



# What Good Is A Net Promoter Score If You Can't Improve It?

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[www.reputada.com](http://www.reputada.com)

# Introduction

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Net Promoter Score<sup>®</sup>, or NPS, has taken the business world by storm. Survey questions like “Would you recommend this product to your friends?” are everywhere. Having a good NPS says something very positive about your business.

**How likely is it that you would recommend this service to a friend or colleague?**

Not very Likely										Very Likely
-100	-80	-60	-40	-20	0	20	40	60	80	100
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

A TYPICAL NPS QUESTION.

What if your NPS isn't that good? What if you want to improve your NPS, what do you do?

## What the Net Promoter Score Is

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First, you need to understand what the Net Promoter Score is. It is a measure of the quality of the experience a customer has with your product or service. If a customer gives you a high NPS rating then they had a customer experience that was so good that they are willing to act as your promoters, marketers and references with their personal network.

## What the Net Promoter Score Is Not

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If you have a good NPS what does that say about your internal processes? What does it say about your service delivery?

Unfortunately, the NPS doesn't tell you much about what is right or what is wrong with your business, process, people, material, quality testing, etc. It doesn't tell you how to 'fix' it if it's low or how to further improve it if it's high. It doesn't even tell you what to keep doing so that your NPS doesn't go down.

There are two reasons for this. First, NPS has been recognized as not identifying the cause of the score. There is no causal connection between any specific action you take and the NPS result. Sure, there are obvious, extreme causes. For example, lowering quality or insulting customers will certainly lower your NPS.

Second, NPS measurement comes too late in the process. Not only has the product or service been delivered, but there is usually an additional time lag between delivery and NPS measurement. This is a problem, in general, with surveys. They come too late. (Additionally, they are usually too long and have a low response rate.)

## How to Determine What Is Causing Your NPS

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The main problem with determining the cause of your NPS is that it comes at the end of your interaction with the customer. It doesn't tell you what issues the customer had. Knowing what those issues were would have enhanced their

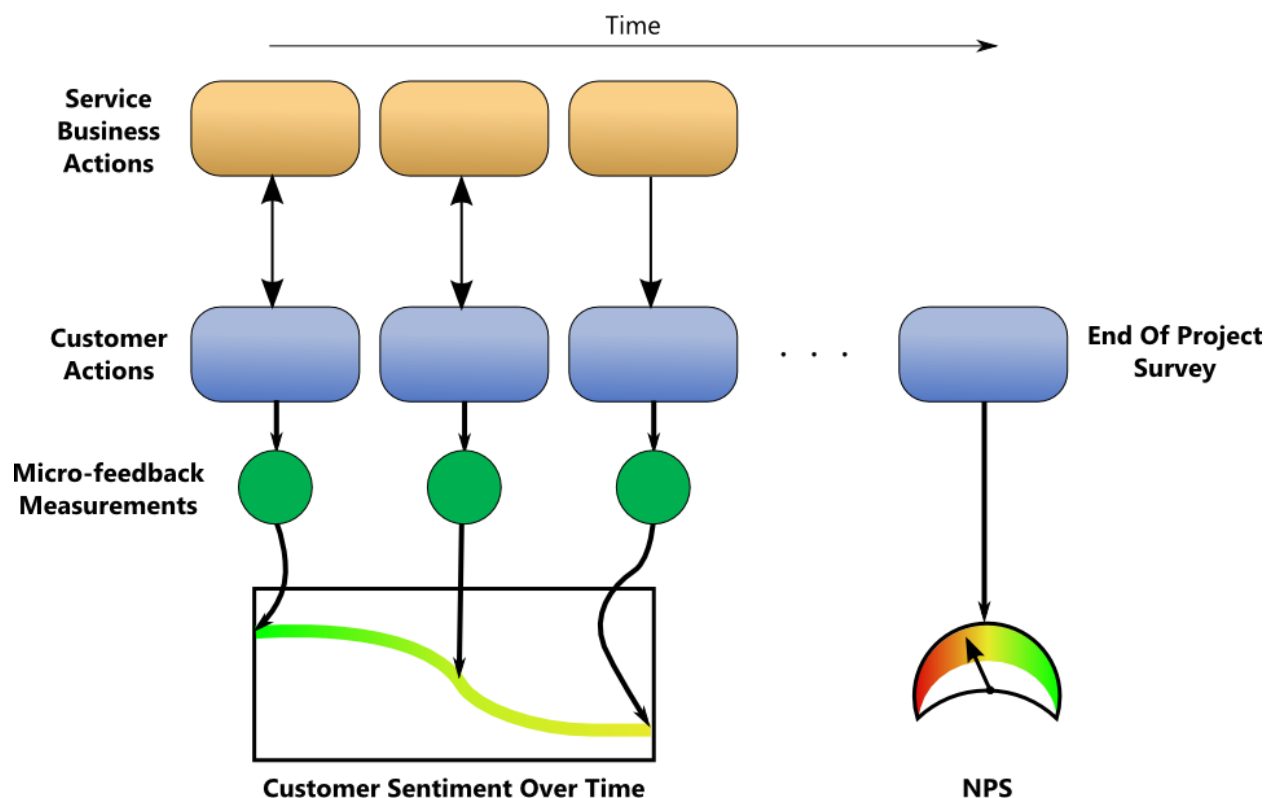
experience and improved your NPS. It doesn't tell you what attributes of your service the customer liked. Knowing what those attributes were would show you why you had a good NPS.

