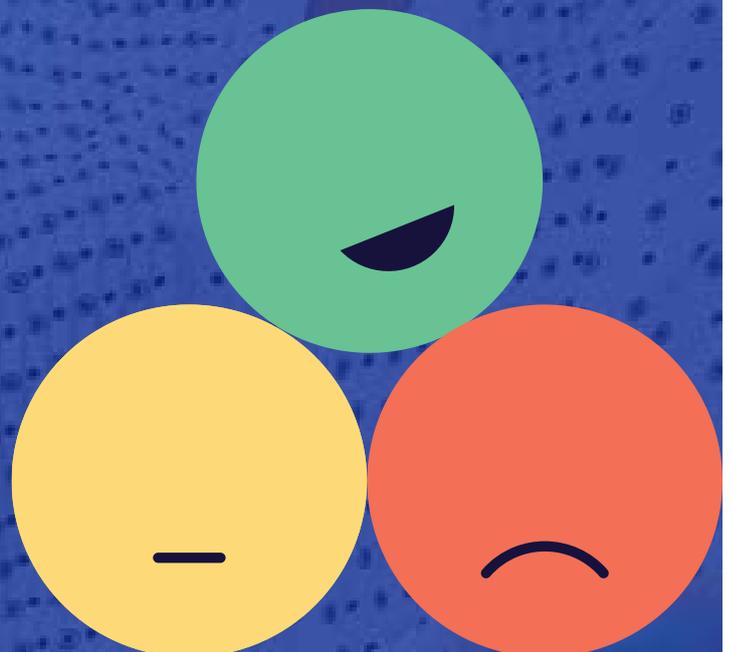


The definitive guide to NPS

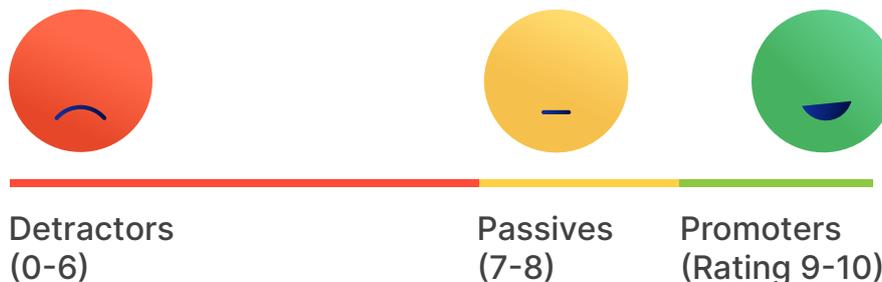


Index

What is NPS?	3
How to calculate NPS?	3
Why should you consider NPS?	4
How can you make the most out of NPS software?	8
Why is NPS an ideal metric for tracking customer experience?	9
A look inside the benefits of NPS	10
What counts as a good Net Promoter Score?	11
How to increase the response rate of your NPS survey?	12
Biggest NPS mistakes that you should avoid	13
Deliver experiences that improve Net Promoter Score, with Voxco	14

What is NPS?

NPS (Net Promoter Score) is a metric used to measure customer loyalty to a product, service, or brand. It's usually measured on an 11 point scale (0-10). Customers who rate your product/services or brand above an '8' are termed as 'promoters'. They're in love with your products/services and would recommend your company to other potential buyers too. Those who rate you below '7' are labeled as your 'detractors'. These customers are not satisfied with your products/services and would spread negative feedback about your company. The ones in between (who give you a 7 or 8 rating) are referred to as 'passives'. They're moderately satisfied with your products & services but could switch to a competitor anytime.



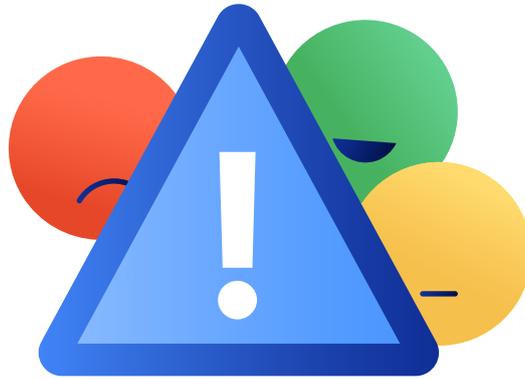
How to calculate NPS?

