



Addressing Customer Churn at Power Co

Data-Driven Strategies for Retention

2024



1

Situation & Background

- **Situation:** High customer churn rate at Power Co, impacting revenue and customer retention.
- **Background:** Analyzing customer data to understand the reasons behind churn and developing strategies to mitigate it.



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Identifying Challenges in Customer Churn at Power Co

- High churn rate in specific customer segments.
- Possible reasons include price sensitivity, service issues, and lack of engagement.





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Questions & Hypothesis

Question:

- What factors are leading to increased churn in the customer base of Power Co?

State Hypothesis:

- We hypothesize that factors such as high prices and poor service quality are contributing to increased churn among Power Co's customers.

Objectives:

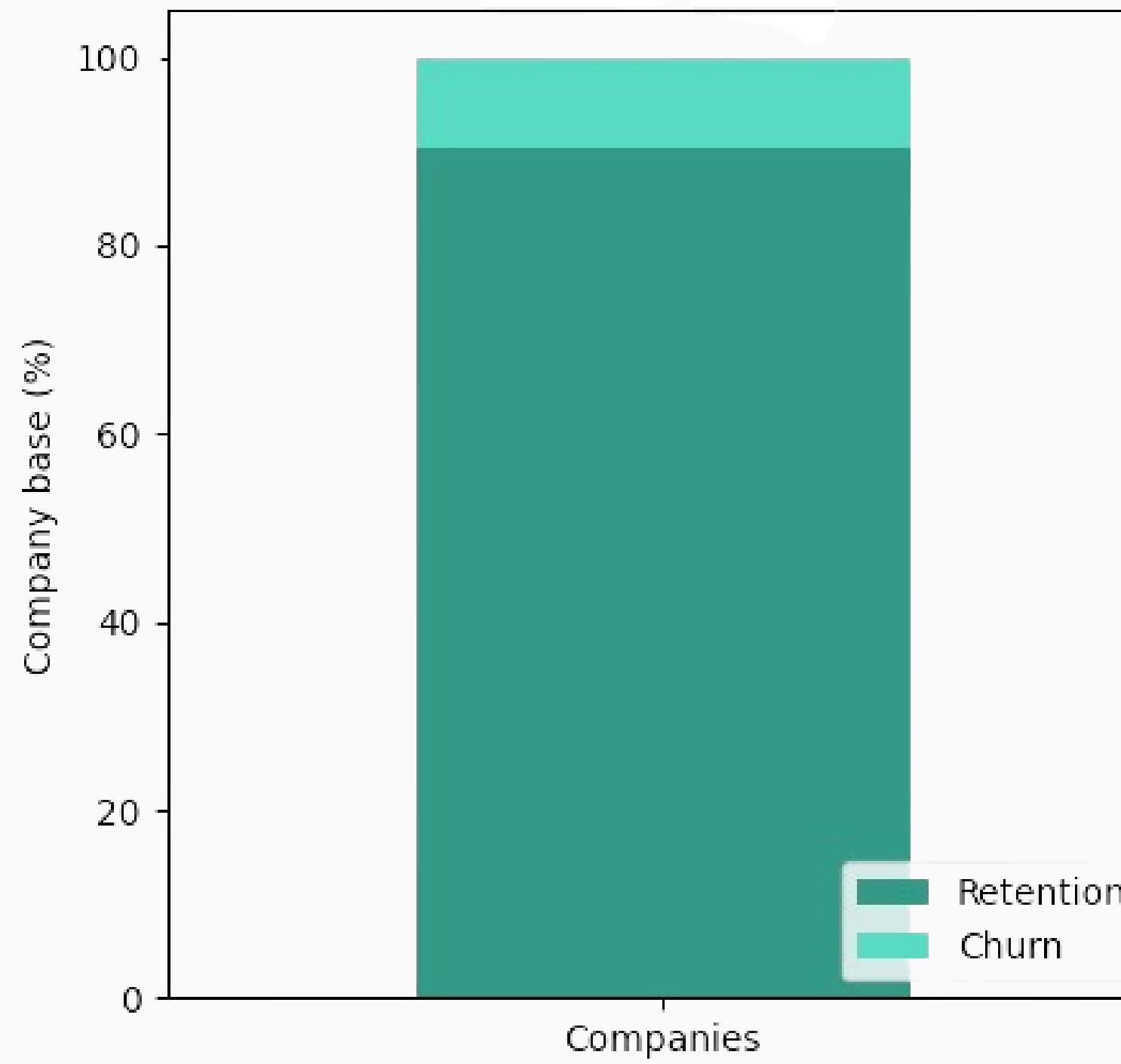
- Identify the key factors driving churn.
- Determine which customer segments are most at risk of churning.