You need additional measures, directly driven from customer sentiment, in order to find causation. What you need is **frequent micro-feedback** which gives you actionable information **while** the customer interaction is **underway**.

The key concepts are:

- **Frequent:** do it often so that the feedback you get is related to the steps you are taking.
- **Micro-feedback:** You need feedback from the customer that is quick and easy for them to provide. Lengthy surveys have low response rates and survey burn-out will not give you an accurate reading.
- **While underway:** feedback must be acquired during the interaction with the customer, not after the interaction is over.

Once you have metrics on customer sentiment as you are delivering service, then you can relate actions you took with the customer to overall satisfaction and their NPS. The figure below graphically illustrates how frequent micro-feedback can provide better insight into customer sentiment, well before NPS is measured.



MICRO-FEEDBACK INDICATES CUSTOMER SENTIMENT AS SERVICE IS PROVIDED. NPS IS AFTER-THE-FACT.

# Improving Your Service before Measuring NPS

What could be better than determining why you don't have a higher NPS? Fixing the problems causing low NPS, before you even measure NPS. How can this be done? If you use frequent micro-feedback you can quickly see when a project or service delivery is heading in the wrong direction. With this knowledge you can begin to address customer concerns before they become the reason customers won't do business with you anymore. Customers often don't take the initiative to call their service providers to raise an issue until it has gotten so bad that it is difficult to address the problem. With enough notice through micro-feedback, you can turn a customer into an enthusiastic promoter of your business.

## NPS Does Not Focuses on Retaining Customers

The purpose of NPS is to determine who your net promoters are and leverage them to acquire new customers. Once you identify them you can use them as brand ambassadors. However, growing the customer base, especially for service businesses, is not the most cost effective way to grow revenue.

Replacing an existing customer can cost up to ten times as much as acquiring a new one. Looking at the hard numbers, that means that you need up to ten brand ambassadors working with your existing marketing and sales efforts to replace the 'low NPS' customers that leave you. How does that make sense compared to taking the pulse of your customer sentiment, addressing issues directly at the time they occur and keeping that customer for new products and services?

## Conclusion

NPS is useful for identifying who your promoters and brand ambassadors are. However, it does not identify why those customers are promoters, nor does it help retain customers. In order to retain customers and determine why your NPS is not better (or why it is as good as it is), you need frequent, micro-feedback from your customers while your service delivery is underway. Furthermore, NPS focuses on the problem of acquiring new customers, when it is much more cost effective to retain the current customers in the first place.

For more information on improving your service delivery with micro-feedback try [www.reputada.com](http://www.reputada.com).

**How likely is it that you would rely only on NPS for retaining customers?**

Not very Likely										Very Likely
-100	-80	-60	-40	-20	0	20	40	60	80	100
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WHAT DO YOU THINK?

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