter tuning for the logistic regression

model for improving the accuracy. Finally a WebApp whixh predicts the customer churn by user inputs has been made based on the model created.

ALGORITHMS USED:

Five data mining classification algorithms namely Logistic Regression, SVC, RandomForrest, DecisionTree and GaussianNB(Naïve Bayes) have been used for this project. These algorithms were imported into the code for building the model. Out of these five Logistic regression gave the best accuracy. So then I did hyperparameter tuning for further increasing the accuracy that we got by LogisticRegression.

CODE:

Model Building:

```
#!/usr/bin/env python
# coding: utf-8

# In[1]:

#Import libraries
import numpy as np # linear algebra
import pandas as pd # data processing, CSV file I/O (e.g. pd.read_csv)
pd.set_option('display.max_columns', None)
import plotly.express as px #for visualization
import matplotlib.pyplot as plt #for visualization
#Read the dataset
data_df = pd.read_csv("../data/churn.csv")

# In[2]:

#Get overview of the data
def dataoveriew(df, message):
    print("Number of rows: ', df.shape[0])
    print("Nnumber of features:", df.shape[1])
    print("Nnumber of features:", df.shape[1])
    print("Nnumber of features:", df.isnull().sum().values.sum())
    print("Nnunique values:")
    print(df.nunique())

dataoveriew(data_df, 'Overview of the dataset')

# ### Explore Target variable
```

```
fig.show()
   temp_df = df.groupby([feature, 'Churn']).size().reset_index()
temp_df = temp_df.rename(columns={0:'Count'})
   cat str = str format(categories)
```

```
bar('gender')
data_df.loc[data_df.SeniorCitizen==0,'SeniorCitizen'] = "No" #convert 0
data_df.loc[data_df.SeniorCitizen==1,'SeniorCitizen'] = "Yes" #convert 1
bar('SeniorCitizen')
bar('Partner')
bar('Dependents')
bar('PhoneService')
bar('MultipleLines')
bar('InternetService')
bar('OnlineSecurity')
bar('OnlineBackup')
bar('DeviceProtection')
bar('TechSupport')
bar('StreamingTV')
bar('StreamingMovies')
bar('Contract')
bar('PaperlessBilling')
bar('PaymentMethod')
```

```
data df['TotalCharges'] =
pd.to_numeric(data_df['TotalCharges'],errors='coerce')
data df['TotalCharges'] =
data df['TotalCharges'].fillna(data df['TotalCharges'].median())
hist('tenure')
hist('MonthlyCharges')
hist('TotalCharges')
```

```
bin df = pd.DataFrame()
bin_df['tenure_bins'] = pd.qcut(data_df['tenure'], q=3, labels= ['low',
bin_df['MonthlyCharges_bins'] = pd.qcut(data_df['MonthlyCharges'], q=3,
labels= ['low', 'medium', 'high'])
bin_df['TotalCharges_bins'] = pd.qcut(data_df['TotalCharges'], q=3,
labels= ['low', 'medium', 'high'])
bin_df['Churn'] = data_df['Churn']
bar('tenure bins', bin df)
bar('MonthlyCharges_bins', bin df)
bar('TotalCharges bins', bin df)
data df.drop(["customerID"],axis=1,inplace = True)
def binary map(feature):
data df['Churn'] = data df[['Churn']].apply(binary map)
data df['gender'] = data df['gender'].map({'Male':1, 'Female':0})
#Encoding other binary category
binary list = ['SeniorCitizen', 'Partner', 'Dependents', 'PhoneService',
data df[binary list] = data df[binary list].apply(binary map)
data df = pd.get dummies(data df, drop first=True)
fig = px.imshow(corr, width=1000, height=1000)
```

```
all_columns = [column.replace(" ", "_").replace("(", "_").replace(")",
glm_columns = [e for e in all_columns if e not in ['customerID', 'Churn']]
glm_columns = ' + '.join(map(str, glm_columns))
glm model = smf.glm(formula=f'Churn ~ {glm columns}', data=data df,
print(res.summary())
np.exp(res.params)
sc = MinMaxScaler()
data_df['tenure'] = sc.fit_transform(data_df[['tenure']])
data df['MonthlyCharges'] = sc.fit_transform(data_df[['MonthlyCharges']])
data df['TotalCharges'] = sc.fit transform(data df[['TotalCharges']])
```

```
X_train, X_test, y_train, y_test = train_test_split(X, y, test_size=0.3,
random_state=50)
def modeling(alg, alg name, params={}):
log model = modeling(LogisticRegression, 'Logistic Regression')
log = LogisticRegression()
rfecv = RFECV(estimator=log, cv=StratifiedKFold(10, random_state=50,
shuffle=True), scoring="accuracy")
rfecv.fit(X, y)
plt.figure(figsize=(8, 6))
plt.xticks(range(1, X.shape[1]+1))
plt.xlabel("Number of Selected Features")
```

```
plt.show()
print("The optimal number of features: {}".format(rfecv.n features ))
X rfe = X.iloc[:, rfecv.support ]
#Overview of the optimal features in comparison with the intial dataframe
print("\"X\" dimension: {}".format(X.shape))
print("\"X\" column list:", X.columns.tolist())
print("\"X_rfe\" dimension: {}".format(X_rfe.shape))
print("\"X_rfe\" column list:", X_rfe.columns.tolist())
X_train, X_test, y_train, y_test = train_test_split(X_rfe, y,
# In[26]:
log model = modeling(LogisticRegression, 'Logistic Regression
svc model = modeling(SVC, 'SVC Classification')
rf model = modeling(RandomForestClassifier, "Random Forest Classification")
dt model = modeling(DecisionTreeClassifier, "Decision Tree Classification")
nb model = modeling(GaussianNB, "Naive Bayes Classification")
```

```
from sklearn.model_selection import RepeatedStratifiedKFold
cv = RepeatedStratifiedKFold(n_splits=10, n_repeats=3, random_state=1)
from scipy.stats import loguniform
space = dict()
space['solver'] = ['newton-cg', 'lbfgs', 'liblinear']
space['penalty'] = ['none', 'l1', 'l2', 'elasticnet']
space['C'] = loguniform(1e-5, 1000)
search = RandomizedSearchCV(model, space, n iter=500, scoring='accuracy',
result = search.fit(X rfe, y)
# In[32]:
params = result.best params
params
# In[33]:
log model = modeling(LogisticRegression, 'Logistic Regression)
#Saving best model
filename = 'model.sav'
```

```
# In[]:
```

