



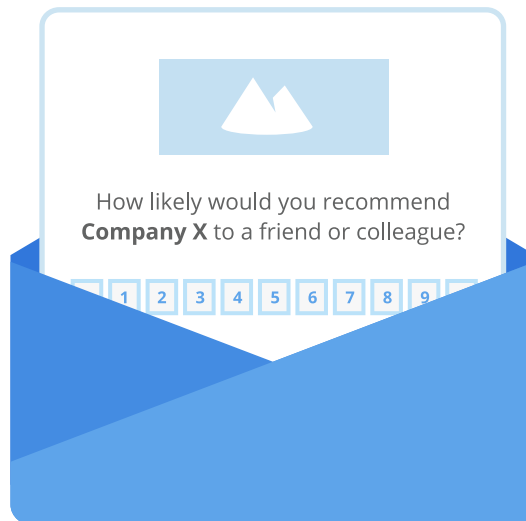
NET PROMOTER SCORE 101: WINNING CUSTOMERS FOR LIFE

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1. WHAT IS NET PROMOTER SYSTEM®?

Net Promoter Score is a metric that measures your customers loyalty and satisfaction. It's calculated based on the responses received by asking two simple questions to your customers:



1. WHAT

“On a scale of 0-10, how likely is it that you would recommend our company/product/service to a friend or colleague?”

Optionally you can then ask a follow-up question, for example:

2. WHY

“What is the most important reason for your score?”

The first question quantifies **what** they feel about your product/brand experience, while the second question dives deeper into **why** they feel so.

2. HOW DOES NET PROMOTER SYSTEM WORKS?



Step 1: Ask the Ultimate Question

The first step is to formulate a simple question that measures your brand's referral propensity. Customers answer the question in two parts. In the first part, you ask them on the scale of 0-10, how likely are they to recommend your brand's product/services to their friends and acquaintances. The response becomes their Net Promoter score, and the standardized benchmark gets tracked over time.



Step 2: Follow-up on the feedback

The next step is to ask an open-ended follow-up question, prompting them to provide a reason for their score. This is where the real power of NPS gets unleashed. Customers can provide accurate, unbiased feedback in their own words, without being confined by predefined survey answers.

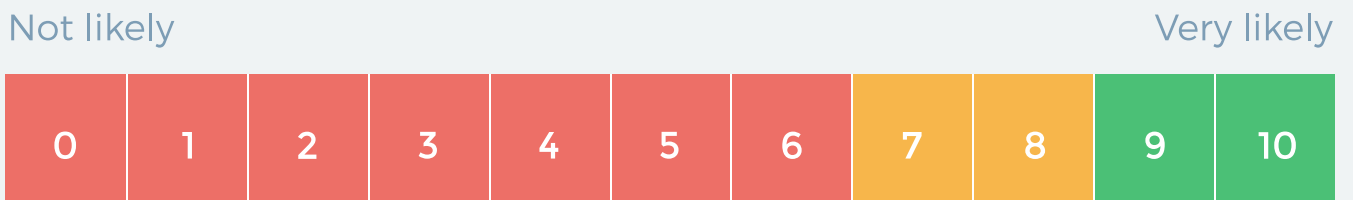


Step 3: Survey your Customers

In the final step, you decide what channel you want to use to send NPS survey. You can send them via email if you intend to measure your customers' loyalty towards your whole company or use in-app pop-ups to capture contextual feedback. Some companies conduct NPS surveys by phone, send them in chats or text messages(SMS). Ideally, you would need to wait a few weeks before analysing the captured responses.

3. CALCULATING NET PROMOTER SCORE

After the question has been asked, the individual responses to the question are captured and NPS is calculated by segmenting customers into three categories:



9-10 - Promoters:

These customers **love your company** and are likely to refer your product or service to others.

They are also repeat-buyers that are ready to spread positive word of mouth.



