



CLASS #4
“Understanding Drivers”

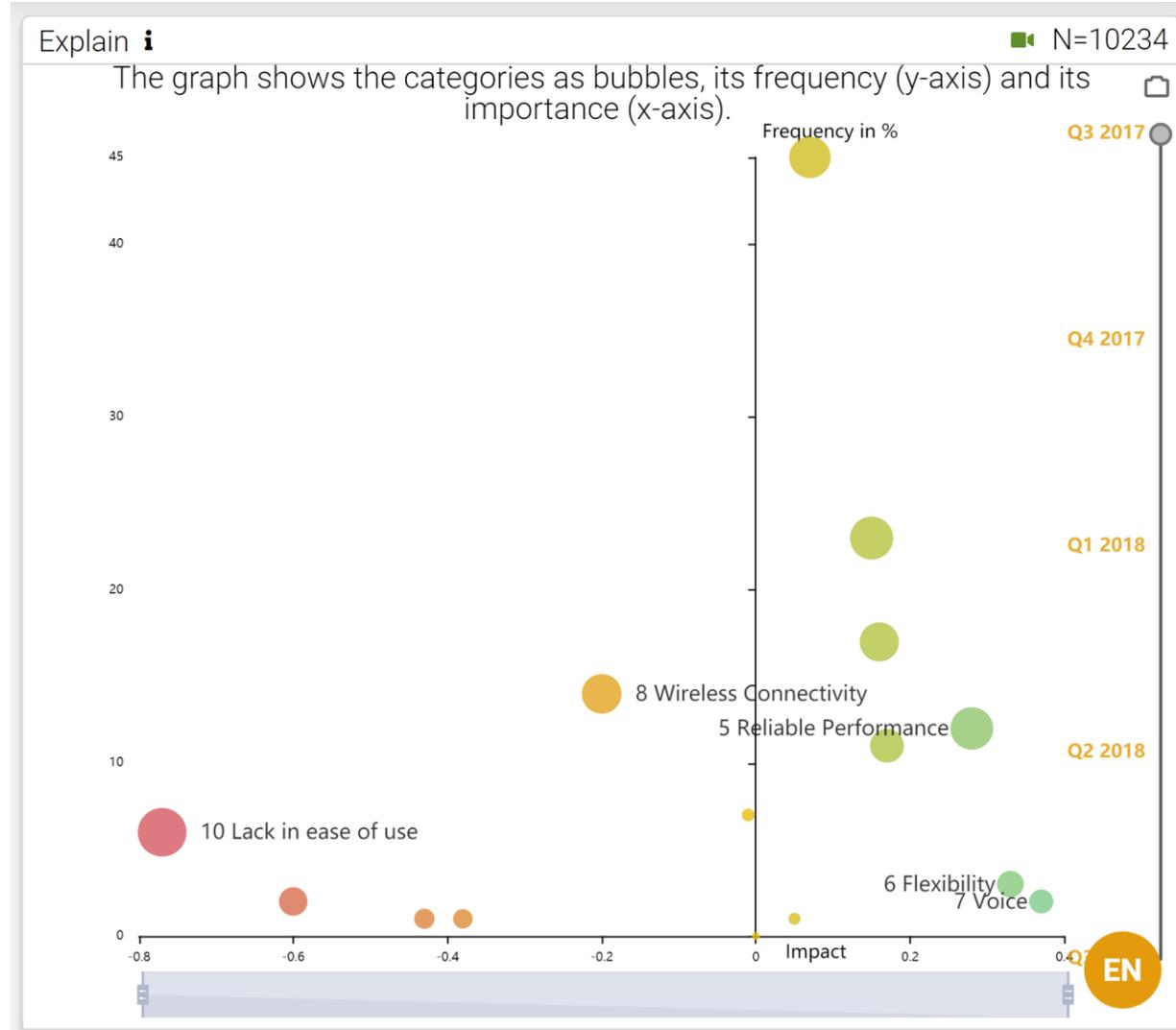
Lesson #1: The impact-frequency illusion

- **Reasons for the mismatch**

- Lack of incentive for deep thinking
- Top of mind associations
- Lack of awareness about own behavioral triggers
(post rationalization effect)

- **Examples show**

- Top frequency category define the category
- New or low performing categories have low frequency



Lesson #2: Risk of comparing promoters with detractors

- **How it works:** Comparing promoters with detractors
- **Why** it is prone to spurious correlations thus wrong findings:
 - **Problem 1:** Wrong signals
 - **Problem 2:** Lack of differentiation (everything correlates)
 - **Problem 3:** Sometimes wrong directions

Example Sonos:

- Promoters 61% great sound
- Detractors 25% great sound
- **Still: „Great sound“ low lever to increase CX**

Example Sonos:

- Promoters 4% bad support
- Detractors 3% bad support
- **Reason: New customers have more support calls but also have higher initial excitement**

Lesson #3: Key Driver Analysis (KDA)

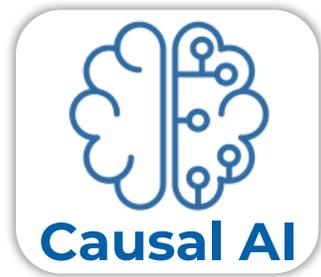
- **The idea:** each driver has its mutual impact.
It can be measured across many examples (data points)
- **The regression formula**
- **Granger's idea:** If a drivers is predictive, its causal
(if assumptions hold true)
- **Assumptions:** Linearity, Independence, Closed world



