PowerCo problem context

Context

Client is a major gas and electricity utility
- Supplies to corporate, SME and residential customers

Significant churn problem
- Driven by power-liberalization of the energy market in Europe
- Problem is largest in the SME segment

Has engaged BCG to help with the SME segment

Client's hypothesis

It is possible to predict customers likely to churn using a predictive model

Hypothesis that churn is driven by customer price sensitivity

Client wants to try discounting strategy
- SME division head suggests that offering customers at high propensity to churn a 20% discount might be effective