Subject - Proposal: Analysing Price Sensitivity's Impact on Churn

Dear Sir,

I wanted to share a proposal regarding our exploration of the relationship between churn and price sensitivity among our customer base.

To effectively investigate this hypothesis, we believe it's crucial to follow a structured approach:

Data Needed:

1. Customer Data: This dataset will provide insights into various customer attributes, such as industry affiliation, historical consumption patterns, and tenure with us.
2. Churn Data: This dataset will help us understand the churn behaviour of our customers, indicating whether they have opted to discontinue our services.
3. Historical Price Data: Having detailed records of the prices charged to each customer for electricity and gas at specific time intervals will enable us to analyse pricing strategies' impact on churn.

Methodology:

1. Define Price Sensitivity: We will begin by establishing a clear definition of price sensitivity and developing a metric to quantify it accurately.
2. Prepare and Engineer Features: Once we have gathered the necessary data, we'll undertake pre-processing and feature engineering to ensure that our data is suitable for modelling.
3. Modelling: We'll employ various binary classification models, such as Logistic Regression, Random Forest, and Gradient Boosted Machines, to test our hypothesis and understand the relationship between price sensitivity and churn rates.
4. Model Selection: Following thorough testing, we'll select the most appropriate model based on factors such as model complexity, and accuracy.
5. Extrapolate Impact: Using the chosen model, we'll extrapolate the extent to which price sensitivity influences churn, providing valuable insights into customer behaviour.

By adopting this methodical approach, we aim to gain deeper insights into the factors driving churn and equip ourselves with actionable intelligence to effectively address customer retention challenges.

I'm eager to hear your thoughts and discuss this further.

Best Regards,

Nikita Gavande