How Effective Is Net Promoter Score (NPS)?

Shep Hyken Contributor ⓘ

Shutterstock

On a scale of zero to 10, with 10 being highest, what's the likelihood that you would recommend us (our company) to a friend or colleague?

That is the basic Net Promoter Score (also known as NPS) question that was created by Fred Reicheld and Bain & Company. I've always found it to be powerful survey question to determine overall customer sentiment. Did the company, or whomever the customer was interacting with, do a good enough job to garner a nine or a 10?

First, you should know that I'm a fan of NPS. I like simple surveys that provide broad insight. From the broader information, we can go vertical and gather specific feedback. My experience is that most customers will take the short NPS survey. They may even answer another question or two. Two of my favorite questions to follow the standard one-to-10 survey are to ask, "Why?," and if the number is lower than a 10, "What would it take to raise our score just by one point?" In other words, go from a six to a seven, or a nine to a 10. That is important feedback that any company can use.

Before we go further, let's make sure everyone understands how an NPS score is calculated. The score, on a scale of one to 10, falls into three groups. If a customer scores you as a nine or a 10, they are *promoters*. If they score you as a seven or an eight, they are *passive*. You don't know if they are leaning toward loving you, leaving you, or they just don't care. And, a score of a six or lower means you have a *detractor*. To determine your official NPS score, take the percentage of promoters (nines and 10s) and subtract the percentage of detractors (sixes and lower). That number is your Net Promoter Score.

All of this brings me to an article recently written by my friend, colleague and customer experience expert, Bruce Temkin, about his latest recommendations regarding NPS. In the article he has a list of nine. Five of these stood out to me and I thought they would make for a worthwhile article that might compel you to consider using NPS in your organization (if you're not already doing so).

1. The choice of metric is not as important as people think. Temkin states that he rarely sees companies succeed or fail based on a specific metric the company chooses. That said, he is neither pro nor con regarding NPS. He knows that the metric works and his organization's data show that good NPS scores correlate to customer loyalty. I agree, and furthermore realize that this simple survey concept doesn't give deep data. If you want specifics, you will need to add other survey methods or additional questions such as those I mentioned above.

2. Driving improvements is what's critical. It's not about the metric you are using to acquire and measure feedback. The NPS measurement means nothing unless you do something with it. As Temkin says, "Instead of obsessing about the specific metric being used, companies need to obsess about the system they put in place to make changes based on what they learn from using the metric." The ultimate goal is twofold: increase promoters and decrease – and ultimately eliminate – detractors.

3. Promoters and detractors need individual attention. Beyond the NPS score, you must understand what is driving the score. What is causing *promoters* to give you the nine or 10? What do the *detractors* dislike about your company or the service? What are the people in the middle, the *passives*, passive about: the service, product, etc.? What drives a *promoter* is likely to be different than what might turn around a *detractor*. And, don't just focus on fixing the *detractors*. Temkin says, "By focusing on what causes promoters, you will get the opportunity to engage the organization in uplifting discussions – instead of just beating the drum about what's broken."

4. NPS is for relationships, not transactions. Asking people about recommending you isn't about the most recent interaction. It's about the entire experience. So, be careful about when and where you ask the question. For example, if a customer loves your company, but the most recent experience with a support rep wasn't stellar, the NPS score asked right after the interaction may be lower because of that one employee and may not reflect the overall sentiment the customer has for the company. It's not about the most recent experience. It's about the overall experience. Use the NPS question in the right place, at the right time and for the right reason.

5. NPS is for teams, not individuals. NPS asks about the likelihood to recommend a company, not an individual. While the individual can impact the NPS score, keep in mind that you aren't using NPS to rate an employee. The beauty of the NPS question is that it is short. So ask a different question to rate the employee. It could be on a zero-to-10 scale as well, but reserve the NPS question for the overall experience.

As mentioned, I'm a fan of NPS. For the customer, it's a quick and easy survey, taking 15-20 seconds versus surveys that take 15-20 minutes. In addition to the short NPS question, consider using one of the follow-up questions mentioned above. Then, take advantage of the information. Don't just look at it. Use it to build an extension of your salesforce with customers who are willing to recommend you!

Shep Hyken is a customer service & customer experience expert, keynote speaker and NYT bestselling author. Learn about his latest book The Convenience Revolution.

Shep Hyken Contributor

I am the Chief Amazement Officer at Shepard Presentations. As a customer service and experience expert, I help organizations create amazing customer and employee experiences. My books have appeared on bestseller lists including the New York Times, Wall Street Journal, USA T... **Read More**

8 Startups Ahead of the Pulse in Healthcare

Mona Flores Brand Contributor
NVIDIA BRANDVOICE