





Batch details	PGPDSE-FT Offline BLR April22
Team members	Rahul Patil
	Rajath J K
	Maheshreddy P
	Ganesh M
	Devan Thampi S P
Domain of Project	Retail
Proposed project title	Telecom Churn
Group Number	5
Team Leader	Rahul Patil
Mentor Name	Mr. Jayveer Nanda



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PROJECT DETAILS

Overview

The telecommunication sector has become one of the main industries in developed countries. The technical progress and the increasing number of operators have raised the level of competition. Companies are working hard to survive in this competitive market depending on multiple strategies.

Customer churn is a considerable concern in service sectors with highly competitive services. On the other hand, predicting the customers who are likely to leave the company will represent potentially large additional revenue source if it is done in the early phase.

Industry Review

Introduction to domain:

Telecommunications are the means of electronic transmission of information over distances. The information may be in the form of telephone calls, data, text, images, or video. Today, telecommunications are used to organize more or less remote computer systems into telecommunications networks.

Nowadays, telecom industry faces fierce competition in satisfying its customers. The role of churn prediction system is not only restricted to accurately predict churners but also to interpret customer churn behavior.

To stay competitive, TELCOMs must continuously refine everything from customer service to plan pricing and use the power of highly targeted data analytics in helping the company secure or improve their standing in the highly competitive marketplace.



Impact in Business:

Telecommunications is an important tool for businesses. It enables companies to communicate effectively with customers and deliver high standards of customer service. Telecommunications is a key element in allowing employees to collaborate easily from wherever they are located, remote or local.

Telecommunications affects how people connect and do business on a global scale. For businesses, in particular, reliable and timely communication is the lifeblood of your company's brand reputation, productivity, and overall success.

Problem Statement:

Customer churn is a major problem and one of the most important concerns for large companies. Due to the direct effect on the revenue of the companies, especially in the telecom field, companies are seeking to develop means to predict potential customer to churn. Therefore, finding factors that increase customer churn is important to take necessary actions to reduce this churn.



Dataset Information:

Target Variable:

FEATURE	DATA TYPE	DESCRIPTION
CHURN	Object	Detecting which customers are likely to leave a service or to cancel a subscription to a service

Features Understanding:

Feature	DATA	Description
	TYPE	
Customer ID	Integer	Primary key of the record.
Churn	Object	Detecting which customers are likely to leave a service or to
		cancel a subscription to a service
Monthly	Float	Revenue of each Customer
Revenue		
Monthly	Float	Number of Minutes call spoken by Customer
Minutes		
Total Recurring	Float	The Charges for the Service
Charge		
Director	Float	When we call an operator to request a telephone number
Assisted Calls		
Overage	Float	Count of Call used over duration to particular post-paid cell
Minutes		phone plan
Roaming Calls	Float	The ability to get access to the Internet when away from home
		at the price of a local call or at a charge considerably less than
		the regular long-distance charges.
Three-way	Float	A way of adding a third party to your conversation without the
Calls		assistance of a telephone operator.
Dropped Calls	Float	Count of Phone calls gets disconnected somehow from the



		cellular network.
Blocked Calls	Float	Count of Telephone call that is unable to connect to an
		intended recipient.
Un-answered	Float	Count of Calling that an individual perceives but is not
Calls		currently pursuing.

Received Calls	Float	Number of calls received by the customer.		
Out bound Calls Float		Call initiated by the call centre agent to customer on behalf of		
		client to know the target customer behaviour and needs.		
Inbound Calls	Float	In inbound calls, call-centre or customer-care receives call from		
		customer with issues and questions.		
Peak Calls in	Float	Amount of time period with fewer calls than are handled in a		
Out		busy period.		
Call Forwarding	Float	Count of Calls Forwarded by user.		
Calls				
Dropped	Float	Number of VM messages customer currently has on the server.		
Blocked Calls				
Call Waiting	Float	Duration of call-in waiting period		
Calls				
Months In	Integer	Number of months customer using service.		
Service				
Unique Subs	Integer	subscription of different networks		
Active Subs	Integer	subscription of the networks that are active or in usage.		
Service Area Object		Network service area		
Handsets Integer		Count of Handset with user		
Handset Models	Float	Count of Handsets are used to Contact one to one.		



Feature name Data Type		Description			
Age HH1	Float	User aged below 45			
Age HH2	Float	User aged above 45			
Children in HH	Integer	Whether there are Children in House hold			
Handset Refurbished	Object	Are the handsets refurbished or not			
Handset Web Capable	Object	Are the handsets capable of internet connectivity			
Truck Owner	Object	Is the user a Truck Owner			
RV Owner	Object	Is the user an RV owner			
Home Ownership	Object	Is the house the user is staying, his own			
Buys Visa Mail Order	Object	Does the user buy Visa Mail order			
Responds to Mail Offers	Object	Does the user respond to Mail offers			
Opt-out Mailings	Object	Did he opt out of the mail offers sent to him			
Non-US-Travel	Object	Does the user travel to other countries			
Owns-Computer	Object	Does he have a computer or not			
Has-Credit Card	Object	Does he have a credit card or not			
Retention Calls	Integer	No of Retention Calls			
Retention Offers Accepted	Integer	Customers accepting retaining the retaining offers given by the company.			
New Cell phone User	Object	Number of customers buying new cell phone.			
Not New cell phone User	Object	Number of customers uses existing cell phone			
Referrals Made by Subscriber	Integer	Referrals made by the existing customer to the other customer.			
Income Group	Integer	The column talks about the customer saying to which category the customer belongs to.			
Adjustments To Credit Rating	Integer	Rating Scale			



Handset Price	Object	Its amount paid by the customer for his cell phone.
Made call to retention team	Object	User call to Retention in same company
Credit Rating	Object	Credit card user rating (out of 7)
PrimzCode	object	Grouping of regions according to users
Occupation	Object	Occupation of User
Marital status	Object	Marital Status Indicated by Yes/No/Unknown

Dataset Information:

Data is taken from Kaggle (Telecom(churn))

No. of features: 56

No. of records: 51047

Target Column: churn

Redundant columns: Service area, Customer Id.

Understanding the Data:

Checking Shape of Data:

```
# use 'shape' to check the dimension of data
df1.shape
```

(51047, 56)



DATA EXPLORATION (EDA)

Summary of Dataset:

