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Situation

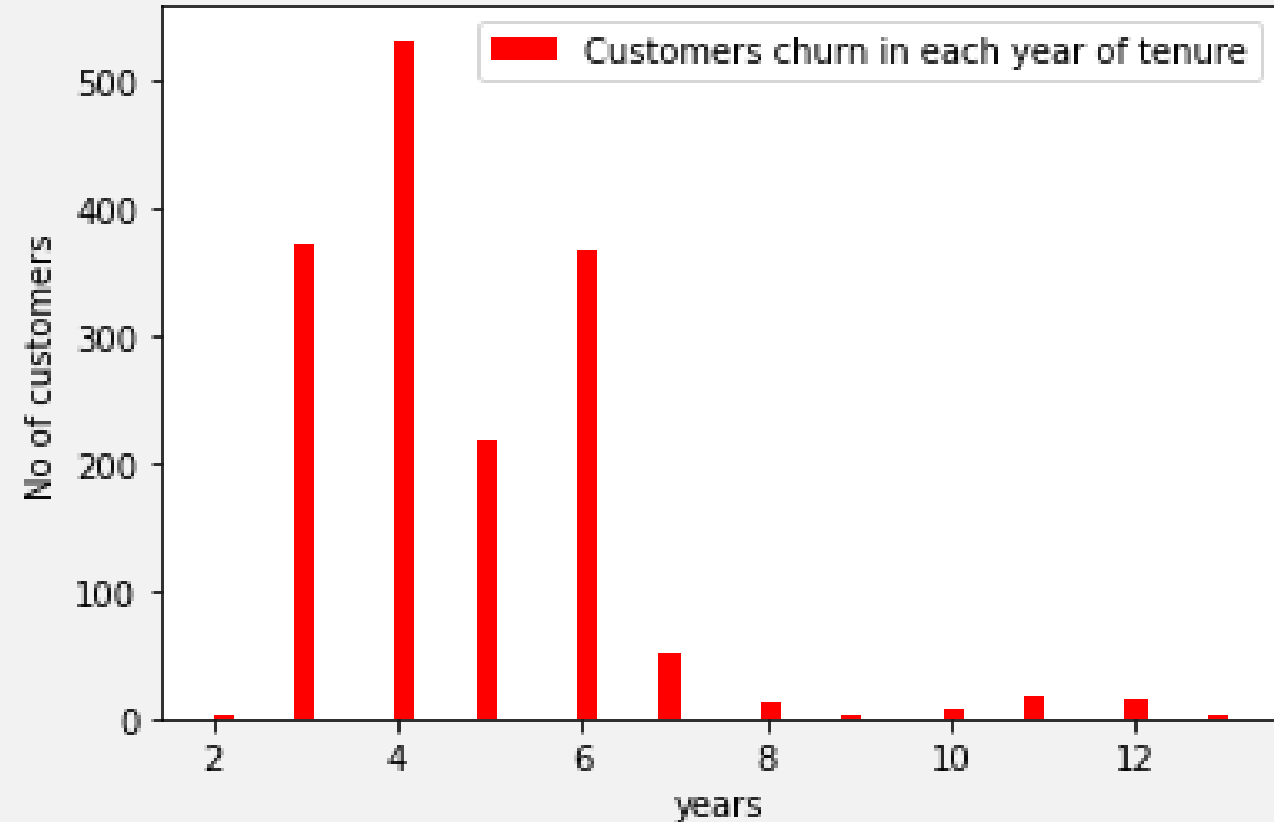
- ❖ Client is a major gas & electricity utility which supplies to corporate, SME and residential customers.
- ❖ Due to power-liberalization of the energy market in Europe there is a problem of customer churn is observed.

Objective

- ❖ To know whether the churn is driven by customer price sensitivity.
- ❖ To predict customers likely to churn using predictive model.

Maximum customers are churning in fourth year of their tenure.

Number of churned customers in fourth year is above 500.



Insights

- ❖ Out of total 16096 customers 1565 are churning. So, churning rate is approximately 9%.
- ❖ The highly obtained net margin of customer is 24570.65 by a customer who is also have tenure of 3 years.
- ❖ Customers who churned over next 3 months is less than customers who are not churned.
- ❖ Price not the major factor for the churn from model. Electricity consumption in past twelve month is highest determinant of customer churn.

Solution

- ❖ As suggested by SME head 20% discount should be given to customers with more than 4 years of tenure.
- ❖ Customer whose electricity consumption over past 12 months is higher should be given much more concentration since there is a high chance that customer is likely to churn.
- ❖ Particularly customers whose net margin is between 3716.78 and 24570.65 should be given discount. Since, these are the customers with high net margin and churning of these can affect highly.



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