

Presentation 2023

BCG GAMMA



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Key Findings

- Customer Churn Probability: Approximately 9.7% of customers have churned during the observed period.
- Impact of Churn: For customers who churned, we considered a reasonable assumption for lost revenue, varying between 100% (churn on January 1st) and 83.9% (churn by the end of February).
- Drivers of Churn: Key drivers of churn include net margin and consumption over 12 months, margin on power subscription, time-related factors such as tenure and contract update frequency.



Recommendations

Based on our findings, we propose offering a 20% discount to customers with a high likelihood of churning. To optimize revenue, we should determine the ideal probability cutoff for identifying such customers, considering both churn likelihood and overall revenue impact.

- Experimentation: Conduct further experimentation to refine the understanding of price sensitivity's contribution to churn. This will enable us to make data-driven decisions regarding the discount strategy.
 - Customer Feedback: Obtain customer feedback through surveys or interactions to identify specific pain points and improve retention efforts.
 - Continuous Monitoring: Continuously monitor customer behavior and update the predictive model regularly to adapt to changing market dynamics
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Conclusion

- While price sensitivity is not the primary driver of customer churn, it remains a relevant factor in retention efforts. By implementing a targeted discount strategy and leveraging other influential drivers, we can enhance customer retention and foster sustainable growth for PowerCo's SME division.