1 df1.describe().T

	count	mean	std	min	25%	50%	75%	max
MonthlyRevenue	50891.000000	58.834492	44.507336	-6.170000	33.610000	48.460000	71.065000	1223.380000
MonthlyMinutes	50891.000000	525.653416	529.871063	0.000000	158.000000	366.000000	723.000000	7359.000000
TotalRecurringCharge	50891.000000	46.830088	23.848871	-11.000000	30.000000	45.000000	60.000000	400.000000
DirectorAssistedCalls	50891.000000	0.895229	2.228546	0.000000	0.000000	0.250000	0.990000	159.390000
OverageMinutes	50891.000000	40.027785	96.588076	0.000000	0.000000	3.000000	41.000000	4321.000000
RoamingCalls	50891.000000	1.236244	9.818294	0.000000	0.000000	0.000000	0.300000	1112.400000
PercChangeMinutes	50680.000000	-11.547908	257.514772	-3875.000000	-83.000000	-5.000000	66.000000	5192.000000
PercChangeRevenues	50680.000000	-1.191985	39.574915	-1107.700000	-7.100000	-0.300000	1.600000	2483.500000
DroppedCalls	51047.000000	6.011489	9.043955	0.000000	0.700000	3.000000	7.700000	221.700000
BlockedCalls	51047.000000	4.085672	10.946905	0.000000	0.000000	1.000000	3.700000	384.300000
UnansweredCalls	51047.000000	28.288981	38.876194	0.000000	5.300000	16.300000	36.300000	848.700000
CustomerCareCalls	51047.000000	1.868999	5.096138	0.000000	0.000000	0.000000	1.700000	327.300000
ThreewayCalls	51047.000000	0.298838	1.168277	0.000000	0.000000	0.000000	0.300000	66.000000
ReceivedCalls	51047.000000	114.800121	166.485896	0.000000	8.300000	52.800000	153.500000	2692.400000
OutboundCalls	51047.000000	25.377715	35.209147	0.000000	3.300000	13.700000	34.000000	644.300000
InboundCalls	51047.000000	8.178104	16.665878	0.000000	0.000000	2.000000	9.300000	519.300000
PeakCallsInOut	51047.000000	90.549515	104.947470	0.000000	23.000000	62.000000	121.300000	2090.700000
OffPeakCallsInOut	51047.000000	67.650790	92.752699	0.000000	11.000000	35.700000	88.700000	1474.700000
DroppedBlockedCalls	51047.000000	10.158003	15.555284	0.000000	1.700000	5.300000	12.300000	411.700000
CallForwardingCalls	51047.000000	0.012277	0.594168	0.000000	0.000000	0.000000	0.000000	81.300000
CallWaitingCalls	51047.000000	1.840504	5.585129	0.000000	0.000000	0.300000	1.300000	212.700000
MonthsinService	51047.000000	18.756264	9.800138	6.000000	11.000000	16.000000	24.000000	61.000000
UniqueSubs	51047.000000	1.532157	1.223384	1.000000	1.000000	1.000000	2.000000	196.000000
ActiveSubs	51047.000000	1.354340	0.675477	0.000000	1.000000	1.000000	2.000000	53.000000
Handsets	51046.000000	1.805646	1.331173	1.000000	1.000000	1.000000	2.000000	24.000000
HandsetModels	51046.000000	1.558751	0.905932	1.000000	1.000000	1.000000	2.000000	15.000000
CurrentEquipmentDays	51046.000000	380.545841	253.801982	-5.000000	205.000000	329.000000	515.000000	1812.000000
AgeHH1	50138.000000	31.338127	22.094635	0.000000	0.000000	36.000000	48.000000	99.000000
AgeHH2	50138.000000	21.144142	23.931368	0.000000	0.000000	0.000000	42.000000	99.000000
RetentionCalls	51047.000000	0.037201	0.206483	0.000000	0.000000	0.000000	0.000000	4.000000
RetentionOffersAccepted	51047.000000	0.018277	0.142458	0.000000	0.000000	0.000000	0.000000	3.000000
ReferralsMadeBySubscriber	51047.000000	0.052070	0.307592	0.000000	0.000000	0.000000	0.000000	35.000000
IncomeGroup	51047.000000	4.324524	3.138236	0.000000	0.000000	5.000000	7.000000	9.000000
AdjustmentsToCreditRating	51047.000000	0.053911	0.383147	0.000000	0.000000	0.000000	0.000000	25.000000



Interpretation:

- 1. Count of all features are not equal so we can say that there are missing values in the Dataset.
- 2. The difference Between mean and median of each variable is more, so we can say that data is not normally distributed.
- 3. The difference Between min and max of each variable is more, so we can say that Some of the features also contains potential outliers.

Check the Data Type:

Check the data type of each variable. If the data type is not as per the data definition, change the data type.

Churn MonthlyRevenue MonthlyMinutes TotalRecurringCharge DirectorAssistedCalls OverageMinutes RoamingCalls PercChangeMinutes PercChangeRevenues DroppedCalls BlockedCalls UnansweredCalls CustomerCareCalls ThreewayCalls ReceivedCalls OutboundCalls InboundCalls InboundCalls InboundCalls CallForwardingCalls CallWaitingCalls CallWaitingCalls MonthsInService UniqueSubs ActiveSubs Handsets HandsetModels CurrentEquipmentDays AgeHH1 AgeHH2	object float64	HandsetRefurbished HandsetWebCapable TruckOwner RVOwner Homeownership BuysViaMailOrder RespondsToMailOffers OptOutMailings NonUSTravel OwnsComputer HasCreditCard RetentionCalls RetentionOffersAccepted NewCellphoneUser NotNewCellphoneUser ReferralsMadeBySubscriber IncomeGroup OwnsMotorcycle AdjustmentsToCreditRating HandsetPrice MadeCallToRetentionTeam CreditRating PrizmCode Occupation MaritalStatus dtype: object	object object object object object object object object object int64 int64 object int64 object



Recheck the Data type and conversions:

```
df1['HandsetPrice'] = df1['HandsetPrice'].str.replace('Unknown','500')

# # convert numerical variables to categorical (object)
# use astype() to change the data type

# change the data type of 'HandsetPrice'
df1['HandsetPrice'] = df1['HandsetPrice'].astype(int)

## Cleaning Categorical Columns

## Cleaning Categorical Columns

df1['HandsetPrice'] = df1['HandsetPrice'].replace({500:np.nan})

df1['HandsetPrice'].isnull().sum()

28990

from sklearn.impute import KNNImputer
imputer = KNNImputer(n_neighbors=5)
df1['HandsetPrice'] = imputer.fit_transform(df1[['HandsetPrice']])

df1['HandsetPrice'].isnull().sum()
```

Data Cleaning

Duplicate Values Check:

```
#checking for duplicate values
print(df12.duplicated().sum())
print(' ')
print(f'Dataset have {df1.duplicated().sum()} duplicate values.')
```

0

Dataset have 0 duplicate values.



Missing Values Treatment:

Missing values plays a prominent role in the dataset. Generally, we can drop the columns or rows depending the percentage of missing values. We can also replace the missing values with optimum values. In order to perform such operations, we will first look into the overall missing values in each column using the below python code.

```
#checking missing values in the dataset
null_col=df1.columns[df1.isna().any()].to_list()
null_count=df1[null_col].isna().sum()
null_count_percent=(df1[null_col].isna().sum()/len(df1))*100
#creating a Dataframe of null count and null percent
null_data=pd.DataFrame({'Count':null_count,'Percentage':null_count_percent}).sort_values(by='Percentage',ascending=F null_data.style.highlight_max(color = 'SkyBlue', subset = ['Count','Percentage'])
```

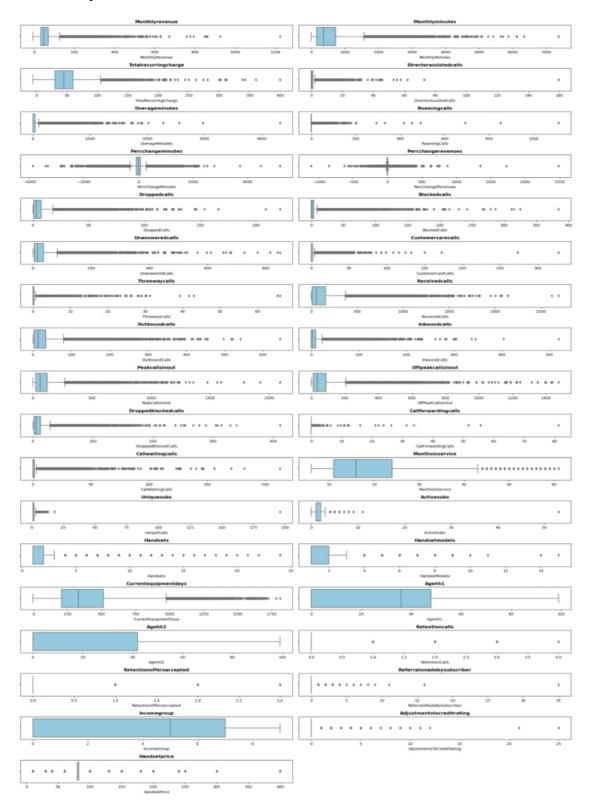
	Count	Percentage
AgeHH1	909	1.780712
AgeHH2	909	1.780712
PercChangeMinutes	367	0.718945
PercChangeRevenues	367	0.718945
MonthlyRevenue	156	0.305601
MonthlyMinutes	156	0.305601
TotalRecurringCharge	156	0.305601
DirectorAssistedCalls	156	0.305601
OverageMinutes	156	0.305601
RoamingCalls	156	0.305601
Handsets	1	0.001959
HandsetModels	1	0.001959
CurrentEquipmentDays	1	0.001959

Let us now consider each variable separately for missing value treatment.





