

# EXECUTIVE SUMMARY

Customers may want to leave for services offered by another energy service provider for a reason. Our findings identified some key reasons, and these can be grouped into reasons related to pricing, consumption and customer behaviour.

These include the

- Difference and change in fluctuations in power or energy prices during peak, mid-peak and off-peak periods or during the beginning of the year and the year preceding it.
- Amount of energy or power consumed by the customer, the total net margin, net, meter rent cost and gross margin on power subscription and the power subscribed
- Others include the length of the contract, the number of years they have been customers, the number of months left in their contract and the number of months left to contract renewal.

Based on these findings, PowerCo may need

- To offer a package to new customers to prevent them from exiting.
- Target customers whose contracts are almost ending and offer renewal packages
- They may also need to look at meter rental costs.
- If possible, control energy or power price fluctuations within seasons, months or years.

## Situation

Much change in the energy market in recent years has caused a rise in the number of energy providers. This has given our customers many options to choose from.

## Complication

This presents a problem where our customers may leave for cheaper and better offers from other energy providers.

## Questions

- Can fluctuations in gas and energy prices cause customers to churn?
- Are new customers likely to leave?
- Are we charging higher for our meter rents?

## Answer

We will build a machine-learning model to solve this. It will predict customer churn probability to enable us to identify customers who are likely to churn before they do and also offer better incentives to keep them.