

## Net promoter score: Everything you need to know

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Net Promoter Score (NPS) is customer loyalty and satisfaction measurement that is calculated by asking customers on a scale of 0 to 10 how likely they are to recommend your product or service to others—but there's a lot more to the story.

The Net Promoter Score ranges from -100 to 100. It measures customers' willingness to recommend a company's products or services to others. It is used as a proxy for determining a customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.

### Why Should You Use a Calculated Net Promoter Score?

[NPS surveys](#) can be used by businesses to gather feedback on any aspect of their customers' experiences. A product team may send the NPS question immediately after a customer uses the company's software product for the first time. They may also send it to the customer after 90 days or a year of using the product.

NPS scoring can be used to assess customer satisfaction in various industries. Customers may be asked the NPS question after they shop at a grocery store, rent a car, or make a purchase in a shopping mall.

#### Detractors

'Detractors' assigned a score of 6 or less. The product or service does not excite them. They are unlikely to purchase from the company again, and their negative word of mouth could potentially harm its reputation.

#### Passives

'Passives' received a 7 or 8 on the scale. They are somewhat satisfied, but they would easily switch to a competitor's offering if given the opportunity. They are unlikely to spread negative word of mouth, but they are not enthusiastic enough about your products or services to promote them.

## Promoters

'Promoters' responded with a score of 9 or 10. They adore the company's products and services. They are the repeat buyers, the enthusiastic evangelists who recommend its products and services to other potential buyers.

The Net Promoter Score (NPS) is calculated by subtracting the percentage of customers who are detractors from the percentage who are promoters. The Net Promoter Score, which ranges from -100 to 100, is the result. At one end of the spectrum, if all of the surveyed customers gave a score of less than or equal to 6, the NPS would be -100. On the other end of the spectrum, if all customers answered the question with a 9 or 10, the total Net Promoter Score would be 100.



$$\text{NPS} = \% \text{ ☺ } - \% \text{ ☹ }$$

## The NPS Calculation

Net promoter score = total percent of promoters – total percent of detractors

The formula does not take into account the percentage of passives.

For example, if 10% of respondents are detractors, 20% are passives, and 70% are promoters, your NPS score is  $70 - 10 = 60$ . Be aware that the outcomes can also be negative. When the Corporation was evaluated [by Charles Schwab](#), the inventor of NPS, in 2003, he discovered that it had an NPS of -35!

## What Constitutes a High Net Promoter Score?

Net Promoter Scores can range from -100 (all detractors and no promoters) to 100 (all promoters and no detractors). The closer you are to 100, the better.

Businesses will bring their subjective perspectives to their net promoter scores, and these scores can be interpreted in various ways. However, here's a good rule of thumb:

70 or higher: exceptional

50 to 69: powerful

It needs to be improved if you have a score of 49 or less.

Below 0 is a red flag!

## **NPS programs that are transactional vs. relational**

Regularly, relationship NPS surveys are used (i.e., quarterly or annually). The goal is to get a pulse on your customers regularly and learn how they feel about your company in general. This information can be used to assess customer health year after year and to set a benchmark for company success. Transactional NPS surveys are sent to customers after interacting with your company (i.e., a purchase or support call). It is used to gain a detailed understanding of customer satisfaction and provide feedback on a specific topic. It is best to use both types to gain a comprehensive understanding of your customers on both macro and micro levels.

## **NPS absolute and relative**

To understand what a 'good' score level is, we must first consider the two approaches to NPS:

Absolute NPS compares your score to scores from other industries to determine what is considered "good."

Relative NPS compares your score to others in your industry. You might consider how you compare to your competitors as an indicator of successful customer satisfaction.

## What can NPS be used to measure?

An NPS score can be used to quantify almost anything. In addition to understanding your organization's overall NPS, you can track scores for individual products, stores, web pages, and even employees. Consider incorporating NPS into your marketing or customer experience strategy because it can be used with industry NPS benchmarks to determine how you compare to your competitors. It will help you better understand your target market and how they react to your product or service, social media campaigns, and customer service agents. The goal is to gain loyal customers who will become brand evangelists rather than consumers. Begin by calculating your NPS using this free template.

## Create experiences that inspire people to become promoters

You can understand the experiences that create promoters, passives, and detractors – and use that knowledge to motivate your company to take action. To drive engagement and improvement, you can investigate the "why" behind the NPS score, prioritize investment, and disseminate actionable data throughout your organization. Understanding NPS is a great place to start if you want to learn more about the health of your business; you can start programs and pull levers to create more advocates for your products and services and ultimately deliver revenue you can rely on.

## Advantages of NPS

There are numerous reasons why the NPS score is unreliable in sustaining customer satisfaction. The following are some of the advantages of NPS:

### Provides Clear Feedback

The Net promoter score allows you to obtain specific feedback more than any other survey method. The NPS survey is brief and straightforward. This encourages your respondents to share their feedback without becoming bored. People tend to abandon a survey if it becomes too long and boring.