Outlier Analysis:





Inference: By Visualizing above boxplot, we can see that all the Features have potential outliers and some features there are extreme values as well.

Outliers: Outliers is an observation which deviates so much from the other observations, that it become suspicious that it was generated by different mechanism or simply by error

Extreme Values: Extreme Values is an observation with value at the boundaries of the domain

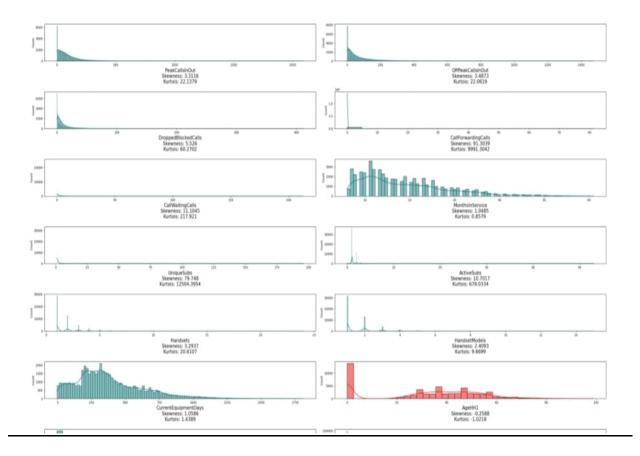
Reason for outliers exist in the data:

- 1. Variability in the Data
- 2. An experimental measurement errors

Impact of outliers on Dataset:

- 1. It causes various problem during statistical analysis.
- 2. It effects the mean and standard deviation.

Skewness Before Transformation:

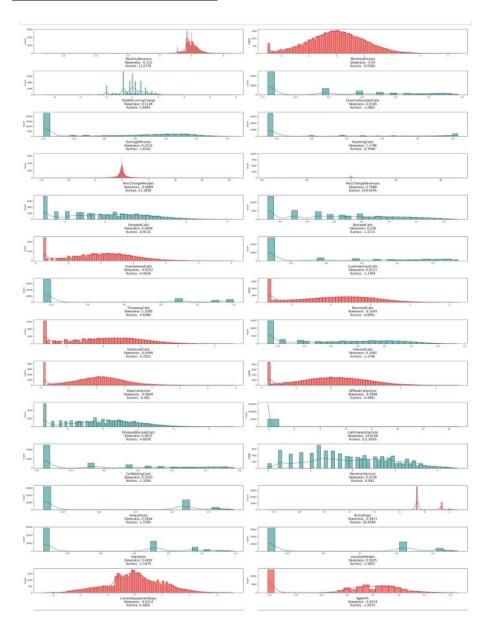


Inference: Here by visualizing dist plot we can see that the Features plotted in Teal colour are positively skewed and Features plotted in red colour are Negatively Skewed.



--: To reduce the impact of skewness we can use various transformation techniques here we are using box cox transformation

Skewness After Transformation:



Inference: Here by visualizing dist plot we can observe that there is a reduction of skewness after Transformation.

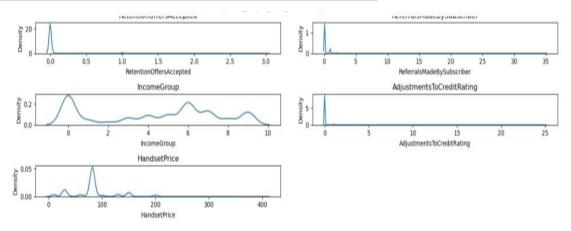


Descriptive Analysis (EDA)

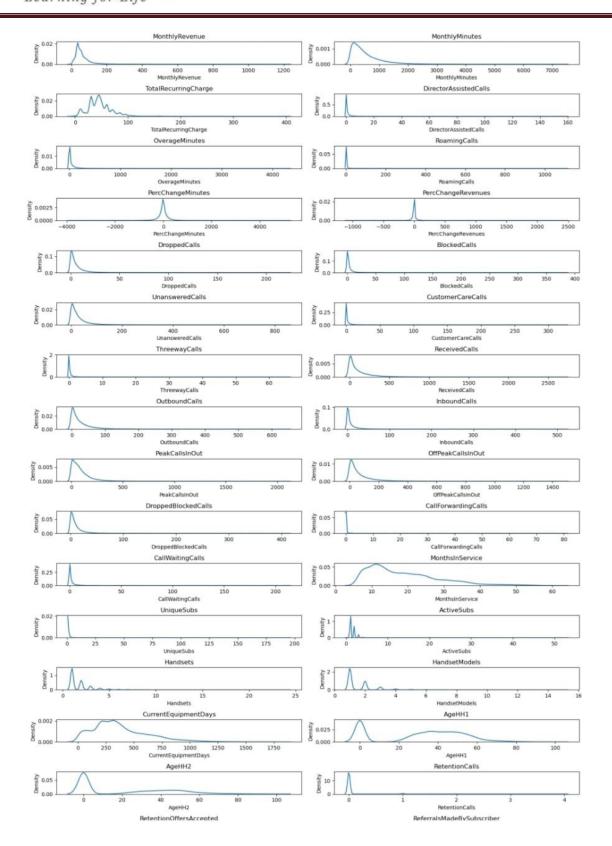
Univariate Analysis:

Numerical Columns Visualization:

```
# Kde Plot for Numerical features
 2
 3
   plt.figure(figsize=(15,25),dpi=100)
 4
   n=1
 5
   for i in df_num:
        plot=plt.subplot(18,2,n)
 6
 7
        n+=1
 8
        plt.title(i)
 9
        sns.kdeplot(data=df1[i])
        plt.tight_layout()
10
        annot_percent(plot)
11
```



greatlearning Learning for Life



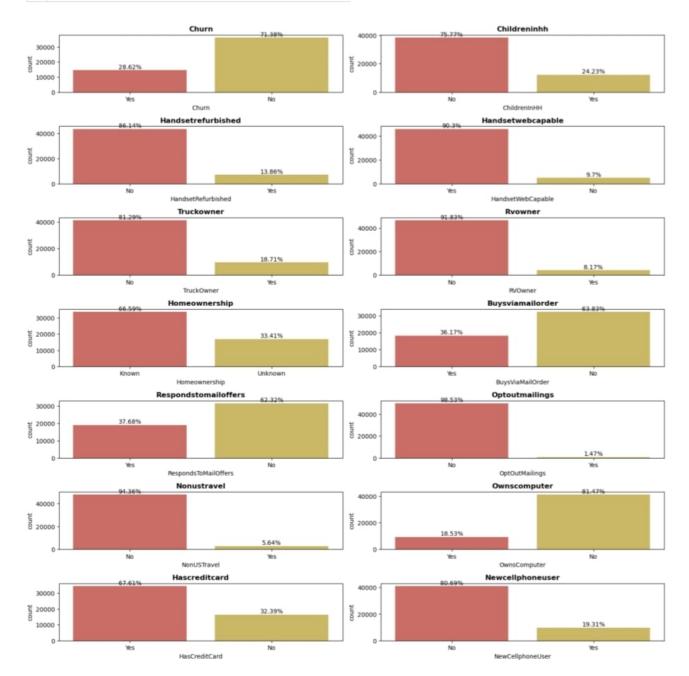


Categorical Columns Visualization:

