**UW Applied Analytics Club x BCG GAMMA Mock Case – STL 2019**

*“Power Churn”*

**Scenario**

Our client, PowerCo, is a major utility company providing gas and electricity to corporate, SME and residential customers. In recent years, post-liberalization of the energy market in Europe, PowerCo has had a growing problem with increasing customer defections above industry average. Thus PowerCo has asked BCG to work alongside them to identify the drivers of this problem and to devise and implement a strategy to counter it. The churn issue is most acute in the SME division and thus they want it to be the first priority.

The head of the SME division has asked whether it is possible to predict the customers which are most likely to churn so that they can trial a range of pre-emptive actions. He has a hypothesis that clients are switching to cheaper providers so the first action to be tried will be to offer customers with high propensity of churning a 20% discount.

You are in charge of building the model and of suggesting which commercial actions should be taken as a result of the model's outcome. To guide your thinking, the head of the SME division is interested in:

1. What are the most explicative variables for churn?
2. Is there a correlation between subscribed power and consumption?
3. Is there a link between channel sales and churn?

A key question is what could potentially be done for these customers and why?

