Subject: Proposed Plan for Analyzing PowerCo's Customer Churn

Dear AD,

Estelle and I have outlined an approach to address PowerCo's customer churn problem, leveraging the 5-step data science methodology. Below are our initial thoughts on problem framing, required data, and planned analytical techniques.

Problem Framing

PowerCo is experiencing increased customer churn due to heightened competition in the energy market. Our primary objective is to diagnose the drivers of churn, focusing on price sensitivity and other potential factors. Ultimately, we aim to provide actionable insights to help PowerCo improve customer retention.

Data Requirements

To investigate these factors, we recommend requesting the following data from PowerCo:

1. Customer Demographics: Business size, industry type, and location.
2. Billing and Transaction History: Payment trends, contract terms, and pricing.
3. Churn Records: Historical churn data, including exit timing and reasons (if available).
4. Survey Data: Customer feedback on service quality and preferences for renewable energy.
5. Market Data: Competitor pricing, regional trends, and energy market dynamics.

Analytical Approach

Once the data is secured, we propose the following steps:

1. Exploratory Data Analysis (EDA): Identify patterns and trends in customer and transaction data.
2. Statistical Analysis: Assess correlations between churn and hypothesized drivers, including price sensitivity and service feedback.

3. Customer Segmentation: Group customers into cohorts to uncover distinct behavioral patterns.
4. Predictive Modeling: Develop a churn prediction model to quantify the impact of each factor.
5. Visualization and Reporting: Create clear and impactful visuals to communicate findings and recommendations.

We believe this structured approach will effectively diagnose PowerCo's churn problem and provide valuable insights for action. Please let us know if there are additional considerations or adjustments to this plan.

Looking forward to your feedback.

Best regards,
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