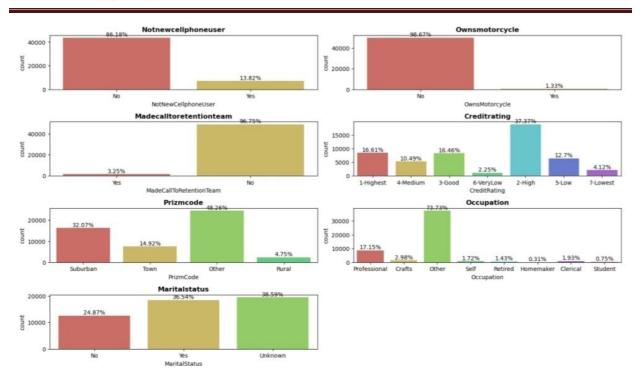
```
#plotting countplot for some categorical variable

plt.figure(figsize=(15,25),dpi=100)
    n=1

for i in df_cat:
    plot=plt.subplot(12,2,n)
    n+=1
    sns.countplot(df1[i],palette=sns.color_palette("hls", 8))
    plt.title(f'{i.title()}',weight='bold')
    plt.tight_layout()
    annot_percent(plot)
```



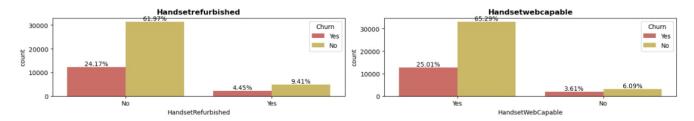




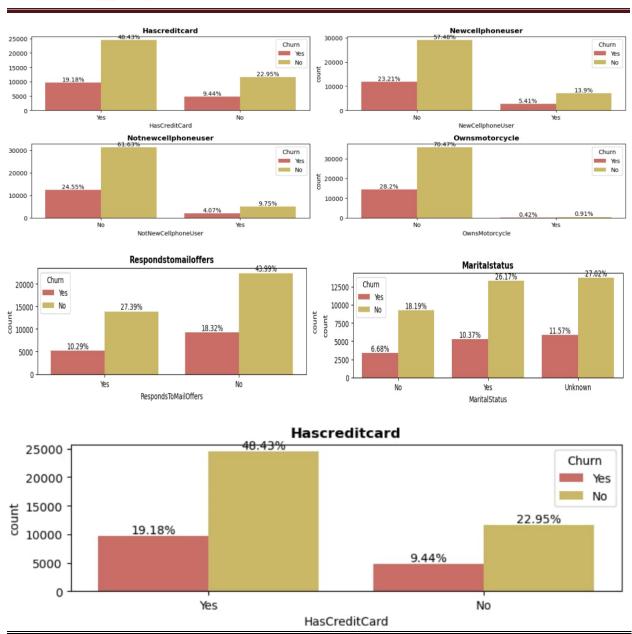
Observations:

- 1) Churn Over 28 percent of people in the data have churned.
- 2) Handsetwebcapable More than 90 percent of the people in the data have internet support on their phone.
- 3) More than 65 percent of them don't have a credit card
- 4) Less than 2 percent of them own a motorcycle
- 5) More than half of the people's handset price is unknown
- 6) Over 70 percent of the data has occupations other than the ones mentioned.
- 7) Martial status of 60 percent of the data is known out of which, 25 percent are not married. The rest are unknown.

Bivariate Analysis:





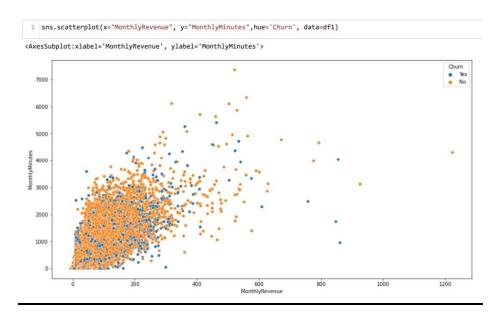


observation:

- 1. In Handset web capability over 25% of people who have churned has more than 90% of Internet capability on their phone.
- 2. Less than 6% of people who own new phone have churned.
- 3. Data shows that people who have Credit Cards are more likely to Churn
- 4. Marital Status of people churning is independent
- 5. People who have responded mail offer are less likely to churn

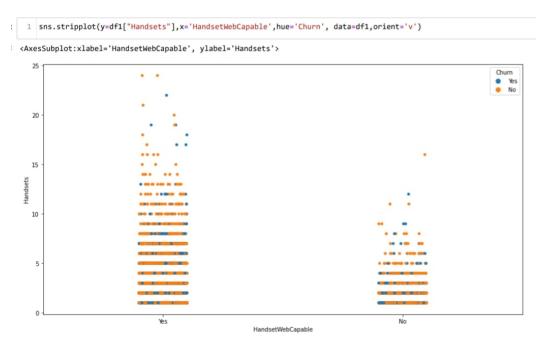


Multivariate Analysis:



Observation:

According to plot, as Monthly Revenue Increases, then number of Monthly Minutes increases, but we could not draw any conclusion on churn.



Observation:

As the number of handset Increases, with this certain percentage peoples are more likely to churn.



Statistics (Stats)

	Feature	Statistical Test	P-Value	Inference
0	MonthlyRevenue	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
1	MonthlyMinutes	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
2	TotalRecurringCharge	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
3	DirectorAssistedCalls	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
4	OverageMinutes	kruskal wallis test	0.000009	Dependent numerical variable found after H-tes
5	RoamingCalls	kruskal wallis test	0.922785	Independent numerical variable found after H-t
6	PercChangeMinutes	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
7	PercChangeRevenues	kruskal wallis test	0.308102	Independent numerical variable found after H-t
8	DroppedCalls	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
9	BlockedCalls	kruskal wallis test	0.000650	Dependent numerical variable found after H-tes
10	UnansweredCalls	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
11	CustomerCareCalls	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
12	ThreewayCalls	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
13	ReceivedCalls	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
14	OutboundCalls	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
15	InboundCalls	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
16	PeakCallsInOut	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
17	OffPeakCallsInOut	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
18	DroppedBlockedCalls	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
19	CallForwardingCalls	kruskal wallis test	0.311887	Independent numerical variable found after H-t
20	CallWaitingCalls	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
21	MonthsInService	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
22	UniqueSubs	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
23	ActiveSubs	kruskal wallis test	0.000003	Dependent numerical variable found after H-tes
24	Handsets	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
25	HandsetModels	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
26	CurrentEquipmentDays	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
27	AgeHH1	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
28	AgeHH2	kruskal wallis test	0.000383	Dependent numerical variable found after H-tes
29	RetentionCalls	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
30	RetentionOffersAccepted	kruskal wallis test	0.000000	Dependent numerical variable found after H-tes
31	ReferralsMadeBySubscriber	kruskal wallis test	0.024863	Dependent numerical variable found after H-tes
32	IncomeGroup	kruskal wallis test	0.026027	Dependent numerical variable found after H-tes
33	AdjustmentsToCreditRating	kruskal wallis test	0.000646	Dependent numerical variable found after H-tes
34	HandsetPrice	kruskal wallis test	0.242433	Independent numerical variable found after H-t
35	ChildrenInHH	Chi-Square Test for Independence	0.030195	Dependent categorical variable found after Chi
36	HandsetRefurbished	Chi-Square Test for Independence	0.000000	Dependent categorical variable found after Chi
37	HandsetWebCapable	Chi-Square Test for Independence	0.000000	Dependent categorical variable found after Chi
38	TruckOwner	Chi-Square Test for Independence	0.324832	Independent categorical variable found after C
39	RVOwner	Chi-Square Test for Independence	0.500851	Independent categorical variable found after C
40	Homeownership	Chi-Square Test for Independence	0.004931	Dependent categorical variable found after Chi



