

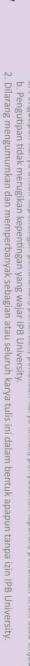
CUSTOMER CHURN PREDICTION MODEL DESIGN USING PREDICTIVE ANALYTICS FOR MODERN COFFEE SHOP

BESTY AFRAH HASYATI



GRADUATE SCHOOL IPB UNIVERSITY BOGOR 2021

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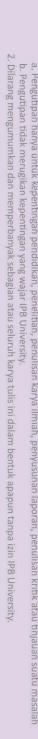
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Bogor, January 2021

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SUMMARY

BESTY AFRAH HASYATI. Customer Churn Prediction Model Design Using Predictive Analytics for Modern Coffee Shop. Supervised by TAUFIK DJATNA dan ERLIZA NOOR.

In today's compo

In today's competitive world, moving toward customer-oriented markets with Increased access to customer's transaction data, identifying a loyal customer, predicting customer attrition, and estimating their lifetime value makes crucial. Since knowledge of customer value provides targeted data for personalized markets, implementing a customer relationship management strategy helps a company identify, segment customers, and create long-term relationships. As a **Fesult**, they can maintain loyalty and minimize attrition. The goals of this research are: (1) to model a new business process, (2) to predict the customer churn using data mining tools based on CRM, (3) to recommend a fit strategy to prevent churn and maintain the loyalty, and (4) to evaluate the result from customer churn prediction.

We used the customer's past transaction data, and it had 8 attributes: customer number, name, gender, handphone number, quantity, recent visit, total spending, and frequent visit. The result was that this system had three stakeholders: customer, management staff, and management staff internal. We conducted the surveys to all the registered customers to get the satisfaction data and continued by RFM analysis, CLV, and clustering based on the customer's past transaction. The result obtained from RFM, CLV, and Clustering predicts the churn using decision tree analysis. As the final result of this research, we obtained 31 rules with 86% accuracy in the model. The marketing strategies are then designed to prevent churn and maintain loyalty.

Keywords: customer relationship management, churn prediction, decision tree analysis, RFM, CLV analysis



RINGKASAN

BESTY AFRAH HASYATI. Customer Churn Prediction Model Design Using Predictive Analytics for Modern Coffee Shop. Dibimbing oleh TAUFIK DJATNA dan ERLIZA NOOR.

Dalam dunia yang kompetitif saat ini, bergerak menuju pasar yang berorientasi pelanggan dengan peningkatan akses ke data transaksi pelanggan, mengidentifikasi pelanggan setia, memprediksi pengurangan pelanggan, dan memperkirakan nilai umur mereka menjadi sangat penting. Karena pengetahuan tentang nilai pelanggan menyediakan data yang ditargetkan untuk pasar yang dipersonalisasi, menerapkan strategi manajemen hubungan pelanggan membantu perusahaan mengidentifikasi, menyegmentasikan pelanggan, dan menciptakan hubungan jangka panjang. Hasilnya, mereka dapat mempertahankan loyalitas dan meminimalkan gesekan. Tujuan dari penelitian ini adalah: (1) memodelkan proses bisnis baru, (2) memprediksi churn pelanggan menggunakan alat data mining berbasis CRM, (3) merekomendasikan strategi yang sesuai untuk mencegah churn dan mempertahankan loyalitas, dan (4) mengevaluasi hasil dari prediksi churn pelanggan.

Kami menggunakan data transaksi pelanggan sebelumnya, dan memiliki 8 atribut: nomor pelanggan, nama, jenis kelamin, nomor handphone, kuantitas, kunjungan terakhir, total pengeluaran, dan sering berkunjung. Hasilnya adalah sistem ini memiliki tiga pemangku kepentingan: model prediksi pelanggan, staf manajemen, dan staf manajemen internal. Kami melakukan survei kepada seluruh pelanggan yang terdaftar untuk mendapatkan data kepuasan dan dilanjutkan dengan analisis RFM, CLV, dan clustering berdasarkan transaksi pelanggan sebelumnya. Hasil yang diperoleh dari RFM, CLV, dan Clustering memprediksi churn menggunakan analisis pohon keputusan. Hasil akhir dari penelitian ini diperoleh 31 aturan dengan akurasi model sebesar 86%. Strategi pemasaran kemudian dirancang untuk mencegah terjadinya churn dan mempertahankan loyalitas.

Kata kunci: customer relationship management, churn prediction, decision tree analysis, RFM, CLV analysis



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CUSTOMER CHURN PREDICTION MODEL DESIGN USING PREDICTIVE ANALYTICS FOR MODERN COFFEE SHOP

BESTY AFRAH HASYATI

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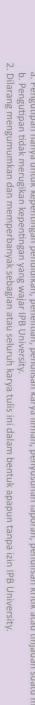
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PREFACE

Assalamualaikum wr wb. All praise is for Allah Subhanahu Wa Ta'ala who gives the blessing, opportunity, health and all the abundance of grace that has been given to the author so that the author can be born, grow and study magister in agroindustrial Technology, IPB University. Authors cannot finish this work without permission and help of His grace. Peace may be poured out upon the Prophet Muhammad Shalallaihi Wassalam for giving inspiration and motivation to become better human beings and useful in life.

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Bogor, January 2021

Besty Afrah Hasyati



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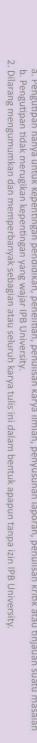
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GLOSSARIES

Business Process Modeling: Notation

Notation

Customer

Customer day

Customer day

A graphical notation to represent the flow of a

business process.

A series of procedures to translate a system's analysis into a programming language for describing how the system components are

implemented.

Relationship:

A strategy for building, managing, strengthening loyal and long-lasting customer

relationship.

Customer development

A process of growing the value of retaining a

customer.

Customer Satisfaction

A very influential factor in a customer's loyalty and can be a source of new customers via

favorable references.

Customer churn

Customers stop the relationship with the

company.

Business analytics process

A consistent process through which business objectives can be met and insights executed and then tested with the best in class data and advanced analytics driving strategies and executions.

RFM Models

To determine the segmentation of customers

based on past behavior.

Customer Lifetime Value

The total financial contribution from the current period into the future, revenues minus costs of a customer over his/her future lifetime with the company and therefore reflects the future

profitability.

Predictive Analytics

the process of finding interesting patterns and meaningful data and a data-driven algorithm and obtains the key characteristics of the data model

itself.

One of the most famous coffee shops in Bogor area and a modern coffee shop that targets

teenagers, young people and the elderly.

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