The Complete Guide to NPS® Surveys

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Introduction

Let's face it, customers expect the best possible experience when dealing with any company. They expect an efficient, friendly and delightful experience at every touch point.

With each customer brand competing to be front of mind, it takes something special to really stand out, especially for the 'millennials' and 'digital natives' of the younger generations. Feeling valued is very important to this community of customers. They don't just tell you what they think, they need to know that their opinion is appreciated and your business is going to listen to what they say.

Gathering feedback helps to address this challenge, but your brand has an obligation to act on this feedback. Asking for feedback is itself part of the experience they expect but the reaction to this feedback is key.

History of the NPS

Back in 2003, Fred Reichheld, a Harvard Business School graduate, invented a unique loyalty metric called the Net Promoter Score® whilst working with [Bain & Company, a US consulting firm.](#)

He coined the term 'The Ultimate Question' which aims to measure a customer's willingness to recommend a company, product or service to their friends, family and colleagues.

Reichheld's three convincing arguments for companies to focus on their Net Promoter Score were:

1. It simplifies customer surveys
2. It provides businesses with timely data that is easy to act on
3. The score links to future revenue growth of a business

What is NPS and how does it work?

The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.

NPS consists of two parts, with each question open ended to increase the overall response rate. The first question will ask the customer how likely they are to recommend your brand's product or service on a scale of 0-10.

The second stage asks a follow-up question, prompting them to provide an explanation of their rating such as 'If you could improve anything what would it be?'

As the questions are open ended, the feedback is not skewed by having too large a question set.

Calculating your NPS

When a customer responds to your first question their responses will be grouped into three categories to allow you to calculate the overall NPS score for your business. These categories are: Detractors, Passives and Promoters. To calculate your company's Net Promoter Score you must subtract the percentage of detractors from the percentage of promoters.

Net Promoter Score = % Promoters - % Detractors

0-6 Detractors:

These customers are unhappy and will most likely say negative things about your brand.

7-8 Passives:

These customers don't really care about your brand and it's unlikely they will promote your business.

9-10 Promoters:

These customers love your brand and will spread the word. Watch that referral rate skyrocket!

What's a good score to have?

There is not a universal metric for whether your score is good or bad as this is dependent on your particular industry. The NPS® Benchmarks 2016 Survey highlighted that those in the tech, software, hardware and telecoms industrys usually have a much lower score compared to other sectors. Therefore, ensure you take into consideration the sector in which you operate before taking drastic action.

Typically, a score of 50 is outstanding and anything below -50 is usually very poor and needs addressing.

Popular brands with high NPS scores:

1) Tesla Motors - 97
2) Apple/iPhone - 84
3) ATS Euromaster - 84
4) Costco - 79
5) Bose - 78
6) Starbucks - 77
7) Samsung - 70
8) Amazon - 69
9) Sony - 61
10) KFC - 53

Statistics obtained from NPSbenchmarks.com

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Simplicity

It will come as no surprise that the more questions you include in a survey the lower the response rate. Studies show that each additional question added to a survey can reduce the response rate by 12.5%, which makes NPS the perfect solution. The Net Promoter System prevents you from having to distribute complex, unengaging surveys, plus there's no need to spend money incentivizing people to give feedback. It is also very straightforward for in-house marketing teams to distribute and track, especially when using marketing tools that let you monitor and display results in a streamlined format.

Target Market

NPS allows you to get a better understanding of who your target audience really are and whether your business is actually meeting their needs and demands. The score can be particularly useful for start-up businesses that want to examine if their brand and product have the correct market fit. Through the combination of your NPS score and other analytics about your customers, you can gain a true insight into why your customers either love or loathe your products and services.

Roadmap

Businesses are often guilty of cultivating new features and building product roadmaps without actually listening and liaising with their customers. The feedback captured from NPS surveys allow you to get a true grasp on your customer's pain points, which in turn can help you recognise certain instances where you need to spend funds on improving something already in place, rather than investing in something brand new and often costly.

Differentiation

Every company wants to be better than its competitors. With NPS, you can compare your score to others in the market and examine how your competitors may be doing things better or worse than you. According to AgilOne's Consumer Survey, over 70% of US and UK consumers expect some form of personalization from the brands they buy from. By optimising NPS feedback and effectively reacting to customer interests, needs, complaints and requests you could win new business."

