

Dear Associate Director,

After thoroughly analyzing the problem, I want to present you my hypothesis and what type of model I suggest using.

Hypothesis:

- SME and Corporate clients are more likely to look for money saving opportunities, since they have people responsible for optimizing their costs constantly;
- Customers who are high spenders on energy are prone to be on the lookout for better fares;

Prediction model:

- Predict churn probability by finding how much of the running costs of a SME/Corporate is spent monthly with energy consumption based on last 3 – 6 months average energy spending and their annual revenue.
- SME customers don't always have this information easily available, but it is possible to use the average value based on the enterprise size;
- For residential customers, the prediction can be made by looking on the highest spenders;

The top spenders in each category are more likely to churn, based on the historical data it is possible to try and validate this hypothesis and verify the proportion of each type of customer churning;