Your NPS is calculated as the difference between the percentage of Promoters and Detractors. It is represented as an absolute number, not a percentage.

For example - If there are 30% promoters, 50% passives, and 20% detractors of your business, then your NPS will come out to be 10, which can be considered a good score.

An NPS software allows researchers to create surveys based on one simple question - "How likely are you to recommend Company A to a friend or a colleague".

The answer to this question can range anywhere from "Extremely likely" to its absolute opposite, "Extremely unlikely".



Why should you consider NPS?

Well for starters, it helps businesses identify promoters and detractors easily, and then queries them about their pain points with the product or service. You can then glean insights from this data with which you can make changes based on your detractors' woes.

Promoters, being the repeat buyers contribute to brand loyalty. They play a pivotal role in enhancing brand awareness and boosting referrals.

Detractors can tell you what's missing from your offerings and what needs improvement. Unless their issues are dealt with, they're likely to move on to another brand - decreasing your customer retention both directly and indirectly.

Improving CX metrics like NPS can help to drive business growth. Here's the revenue impact among the different industries:

The revenue impact of a 1-point improvement in CX Index™ score:

		Annual incremental revenue per customer*	x	Average number of customers per company†	=	Total revenue
	Auto manufacturers (mass market)	\$58.51	x	18 million	=	\$1.1 billion
	Retailers (general retail)	\$4.96	x	100 million	=	\$496 million
	Wireless service providers	\$4.74	x	82 million	=	\$388 million
	Hotels (upscale)	\$8.07	x	44 million	=	\$355 million
	Auto/home insurers	\$14.36	x	15 million	=	\$215 million
	Airlines	\$3.77	x	48 million	=	\$181 million
	Hotels (midscale)	\$3.89	x	30 million	=	\$117 million
	Banks (multichannel)	\$7.15	x	15 million	=	\$107 million
	Rental cars	\$2.29	x	40 million	=	\$92 million
	Auto manufacturers (luxury)	\$128.75	x	350,000	=	\$45 million
	Credit card issuers	\$0.57	x	61 million	=	\$35 million
	Banks (direct)	\$8.20	x	3 million	=	\$25 million



© 2019 Forrester Research, Inc. Unauthorized copying or distributing is a violation of copyright law. 4
 Citations@forrester.com or +1 866-367-7378

The impact on assets under management of a 1-point improvement in CX Index™ score:

	Annual incremental assets per customer‡	x	Average number of customers per company†	=	Total assets under management
 Investment firms	\$476.30	x	31 million	=	\$14.8 billion
 Direct brokerages	\$444.32	x	15 million	=	\$6.7 billion

The impact on the customer base of a 1-point improvement in CX Index score:

	Annual customer base growth per customer‡	x	Average number of customers per company†	=	Total growth in customers
 Health insurers	0.007	x	20 million	=	145,000 customers

* **Forrester** tested the strength of the correlation between customer experience quality — as measured by our CX Index — and NPS and found a moderate to high correlation, depending on the industry.

In this digital era, word-of-mouth is incredibly important for businesses. Since most companies today have a social media presence, it makes them vulnerable to public criticism. While social media isn't limited to reviews only, the number of likes, follows, retweets, & star ratings by your detractors or promoters can have an equal influence on the connections.

Once you identify and address issues based on responses collected via an NPS survey software, you can let your detractors know and transform them into promoters for your brand.

A high Net Promoter Score reflects a healthy business whereas a low NPS indicates the need to address customer satisfaction and loyalty issues. That's why NPS surveys play a significant role in your product's development over time.

Source - The Top 10 NPS Questions Answered by Forrester Research, November 7, 2019



Let's understand it better with the help of an example:

Let's consider Company A. For Company A to get successful, they need unbiased inputs from their customers to check their performance. Company A faced an issue - Customers rarely approach them directly to discuss their bad experience and instead start sharing negative feedback about A with their family and friends. This could be on social media or in person as well.

While it's not possible to have a 100% positive interaction with all their customers, Company A decides to collect feedback from all of their previous customers (the ones they manage to reach, that is) and needs to do so in a quantifiable manner. Company A needs its respondents to give subjective feedback as well.

Here's where NPS survey software comes in - They can help Company A collect unbiased feedback from respondents and quantify their standing in the form of an NPS score. Using a comprehensive NPS survey can empower Company A to get effective insights into the areas where their services need to be addressed quickly.

