Hi AD,

In order to test the hypothesis of whether churn is driven by the customers' price sensitivity, we would need to model churn probabilities of customers, and derive the effect of prices on churn rates. We need following data to build a model ,

Data needed:

1. Customer data
2. Churn data
3. Historical price data

With this data we need to engineer features based on the data we obtain, and build a binary classification model like Random forest and logistic Regression . Picking the most appropriate model based on the tradeoff between the complexity, the explainability, 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 churn rates, as well as the relative importance of prices compared to other factors. Furthermore, the model would allow us to size the business impact of the client's proposed discounting strategy.

Regards,
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