

Dear AD,

Thank you for the opportunity to provide my thoughts on how we can test the hypothesis that customer churn in the SME segment of PowerCo is driven by price sensitivities.

To begin with, we need to identify the key factors that influence customer churn in the SME segment. These could include factors such as service quality, reliability, and pricing. We can start by analyzing customer feedback and complaints data to understand the primary reasons behind customer churn.

Once we have identified the key factors driving customer churn, we can use statistical techniques to analyze the relationship between these factors and customer behavior. Specifically, we can use regression analysis to determine the extent to which pricing influences customer churn.

We can then build a predictive model to identify those customers who are at a higher risk of churning due to price sensitivity. This could involve using machine learning techniques such as logistic regression or decision trees to predict which customers are more likely to churn based on their historical behavior and demographic characteristics.

Once we have identified those customers who are at risk of churning, we can consider offering them a 20% discount to incentivize them to stay with PowerCo. However, it is important to ensure that the discount is only offered to those customers who are likely to churn due to price sensitivity, as offering a discount to all customers may not be cost-effective.

Finally, we should monitor the impact of the discount program on customer churn and other key performance indicators such as customer satisfaction and profitability. This will help us to evaluate the effectiveness of the program and make any necessary adjustments to improve its impact.

I hope this provides a useful framework for testing the hypothesis that customer churn in the SME segment of PowerCo is driven by price sensitivities. Please let me know if you have any further questions or if there is anything else that we can do to support this project.

Best regards,

Joshua.