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Social Referrals Made Simple!

What are Net Promoter Survey and Net Promoter Score?

Net Promoter Survey or **Net Promoter Score (NPS)** is a management tool that can be used to gauge the loyalty of a company's customer relationships. It serves as an alternative to traditional customer satisfaction research and claims to be correlated with revenue growth.

Net Promoter Score is a customer loyalty metric developed by (and a registered trademark of) Fred Reichheld, Bain & Company, and Satmetrix. It was introduced by Reichheld in his 2003 Harvard Business Review article "One Number You Need to Grow".

NPS can be as low as -100 (everybody is a detractor) or **as high as +100** (everybody is a promoter). **An NPS that is positive (i.e., higher than zero) is felt to be good, and an NPS of +50 is excellent.**

Net Promoter Score (NPS) measures the loyalty that exists between a provider and a consumer. The provider can be a company, employer or any other entity. The provider is the entity that is asking the questions on the Net Promoter Survey. The consumer is the customer, employee, or respondent to an Net Promoter Survey.

How it works

The Net Promoter Score, itself, is calculated based on responses to a single-question survey: ***"How likely is it that you would recommend our company/product/service to a friend or colleague?"*** ***The scoring for this answer is most often based on a 0 to 10 scale.***

Those who respond with a score of 9 or 10 are called Promoters, and are considered likely to exhibit value-creating behaviors, such as buying more, remaining customers for longer, and making more positive referrals to other potential customers.

Those who respond with a score of 0 to 6 are labeled **Detractors**, and they are believed to be less likely to exhibit the value-creating behaviors.

Responses of 7 and 8 are labeled **Passives**, and their behavior falls in the middle of Promoters and Detractors.

The Net Promoter Score is calculated by subtracting the percentage of customers who are Detractors from the percentage of customers who are Promoters.

Companies are encouraged to follow the likelihood to recommend question with an open-ended request for elaboration, soliciting the reasons for a customer's rating of that company or product. These reasons can then be provided to front-line employees and management teams for follow-up action.

Additional questions can be included to assist with understanding the perception of various products, services, and lines of business. These additional questions help a company rate the relative importance of these other parts of the business in the overall score.

Net Promoter Score is an effective methodology to determine the likelihood that the customer will buy again, talk up the company and resist market pressure to defect to a competitor.

For more information, please
contact

jimmy@fanswbenefits.com

or give us a call at

+852-9779-0724