Lesson #4: Nonlinearities in KDA

- **Main types of Nonlinearities**
 - Hockey-Stick, J-curve, delighter
 - Saturation effect, base factor, hygiene effect
 - U-curve and inverted U
 - S-shape
 - Inverted S
- **The limitation of parameterized statistics**
- **The limitation of shapley value regression**
- **Machine Learning as a universal KDA**





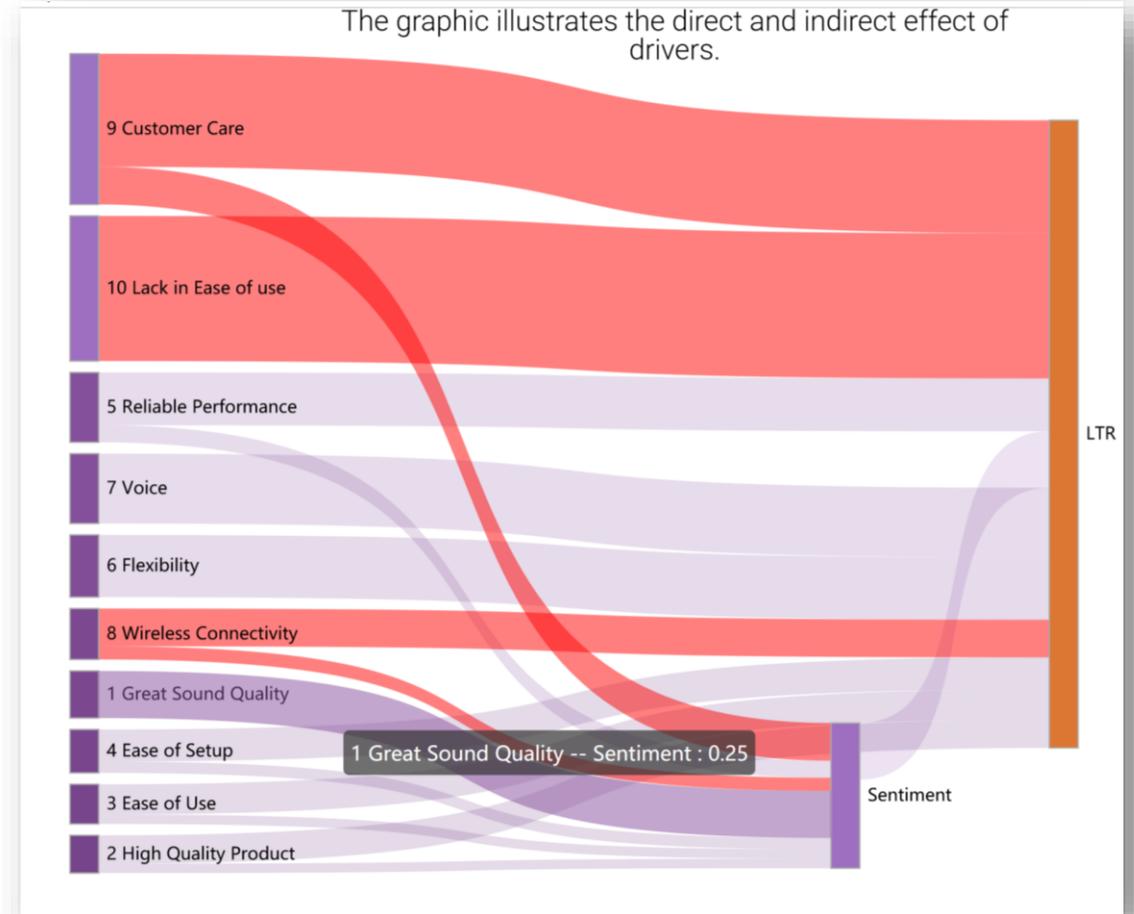
Lesson #5: Interactions in KDA

- **The difference of Interaction and Interrelation (and Mediators)**
- **Example of Interaction**
- **How to handle interaction**
 - Predefine in parametric modeling (customized regression)
 - Use machine learning



Lesson #6: Mediators in KDA

- **Mediators in the CX context**
 - Sentiment
 - Higher Level Categories
- **Ultimate Use:**
 - To measure true causal impact / importance of a category
 - Understanding the nature and actual meaning of a category
- **Statistical Methods**
 - PLS Path Modeling (e.g. Smart PLS)
 - Structural Equation Modeling (e.g. MPlus)
 - Bayesian Networks (e.g. Bayesia)
 - Universal Structure Modeling (NEUSREL)



Lesson #7: Validation of different approaches

- **Predictive Power vs. Total Causal Impact**
- **Cross-Validation**
- **Impact vs. Effect Strength**



Summary CLASS #4

- **The impact-frequency illusion**
- **Risk of comparing promoters with detractors**
- **Use Key Driver Analysis (KDA)**
- **Consider Nonlinearities in KDA**
- **Consider Interactions in KDA**
- **Consider Mediations in KDA**
- **Validation of KDA**