Customer Churn

In the NPS Benchmarks Annual Survey 16 they found that NPS has a direct link to revenue and can improve retention rates by 5%. With NPS, you can proactively identify customers at risk of churn and reach out to them before you lose their long-term custom. Acquiring new customers can be costly but retaining existing customers is free, simple and easy when you effectively use your NPS data. In many instances, detractors can be transformed into your most powerful promoters if you effectively act on their feedback and place a tangible focus on customer satisfaction. As Bill Gates once said: "Your most unhappy customers are your greatest source of learning."

Successful NPS Use Cases

Apple

When Apple began measuring NPS in 2007, its 167 stores already had a very good NPS of 58. In 2011, its 320 stores had an outstanding NPS of 72 and today it still has an NPS of 70. Some of its best stores achieve a remarkable 90 NPS and Apples overall score is 40% above the average for the computer hardware industry.

It seems that brands with a good NPS score also have a high rate of retention. In a report by RBC Capital Markets it shows that 83.4% of Apple iPhone users planned to continue using the iPhone.

American Express

When American Express was taken over by Jim Bush in 2005 he made the decision to introduce NPS and the results were pretty impressive. He found that promoters — those most likely to recommend American Express to others — were spending 10-15% more than others, and were four times more likely to stay with the company.

Through implementing the Net Promoter Score the banking brand was able to make effective changes to their business model to increase customer satisfaction and keep existing customers on board.

Perfect timing

It's important that you distribute your NPS survey at a time that's right for your customers, whether that be post purchase, after they've visited your store or post trial. Amazon is a great example of this as they ask you to rate your online experience with them within a matter of hours after purchasing their goods. Many claim that if you leave it more than 24 hours then response rates will plummet as customers are disengaged with your brand. Marketing automation software will allow you to send out surveys to customers within a set time frame after a customer visits your business or makes a purchase. All answers are recorded and collated, which takes away the manual work and makes results easy to analyze and compare over time.

Plan and constantly measure

In a report by Rob Markey and Fred Reichheld they said: "Accurate Net Promoter scores depend on a constant flow of data". NPS needs to be a constant and timely action, where results are effectively collated and there is a pre-determined plan of action for dealing with all results. For many businesses, collecting this level of data can be daunting, especially if you have minimal overheads, but this pressure can be eased by introducing tools that use simple dashboards to display results and let you filter according to venue, trends and monthly/annual progress. In terms of planning, a term called 'Close the Loop' is often used and means that businesses should have a set target for getting back to detractors. Automated alerts would work well to ensure staff are informed about any new feedback, particularly if it is from a dissatisfied customer.

Don't just focus on detractors

Of course it's important to make changes in accordance to the feedback from your detractors but don't make the error of ignoring your promoters. Every NPS response has a value and you need to pay attention to the whole spectrum of feedback received so that you can effectively move your business forward and improve customer satisfaction as a whole. NPS data provides your brand with the key action points required to either reward your promoters or work specifically on trying to turn the detractors into promoters. Remember that time is a commodity for all customers, so a simple thank you email to a promoter will make them feel valued and potentially encourage them to refer your brand to others.

Ask relevant questions in an engaging format

In a survey conducted by Customer Gauge, they found that the most popular and cost effective survey media is email with links to digital surveys. Emails are an inexpensive distribution method for NPS and can be formatted in a variety of ways. Although the actual structure of the NPS survey may be simple, it is pointless embedding your NPS link in a fussy and unengaging email, text message or flyer, so keep it simple. Use tools that let you personalise your surveys with company logos and let you choose the follow-up questions that you are going to use, giving customers a much more engaging survey experience. However, you should ensure your NPS results are comparable over time and that your core opening question always stays the same. Even minimal changes to the questions wording or order could significantly impact your results.

How could Purple help you measure your Net Promoter Score?

Purple's innovative NPS solution enables venues and businesses to capitalise on targeting visitors that have recently visited their venue. The visitor will receive an NPS survey within 24 hours of a visit, with a focus on the user experience, resulting in a high conversion rate and increased feedback.

Surveys can be created with ease at customer level, group level or venue level. Each survey can be designed to suit the needs of customer/group/venue, which includes adding a logo to the NPS survey email and choosing what the follow-up questions are.