	Feature	Statistical Test	P-Value	Inference
41	BuysViaMailOrder	Chi-Square Test for Independence	0.000002	Dependent categorical variable found after Chi
42	RespondsToMailOffers	Chi-Square Test for Independence	0.000000	Dependent categorical variable found after Chi
43	OptOutMailings	Chi-Square Test for Independence	0.837419	Independent categorical variable found after C
44	NonUSTravel	Chi-Square Test for Independence	0.562279	Independent categorical variable found after C
45	OwnsComputer	Chi-Square Test for Independence	0.810924	Independent categorical variable found after C
46	HasCreditCard	Chi-Square Test for Independence	0.071275	Independent categorical variable found after C
47	NewCellphoneUser	Chi-Square Test for Independence	0.141394	Independent categorical variable found after C
48	NotNewCellphoneUser	Chi-Square Test for Independence	0.106749	Independent categorical variable found after C
49	OwnsMotorcycle	Chi-Square Test for Independence	0.089071	Independent categorical variable found after C
50	MadeCallToRetentionTeam	Chi-Square Test for Independence	0.000000	Dependent categorical variable found after Chi
51	CreditRating	Chi-Square Test for Independence	0.000000	Dependent categorical variable found after Chi
52	PrizmCode	Chi-Square Test for Independence	0.000295	Dependent categorical variable found after Chi
53	Occupation	Chi-Square Test for Independence	0.253384	Independent categorical variable found after C
54	MaritalStatus	Chi-Square Test for Independence	0.000000	Dependent categorical variable found after Chi

We have used Chi-Square Test for Independence to test whether the categorical variables are independent or not.

H0: The variables are independent.

*H*1: The variables are not independent (i.e., variables are dependent).

We have used Jarque-bera test to check the normality of data

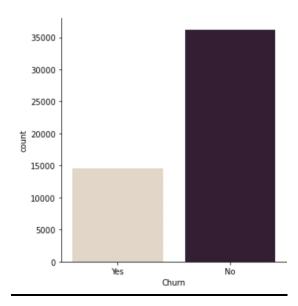
H0: The data is normally distributed.

*H*1: The data is not normally distributed.

We found that data is not normal therefore we use Kruskal Wallis test to check its dependency on the target variable



Class Imbalance and its Treatment:



Here we can see that our target variable is too imbalanced, and to treat that we are going to use oversampling techniques like smote.

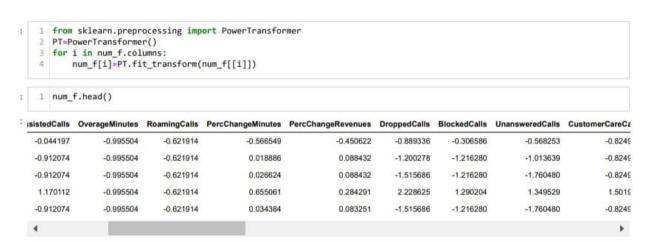
Check of Multicollinearity:

	VIF_Factor	Features			
0	375.668313	DroppedBlockedCalls	16	6.288748	ReceivedCalls
1	151.715484	BlockedCalls	17	5.418122	OutboundCalls
_			18	4.915661	IncomeGroup
2	131.663762	DroppedCalls	19	4.809451	HandsetPrice
3	30.821246	MonthlyRevenue	20	4.015448	UnansweredCalls
4	20.151614	HandsetModels	21	3.214218	AgeHH2
5	18.863594	TotalRecurringCharge	22	3.188755	InboundCalls
6	14.101876	Handsets	23	2.729470	CallWaitingCalls
7	13.184124	MonthsInService	24	2.350160	RetentionCalls
			25	2.308168	RetentionOffersAccepted
8	12.337600	MonthlyMinutes	26	1.635248	PercChangeMinutes
9	11.787734	ActiveSubs	27	1.626432	RoamingCalls
10	7.843933	OffPeakCallsInOut	28	1.621602	PeroChangeRevenues
11	7.803766	PeakCallsInOut	29	1.558542	DirectorAssistedCalls
12	7.791593	OverageMinutes	30	1.517198	CustomerCareCalls
13	7.023598	CurrentEquipmentDays	31	1.265618	ThreewayCalls
			32	1.089253	AdjustmentsToCreditRating
14	6.931251	AgeHH1	33	1.041547	ReferralsMadeBySubscriber
15	6.433891	UniqueSubs	34	1.002325	CallForwardingCalls



Transformation:

Transformation is a process that can be used to change the scale of the original data to get more accurate results. We used Power transformation, as we can see that there is large number of outliers present so we use Yeo-Johnson transformation technique to reduce the outliers and make the data more normally distributed.





Logistic Regression (Base Model)

Build a full logistic model on a training dataset.

```
# build the model on train data (x_train and y_train)
# use fit() to fit the logistic regression model
logreg = sm.Logit(y_train,x_train).fit()

# print the summary of the model
print(logreg.summary())
```

Logit Regression Results

Dep. Variable:	Churn	No. Observations:	35475
Model:	Logit	Df Residuals:	35415
Method:	MLE	Df Model:	59
Date:	Thu, 11 Aug 2022	Pseudo R-squ.:	0.03456
Time:	16:19:23	Log-Likelihood:	-20526.
converged:	False	LL-Null:	-21261.
Covariance Type:	nonrobust	LLR p-value:	2.191e-268

Interpretation: The Pseudo R-squ. obtained from the above model summary is the value of McFadden's R-squared. This value can be obtained from the formula:

McFadden's R-squared = 1-(Log-Likelihood/LL-Null)

Where.

Log-Likelihood: It is the maximum value of the log-likelihood function

LL-Null: It is the maximum value of the log-likelihood function for the model containing only the intercept

1. The LLR p-value is less than 0.05, implies that the model is significant.

Cox & Snell R-squared: The convergence of the logistic model can be determined by the R-squared value. It is one of the types of Pseudo R-square.

2. The maximum of Cox & Snell R-squared is always less than 1. By above model Cox & Snell R-squared is less than 1 i.e. (0.03456).

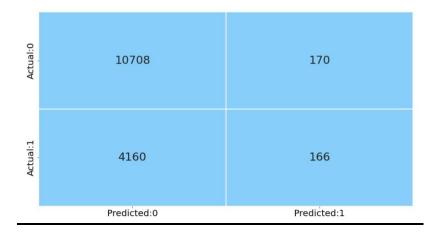
The AIC (Akaike Information Criterion) value:

It is a relative measure of model evaluation. It gives a trade-off between model accuracy and model complexity.

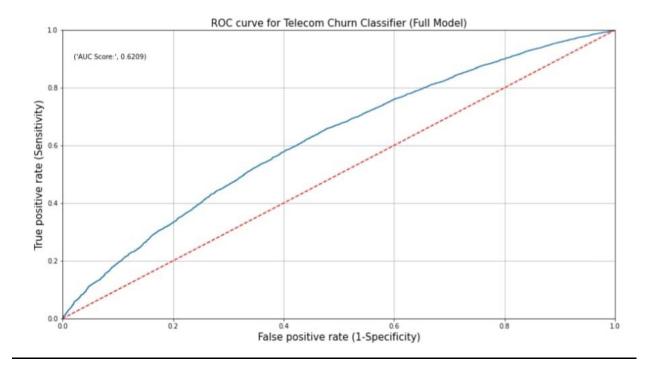
AIC: 41172.911



Confusion Matrix:



ROC Curve:



Inference:

- The red dotted line represents the ROC curve of a pure random classifier; a good classifier stays as far away from that line as possible (towards top-left corner).
- From the above plot, we can see that our classifier (logistic regression) is away from the dotted line; with the AUC score 0.6209.