7-8 - Passive:

These are the people who **feel uncertain** about your product - “Neither fish, nor flesh.”

Although, they might usually be satisfied with your business, they aren’t especially enthusiastic about it.

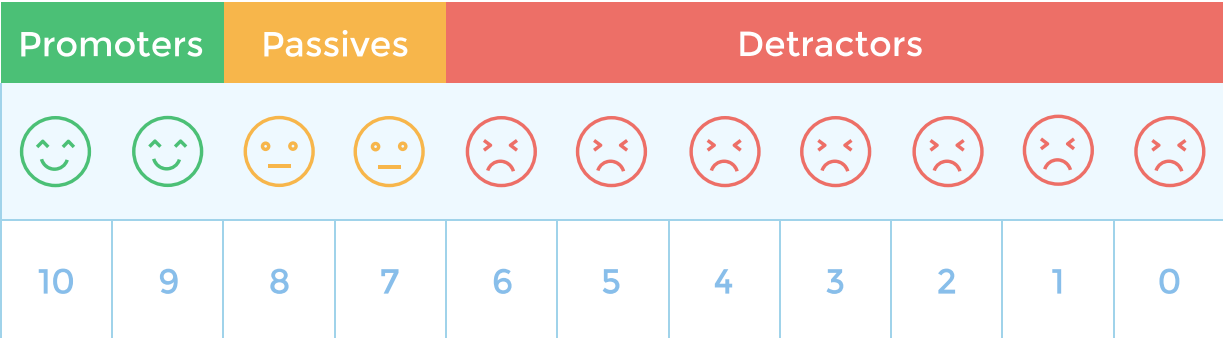


0-6 - Detractors:

They are **unhappy** customers, who are your worst critics. They will most likely leave or damage your business with bad publicity. The chances that they will scare your existing or potential clients away are also pretty high.

The methodology for calculating NPS is rather simple - you subtract the percentage of detractors from percentage of promoters. Here's an easier way to look at the formula:

$$\text{NPS} = (\% \text{ of Promoters}) - (\% \text{ of Detractors})$$



$$\text{Net Promoter Score} = \% \text{ Promoters} - \% \text{ Detractors}$$

Generally, a positive NPS score is considered good, as it suggests that you have more brand promoters than detractors.

On the contrary, if you have a negative score, it just means that you have more detractors than promoters.

It's important to note that passives are excluded from the NPS calculation, as they have a net neutral effect on your brand's referral propensity.

4. BENEFITS OF IMPLEMENTING NET PROMOTER SYSTEM

Simple to understand

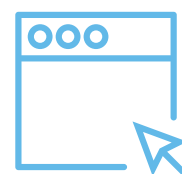


Net Promoter System is very straightforward, making it quite simple to adapt and understand. Using just one framework, companies can unlock key insights into customer loyalty, root causes and future growth of the company.

No need for complicated and extensive research.

Easy to conduct

NPS surveys are short, straight to the point and quick to answer - which is one of the reasons why response rates are much higher than regular surveys. They can be easily conducted at any point in the customer journey, with minimum efforts.



Provides actionable feedback



Unlike traditional CES or CSAT surveys that show reactive transactional feedback, NPS provides proactive actionable feedback on the overall customer experience.

By tagging qualitative feedback with NPS score, businesses can dive deeper into root causes, resolve problems, lift responsiveness, boost new sales and improve customer relationships.

Identifies target segment

NPS can help you gain a better understanding of your target audience and whether your startup or business has a solid foundation of a product/market fit.



By combining NPS data with user demographics and customer engagement data, you get key insights into your target market and understand what and why your customers love or hate your product or service.

Refines product roadmap



Qualitative feedback captured from NPS surveys can be used to identify customer pain points, validate new feature requests and refine the product roadmap.

It makes the product development more data-driven, instead of assumption-driven. Adopting such a lean methodology boosts engagement and customer experiences, while optimizing the company's internal decision-making strategies.