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Results & Recommendations

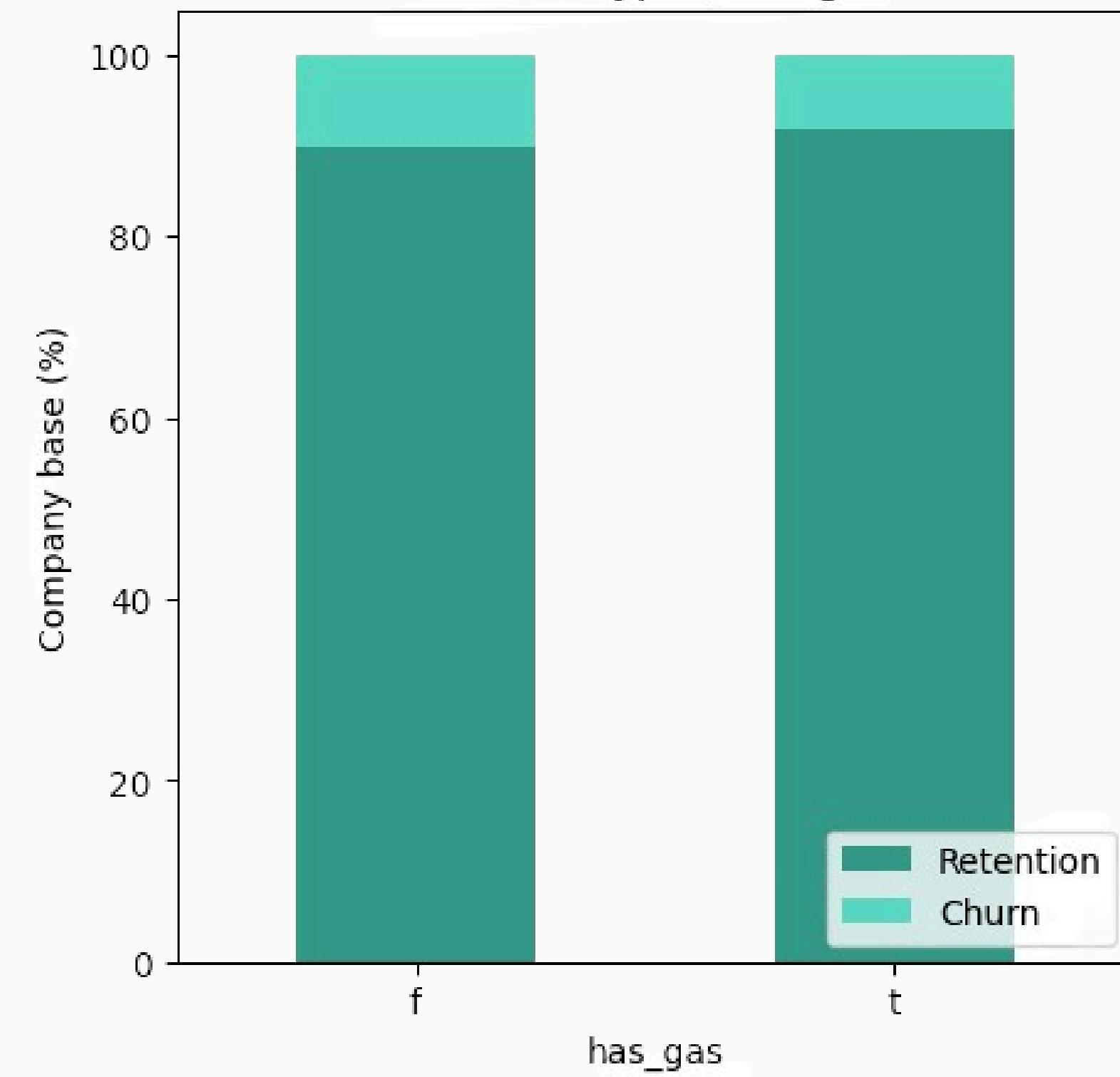


Churning status



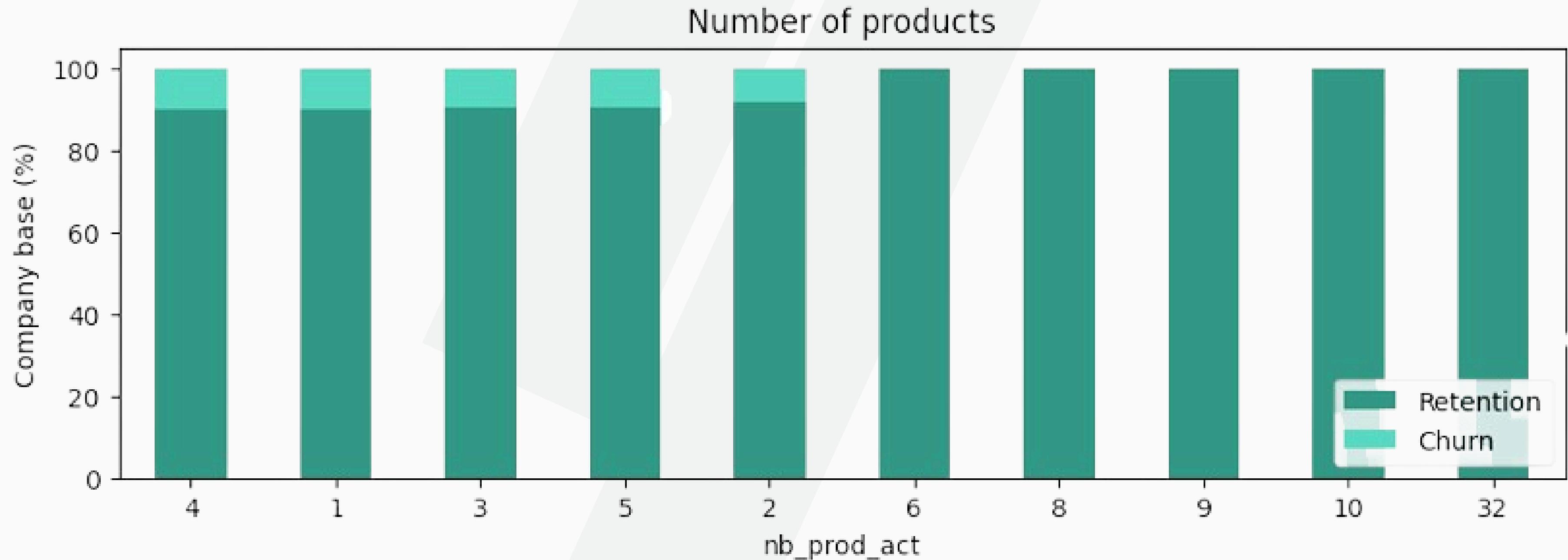
This visualization shows how many companies churned vs. how many companies did not churn. We can see from this that **the churn rate is approximately 10%**.

