

Dear AD,

We would like to test the hypothesis that customer churn is driven by price sensitivity. To do this, we will need to model the probability of churn for customers, and determine the effect of prices on churn rates. We will require the following data to build the models:

1. Customer data, including characteristics such as industry, historical electricity consumption, and date of becoming a customer.
2. Churn data indicating customers who have churned.
3. Historical price data showing the prices charged to each customer for both electricity and gas at specific intervals.

Once we have the data, our plan is to:

1. Define and calculate price sensitivity.
2. Create features using the data and build a binary classification model (e.g. Logistic Regression, Random Forest, or Gradient Boosted Machines).
3. Select the best model based on complexity, explainability, and accuracy.
4. Investigate how and why price changes affect churn.
5. Use the model to assess the potential impact of the client's proposed discount strategy.

Best regards