Prevents customer churn

NPS framework helps to proactively reaching out to customers that are most likely to churn.



Preventing churn and closing the feedback loop can have a net positive impact on the topline growth of SaaS startups or Internet businesses, as they can increase MRR and customer retention, while reducing customer acquisition cost.

Builds the culture of Customer Success



Since NPS is a single metric that affects all areas of your organization - sales, support, marketing, development or administration, it becomes the north star of your company.

Essentially, it builds a culture of customer success - where every department in your business is focused on delivering a common goal - customer satisfaction and happiness.

Gives Competitive Differentiation

NPS will give your business a huge competitive advantage, as it helps you to act proactively on the captured insights.



It also provides a framework to close the feedback loop and understand customer pain points or motivations. With the help of NPS data, you can bridge the expectation-execution gap and create better product experiences to win more customers.

Scalable and affordable for every business



Affordability is of prime importance for early-stage businesses startups that are yet to become profitable. Sometimes it doesn't make sense to hire an entire Customer Success team, whereas sending out NPS surveys is a low cost, yet effective way to keep a pulse on customer satisfaction.

Besides, NPS framework is also immensely scalable, suiting the needs of every startup or business - be it Slack or Apple.

Benefits of implementing Net Promoter System



Simple to understand



Easy to conduct



Provides actionable feedback



Identifies target segment



Refines product roadmap



Prevents customer churn



Build the culture of Customer Success



Gives Competitive Differentiation



Scalable and affordable to every business

5. WHEN IS THE RIGHT TIME TO SEND NPS SURVEY?

The earlier your company starts implementing and adapting Net Promoter System, the earlier you'll know what your customers think about your business. It will help you quickly surface the areas where you are excelling, as well as the areas you needed to improve, earlier in the process.

The effectiveness and response rate of your survey can depend on when you send it. By making sure you are sending NPS survey at the right time, you can capture honest and unbiased feedback.

The right moments to send NPS survey:

After the point-of-purchase:

- ✓ Customers provide you with more in-depth feedback
- ✓ Gives a good idea of the company's first impression

Post free trial:

- ✓ A strong indicator that there was something a customer didn't like
- ✓ Solicit customer feedback and identify your weaknesses

Exit survey:

- ✓ Can be an indicator that you're doing something wrong
- ✓ Take the opportunity to re-engage them by asking for feedback
- ✓ Understand the common reasons that made them churn


6. HOW OFTEN SHOULD YOU SEND NPS SURVEYS?

The regularity of your Net Promoter Score surveys for the most part depends on your business model. Is your company big or small? How many customers do you have? How often do you update your product or service? But one thing to keep in mind is that **measuring NPS is an ongoing process.**

Here is a graphic that will help you do it right until you find a schedule that works best for you:

The first survey


Approximately within the first **7 to 30 days** - after your new customer has interacted with your business

 - To help you understand if your product or service meets their expectations.




If you are updating your product or service regularly

Your following surveys can be sent in between **60 to 90 days** - after the initial survey

 - To check if your customers' satisfaction has changed during different stages of the product development.

If you are not improving your product or service too often

It's advised to send surveys **once in 3-6 months,**

 - To check on the customer satisfaction and receive insights on where your company stands among competitors.

7. WHAT'S A GOOD NET PROMOTER SCORE TO HAVE?

There isn't a certain number you need to look up to, because it hugely varies from industry to industry.

Here is an easy way to check and understand if your score is good or not:

Is your NPS score better than competitors?



You have a good NPS score

Is your NPS better than it was last time?



Keep up the good work!
You're on the right track

Is it above 0?



Good news! You have more promoters than detractors. But now you need to focus on beating your highest NPS score.

You have more detractors than promoters. Try your best to keep your customers satisfied and keep the score above 0.

Remember, NPS score by itself is quite irrelevant. While most businesses are obsessed with comparing the scores, the score itself is nothing but vanity. Instead, focus on how you can use NPS to improve your customer satisfaction and growth.

