Sir/Ma'am,

To test the client's hypothesis that churn is driven by customer price sensitivity, we need to model the churn probability of its customers. To do so, we also need to evaluate the effect of prices on churning.

Data needed from the client:

1. Customer details – SME/Residential, previous consumption, how old the customer is etc
2. Churn data – Yes/No, i.e., whether the customer has churned or not
3. Historical price data – Previously charged prices from customers

We would build binary classification models (like Logistic Regression, Random Forest) to predict if a customer would churn or not, and choose the best out of these according to the model's accuracy. These models would explain the relation between prices and churning and also suggest other important factors. We can then use a discounted price field to predict if the clients would churn or not.

We can then figure out if the discounting strategy is a good way to deal with the problem or if any other approach, like a variable slab system for prices, shall prevent churning. We can test both approaches and choose what fits the best.

Regards,

Jaskirat Singh