PowerCo - Prediction of customer churn rate

Executive Summary – Stakeholder Meeting

Churn Rate is indeed high in the SME division

- Around 10% between January 2015 and January 2016

The predictive model able to predict Churn but it is not only due to price sensitivity

- Electricity consumption of the last 12 months, invoice scheduled for the rental of the meter for the next 2 months, total net margin are the 3 main drivers

The 20 % discount strategy is effective, but only if the target audience is appropriate

- PowerCo gets the maximum benefit at a cutoff of 26%
- The offer can be costly for the company and can be ineffective if it is not directed only at customers with a high probability of churn

Recommendations

- Track user behaviour to understand just before who are the users are about to churn
- Build Personalisation. Not only about recommendations for new products, but also referred to the pricing front and the user experience
- Re-define Customer Journey. Create a user journey which has discounts or gifts when a customer enters the churn probable bucket
- Resolving customers' problems quickly and effectively is the most effective way to make them loyalty. He can trust you in his time of need and this pays more than a discount