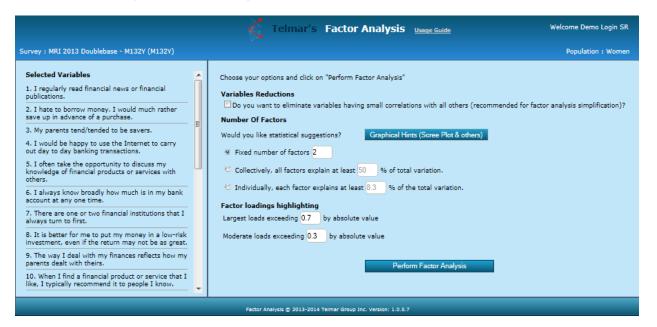## Factor Analysis - Data reduction technique

Telmar Factor Analysis (TFA) provides a compelling tool for users to identify otherwise unobservable factors across a large set of variables. In other words, it helps to uncover hidden relationships across variables in a simplified manner.

In a real-world application, the results of a factor analysis could show that between cleanliness, friendly staff and waiting time they are three highly correlated variables of consumers resulting in the creation of one factor that could be titled "service quality." Or, when running TFA against media, one could determine the media habits of customer groups.

Users have multiple approaches to selecting a Factor solution. For example, one could use a Scree plot, a fixed number of Factors, a total cumulative % variance or a minimum % of variation for each factor solution.

TFA generates Factor scores "values of factors for each respondent" that may be used:
   a) As a replacement for a large set of variables for Correlation or Correspondence Analysis
   b) To classify respondents using Cluster

TFA is integrated within Telmar's crosstab suite: the most comprehensive suite of analytical tools available in the media- and market-research marketplace, for use with both Syndicated and Custom datasets.

Please contact your Telmar representative for more information.