

Why do it?

The Net Promoter Score (NPS) is a method for measuring the overall performance of your company through your customer's eyes and is being increasingly used as a key performance indicator. You can track customer service performance at a top level (rather than for a specific transaction) with a single easy to understand figure by asking a sample of your customers the following question:

"How likely are you to recommend company X to others if asked, where 10 is very likely and 1 is very unlikely."

The NPS is a good indicator of the loyalty of your customers and there are some studies showing that it is related to sales growth. Typically companies within the environmental and utility sectors use the NPS in one of the following ways:

- To track progress on customer performance – often when implementing programmes to improve customer service
- To benchmark against their competitors – to ensure you are keeping up with or ahead of their competitors
- To identify low performing customer segments - to enable you to take targeted action to address these weaknesses

Key points to consider

Usually the Net Promoter Score question will be asked as part of a larger questionnaire, as if you are contacting your customers it is an opportunity to ask about other areas such as; why customers select you, ratings on service levels, views on product performance, are your competitors offering something better?

An NPS survey can be conducted by phone, email or web depending on contact details held, sample sizes, level of qualitative feedback required and budget available.

The sample size and method of data collection will also depend on the type of client. Large service companies, for example, may want to track progress on a small number of large customers with several respondents in each company. Equipment manufacturers would typically want to question direct customers and agents/distributors with sample size being fairly large. Utilities companies will vary according to whether they wish to measure NPS performance in the B2B or B2C markets.

Customers responding to the NPS question are classified into the following categories:

Promoters: customers who scored 9 – 10

Passives: customers who scored 7 – 8

Detractors: customers who scored 1 - 6

The NPS is equal to the percentage of promoters minus the % of detractors. In the B2B market an average score is around 20 – 30% with top performing companies achieving 40% plus.

When measuring your NPS, it is a good idea to ask customers for the reasons behind the score to enable you to identify any actions required.

How to get started

The first step is to decide on the overall objective of the project. Is it just to find out the NPS or are there other areas you would like to speak to your customers about. You then need to decide on the best way of undertaking data collection, either internally or by speaking to a third party professional. Ideally you should prepare a research brief; a template is available to download from this website.

Successful NPS programmes include a process to close the loop so that any negative feedback is acted upon with the aim of changing a "detractor" into a "promoter".

If you have any questions please get in touch, we would be more than happy to help.

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