App.py:

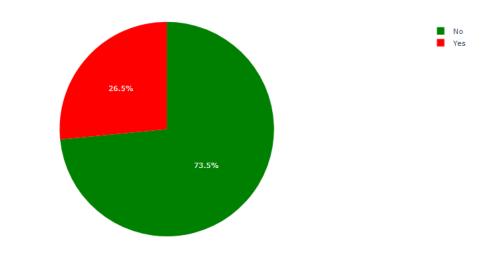
```
import numpy as np
model = joblib.load(r"./notebook/model.sav")
           dependents = st.selectbox('Dependent:', ('Yes', 'No'))
gender = st.selectbox('Gender:', ('Male', 'Female'))
```

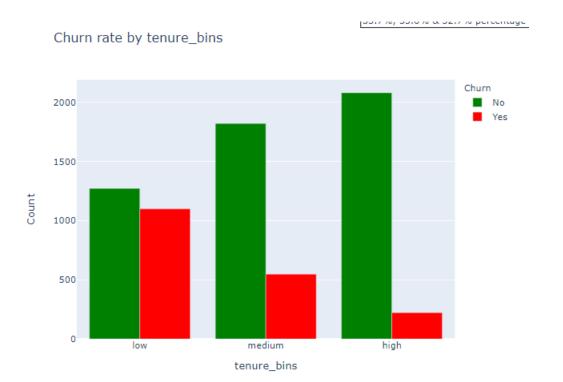
```
'Dependents': dependents,
'TechSupport': techsupport,
```

RESULTS:

This is the pie representation of the people/customers who have churned or moved out of the company in the last month according to the dataset that we have used.

