

Hi,

To examine the hypothesis regarding the relationship between customer churn and their sensitivity to prices, we would require data to model the probabilities of churn and determine how prices influence churn rates. The following data would be necessary for constructing the required models:

1. Customer data: This should encompass various client characteristics such as industry, historical electricity consumption, and date of becoming a customer.
2. Churn data: This data should indicate whether a customer has churned or not.
3. Historical price data: This data should provide information on the prices charged to each customer for electricity and gas, including detailed time intervals.

Once we have access to the aforementioned data, we can proceed by extracting relevant features based on the obtained information. We can then build a binary classification model, such as Logistic Regression, Random Forest, or Gradient Boosted Machines, selecting the most suitable model based on factors like complexity, interpretability, and accuracy. By employing the chosen model, we can gain insights into the direction and magnitude of the impact of prices on churn rates. Additionally, we can determine the relative importance of prices compared to other factors. Moreover, the model would enable us to assess the potential business impact of the client's proposed discounting strategy.

Regards,
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