

Chapter 8.7

Classification of 3G Mobile Phone Customers

Ankur Jain

Inductis India Pvt. Ltd., India

Lalit Wangikar

Inductis India Pvt. Ltd., India

Martin Ahrens

Inductis India Pvt. Ltd., India

Ranjan Rao

Inductis India Pvt. Ltd., India

Suddha Sattwa Kundu

Inductis India Pvt. Ltd., India

Sutirtha Ghosh

Inductis India Pvt. Ltd., India

ABSTRACT

In this article we discuss how we have predicted the third generation (3G) customers using logistic regression analysis and statistical tools like Classification and Regression Tree (CART), Multivariate Adaptive Regression Splines (MARS), and other variables derived from the raw variables. The basic idea reflected in this paper is that the performance of logistic regression using raw variables standalone can be improved upon, by

the use for various functions of the raw variables and dummies representing potential segments of the population.

INTRODUCTION

An Asian telecommunication operator which has successfully launched a 3G mobile telecommunications network would like to make use of existing customer usage and demographic data

to identify which customers are likely to switch to using their 3G network.

The objective of this competition was to develop a prioritization mechanism that will accurately predict as many current 3G customers as possible from the “holdout” sample provided. It also involved identifying the profiles of 3G customers that can be used in identifying potential 3G customers among the existing second generation (2G) base.

The competition organizers were provided with a sample of 24,000 mobile phone subscribers, out of which customer type was provided for 18,000 subscribers, 15,000 being 2G and the rest 3G. Around 250 variables describing call and usage-related information was provided for all of the 18,000 subscribers. A holdout sample of another 6,000 subscribers was provided with the same set of variables, but without the 2G/3G flag. The task was to accurately predict as many 3G customers as possible from the holdout sample.

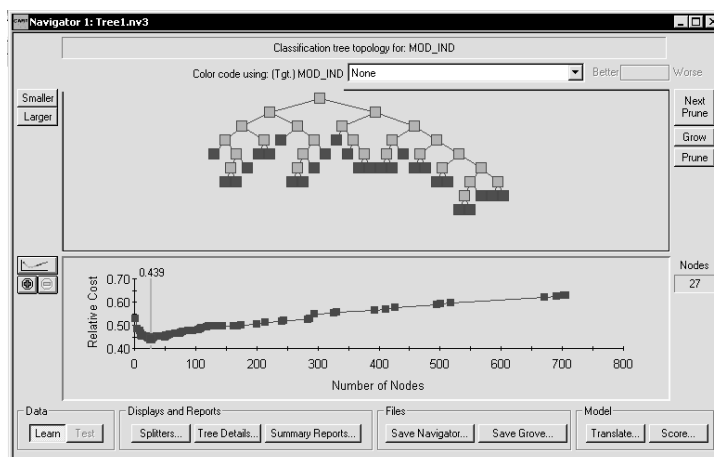
The organization of the article is as follows: We discuss the methodology approach taken and the modeling techniques used to develop the logistic model. Then we discuss the model results and the cutoff we have selected to generate the predictions. Finally, we discuss an alternative approach that we have tried.

METHODOLOGY APPROACH MODELING METHODOLOGY

The modeling approach used for determining the 3G customers is a combination of logistic regression, CART, MARS, and other derived variables. The CART and MARS are modeling tools of Salford Systems. This combination is an improvement over the logistic regression model with raw variables only. The potential segments of the population are identified by CART, and potential splines for various important variables obtained by MARS are used along with the other variables. Logistic regression is used as the dependent variable is dichotomous (reference Hosmer W. David, Stanley Lemeshow: Applied Logistic Regression, Wiley, New York (1989) Chapter 1 Pages 8-10, Chapter 2 Pages 25-29). In addition, we have selected specific segments of some of the raw variables, which have very high or low event rates.

The variables obtained from CART are indicators of potential segments of the population. By potential segments, we mean segments of population with very high or low event rates. These indicators are used in the logistic model as independent variables. MARS, on the other

Figure 1. A typical snapshot of a CART run



6 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/classification-mobile-phone-customers/9618

Related Content

Inter-Firm Collaboration and Electronic Business: Effects on Profitability in Finland

Pekka Tsupari and Petri Rouvinen (2005). *Advances in the Economics of Information Systems* (pp. 152-171). www.irma-international.org/chapter/inter-firm-collaboration-electronic-business/4913

Denmark: M-Commerce Experiences and Perspectives

Morten Rask (2006). *M-Commerce: Global Experiences and Perspectives* (pp. 46-71). www.irma-international.org/chapter/denmark-commerce-experiences-perspectives/25599

E-Commerce in the Publishing Industry: Trends, Consumer Preferences, and Outlook

Andrei Maxim and Alexandru Maxim (2016). *Encyclopedia of E-Commerce Development, Implementation, and Management* (pp. 1190-1201). www.irma-international.org/chapter/e-commerce-in-the-publishing-industry/149035

A Study of Cooperation Between Suppliers and E-Commerce Platforms Based on Biform Game

Xin Wang, Song Yao, Jun Wang, Yu Li and Baoqin Yu (2022). *Journal of Electronic Commerce in Organizations* (pp. 1-21). www.irma-international.org/article/a-study-of-cooperation-between-suppliers-and-e-commerce-platforms-based-on-biform-game/298643

An Investigation into the Adoption of Electronic Commerce among Saudi Arabian SMEs

Sabah Abdullah Al-Somali, Roya Gholami and Ben Clegg (2011). *Journal of Electronic Commerce in Organizations* (pp. 41-65). www.irma-international.org/article/investigation-into-adoption-electronic-commerce/53197