

Dear AD,

Thank you for reaching out to us. To investigate the hypothesis regarding the influence of price sensitivity on customer churn, we propose conducting a comprehensive analysis by modelling churn probabilities and examining the impact of prices on churn rates.

To proceed with this analysis, we would require the following data:

1. Customer Data: This dataset should encompass various customer characteristics such as industry, historical electricity consumption, and the date they joined as a customer.
2. Churn Data: This dataset should indicate whether a customer has churned or not.
3. Historical Price Data: This dataset should provide information on the prices charged to each customer for both electricity and gas, at granular time intervals.

Once we have access to this data, we will proceed with feature engineering based on the obtained information. Subsequently, we will develop a binary classification model, selecting the most suitable approach from options such as Logistic Regression, Random Forest, or Gradient Boosted Machines. The selection will be based on a careful evaluation of the trade-off between model complexity, explainability, and accuracy.

By employing the chosen model, we will be able to determine the direction and magnitude of the impact of prices on churn rates. Additionally, we will assess the relative importance of prices compared to other factors contributing to churn. This analysis will enable us to evaluate the potential business impact of your proposed discounting strategy.

Should you have any further questions or require additional information, please do not hesitate to reach out. We look forward to working with you on this project.

Best regards,

Shivang Jaiswal