Measuring customer experience: Why Net Promoter Score is not enough

Measuring customer satisfaction is a great first step toward understanding your customers. But it's rarely enough to drive real business growth or learn how to differentiate your brand. Many businesses rely on the Net Promoter Score (NPS), a simple metric to gauge customer satisfaction based on whether people would recommend the company. NPS may be fine on a high level, as an easy-to-explain, sweeping generalization about your progress (or lack of it), but the score tells only a small part of the story. An effective customer experience campaign needs rich insights.

Why "good" isn't good enough

A high Net Promoter Score can make your company look great, but it doesn't provide insight into what is popular and why, which are keys to understanding how to leverage that popularity to build business and capitalize on opportunities. Perhaps more importantly, while a low score is cause for concern, it's not enough to simply identify that customers are unlikely to recommend your brand. What you need is real insight into what and why customer pain points exist, so you can take targeted action for improvements.

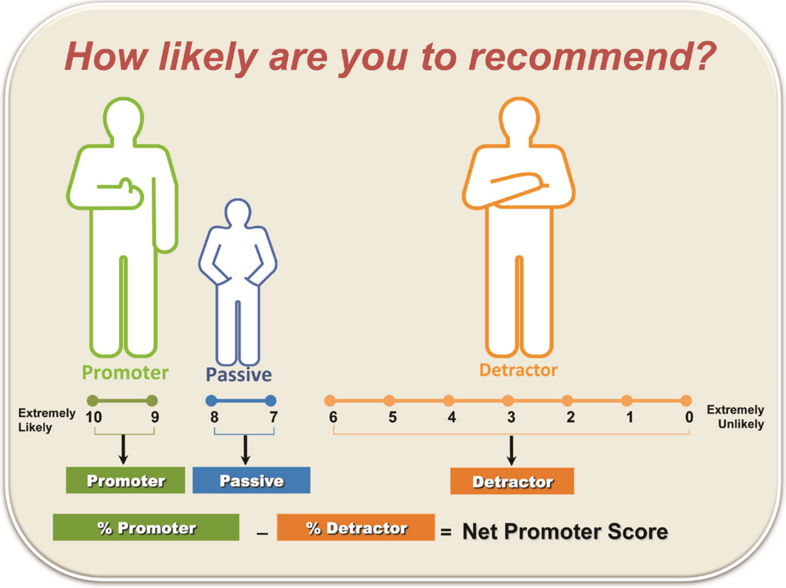
And what about the future? NPS is a good tool for taking the temperature of current customer satisfaction, but it's no help in predicting how well your customer experience efforts will do in the future. Similarly, the NPS metric doesn't identify emerging issues that indicate where dissatisfaction is brewing.

How Net Promoter Score works

Using a simple survey, your company can tap into customer sentiment by asking them to rate from 0-10 how likely they are to recommend your company to others.

NPS ranking is based on the premise that your customers fall into three camps: Promoters (loyal brand advocates), Passives (indifferent, could easily go to competitors), and Detractors (dissatisfied, no repeat business).

The percentage of Detractors is subtracted from the percentage of Promoters, and the result equals the Net Promoter Score.



Source: acuvueprofessional.com

Let's look at an example: Suppose you survey 30 customers, and 15 of them rank their likelihood to recommend between 9 and 10. That means 50% are Promoters. If 6 people gave a ranking of 0 to 6 on the scale, they are Detractors. 6/30 = 20% Detractors. To determine your score, you subtract the Detractors (20%) from the Promoters (50%), which equals 30%. In Net Promoter Score terms, your score is 30. Typically, a score of 50 and higher is considered excellent.

In a 2014 report, SynGro, a Voice of the Customer software company stated that, "Net Promoter Score is the most widely used Customer Experience metric. 54% of companies surveyed in a recent international CX research study use NPS as a primary measure." ("Net Promoter Score: Driving Profit with NPS", SynGro 2014). Yet relying on NPS may mean companies are missing important context to really understand their customer experience.

Whether your NPS score is high, low, or in-between, you get very limited information. That can be especially problematic if your Detractor rating is high. Negative sentiment may be overflowing into social media, influencing other consumers to avoid your brand —and you need to find out why and how to correct that.

Deeper insights give you the power to act quickly

For small companies with simple products and limited customer touch points, surveys and Net Promoter Score metrics may provide enough data to gauge customer satisfaction with the brand. But for companies with numerous products and services, and multiple points of customer interaction, a single number score simply does not provide enough information to take meaningful action. Customer satisfaction programs that treat people as static data points are bound to miss important insights, as Bank of America found out a few years ago.

By tracking Twitter and Facebook comments about Bank of America, Beyond the Arc discovered over 20 service breaks that were only identified through social media text analytics. In our Bank of America case study, we noted that a wave of customer dissatisfaction erupted based on misinformation, which the bank could have avoided if they had identified the issues sooner. A low Net Promoter Score would signal a problem, but social media analysis and Voice of the Customer analytics help target specific issues and provide insight on what customers expect and need to not only resolve the problems but improve their perception of the brand.

An effective Voice of the Customer (VOC) program helps you gain a comprehensive picture of satisfaction levels across the entire customer journey. Far beyond simple surveys, VOC analytics enable you to leverage a broad range of structured and unstructured data sources, such as transactional data and survey ranking, combined with commentary from call centers, email, in-store feedback, and social media.

As Forrester noted in their report on Net Promoter Scores, "NPS is not a fast-moving metric," and doesn't answer the question of what's currently trending. Customer satisfaction may be high today, but tomorrow's losses could be right under your nose, right now. VOC analytics and predictive analytics give you the power to see what's coming –and react early and even prevent problems that could impact customer satisfaction.

Net Promoter Score is a good beginning metric that is easy to understand and adapt. However, companies should not rely on it as their only tool for evaluating customer experience. NPS tells only part of the story, and should be factored in along with a Voice of the Customer program that focuses on understanding why customers are happy or not. For best practices on how to get started or make your VOC program more robust, see our blog article, "Building a successful Voice of the Customer program".

Let's Talk

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