

Hi AD sir,

In order to test the hypothesis of whether churn is driven by the customer's price sensitivity, we would need to model churn possibilities of customers and derive the prices on churn rate. We would need the following data to be able to build the following models.

- Customer data – which should include characteristics of each client, for example – industry, historical electricity consumption, date joined as customer etc.
- Churn data – which should indicate if customer has churned
- Historical price data – which should indicate the prices the client charges to each customer for both electricity and gas at granular time intervals.

Once we have the above data, we need to drive features based on the data that we obtain and build a binary classification model like Logistic Regression, Random Forest etc. picking the most appropriate model based on the tradeoff between complexity, the expandability and the accuracy of the models. Based on the model picked, we would be able to understand the direction and magnitude of the impact of prices on the churn rate as well as the relative importance of prices compared to other factors.

Regards,

Jatin Khatri