

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. Note: Net Promoter, Net Promoter Score and NPS are registered trademarks of Fred Reichheld, Bain & Company and Satmetrix.		
Variations	# Promoter Score # NPS		
Related KPIs	% Customer satisfaction with new products and services		
Calculation			
Subordinate metrics	A = # Promoters B = # Detractors C = # Customers	Calculation formula	(A/C)*100-(B/C)*100
		Trend is good when	Increasing
Focus			
Purpose	To monitor the level of customer loyalty by evaluating the extent at which customers act as brand ambassadors.		
BSC perspective	Customer		
Objective measured	Increase customer loyalty		
Data Profile			
Data capture period	Spot	Standard reporting frequency	Quarterly
Data collection method	Customer Satisfaction Survey		
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	<div><div></div> Red: [-100 - 0]</div> <div><div></div> Yellow: [1 - 40]</div> <div><div></div> Green: [41 - 100]</div>		

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 argue that benchmarking might not be suitable, as companies may use different-point scales (the standard is 11, but some use 10, some 5 and so forth). Also, some companies may resort to incentives so as to increase the rate of responses. 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

NPS is used nowadays by many large companies as a customer feedback tool. It gives an unambiguous number that is easy to understand for all employees and useful as input for managers to steer the company. NPS also gives a good indication of growth potential and customer loyalty for a company or product. To understand the motives of Promoters and Detractors, it is recommended to accompany the NPS question by one or more open questions that probe the underlying reasons behind the given score. This allows managers to make the appropriate adjustments to increase the future NPS, either by boosting the percentage of Promoters, either by reducing the proportion of Detractors (or better yet, a combination of both).

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. Bain & Company (2012), Creating a reliable metric, available at: <http://www.bain.com/publications/articles/creating-a-reliable-metric-loyalty-insights.aspx>
3. Qualtrics Labs (2012), Net Promoter Score (NPS) explained, available at: <https://www.qualtrics.com/net-promoter-score-nps-explained>