Dear Sir/Madam,

This is my analysis for PowerCo just on main aspects needed to examine the hypothesis of customer price sensitivity is indeed what generates churn.

First, the data needed for the hypothesis will be:

* Customer information from both the pre- and post-liberalization period.
* Ongoing price statistics for the three segments during and after periods of liberalisation.

Also, the major steps needed to test the hypothesis include:

1. Making assumptions (we assume that the SME's churn is based on price sensitivities) is one of the first steps that must be taken in order to verify the hypothesis.
2. Assuming a position of authority (Loss of SME customers is as a result of price sensitivities)
3. Identify the substitute position. (Price sensitivities have no impact on losing SME clients.)
4. Setting acceptance standards (95 percent confidence interval)
5. Executing tests based on facts.
6. Analysing the data:

• Does the analysis confirm that price sensitivity is the primary cause of customer churn?

• Are we certain the outcome wasn't a coincidence?

1. Coming to one of the conclusions listed below: rejecting the original argument that consumer price sensitivity is what causes turnover and supporting an alternative argument or failing to refute the argument.

We will be able to deduce the causes of churning in relation to price changes from the findings. The model will also help us understand how the client's suggested discounting approach will affect business.

Kind regards,

Jagadish Mali