Dear Sir / Madam,

On my initial analysis for PowerCo, I realize that there are two hypotheses we need to test. Firstly, whether customer churn is driven by price elasticity. The second hypothesis is offering customers at high propensity to churn a 20% discount might be effective or not.

To test these two hypotheses, we need to model the churn probabilities and effect of prices on churn rate. Because this is a classification problem, we will be using one or more classification algorithms such as Logistic Regression, Decision Tree or Random Forest.

Bu in the first step, we need data to EDA to confirm if the churn is driven by customer price sensitivity. Then we will find the most appropriate model that fits the best.

One we get the model, we would be able to understand the impact of price on churn rates and we can size the business impact of the second hypothesis.

Kind regards,

Dương Nhật Thành