

Functional Areas	Industries	KPI record
Marketing & Communications, Marketing	Any	sK1303
Sub-categories	Sub-categories	Tags
Marketing	Any	portfolio, customers

Name	# Net Promoter Score					
Description						
Definition	Measures the net difference between promoters and detractors, out of all customers that responded to the survey.					
Variations	# Promoter Score # NPS					
Related KPIs	% Customer satisfaction with new products and services					
Calculation						
Subordinate metrics	A = # Promoters B = # Detractors C = # Customers	<table border="1"> <tr> <td>Calculation formula</td> <td>$(A/C)*100-(B/C)*100$</td> </tr> <tr> <td>Trend is good when</td> <td>Increasing</td> </tr> </table>	Calculation formula	$(A/C)*100-(B/C)*100$	Trend is good when	Increasing
Calculation formula	$(A/C)*100-(B/C)*100$					
Trend is good when	Increasing					
Focus						
Purpose	To monitor the level of customer loyalty and satisfaction					
BSC perspective	Customer					
Objective measured	Improve customer satisfaction					
Data Profile						
Data capture period	Spot	<table border="1"> <tr> <td>Standard reporting frequency</td> <td>Quarterly</td> </tr> </table>	Standard reporting frequency	Quarterly		
Standard reporting frequency	Quarterly					
Data collection method	Customer Satisfaction Survey, Brand health trackers					
Limitations	Being based on customer surveys, results can be altered by the respondents' subjectivity or incentives given by the company to stimulate responses.					
Targets						
Threshold examples	Red: <50 Yellow: 50-80 Green: >80					

Target setting notes

Thresholds are for exemplification purposes only. Net Promoter Score can greatly vary from one company to another depending on the industry or on the methodologies used to determine and benchmark a NPS. Some organizations consider that any NPS above 0 is a good score as it means that there are more promoters than detractors, however, the commonly agreed methodology states that only an NPS above 50 is considered satisfactory.

Analysis and Resources

Overall notes

Net Promoter Score (NPS) is widely used by large organizations as a customer feedback tool, providing a clear and easily interpretable metric that is valuable for employees at all levels. For managers, NPS serves as a strategic input to guide decision-making and drive company performance. To gain deeper insights into the motivations of both Promoters and Detractors, it is advisable to supplement the NPS question with open-ended follow-ups. These additional questions help uncover the reasons behind the given scores, enabling managers to implement targeted improvements. By either increasing the percentage of Promoters, reducing the proportion of Detractors, or ideally achieving both, organizations can effectively enhance their future NPS.

Additional resources

<http://www.callcentrehelper.com/top-tips-for-improving-netpromoter-scores-nps-42754.htm>
<http://blogs.hbr.org/2011/05/how-philips-uses-net-promoter/>

References

1. Rao, D. N. (2018), ?How net promoter score relates to organizational growth, available at: https://www.researchgate.net/publication/328305049_HOW_NET_PROMOTER_SCORE_RELATES_TO_ORGANIZATIONAL_GROWTH
2. Fisher, N. I., & Kordupleski, ?(2018), ?Good and bad market research: A critical review of Net Promoter Score, available at: <https://doi.org/10.1002/asmb.2417>
3. Baehre, S., O'Dwyer, M., O'Malley, L., & Lee, N,(2021),The use of Net Promoter Score (NPS) to predict sales growth: insights from an empirical investigation, available at:<https://doi.org/10.1007/s11747-021-00790-2>