Classification Report:

	precision	recall	f1-score	support	
0 1	0.72 0.49	0.98 0.04	0.83 0.07	10878 4326	
accuracy macro avg weighted avg	0.61 0.66	0.51 0.72	0.72 0.45 0.62	15204 15204 15204	

Interpretation:

From the above output, we can infer that the recall of the positive class is known as sensitivity and the recall of the negative class is specificity.

support is the number of observations in the corresponding class.

The macro average in the output is obtained by averaging the unweighted mean per label and the weighted average is given by averaging the support-weighted mean per label.

Score Card for Logistic Regression:

	Probability Cutoff	AUC Score	Precision Score	Recall Score	Accuracy Score	Kappa Score	f1-score
0	0.100000	0.620859	0.285081	0.995608	0.288345	0.001535	0.443244
1	0.200000	0.620859	0.308895	0.899908	0.398645	0.062941	0.459921
2	0.300000	0.620859	0.371621	0.536986	0.609905	0.155104	0.439255
3	0.400000	0.620859	0.438914	0.179380	0.701263	0.107294	0.254677
4	0.500000	0.620859	0.494048	0.038373	0.715207	0.031492	0.071214
5	0.600000	0.620859	0.625000	0.008091	0.716390	0.008766	0.015974
6	0.700000	0.620859	0.500000	0.000693	0.715470	0.000597	0.001385
7	0.800000	0.620859	0.000000	0.000000	0.715470	0.000000	0.000000
8	0.900000	0.620859	0.000000	0.000000	0.715470	0.000000	0.000000

<u>Interpretation:</u> The above data frame shows that, the model cutoff probability 0.6, returns the highest AUC score, f1-score, kappa score and accuracy.



Decision Tree

Build a full decision tree model on a train dataset using 'gini'.

```
# instantiate the 'DecisionTreeClassifier' object using 'gini' criterion

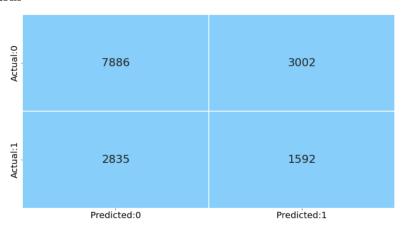
# pass the 'random_state' to obtain the same samples for each time you run the code

decision_tree_classification = DecisionTreeClassifier(criterion = 'gini', random_state = 10)

# fit the model using fit() on train data
decision_tree = decision_tree_classification.fit(x_train, y_train)
```

Model Performance: -

1. Confusion Matrix



2.Report: -

Calculate performance measures on the train set.

compute the performance measures on train data # call the function 'get_train_report' # pass the decision tree to the function train_report = get_train_report(decision_tree) # print the performance measures print(train_report) precision recall f1-score support

	precision	recall	f1-score	support
0 1	1.00 1.00	1.00 1.00	1.00 1.00	25448 10284
accuracy macro avg weighted avg	1.00 1.00	1.00	1.00 1.00 1.00	35732 35732 35732

Calculate performance measures on the test set.

1	# compute the performance measures on test data
2	# call the function 'get_test_report'
3	# pass the decision tree to the function
4	<pre>test_report = get_test_report(decision_tree)</pre>
5	
6	# print the performance measures
7	<pre>print(test_report)</pre>
	nrecision recall f1-score support

	precision	recall	f1-score	support
0	0.74	0.72	0.73	10888
1	0.35	0.36	0.35	4427
accuracy			0.62	15315
macro avg	0.54	0.54	0.54	15315
weighted avg	0.62	0.62	0.62	15315

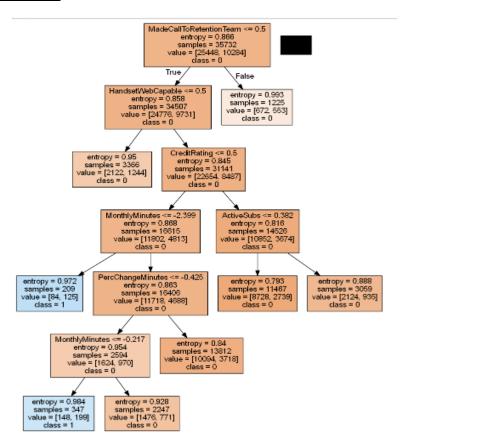


Inference: -

- From The above model, our train accuracy is 1 and test accuracy is 0.62, result is Overfitting
- As the model is over fitted, our false Negative and false Positive is inaccurate
- In the next step we tuned the Hyperparameters and rebuild the model.

Tune the Hyperparameters using GridSearchCV (Decision Tree)

Hyper Tuned Decision Tree:

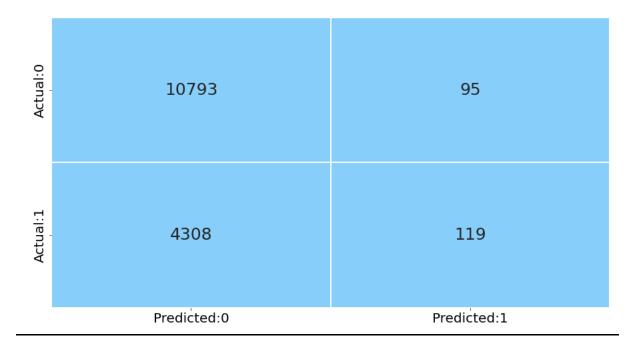




Model Performance after Tunning:

Classification	Report for precision		:: f1-score	support	Classification	Report for precision		f1-score	support
0	0.72	0.99	0.83	25448	0	0.71	0.99	0.83	10888
1	0.58	0.03	0.06	10284	1	0.56	0.03	0.05	4427
accuracy macro avg weighted avg	0.65 0.68	0.51 0.71	0.71 0.45 0.61	35732 35732 35732	accuracy macro avg weighted avg	0.64 0.67	0.51 0.71	0.71 0.44 0.61	15315 15315 15315

Confusion Matrix:



Inference: -

- The train and test Accuracy are comparable, which shows the reduction in overfitting.
- In this case the false negative and false positive values can be trusted and the FN value are quite High, but as our focus is on reduction of False negative values
- Typically, Random Forest classifier is more accurate than a single decision tree, we rebuild the model using the same to reduce the FN and increase the accuracy.

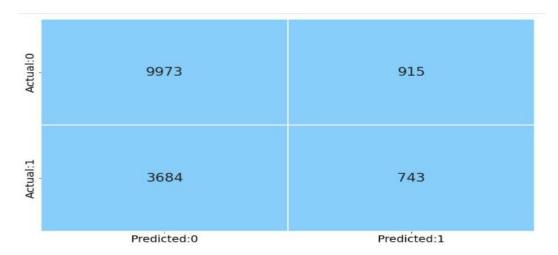


Random forest for classification

```
# instantiate the 'RandomForestClassifier'
# pass the required number of trees in the random forest to the parameter, 'n_estimators'
# pass the 'random_state' to obtain the same samples for each time you run the code
rf_classification = RandomForestClassifier(n_estimators = 15, random_state = 10)

# use fit() to fit the model on the train set
rf_model = rf_classification.fit(x_train, y_train)
```

Confusion matrix:



Report:

Calculate performance measures on the train set.