How can you make the most out of NPS software?

Deal with your detractors

You need to consider the fact that detractors may have a genuine grievance about your product or service. Reaching them out to find a resolution will not only help you resolve issues in your offerings and retain customers but also create advocates for your brand. According to [Forrester](#), out of customers who feel disappointed, just 19% will advocate for the brand. NPS enables you to gain useful insights into your customer's requirements as well as the strengths & weaknesses of your product or services.

Reach where most effective

Getting insightful customer feedback is no easy task. Customers are usually busy and they don't have time to give you feedback - be it positive or negative. This means you have to be strategic about approaching your customers for feedback while making sure you get all the data you need.

Surveying your customers early for their NPS feedback can fetch you incorrect scores based on their first impressions. Even if the feedback is positive, it might not reflect their experience down the line.

Integrating NPS with analytics

NPS can be the basis for a more comprehensive set of questions. Integrating it with a survey platform can help you elicit more detailed feedback. It's possible to organize scores and analyze customer behavior. Using NPS-based data with your internal resources can help you understand why customers use your offerings the way they do and how you can keep them happy for the foreseeable future. One such tool is Voxco Analytics – a comprehensive way to turn your NPS data into insights.

Your promoters are your allies

It might be easy to forget the customers already on your side, but that would be a mistake. Reaching out to people who gave you an 8 or higher score, and asking them for further feedback will make them feel valued thereby, ensuring their loyalty. You could ask them to refer your services to others, and perhaps even incentivize them to do so. Among customers who felt happy, 82% plan to stay with the brand, 80% will advocate for the brand, and 80% plan to spend more with the brand (according to a report by [Forrester](#)), it's great to incorporate a theme of being thankful for their time and effort. Let them know that their opinions have the potential to create meaningful and possibly tangible change.

Source - The Canada Digital Retailers Customer Experience Index, 2019 by Forrester Research, January 21, 2020

Why is NPS an ideal metric for tracking customer experience?

Short and customer-friendly

With a recommendation question followed by one or two feedback questions, NPS gives you all the required insights in less time. As most of the customers find it difficult to answer long questionnaires, it's short format offers you a smart way to ask.

A powerful metric to set targets

By empowering you with a score that signifies customer experience, NPS helps you with the target setting for your business. Instead of using multiple metrics for measuring customer experience, NPS enables you to focus on the required areas of improvement.

An industry-standard metric

Used by companies who truly value their customers, NPS explains where they stand in terms of customer loyalty. While there are benchmarks available with its standard nature, you need to be cautious as the context of survey impacts the metric's level.

Text feedback makes all the difference

Considered to be an important part of NPS, text feedback acts as a great source of customer experience insights. On asking customers the reason i.e. why they gave that particular score, they openly highlight their concerns related to your product or service. This helps analyze the key drivers behind customer behavior.



A look inside the benefits of NPS

It helps you reduce churn

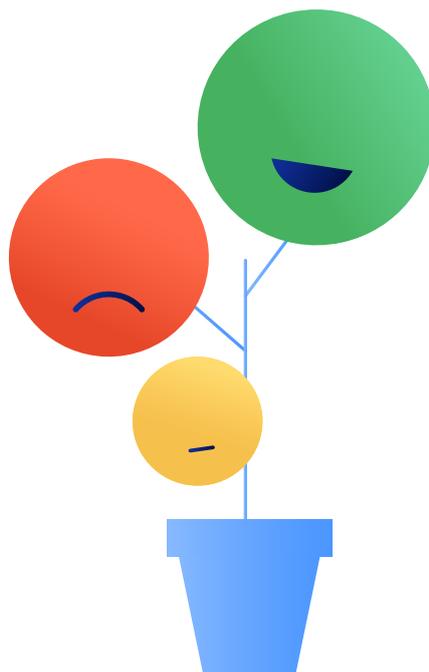
Being a proven method to gain actionable insights into customer loyalty, it enables you to predict their behavior accurately. By empowering you to measure and improve the ratings given by customers, it lets you minimize the risk of customers switching from your brand in the future.

It nudges you in the right direction for improvement

Using NPS surveys can help you understand whether customers will recommend your brand or not and the reasons behind not recommending it. The NPS is merely a number if it lacks customers' feedback. Soliciting feedback from your customers enables you to work on the changes required in your product/service.

