

What is NPS?



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Ideally every business wants more customers saying good things about them (recommending them) than saying bad things about them and actively putting potential customers off.

Any positive Net Promoter Score (NPS) means there are more customers acting positively (promoters) than negatively (detractors). NPS tells you about the balance between these types of behaviour.

NPS is simply calculated by taking the percentage of top box scorers (those scoring 9 & 10) and subtracting the percentage of bottom box scorers (those who scored below 7) for the question 'how likely are you to recommend X?'. It might help to think of top box scores as being the gross promoter score. Your 'missing' percentage is due to customers being either passively satisfied (see line 3 opposite) or being a detractor (see line 4). However, NPS can be made up in a number of ways, a handful of which are shown in the table opposite.

Approaching NPS scores for segments within a business

Firstly, I look at the relative score between surveys and any big changes over time. I don't concentrate on small variations; I am looking on a general level to see if there is anything I need to investigate more thoroughly. I follow this up by looking at top box/bottom box differences and customers' comments. I also look at negative scores as they may pinpoint real areas of concern.

I consider the type of customers who are taking part in the survey. In B2B surveys, the recommend question is often not the most effective one. Where it is used, it can lead to the appearance of a lot of "satisfied detractors", customers who are very happy but would not recommend for other reasons (e.g. "I don't know anyone suitable to recommend to").

Your aim is to increase NPS scores. You may wish to aim for all departments hitting

See how scores can vary, even when top box remains at 50% (Rows 1-4) and how NPS stays the same when bottom box varies (Rows 6-7)

	Top Box (9&10) PROMOTERS	7&8 PASSIVELY SATISFIED	Bottom Box (1-6) DETRACTORS	NPS
1	50%	10%	40%	10%
2	50%	40%	10%	40%
3	50%	50%	0%	50%
4	50%	0%	50%	0%
5	40%	10%	50%	-10%
6	60%	20%	20%	40%
7	40%	60%	0%	40%

a pre-determined score, or you may simply aim to continually improve your NPS. If you are able to determine a top box score that you are aiming for, this may help you set an NPS target. However, even if you were looking for 75% top box, your NPS score could vary considerably depending on whether you have detractors and what their scores are.

We say an NPS score of 30% is fairly good, but this depends on what makes up the score. It is always useful to look at your top and bottom box scores, and not solely the NPS.

You may decide that because of the make-up of your customer base, there are some customers who are worth more to you who you want to score nine and ten. You may also feel that some customers aren't worth the effort - customers that are hard work and don't bring in much revenue, for example. If you employ strategies like this, it will affect your NPS.

Some things to bear in mind

- NPS is based on the response to one question, whereas CSI is compiled from the response to a range of requirements. This means that NPS is much more likely to fluctuate whilst CSI will remain more stable, making it easier to track changes. You may

find that in some cases the NPS will go in one direction and the CSI in another. You may need to be able to explain this at some stage, so keep it in mind.

- To achieve the same degree of reliability as CSI, NPS needs a sample size up to 28 times bigger. This is worth remembering if your sample size is fairly small, or if you are comparing parts of the business with differing sample sizes.
- The nature of the question used to calculate NPS means that the approach is more successful when used for consumer surveys rather than business customer surveys.
- NPS does not tell you how to increase customer satisfaction. It will alert you to changes in satisfaction, but will not help you understand what is causing them.
- There is no denying the NPS is simple to use, and in conjunction with CSI, it may be useful. However, as a tool for improving satisfaction, a pre-cursor to loyalty, it falls short.



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