Distribution of Churn





The higher the tenure period for which the customer is using the telecom service the lesser the churn. As tenure in high category has drastical difference compared to the tenure in low category as it is almost identical

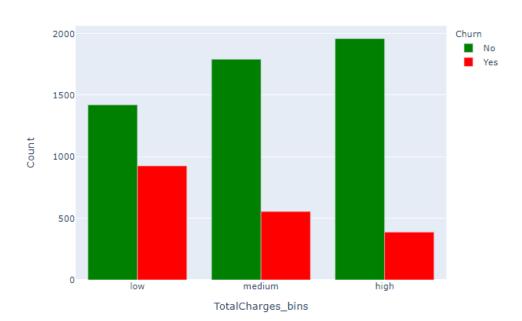
Churn rate by MonthlyCharges_bins



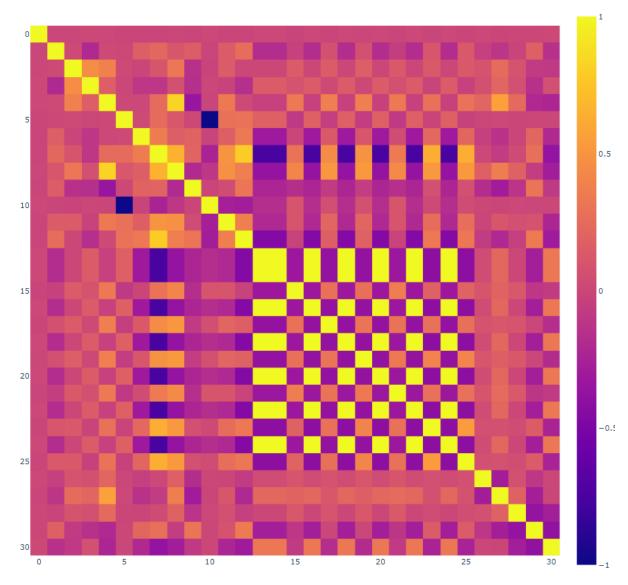
The customer churn is comparatively higher when the monthly charges that they are paying is high.

Value count of distribution of low, high & medium are 33.3%, 33.3% & 33.3% percentage respectively.

Churn rate by TotalCharges_bins



Another interesting conclusion where the customer churn is comparitevely less when the custoemrs are paying high toal charges per month. This indicates that customers might be interested in high tariff plans or customers are not so considering tariff price they are paying.



This graph is the correlation of features ranging from 1 to -1.

```
# Running logistic regression model
log_model = modeling(LogisticRegression, 'Logistic Regression Classification')
Logistic Regression Classification
accuracy: 0.8017037387600567
precision: 0.6374501992031872
recall: 0.5745062836624776
f1_score: 0.7982762676502377
### Trying other machine learning algorithms: SVC
svc_model = modeling(SVC, 'SVC Classification')
SVC Classification
accuracy: 0.7993374349266446
precision: 0.6494382022471911
recall: 0.518850987432675
f1 score: 0.7916082146150322
#Random forest
rf_model = modeling(RandomForestClassifier, "Random Forest Classification")
Random Forest Classification
accuracy: 0.7860861334595362
precision: 0.6082474226804123
recall: 0.5296229802513465
f1 score: 0.7811142593105196
#Decision tree
dt_model = modeling(DecisionTreeClassifier, "Decision Tree Classification")
Decision Tree Classification
accuracy: 0.7302413629910081
precision: 0.4889267461669506
recall: 0.5152603231597845
f1_score: 0.7324655009979134
#Naive bayes
nb_model = modeling(GaussianNB, "Naive Bayes Classification")
Naive Bayes Classification
accuracy: 0.6540463795551349
precision: 0.4257679180887372
recall: 0.895870736086176
f1 score: 0.6729702812977834
```

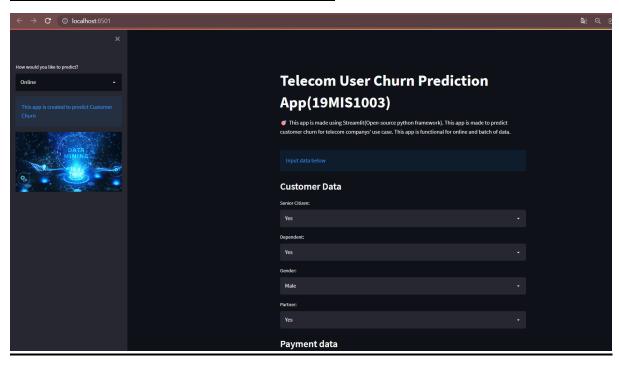
The accuracy, precision, recall and f1 score of the five data mining algorithms have been given. Here we can see that LogisticRegression has given the highest accuracy and NaiveBayes model has performed with the least accuracy.

```
#Improving the Logistic Regression model
log_model = modeling(LogisticRegression, 'Logistic Regression Classification', params=params)

Logistic Regression Classification
accuracy: 0.8031235210601041
precision: 0.6407185628742516
recall: 0.5763016157989228
f1_score: 0.7996532493520713
```