In summary, our NPS feature is a powerful tool to enable your brand to focus on a key metric of customer satisfaction by targeting your customers in a timely and highly relevant manner This greatly increases the likelihood of gaining a response, whilst your brand is still top of mind with the customer. A greater volume of responses will give much more potent insight for your brand to action, thereby improving the overall customer satisfaction, credibility and value of your brand.

Want to see how Purple could improve your NPS score and supply you with an abundance of valuable analytics about your visitors?

Get a free 14-day trial of Purple's Enhanced licence today.
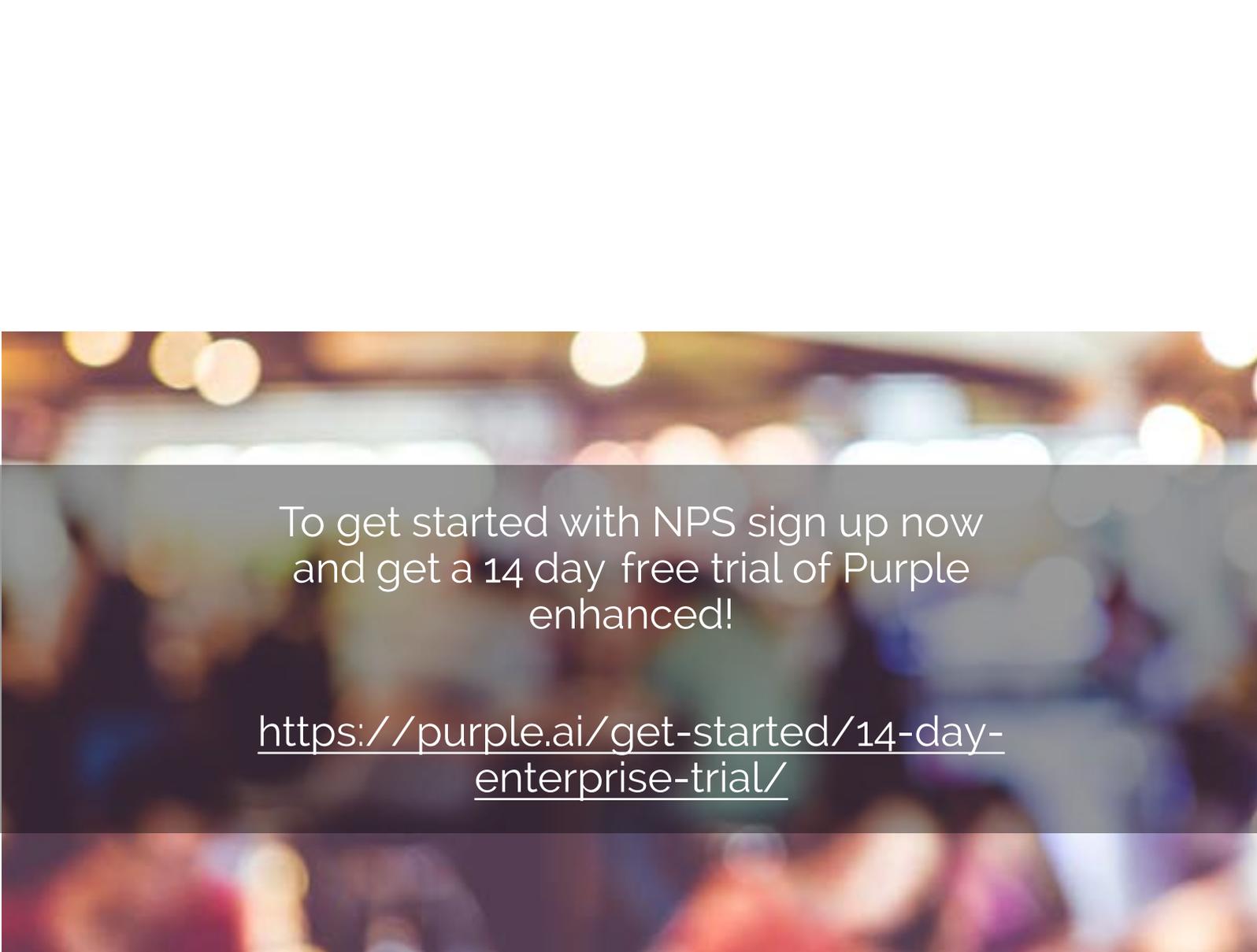
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