

Executive summary:

PowerCo Customer Churn Analysis and Prediction

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Situation

- PowerCo, a major gas and electricity utility, is experiencing significant customer churn. The energy market is highly competitive, offering customers various options to switch providers. Understanding the drivers behind churn is critical to retaining customers and maintaining revenue.

Complication

- Customers are increasingly switching due to price sensitivity, customer service concerns, and availability of clean energy. Imbalanced churn distribution and multiple factors like location, contract duration, and pricing structure complicate the analysis.

Question

- What are the primary factors influencing churn, and how can PowerCo proactively retain customers?

Answer

- **Key Insights:** High churn rates linked to price increases, lack of clean energy options, and poor customer service ratings. Small businesses in urban locations show higher churn due to competitive alternatives. Customers with longer contracts and dual gas/electric services are more likely to stay.
- **Recommendations:** Introduce competitive pricing strategies, especially for urban clients. Emphasize renewable energy options to appeal to environmentally conscious customers. Enhance customer service support and loyalty programs to improve retention.