Contract type (with gas)

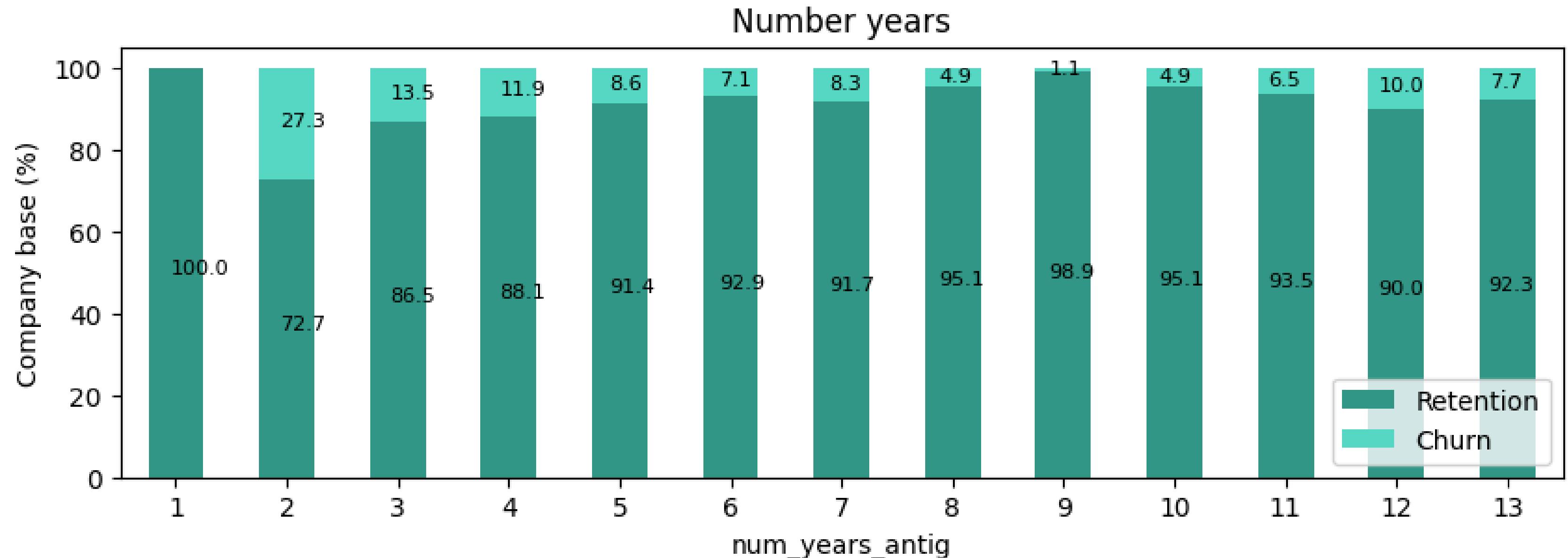


The fact that a client also has a gas contract does not significantly impact their churn.

We can see that the higher the number of active products and services a company has, the lower its churn percentage. In fact, companies with more than 6 products or services have 0% churn.



We can observe that the longer a company has been a client, the lower its churn rate. In the first year, the churn rate is 0%. However, 27% of companies churn after the second year, and 13% after the third year. Additionally, it is only after the fifth years that the churn rate drops below 10%.



Recommendations

Based on these findings, we recommend

- Encourage clients to adopt a wider range of products and services. Implement cross-selling and upselling strategies to increase the number of active products and services for each client. This approach can help achieve higher customer retention and lower churn rates.
- Implementing targeted retention strategies for clients in their second and third years, where churn rates are highest.
- Developing loyalty programs or incentives for clients as they approach their fifth and eleventh years could help reduce churn rates and maintain customer loyalty.