1 2 3 4 5 6 7	<pre># pass the random forest model to the function train_report = get_train_report(rf_model) # print the performace measures</pre>					
		precision	recall	f1-score	support	
	0	0.99	1.00	1.00	25448	
	1	1.00	0.98	0.99	10284	
	accuracy			0.99	35732	
1	macro avg	1.00	0.99	0.99	35732	
wei	ghted avg	0.99	0.99	0.99	35732	

Calculate performance measures on the test set.

1 2 3 4 5 6 7	# call the function 'get_test_report' # pass the random forest model to the function test_report = get_test_report(rf_model) # print the performace measures				
		precision	recall	f1-score	support
	0 1	0.73 0.45	0.92 0.17	0.81 0.24	10888 4427
	accuracy macro avg ghted avg	0.59 0.65	0.54 0.70	0.70 0.53 0.65	15315 15315 15315



Inferences:

- From The above model, our train accuracy is 0.99 and test accuracy is 0.70, result is Overfitting
- As the model is over fitted, our false Negative and false Positive is inaccurate
- In the next step we tuned the Hyperparameters and rebuild the model.

Tuned the Hyperparameters using GridSearchCV (Random Forest)

```
# get the best parameters
print('Best parameters for random forest classifier: ', rf_grid_model.best_params_, '\n')

Best parameters for random forest classifier: {'criterion': 'gini', 'max_depth': 10, 'max_features': 'sqrt', 'max_leaf_nodes': 11, 'min_samples_leaf': 5, 'min_samples_split': 2, 'n_estimators': 50}

CPU times: total: 2h 58min 37s
Wall time: 2h 59min 54s

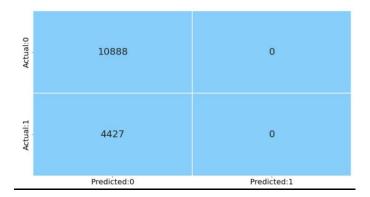
'criterion': 'gini', 'max_depth': 10, 'max_features': 'sqrt', 'max_leaf_nodes': 11, 'min_samples_leaf': 5, 'min_samples_split': 2, 'n_estimators': 50
```

Model performance after tuning:

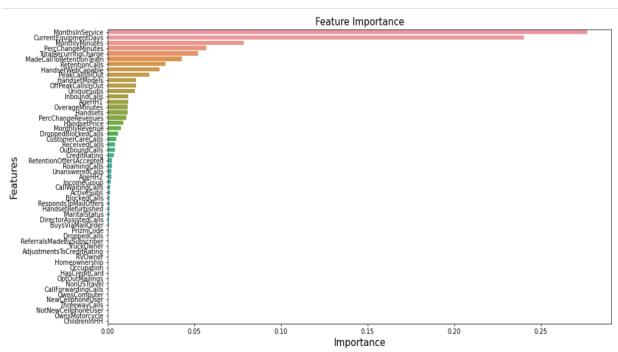
```
17 # print the performance measures for test set for the model with best parameters
 18 print('Classification Report for test set:\n', get_test_report(rf_model))
Classification Report for test set:
                precision
                             recall f1-score
                                                 support
           0
                    0.71
                                                  10888
                              1.00
                                         0.83
           1
                    0.00
                              0.00
                                         0.00
                                                   4427
    accuracy
                                         0.71
                                                  15315
   macro avg
                    0.36
                              0.50
                                         0.42
                                                  15315
weighted avg
                    0.51
                              0.71
                                         0.59
                                                  15315
 1 # print the performance measures for train set for the model with best parameters
 2 print('Classification Report for train set:\n', get_train_report(rf_model))
Classification Report for train set:
               precision
                            recall f1-score
                                               support
           0
                   0.71
                            1.00
                                       0.83
                                                25448
           1
                  1.00
                            0.00
                                       0.00
                                               10284
                                                35732
                                       0.71
    accuracy
   macro avg
                   0.86
                             9.50
                                       0.42
                                                35732
weighted avg
                                       0.59
                                                35732
                   0.80
                             0.71
```



Confusion matrix:



Feature importance:



The method feature-importance returns the value corresponding to each feature which is defined as the ratio of total decrease in Gini impurity across every tree in the forest where the feature is used to the total count of trees in the forest. This is also called as, Gini importance.



Tune the Hyperparameters using GridSearchCV (Random Forest) -2

```
# get the best parameters
print('Best parameters for random forest classifier: ', rf_grid_model.best_params_, '\n')

Best parameters for random forest classifier: {'criterion': 'gini', 'max_depth': 9, 'max_features': 'sqrt', 'max_leaf_nodes':
13, 'min_samples_leaf': 3, 'min_samples_split': 2, 'n_estimators': 54}

CPU times: total: 9h 38min 53s
Wall time: 9h 47min 31s

1    Best parameters for random forest classifier: {'criterion': 'gini', 'max_depth': 9, 'max_features': 'sqrt', 'max_leaf_nodes': 13, 'min_samples_leaf': 3, 'min_samples_split': 2, 'n_estimators': 54}

2    CPU times: total: 9h 38min 53s
Wall time: 9h 47min 31s
```

Model performance after tuning:

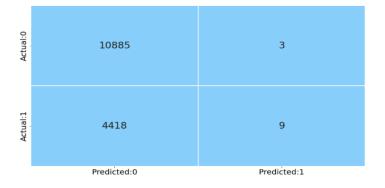
```
17 # print the performance measures for test set for the model with best parameters
18 print('Classification Report for test set:\n', get_test_report(rf_model))
Classification Report for test set:
              precision
                           recall f1-score
                                              support
          0
                  0.71
                            1.00
                                      0.83
                                               10888
                  0.75
                            0.00
          1
                                      0.00
                                                4427
                                      0.71
   accuracy
                                               15315
   macro avg
                  0.73
                            0.50
                                      0.42
                                               15315
weighted avg
                  0.72
                            0.71
                                      0.59
                                               15315
```

1	# print the performance measures for train set for the model with best parameters
2	<pre>print('Classification Report for train set:\n', get_train_report(rf_model))</pre>

Classification Report for train set:

	precision	recall	f1-score	support		
0	0.71	1.00	0.83	25448		
1	1.00	0.00	0.00	10284		
accuracy			0.71	35732		
macro avg	0.86	0.50	0.42	35732		
weighted avg	0.80	0.71	0.59	35732		

Confusion matrix:





Inference:

The train and test Accuracy are comparable, which shows the reduction in overfitting.

- In this case the false negative and false positive values can be trusted and the FN value are quite High, but as our focus is on reduction of False negative values
- Typically, Random Forest classifier is more accurate than a single decision tree, we rebuild the model using the same to reduce the FN and increase the accuracy.



Boosting

Boosting Methods:

The Ensemble technique considers multiple models for predicting the results. Bagging and Boosting are two of the types of ensembles. The bagging methods construct the multiple models in parallel; whereas, the boosting methods construct the models sequentially.

Earlier, we have studied one of the bagging (bootstrap aggregating) technique i.e., Random Forest.

The boosting method fits multiple weak classifiers to create a strong classifier. In this method, the model tries to correct the errors in the previous model. In this section, we learn some of the boosting methods such as AdaBoost, Gradient Boosting and Boost.

1 Gradient Boosting:

This method optimizes the differentiable loss function by building the number of weak learners (decision trees) sequentially. It considers the residuals from the previous model and fits the next model to the residuals. The algorithm uses a gradient descent method to minimize the error.

	precision	recall	f1-score	support
0	0.74	0.93	0.82	10888
1	0.51	0.18	0.27	4427
accuracy			0.71	15315
macro avg	0.62	0.56	0.55	15315
eighted avg	0.67	0.71	0.66	15315
· - · - · - · - · · · · · · · · ·	poost_model.podel.podel.score(X_			
2 gboost_m	odel.score(X			
2 gboost_mo	odel.score(X	_train,y_t	rain)	
2 gboost_mo	odel.score(X_ /14878 n_matrix(y_te	_train,y_t	rain)	

Inference:

• According to the train-test report, train value shows 98% and test value shows 71% from this we can say the model is overfitted.



