

# Getting to the heart of CX: Best practices in key driver analysis

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Determining the most important features—or key drivers—of the customer experience is one of the most critical analyses for any customer experience (CX) program, because it leads to the most meaningful improvements. This white paper explains the science behind key drivers and SMG’s best practice for this pivotal analysis.



**What are key drivers, and why do they matter?**

CX surveys consist of experience measures, asking respondents to rate their satisfaction with aspects of the customer experience. For example, restaurant respondents are prompted, “Please rate your satisfaction with the Taste of Food” and retail respondents are asked, “Please rate your satisfaction with the Availability of Assistance.” These core questions are typically asked of every respondent.

One of the biggest challenges brands face when trying to improve the customer experience is determining which experience measures have the biggest impact on customer satisfaction. Of course it would be ideal to improve every aspect of the customer experience, but all organizations are constrained by time and budget and know they can’t improve everything. They need an easy way to prioritize CX attributes so they can take targeted action on the attributes that matter most.

That’s why key driver analyses are so critical: they evaluate the relative importance of different CX aspects as they relate to the entire experience. In other words, they determine which elements of the customer experience— if improved—will have the biggest positive impact on CX measures and loyalty. And loyalty is the goal, because loyal customers are more frequent, spend more, and recommend more often.

**Why is Overall Satisfaction the driving metric?**

We start by first understanding which metrics link back to financial performance. Often, those are loyalty metrics (e.g., Likelihood to Recommend, Likelihood to Return). So why are key drivers focused on improving Overall Satisfaction rather than loyalty? There are a few reasons:

First, loyalty is built over time while Overall Satisfaction relates to a single experience. When a customer rates Overall Satisfaction, the rating is based on how well the brand performed on key drivers for that one experience. When a brand consistently delivers on those drivers—

and in turn on Overall Satisfaction—that brand builds customer loyalty in the long-term. So while loyalty is the ultimate goal, it makes sense to focus on those CX elements that directly impact Overall Satisfaction (SMG, 2016).

Further, Overall Satisfaction is a tangible metric operators can understand and act on. Loyalty, on the other hand, is a more complicated concept. It’s impacted by advertisements, the brand’s website, experiences with other touchpoints, and many other elements that operators can’t control. They can, however, influence individual experiences within the store. Other experiences are measured in different surveys; and each touchpoint has its own key driver model.

*The Service Profit Chain* model articulates the relationship between customer satisfaction, loyalty, and sales growth (Heskett, Sasser, & Schlesinger, 1997). The model demonstrates that if you want to improve customer loyalty and financial performance for the entire brand, it’s necessary to focus on the key drivers of the customer experience that matter most (see FIGURE 1).

SMG uses *The Service Profit Chain* as our strategic research model, placing special emphasis on evaluating the relative importance of CX measures in predicting loyalty. Keeping in line with *The Service Profit Chain*, we use key driver analyses to predict where clients should focus to convert Satisfied customers into Highly Satisfied customers, or Top Box (SMG, 2016). This presents the biggest opportunity to drive loyalty and sales growth.

**SMG Best Practice: Relative weights analysis**

The customer experience isn’t limited to use of a product or service—it spans every aspect of every interaction a customer has with a brand, across multiple touchpoints. That’s why SMG’s best practice is the use of relative weights analysis to determine the key drivers of Overall Satisfaction. Relative weights is a technique developed >>

FIGURE 1

Improving individual CX attributes is the key to unlocking sales growth



to deal with measures that are correlated, taking into account both the direct and indirect effects each measure has on one another (Krasikova, LeBreton, & Tonidandel, 2011).

For example, if customers wait a long time for their entrée, we understand that this will have a direct impact on their Overall Satisfaction because they are upset about the long wait. The speed of service, though, will also have an indirect impact on the way they feel about the taste of the entrée since they may have been upset when the order arrived. As evident in this example, we understand that all aspects of the customer experience are linked together (or correlated). In simplistic terms, the relative weights model takes this into account and determines which aspect is the most important.

Relative weights analysis uses the correlations between experience measures and Overall Satisfaction to determine what percentage of the explained variance in Overall Satisfaction can be attributed to each measure (Johnson, 2000). It does this by performing two different regressions at the same time. Relative weights are percentages, which means they are additive, allowing the researcher to sum the percentages to create groups with similar themes. For instance, questions about the helpfulness, friendliness, and knowledge of employees can be grouped to create an “employee” factor (see FIGURE 2).

Overall, relative weights analysis is the recommended approach because it handles measures that are highly

correlated, the result of the analysis is a percentage that can be added into groups, and it is easy for a non-technical audience to understand.

**Conclusion**

As more companies are turning to big data to help guide their decision-making, analytic methods have evolved to be more efficient and accurate in producing actionable output. The highest priority for our researchers is to apply the right statistical technique for the specific research question. When it comes to key drivers, relative weights is the best approach for answering the research question of which aspects of the customer experience drive customer satisfaction. ●

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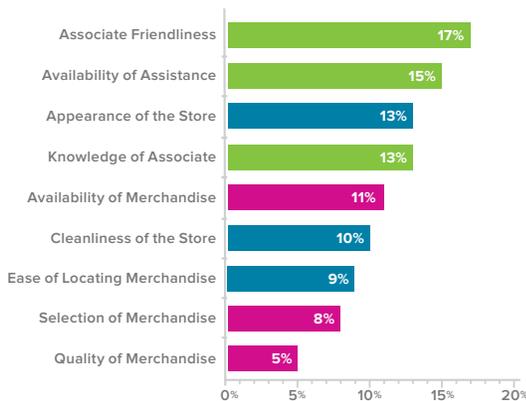
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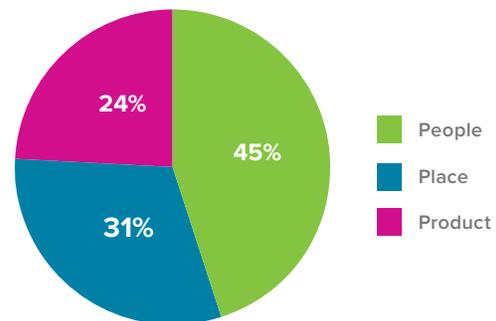
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FIGURE 2

**Relative weights analysis**



**Cumulative Importance**



**About SMG**

SMG (Service Management Group) partners with more than 325 brands to create 5-star human experiences that drive loyalty and create profitable sales. SMG’s holistic approach differentiates through state-of-the-art measurement, technology, and insights that help clients listen, understand, and act. Strategic solutions include omniCX, Employee Engagement, and Brand Research. SMG is an AMA Top 50 research firm with a global footprint—evaluating over 130 million surveys annually, in 50 languages across 125 countries.