

Dear Sir/Madam,

I am writing to present my analysis focused on critical aspects pertaining to PowerCo, particularly in relation to examining the hypothesis that customer price sensitivity is the primary driver of churn.

To effectively assess this hypothesis, the following data points will be imperative:

- Customer information spanning both the pre- and post-liberalization periods.
- Ongoing price statistics for the three distinct segments during and after the periods of liberalization.

Furthermore, key procedural steps to validate this hypothesis encompass:

1. Formulating essential assumptions, wherein we posit that SME churn is attributed to price sensitivities. This lays the foundation for our hypothesis verification.
2. Adopting a stance of authority, asserting that the attrition of SME customers is fundamentally tied to price sensitivities.
3. Identifying the alternative standpoint, acknowledging that price sensitivities may not be a significant factor in the loss of SME clients.
4. Establishing acceptance criteria, ensuring a 95 percent confidence interval.
5. Implementing tests grounded in empirical evidence.
6. Methodically scrutinizing the data:

- Does the analysis affirm that price sensitivity is the predominant factor influencing customer churn?

- Can we ascertain that the outcome is not merely coincidental?

7. Drawing conclusions, which may involve either rejecting the initial premise attributing churn to consumer price sensitivity in favor of an alternative theory or failing to refute the original argument.

From the results, we anticipate gaining valuable insights into the causal factors behind churn in response to price fluctuations. Additionally, the model will enable a comprehensive assessment of how the proposed discounting strategy may impact our business operations.

Thank you for your attention to this matter.

Warm regards,

Shaghayegh Haghbin