

Executive Summary

Overview

PowerCo, a leading European energy utility, is seeing a noticeable rise in churn among its SME customer segment—an issue that directly impacts recurring revenue. The goal is twofold: predict which customers are likely to churn, and understand whether pricing is the main driver. Are SME clients price sensitive?

Key Findings



Churn Drivers

- Churn is not primarily driven by price increases.
- The top predictors are:
 - a. Yearly consumption
 - b. Forecasted consumption
 - c. Net margin



Customer Segmentation

- High-value customers with high churn risk represent the most strategic retention opportunity.
- Not all churn is equal — prioritization is key.



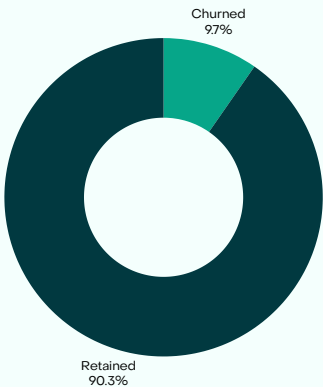
Discount Strategy Effectiveness

- A 20% discount can reduce churn but only when targeted appropriately.
- Blanket discounts dilute value and waste resources.

Recommendations

Key Area	Strategy
Discount effectiveness	Implement a targeted 20% discount strategy focused on high-value customers
Customer segmentation	Prioritize retention efforts on customers with high yearly consumption
Predicting at-risk customers	Integrate the churn prediction model into PowerCo's CRM system

Current Churn Status & Impact



- Impact:** High churn rates are directly affecting revenue, highlighting the need for action.