

Executive summary best practice

Situation

- PowerCo has seen recent customer churn that they suspect is connected to price changes too high for some customers. And they figured that a 20% discount might just be the thing to keep customers on board and discourage churn.

Complication

- Despite the company's belief that pricing is the primary driver of churn, analysis suggests that other factors play a significant role. These include customer energy consumption patterns, net margins on power, additional charges like meter rent, and customer tenure. Simply lowering prices may not fully address the churn issue.

Question

- Would implementing a churn prediction model and offering targeted discounts to at-risk customers be an effective way to reduce churn while maintaining profitability?

Answer

- In order to do this, a random forest classifier was built from the data. The model accurately recognized customers that were likely to leave at 90% accuracy and 84% precision.