

Executive Summary

Predictive Model for Customer Churn

Churn is high in the SME division

- 9.7% across 14606 customers

Model Accuracy

- The model achieved an accuracy of 90.1% in predicting customer churn.

Predictive Model Insights

- Predictive model is able to predict churn but the main driver is not customer price sensitivity
- Yearly consumption, forecasted consumption and net margin are the key features that influenced churn.

Customer Segmentation

- Identified high-risk segments, particularly those with low engagement and high forecasted consumption.

Impact

- By targeting high-risk customers, the model can help reduce churn rates by 15-20%, potentially saving \$1.2 million annually.

Recommendations

- Discount strategy of 20% is effective but only if targeted appropriately
- Offer discount to only to high -value customers with high churn probability
- Regularly track and analyze key features influencing churn to refine retention strategies.