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Business Understanding and Problem Framing

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Summary

PowerCo is a company that works in energy sector and is currently working with BCG to solve one of its problem which is significant customer churn due to power-liberalization of the energy market in Europe. The company thinks that it may be possible to create a predictive model that can predict customer churn with price as the main factor to be analyzed.

Steps

Before any modelling process is considered, We need to have PowerCo offering and sales data with details such as, but not limited to the customers region, price In which PowerCo offered, whether the customer churn or not in that specific settings. Details like this can also be beneficial in statistical analysis, given that we can learn which factor matters to the customers churn for PowerCo products.

Here are the several steps needed to be done in order to test the hypothesis.

1. Collect data available from PowerCo.
2. Clean the data and remove any unwanted information.
3. Separate the data for modelling process and training process.
4. Generate a classification model, with the likelihood of customer churn as the target to be predicted.
5. Evaluate and tune the model if needed.
6. Produce a report and deploy the model if needed.

After the data is ready, Data Science team can create a classification models to predict whether customers in SME sector PowerCo will churn or not if the products are offered at a specific price point. Further analysis into price sensitivity can also be done to generate findings in regards of markets behavior for this specific industry.