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
		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	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