As logisticRegression gave the highest accuracy, I did hyperparameter tuning to check if there is further improvement in the accuracy, and the accuracy improved from 0.801 to 0.803.

SCREENSHOTS OF THE LOCAL APP



Telecom User Churn Prediction App(19MIS1003) This app is made using Streamlit(Open-source python framework). This app is made to customer churn for telecom companys' use case. This app is functional for online and batch

Male

Partner:

Yes

This app is made using Streamlit(Open-source python framework). This app is made to predict customer churn for telecom companys' use case. This app is functional for online and batch of data.

Input data below

Customer Data

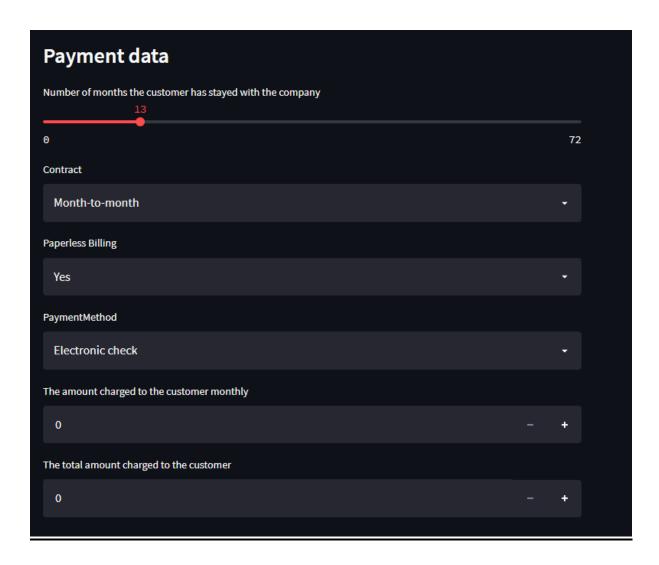
Senior Citizen:

Yes

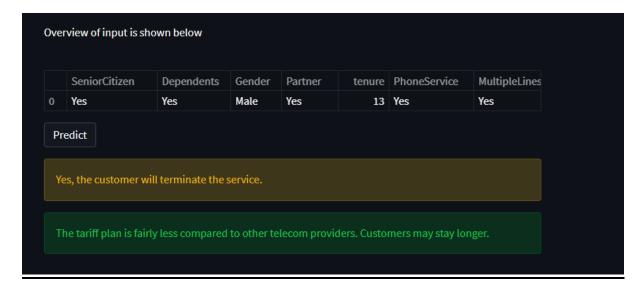
Dependent:

Yes

Gender:



Services signed up for	
Does the customer have multiple lines	
Yes	•
Phone Service:	
Yes	•
Does the customer have internet service	
DSL	•
Does the customer have online security	
Yes	-
Does the customer have online backup	
Yes	•
Does the customer have technology support	
Yes	-
Does the customer stream TV	
Yes	•
Does the customer stream movies	
Yes	•



CONCLUSION:

Having researched about the telecom customer churn problem, the factors which mostly influence the customer to churn have been identified with python. Every factor has been depicted with its influence on the churn with a graph. More crucial data like comparison of average fee per month for the telecom sector vs the fee for XYZ company turned out to be beneficial. I would like to do further research on this data and would build a improved model if possible. The streamlit based webapp has been trained with the same model and can be used to predict the customer churn with a set of inputs.

REFERENCES:

- P. K. Dalvi, S. K. Khandge, A. Deomore, A. Bankar and V. A. Kanade, "Analysis of customer churn prediction in telecom industry using decision trees and logistic regression," 2016 Symposium on Colossal Data Analysis and Networking (CDAN), 2016, pp. 1-4, doi: 10.1109/CDAN.2016.7570883.
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