



Copyright 2017: Steven Litt: All Rights reserved by Steven Litt, B.Sc., MBA @strategysteven

What kind of a measure is N.P.S. (New Promoter Score)?

- Most companies consider it t be a measure of 'loyalty'.
- Some companies consider it to be a measure of referrals.

imo it's not a consistently reliable metric for either, however it's popular! So learn to leverage it!

Since it's 'benchmark-friendly' across brands/time, we can...

- Check respondent views on our brand vs how we trended in the past (longitudinal or tracking studies); and
- Check vs how we fare vs other firms in same industry (fast food, airlines, telecom provider, hotels,...)





Copyright 2017: Steven Litt: All Rights reserved by Steven Litt, B.Sc., MBA @strategysteven

NPS is one way to gauge *how strong an advocate* your respondents may be.

This is the survey question's benchmark-friendly format:

"How likely is it that you would recommend [this brand/ product/service/company] to a friend or colleague?" (0 = Not At All Likely and 10 = Extremely Likely)

So....

How do we use the responses on a 0-to-10 point rating scale?

Net Promoter Score is a customer loyalty metric developed by (and a registered trademark of) Fred Reichheld, Bain & Company, and Satmetrix Systems.





Copyright 2017: Steven Litt: All Rights reserved by Steven Litt, B.Sc., MBA @strategysteven

<u>Promoters</u> (score 9-10) are loyal enthusiasts who will keep buying and may refer others, fueling growth.

<u>Passives</u> (score 7-8) are satisfied, yet often unenthusiastic customers, who may be vulnerable to competitive offerings.

<u>Detractors</u> (score 0-6) are unhappy customers who can damage your brand & impede growth via negative word-of-mouth

N.P.S. = % who are Promoters – % who are Detractors eg a score of 100 would imply all Promoters, -100 would imply all Detractors

Note: in many situations & industries, a high % of respondents are 'Passives', reducing the likelihood of extreme scores

More info here:

http://www.netpromoter.com/why-net-promoter/know

https://www.checkmarket.com/blog/net-promoter-score/



steven.litt@senecacollege.ca

Copyright 2017: Steven Litt: All Rights reserved by Steven Litt, B.Sc., MBA @strategysteven

NPS: advantages:

- Can be an industry-standard benchmark
- Easily understood by respondents

NPS Limits:

1. It gets *gamed*. A LOT! Just as any other 'industry performance' score, there's a HUGE temptation for franchise owners, department managers, shift managers, etc to encourage biased, overly positive sample selection & responses. So *police it well!*

2a It's less useful in (problem-solution) negative situations; eg some respondents may be uncomfortable/unwilling to imagine ppl they care about in their situation eg "friends or colleagues"...needing Legal help? A morning-after pill?

2b *The Fix*: change "friends or colleagues" to "another person in the same situation"





NPS Limits:

Copyright 2017: Steven Litt: All Rights reserved by Steven Litt, B.Sc., MBA @strategysteven

3a Not specific enough for *long term* &/or *multi-media relationships* eg a bank, auto maker or telecom provider will deal with you *in person* (at branch, dealership or an in-home service call), or *by landline or cell* or *online*. Which service experience is a respondent supposed to keep in mind when they reply?

3b The Fix: add a prefix: "Based on your most recent service encounter" or "Based on your visit to the branch today..."

4a Responses to 'product/model' may differ from responses about an

entire 'company'.

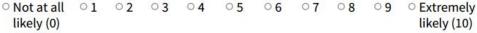
4b The Fix: Ask BOTH!

*The Net Promoter Score is a registered trademark of Fred Reichheld, Bain & Company and Satmetrix.

Considering only your most recent purchase experience, how likely would you be to recommend the purchase of an Apple iPad to a friend or colleague? (0 is not at all likely, 10 is extremely likely)



Considering your complete experience with our company, how likely would you be to recommend our company to a friend or colleague? (0 is not at all likely, 10 is extremely likely)





Professor Steven Litt steven.litt@senecacollege.ca

Copyright 2017: Steven Litt: All Rights reserved by Steven Litt, B.Sc., MBA @strategysteven

NPS Limits:

5a It gauges just their 'potential to promote', without context of their social circle, ability to promote, social media presence...

5b The Fix: ask them 'influencer status' questions! ie "Have you recommended (our brand) in Past 3 Months to ...?" and/or ask them about the size/activity of their social networks, and/or ask them who in their communities is the go-to person on this topic.

6a It doesn't ask WHY, and it doesn't let them cheer or vent.
6b The Fix: Ask "What we did we do really well?" and "What could we

do even better?" and/or just "What could we do to earn a 9 or 10?"