

Dear Associate Director,

I wanted to provide you with a concise summary of our current hypothesis, which focuses on the potential relationship between customer churn and their price sensitivities within PowerCo's Small and Medium Enterprise (SME) client segment.

Our goal is to leverage this hypothesis to create a predictive model that informs us about the customers to whom we should offer a 20% discount on the 1st working day of each month.

Hypothesis as a Data Science Problem:

Our data science problem is to build a predictive model that can determine the likelihood of customer churn based on historical data related to customer behavior and pricing changes. Specifically, we aim to understand how price changes affect customer churn and identify customers who are more (or less) likely to churn at their current price points.

Data Collection

1. Gather historical customer data, including information such as:
 - a. Usage patterns over time.
 - b. Sign-up date.
 - c. Contract start and end dates.
 - d. forecasted usage.
2. Gather behavioral data, including:
 - a. Frequency of interactions with customer support.
 - b. Number of complaints or service requests.
 - c. Customer feedback satisfaction score.
3. Acquire historical pricing data distinguishing between Variable and Fixed pricing.
4. Acquire actual pricing data for market comparison.
5. Obtain a churn indicator for each customer, indicating whether they have churned or not over a specified period.

Next Steps

- Data Acquisition: Obtain relevant data from PowerCo.
- Data Preprocessing: Clean, transform, and prepare the collected data for analysis.
- Exploratory Data Analysis (EDA): Analyze and visualize the data to identify patterns, correlations, and insights.
- Model Development: Choose and train a predictive model for churn prediction.
- Model Evaluation: Assess the model's performance using relevant metrics.

Best regards,
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