8. HOW TO INCREASE YOUR NET PROMOTER SCORE?

We concluded that it doesn't matter what NPS score you have, what matters is keeping your customers happy with your company.

Here are some useful strategies to ensure your customers are satisfied:



1) “Wow” your Detractors

The purpose of reaching out to detractors is to show them that their opinion matters, as well as prevent unwanted circumstances from happening in the future.

One of the best ways to re-engage detractors is to send a friendly email, asking them about the reason of their discontent.



“Sorry you don’t feel able to recommend X. We’d love to know how we can improve what we’re doing. What was missing or disappointing in your experience with X?”

Here are more examples of follow-up questions that will help you gain vital insights into customer pain points:

Follow-up questions:

- ✓ What is the the one thing we should do to make things better for you?
- ✓ What annoys you about our (product, service) the most?
- ✓ “What do you wish you could do with our (product, service, feature) that you can’t do today?”

What could be even more effective is calling them up and talking to them personally, as the most requested improvement from customers is **“better human service”**. Try to get into the habit of listening, learning, and empathizing with your customers

2) Engage Passives

What you really need to with Passives is close this small gap and turn them into loyal promoters of your product or service. In this scenario, it's best to ask the following question:



“Thanks for taking the time to share your feedback with us. If we could do just one thing to make you more likely to recommend us, what would it be?”

But it might be difficult to close the feedback loop with passives, since they usually are not likely to provide an open-ended feedback.

Thus you can use these tricks to close the feedback loop with passives:

Tricks to close the feedback loop with passives

Use an incentive:

- zero-risk upgrades
- special offers
- exclusive discounts on long-term subscriptions

Re-engagement emails:

- send them periodic emails about new updates and features
- highlight things that have been updated

Online Competitions:

- use giveaways
- raffles
- contests

3) Show gratitude to promoters

Even though promoters are your most loyal customer segment, you shouldn't take them for granted. Instead, show them your gratitude for their loyalty and devotion.

When reaching out to promoters, you have the perfect opportunity to find out what is the most valuable thing about your product or service.



“Thanks for your feedback — we’re glad to hear you’re happy with X! If you were recommending X to a friend, what one reason would you give them to try it?”

There are many companies thinking that Promoters are a customer segment that needs minimal attention, since they are already happy with the product.

The truth is that it's quite opposite - nurturing your promoters and showing gratitude for their feedback can help you attract new clients and strengthen future relationships.

Here's how you can close the feedback loop with promoters:

Closing feedback loop with promoters:



Give them swag:

Send them personalized “thank you” notes, gift cards or brand merchandise that they can share on social media. If you give them something valuable, they will likely remember it and tell their friends about you.



Ask for referrals:

Since promoters are your brand’s most enthusiastic fans, you can ask them to enroll for your referral campaign.

To sweeten the deal, you can even offer them a free perk that can only be accessed by referring friends to the business



Provide personalized upgrades:

When customers give you a score of 9-10 after the trial period has ended, it means they like your product.

By reaching out to these customers and giving them a discount on upgrade, you will offer them a strong incentive to shift gears.

MEASURE YOUR NET PROMOTER SCORE

Net Promoter Score is famous for being the ultimate question that gauges the effectiveness of a brand. It lets you measure customer success by asking one incredibly simple question: would you recommend our product experience to your friends/colleagues?

Think of NPS as your brand's north star.

It may not be super-complex to provide you detailed insights about how your business is performing, but it can certainly tell you if you're moving in the right direction.

Retently makes it easy to measure the NPS score of your brand and close the loop with your customers. With quick installation and easy-to-follow documentation, you can now get actionable insights on how to reduce customer churn, grow revenue, and build long-term customer happiness.

**Learn more about how Retently can help
you improve your NPS or get a FREE trial today**



<http://www.retently.com>