And gathering consumer feedback with clarity is always beneficial to your business. According to [Gartner research](#), companies that gather and analyze customer feedback are more successful in effectively implementing customer experience.

## Metric for Employee Engagement

Alex and his coworkers are dissatisfied with their company's new skills development program. After all, the training materials are subpar. And there's nothing worse than sitting through five hours of tedious training!

Several organizations face this reality. They do nothing to determine how their employees feel about their new development program, organizational culture, or benefit program. According to the Achievers survey, only [19% of employees](#) are engaged in their workplace. Furthermore, 15% of respondents agreed that their organization is terrible at acting on feedback, according to a survey.

The net promoter score enters the picture at this point. It enables you to quickly and easily collect employee feedback and maintain engagement. You can use an NPS score survey to determine what your employees think of your company. This type of survey allows you to gather detailed feedback on what motivates and demotivates employees.

Using the employee net promoter score, you can learn what makes your employees happy and whether or not they are constantly improving their skills. Take the necessary action to implement change once you've identified what makes your organization better and what it lacks.

However, eNPS will not help your company improve employee satisfaction or engagement on its own. To make your employees feel more involved and valued, you must maintain transparency and share the survey results with them.

## Simplicity at its Finest

NPS surveys are unquestionably user-friendly in the eyes of your customers. Customers appreciate it because it is quick, short, and to the point. All they have to do is respond to a simple question: "How likely are they to recommend our business/products/services to a friend?" That's all there is to it; they're ready to go!

From a business standpoint, the NPS score allows you to easily categorize your customers into three groups (detractors, promoters, and passives). Because NPS questions are simple, you can easily analyze the results. You can easily measure, benchmark, and compare your scores to those of your competitors.

## **The Loyalty Index**

The NPS score is a popular loyalty metric that allows you to analyze your customers' loyalty. You can use a net promoter score to determine how likely your customers recommend your brand to their friends and family. As a result, NPS is crucial in establishing word-of-mouth marketing. Furthermore, according to the [Neilsen report](#), 92 percent of customers trust recommendations from friends and family over advertising.

Customers who come from recommendations and referrals are more loyal and profitable for businesses. As a result, if you receive a high NPS score from your brand promoters, you can quickly identify who is more likely to spread the positive word about you.

## **Meet Your Brand's Ambassadors**

The NPS score not only provides you with direct feedback from your customers and employees but also assists you in identifying brand advocates. That's right; you read that correctly. Using the net promoter score, you can figure out who your brand's advocate will be.

When your customers give you a high NPS score on an online survey, it's apparent that they will spread the word about your products and services.

You can cultivate these promoters to ensure they speak positively about your brand, and if they do, it will demonstrate how strongly they believe in your company.

"Loyal customers don't just return, they don't just recommend you, they insist that their friends do business with you." — Chip Bell, author of *Taking Their Breath Away: How Imaginative Service Builds Loyal Customers*. ([Forbes](#))

Using the net promoter score regularly, you can see if you're losing brand advocates or gaining more. As a result, you can devise new business strategies to ensure organizational growth. Always keep in mind that the more advocates your company has, the better the results you'll get in the long run.

## Prompt Follow-Ups

As previously stated, the NPS survey is designed to be quick, brief, and straightforward. This allows you to gather feedback from your customers and employees as soon as possible. It is not necessary to spend years collecting data to analyze it. You can collect the right insights in real-time using NPS software such as [ZonkaFeedback](#) and [SurveySparrow](#).

This provides you with an excellent opportunity to contact disgruntled customers or employees. For example, if one of your employees or customers provides a low NPS score, you can immediately send them a follow-up survey or mail inquiring what went wrong and how you can improve your services/products. Your top priority should always be to address your customers' or employees' concerns.

You can also use the follow-up results to address your business issues and reduce the likelihood of losing customers in the future.

## Improved Customer Experience

The NPS score provides you with the opportunity to improve your overall customer experience journey. NPS surveys allow you to collect feedback from your customers at various stages of their journey. For example, you can stay relevant by identifying your customers' most recent interactions with your brand. Ask them, "How would you rate our company on a scale of 1 to 10 based on your recent experience?" And then wait for their response to get helpful feedback.

Here are some ideas for incorporating NPS surveys into your customer journey at various touchpoints:

**Post-Purchasing Survey:** By effectively utilizing the NPS score, you can provide an excellent post-purchase journey to your customers. Send NPS surveys via email or SMS if your customers have purchased, placed an order, or done business with your brand. This will provide you with information about your customers' buying experiences and feelings. If they have a problem doing business with your brand and give you a low NPS score, follow up right away and resolve their concerns.

**Customer Support Survey:** Customer support surveys are an excellent way to improve your customers' experiences. You can send them an NPS survey right after a business transaction to get their feedback. Contact the customer immediately and offer customer service if you receive negative feedback. After the call, you can send an NPS survey to gauge how satisfied they were with your brand's service.