It's user-friendly and simple to implement

As NPS is a survey designed to encourage in-depth customer feedback, it's quick and straightforward approach makes it an efficient method for data collection. Also, there are no complex formulas or analytics used to calculate your scores which is why it is highly preferred by businesses.



What counts as a good Net Promoter Score?

It should be positive

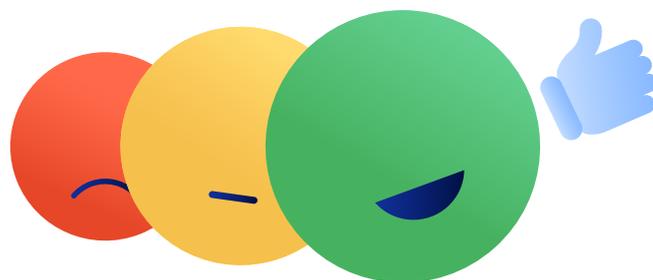
Your score should be greater than zero. This represents that your business has more promoters than detractors.

It should be higher than the previous one

Your current NPS should be greater than what it was earlier. Using the Net Promoter System, you can easily check progress by comparing the scores. This helps to analyze your efforts towards NPS.

Benchmarking is the key

Benchmarking plays a significant role in keeping your standards high. It's recommended keeping your NPS goal above-average to stay ahead of your competitors. For this to happen, you should be aware of industry standards.



How to increase the response rate of your NPS survey?

As customers are busy and don't have time to participate in surveys, the response rate of traditional customer surveys is below 2%. Here's what you can do achieve higher response rate:

Leverage an omnichannel approach

Planning to reach out to customers but not sure about the most effective channel? Wondering if you should ask for feedback over an email or use a pop-up inside your software?

Maximize reach by being accessible across every channel. Voxco's omnichannel platform enables you to capture feedback through phone, web & in person.

Put your best foot forward in copywriting

To get higher response rates, it's essential to market your surveys better, and what could be better than creative copy? As the success rate of your survey relies on details like subject lines of your emails, it's great to include persuasive copy that captivates your customers.

Offer incentives to receive more responses

You can use incentives to convince your customers for providing you feedback. While it may sound tempting, you need to be careful as it might lead to biased results. Voxco has integrated with [Rybbon](#)'s automated incentives management system to add rewards for their respondents.



Biggest NPS mistakes that you should avoid

Asking at the wrong time (Too soon/late)

Sending surveys right after purchase could help you measure the effectiveness of your website but not the level of customer satisfaction. Give your customers some time to use the received product and construct an opinion. It is usually recommended to conduct an NPS survey after 15 days of the customer purchase.

Being a score chaser

The Net Promoter Score is a “system” that enables you to build genuine relationships with your customers. It might help you track the trends, but understanding why your detractors are unhappy or what makes your promoters love you is equally necessary. While chasing the best score can be detrimental to your business, focusing on the follow-up responses will help you make the most of it.

Focusing more on detractors and less on promoters

Knowing your detractors is crucial, but understanding why your promoters love you is equally important. Engaging with your detractors and promoters in equal proportion can help to drive your business forward at scale. Using the NPS survey insights, learn how to effectively communicate your business strengths and competitive advantages.

Embedding NPS surveys in larger surveys

Adding NPS into a bigger (traditional) survey is one of the biggest mistakes that you need to avoid. As NPS surveys have high response rates (they are quick and easy to respond to), nesting it into a bigger survey (that requires 15-30 minute commitment) completely spoils the purpose.

Sending NPS surveys without an actionable plan

Setting up an NPS campaign without a follow-up plan might land you in trouble. Before sending NPS surveys to your customers, you should draft a strategy for responding to every possible response. Planning follow-through will make the process more manageable and save your time too.



Deliver experiences that improve Net Promoter Score, with Voxco

By hiring Voxco as your CX partner, you can deliver best-in-class experiences that boost your company's NPS score. Leveraging AI plus human intelligence to seamlessly gather data, measure response & uncover insights, Voxco's NPS survey solution lets you understand your customers better. By enabling you to quantify your company's performance, Voxco helps you dig deeper into the areas that need improvement. Be it fixing a product issue, improving any specific service, or upgrading support, we've got you covered!

Get in touch with our experts to grow more promoters for your business.



Get in touch with our experts to grow more promoters for your business.

Visit <https://www.voxco.com/cx-voc/>