Using the Net Promoter Score to Evaluate Customer Content

JoAnn Hackos, Comtech Services, Inc.

If you have not yet heard of the Net Promoter Score (NPS), it’s likely that you will—and soon. NPS is quickly becoming a key corporate indicator of customer satisfaction.

NPS was first promoted by Frederick F. Reichheld in his 2003 article in the Harvard Business Review. He defined the NPS this way:

“Companies spend lots of time and money on complex tools to assess customer satisfaction. But they’re measuring the wrong thing. The best predictor of top-line growth can usually be captured in a single survey question: Would you recommend this company to a friend? This finding is based on two years of research in which a variety of survey questions were tested by linking the responses with actual customer behavior—purchasing patterns and referrals—and ultimately with company growth. Surprisingly, the most effective question wasn’t about customer satisfaction or even loyalty per se. In most of the industries studied, the percentage of customers enthusiastic enough about a company to refer it to a friend or colleague directly correlated with growth rates among competitors. Willingness to talk up a company or product to friends, family, and colleagues is one of the best indicators of loyalty because of the customer’s sacrifice in making the recommendation. When customers act as references, they do more than indicate they’ve received good economic value from a company; they put their own reputations on the line. The findings point to a new, simpler approach to customer research, one directly linked to a company’s results.”

Gathering data and calculating your NPS is really quite simple. You ask customers if they would recommend your product or company to a friend or colleague. Then, you give them a 10-point scale, from 0 for “not at all likely” to 10 for “extremely likely.”

You divide your results into three categories and count the number of responses in each category:

♦ Promoters are those who score you 9 or 10. They are very enthusiastic and ready to recommend your product widely.

♦ Passives are those who score you 7 or 8. They’re OK with your product but could easily be drawn away by the competition.

♦ Detractors are those who are very unhappy with your product and likely to send negative messages. They score 6 or lower.

To calculate your NPS, calculate the percentage of customers who are promoters and subtract the percentage who are detractors. For example, if 70% of your customers think your product is useless and only 10% would strongly promote it, you have an NPS of 10%-70% of -60.

For more information, see <http://www.netpromoter.com/np/calculate.jsp>

With an NPS of -60, you’re not likely to be in business much longer unless you significantly change your business model. You want to turn the detractors into promoters, not just by making them less unhappy but also by actually turning them into active advocates.

To turn around the negative attitudes of existing customers, you will need to embrace several key business objectives:

♦ Create an atmosphere in the company that focuses on customer quality

♦ Set out a roadmap for the changes that you know must occur for you to be successful

♦ Gather data that you can trust about what your customers demand from product and service quality

♦ Get to the real causes of customer unhappiness by conducting a root cause analysis

♦ Take action for correcting the problems uncovered and ensure that people are accountable for the problem solutions

♦ Embrace innovation and embark on a program that transforms your company into one that understands and cares about your customers

What I find most interesting about the NPS is that it has most to do with the quality of the product when it is actually being used. It’s not about a list of features or how many new releases you had in one year. It’s not even about sales. It’s about the service you
I know of at least one company that recognized the importance of its customer content after getting a really low NPS. In addition to the base question about customer loyalty, they asked how much product usability and content quality influenced the customer’s position. Both scored low. Part of the result was a move to improve content quality significantly. That meant changing the relationship between the technical authors and the product developers, as well as establishing closer relationships with customer support and redefining the type of content that would be delivered to customers in the future.

This organization has big goals and a challenging transformation ahead, but the executives now recognize that content quality has a dramatic affect on customer loyalty, as does the usability of the product. The key to the success of the transformation is direct support from the top executives and the enlistment of everyone else in the company.

How do we know, you might ask, if customer content is critical to loyalty and to the company’s success? Michael Hammer, who wrote *Reengineering the Corporation* in 1993, also wrote a seminal article on the importance of post-sales support.

For Hammer, post-sales support includes the product information that the customer needs to be successful in learning and using the product. Unfortunately, as we well know, management often considers post-sales support, especially customer content, to be a “necessary evil.”

Here is how Hammer describes it:

“First and foremost, post-sales support activities have long been seen in organizations as cost centers, annoyances, and post-climatic distractions from the real business of designing and selling new products.”

He believes that few executives understand post-sales support because they haven’t grown up in that world. In most cases, the support that customers need is dispersed among multiple organizations including technical information, training, and service. He argues that because it is generally poorly done and badly supported, post-sales support provides an opportunity for a company to differentiate itself and beat the competition.

Because NPS focuses on users and not on buyers, it provides a measure of customer satisfaction with the support they get from all angles after they have purchased a product. In my experience with consumer products at home, especially my new HD Camcorder from Sony, I want to know:

- Is the UI easy to understand or filled with obscure symbols and acronyms?
- Is any of this explained in the user manual?
- Is there information in the manual or on the Internet that helps me learn how to be a successful user?
- Will I continue to be frustrated because I have goals that I want to achieve (better videos) but I cannot figure out how to achieve them?

If Sony were to send me an NPS survey, I would be a detractor because I’m disappointed with the post-sales support.

The action for you to take—find out if your company is using the NPS. In fact, find out if your competitors are using the NPS. Then, ask how you can follow-up with detractors. Charles Schwab Corporation, for example, calls customers to better understand their concerns. Learn what customers need as they learn how to be successful. And, finally, promote what you learn to improve the way content is presented and used.

JoAnn