2 AdaBoost:

Let us build the AdaBoost classifier with decision trees. The model creates several stumps (decision tree with only a single decision node and two leaf nodes) on the train set and predicts the class based on these weak learners (stumps). For the first model, it assigns equal weights to each sample. It assigns the higher weight for the wrongly predicted samples and lower weight for the correctly predicted samples. This method continues till all the observations are correctly classified or the predefined number of stumps is created.

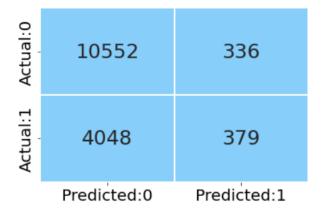
```
# instantiate the 'AdaBoostClassifier'
# n_estimators: number of estimators at which boosting is terminated
# pass the 'random_state' to obtain the same results for each code implementation
ada_model = AdaBoostClassifier(n_estimators = 40, random_state = 10)

# fit the model using fit() on train data
ada_model.fit(X_train, y_train)

AdaBoostClassifier

AdaBoostClassifier(n_estimators=40, random_state=10)
```

Confusion matrix:



Model Performance:

			precision	recall	f1-score	support		
		0	0.72	0.97	0.83	10888		
		1	0.53	0.09	0.15	4427		
		accuracy			0.71	15315		
	m	acro avg	0.63	0.53	0.49	15319		
	weig	hted avg	0.67	0.71	0.63	15315		
In [44]:				· -				
In [44]:	1 2	<pre>y_pred=ada_model.predict(X_test) ada model.score(X train,y train)</pre>						



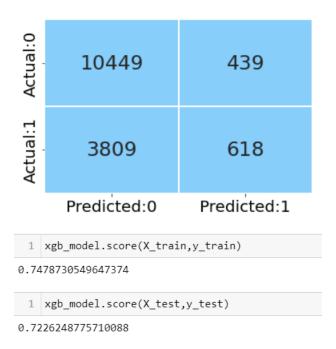
Inference:

- According to Adaboost report, the train-test report shows comparable values with each other.
- The model fit is good, but still need to improve the model by reducing the FN.

3. XGBoost:

XGBoost (extreme gradient boost) is an alternative form of gradient boosting method. This method generally considers the initial prediction as 0.5 and build the decision tree to predict the residuals. It considers the regularization parameter to avoid overfitting.

Model Performance:



Inference:

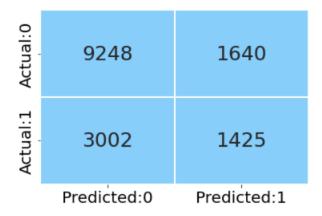
- According to XGBoost model report, we can observe that train-test values are good.
- Compared to previous models, the errors have been reduced.
- Compare to all the boosting methods this is best.



Stack Generalization:

```
1 %%time
    # consider the various algorithms as base learners
    base_learners = [('rf_model', RandomForestClassifier(criterion = 'entropy', max_depth = 10, max_features = 'sqrt', max_leaf_nodes = 8, min_samples_leaf = 5, min_samples_split = 2,
                                                             n_estimators = 50, random_state = 10)),
                       ('xgb_model',XGBClassifier(colsample_bytree= 1, gamma= 1, learning_rate= 0.2,
                                       max_depth=4, min_child_weight= 4, subsample= 1, tree_method= 'hist' )),
                       ('KNN_model', KNeighborsClassifier(n_neighbors = 17, metric = 'euclidean')),
                       ('NB_model', GaussianNB())]
 11 # initialize stacking classifier
 12 # pass the base learners to the parameter, 'estimators'
 13 # pass the Naive Bayes model as the 'final_estimator'/ meta model
 14 stack_model = StackingClassifier(estimators = base_learners, final_estimator = GaussianNB())
16 # fit the model on train dataset
17 stack_model.fit(X_train, y_train)
CPU times: total: 1min 3s
Wall time: 14.5 s
                                  StackingClassifier
          rf_model
                                xgb_model
                                                      KNN_model
                                                                          NB_model
  ▶ RandomForestClassifier
                             ▶ XGBClassifier ▶ KNeighborsClassifier
                                                                        ▶ GaussianNB
                                    final_estimator
                                     ▶ GaussianNB
```

Confusion Matrix:



Model Performance:

	precision	recall	f1-score	support		
0 1	0.75 0.46	0.85 0.32	0.80 0.38	10888 4427		
accuracy macro avg weighted avg	0.61 0.67	0.59 0.70	0.70 0.59 0.68	15315 15315 15315		

```
1  # train report
2  stack_model.score(X_train,y_train)
0.7287585357662599
```



Inference:

- According to stack Generalization report, we can observe that train test values are good.
- The model is good fit, type II errors are reduced by 807
- Compared to all the models built this model is the best model.

Limitations:

- The data which we have is highly imbalanced this might lead to inaccurate predictions.
- To enhance the data quality and to reduce errors we have transformed the data using power transformer, getting Business insights out of this would be difficult.
- To proceed with Feature Engineering, we need to have domain knowledge

Conclusion:

- At first, we dealt with the null value imputation and then we proceeded with Exploratory data analysis to analyse the univariant and bivariant features to understand why the customers are churning.
- As the data was not normal, we use non parametrical statistical test Kruskal Wallis test
- This test is used to check features are dependent or independent to Target variables.
- We have built various classification algorithms and final outcomes are as follows
- Compare to base logistic model, the overfitting is reduced and FN errors are reduced by nearly 32%
- Comparatively the recall value has been boosted from 4% to 32%
- Compare to base Decision model, the overfitting is reduced and FN errors are reduced by nearly 30%

	Train Set						Test Set								
ALGORITHMS	Remark	Recall		Precision		F1 S	Accuracy		Recall		Precision		F1 Score		Accuracy
		0	1	0	1	0	1	Accuracy	0	1	0	1	0	1	Accuracy
	Threashold as 0.5								0.98	0.04	0.72	0.49	0.83	0.07	0.71
Logistic Regresion	Using SMOTE with								0.00	0.25	0.74	0.40	0.70	0.21	0.00
	Threashold =0.6								0.86	0.25	0.74	0.42	0.79	0.31	0.68
Decision Tree	Overfit	1	1	1	1	1	1	1	0.72	0.36	0.74	0.35	0.73	0.35	0.71
Decision Tree	After Hyper tunning	0.99	0.03	0.72	0.58	0.83	0.06	0.71	0.99	0.03	0.71	0.56	0.83	0.05	0.71
Random Forest	Overfit (n-estimator=15)	1	0.98	0.99	1	1	0.99	0.99	0.92	0.17	0.7	0.45	0.81	0.24	0.7
Random Forest	After Hyper tunning	1	0	0.71	0	0.83	0	0.71	1	0	0.71	0.75	0.83	0	0.71
KNN	Only with numerical variables							0.72	0.87	0.22	0.73	0.39	0.79	0.28	0.68
XG Boost	max_depth = 10, gamma = 1							0.99	0.89	0.24	0.74	0.48	0.81	0.32	0.7
Stack Model	RandomForest,XGBoost,KNN_model,							0.70	0.05	0.22	0.75	0.46	0.0	0.20	0.7
Stack Model	Naīve Bayes							0.72	0.85	0.32	0.75	0.46	0.8	0.38	0.7



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