The NPS software from SurveySparrow includes a number of features, such as APIs and Webhooks. Additionally, this software can be integrated with tools such as Salesforce, Zapier, HubSpot, and others. This will assist you in automating the NPS survey at various stages of the consumer's journey.

So, we've pretty much covered all of the critical benefits of using NPS for your business. On the other hand, NPS scores are not a magic metric that can solve all of your problems. It has some drawbacks.

## **Disadvantages of NPS**

There aren't many drawbacks to the NPS score. Still, here are a few disadvantages of NPS that you should be aware of the next time you use it:

### **The NPS Score Doesn't Provide In-Depth Insights**

NPS score does not provide detailed information about your customers, stakeholders, employees, and, most importantly, potential customers. You can only ask one question with an NPS score: "what is someone likely to do?"

And that isn't enough to understand why you received a positive or negative rating. You don't get to ask them why they like doing business with you, their disadvantages, and how you can improve in the future.

## Don't rely on luck.

Yes, net promoter score surveys are extremely easy to use. Most businesses rely far too heavily on NPS scores to understand their customers' loyalty.

The truth is that NPS scores aren't a magic wand that can keep customers satisfied with just one question. It is impossible to comprehend the emotions of your customers fully with NPS. Don't, therefore, rely solely on the NPS score. Don't overlook the value of using customer feedback surveys because NPS alone cannot provide you with all the details about a customer's specific experience with your brand.

## Employee Issues Are Not Addressed by NPS Score

NPS scores do not have the potential to help you understand your employees. You can ask them to rate your company on a scale of 1 to 10, but you cannot inquire about their feelings and well-being. Especially since the covid-19 outbreak, it has become critical to inquire about employees' well-being and mental health. [Approximately 5.5 million](#) employees are not feeling mentally healthy during this crisis. However, only half of the employees are comfortable discussing their mental health issues. But employees can't express themselves through ratings, can they? They require something extra to express themselves more fully.

## How to Deal with NPS Problems

### Pose Captivating Questions

You won't be able to save yourself solely based on your NPS score. Mix in some follow-up questions to keep things interesting. When it comes to asking probing, in-depth questions, survey software is the way to go. Engaging surveys [generate 40%](#) more responses than other survey methods. To get better results, ask the following follow-up question from each of the three categories:

#### **Promoters:**

We're glad you enjoyed our service; would you mind spreading the word about us on Twitter or Facebook?

**Passives:**

Thank you for your comment. Would you like to explain why you gave your opinion?

**Detractors:**

Thank you for your comments. Would you like to tell us how to improve our customer service calls?

You can create, integrate, share, and embed surveys using survey software like SurveySparrow. With this software, you'll get many question types, including opinion scales, NPS scores, rank order, and multiple-choice questions.

Because of the versatility of survey software, you will be able to ask the necessary questions to understand your customers fully. You can increase open rates by incorporating video, images, GIFs, emoticons, and other creative elements.

## **Use All-In-One NPS Software**

You can easily collect and analyze employee and customer feedback using all-in-one net promoter score software. NPS software is the best choice for data collection because it has the following amazing features:

**Follow-up Questions:** You can learn why your customers' NPS scores are low or high by including follow-up questions. You can include open-ended questions to allow participants to share in-depth insights. You can even use NPS Software to send personalized follow-up emails to your promoters, passives, and detractors.

**Automation:** Set the time, frequency, and contact list for the NPS score surveys to be sent automatically. You can, for example, use triggers to automate surveys. Assume your customer signs up for a free trial, subscribes to your app, or contacts your support team. In that case, they will automatically receive an

NPS score survey via email or SMS to rate their experience.

**Collect Data:** With good NPS software, you can collect data in real-time. In addition, you can analyze and filter responses from your promoters, passives, and detractors to improve your results. You can even create a detailed map of your customers' journey based on their interactions and results.

## **The Secret to Effectively Using NPS**

Several businesses use the Net Promoter Score (NPS) as an essential component of their customer relationship management strategy. If your company considers using NPS, make it more effective by integrating it with [CRM software](#). After all, a simple NPS score survey is unlikely to provide you with in-depth insights. However, incorporating it with CRM will assist you in identifying the emotions of your customers. This provides you with a complete picture of your customers.

SurveySparrow's API, Webhooks, CRM integration, and internal communication platforms provide you with the best option for obtaining a comprehensive picture of your customers' experiences. By integrating NPS and CRM, you can provide an automated experience for your customers while continuously collecting data to understand their feelings.

## **In summary**

So many businesses are still using this tool, which attests to its usefulness. Keep in mind that progress will not be made overnight.

Customer feedback must be obtained regularly. Use verbatim analysis to conduct a thorough Net Promoter Score analysis. You must also actively work to improve your business and its products or services. This will result in long-term customer loyalty for your company.

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