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The Role of NET Promoter Score® in Customer Experience Management

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What is NPS?

Net Promoter Score (NPS) is a customer loyalty metric and a key gauge of the customer experience. Based on survey data, NPS is derived from answers to the simple question: "How likely are you to recommend Company X to a friend?" The NPS score is then calculated based on the number of promoters of the brand minus the number of detractors of the brand. Promoters are extremely likely to refer a company to a friend while detractors are not at all likely to refer a company. Neutral responses have no impact on Net Promoter Scores. Typically, NPS average between 25 to 30 points in the U.S.

The NPS metric is more significant than satisfaction ratings because it indicates a stronger relationship with the customer and a more accurate prediction of customer advocacy. Forward- thinking service providers are examining new ways to not only leverage this information but also transform it into executable plans that maximize customer loyalty and business advantage.

Customer loyalty is different than basic customer satisfaction, which often only measures how happy a customer is at that particular point in time. Customer satisfaction is volatile and can disappear readily when a service issue arises or a better, faster, cheaper solution comes along. In contrast, customer loyalty is more enduring and typically a result of how satisfied customers are over time. Loyal customers buy more, repeat purchase and retain confidence in a brand despite issues or interruptions in service, and are willing to give constructive feedback. According to market research[1] companies that are loyalty leaders grow at least twice the rate of competitors.

The NPS and CEM Connection

NPS is tightly connected to Customer Experience Management (CEM) and the goal of **creating value through the customer experience.** By 2020, customer experience is expected to overtake both price and product as a key brand differentiator. Customer experience can be defined as the result of all the direct and indirect interactions of a customer with a brand over the duration of that relationship. The customer journey spans many touch-points, levels and environments and includes events before and after the purchase. It involves many tiers in the Service Provider organization ranging from CEOs to customer experience owners to call center agents to sales teams and field technicians. As a loyalty metric, it's not surprising that NPS is a key performance indicator (KPI) for customer experience management programs and is impacted by everyone in an organization touching the customer experience.

How NPS Benefits the Service Provider

There is a huge opportunity for Service Providers to maximize business value and profit by better understanding and leveraging NPS. When the customer experience is positive, it drives business value and profit: when it is negative, it impedes market penetration, drives high call rates, high support costs, reduces customer satisfaction and can even drive customer churn.

Loyal customers are more likely to develop an affinity or emotional connection with a brand that transcends price or performance, which is a true competitive advantage. When customers become advocates of the brand, they increase potential growth opportunities. Research[2] shows that customers are four times more likely to buy when referred by a friend, so recommendations can influence customers to engage with a brand.

The insights from NPS help Service Providers prioritize business resources to consumer priorities and preferences more effectively. Identifying CEM and NPS improvement opportunities are particularly important when Service Providers are introducing new and complex services that might drive support costs up and customer satisfaction down.

Independent data[3] shows that by fully implementing an NPS program, Service Providers have experienced a five percent increase in customer retention and a return-on-investment (ROI) of more than three times the initial cost. With a comprehensive approach to NPS, Service Providers can increase customer satisfaction, improve customer experience and increase the "likelihood to recommend" which fuels growth in the customer base. It also provides another key benefit: empowering employees to act on customer feedback, which can improve internal morale and employee retention.

How Reliable is Your NPS Score?

NPS is only as good as the data it represents so, if the information is not collected effectively or measured accurately, then CEM gains are not realized. Some Service Providers may rush to perform NPS surveys without taking a step back to look at the larger picture and objective. Many Service Providers have NPS programs in place but are uncertain about how to improve ratings. It can be very problematic when NPS is not done purposefully and correctly because value is lost when the data is not correctly represented, relevant, valuable or actionable.

To that end, it is important to have the right NPS methodology in place before surveying your customers. To do this, Service Providers must take a comprehensive approach to understand what to survey, why to survey and when to survey to get the information they need to achieve their goals. Some key questions to consider in leveraging NPS include:

· What is the objective of our NPS program?

· What will our NPS process be based on?

· How does our NPS compare with industry?

· How will we measure and collect NPS data?

· What additional data should we collect?

· How will we respond to surveys or detractor data?

· How will we correlate the NPS detractor data?

· How will we leverage this data?

· Who will have access to the data?

CEM gains are driven by NPS intelligence that can be used to identify issues and generate improvements. While it may be desirable to get a really high or near "perfect" NPS score, it's only a short-term gain if it doesn't include critical negative feedback in areas that need improvement. There is no value in a high NPS that is a false positive. In contrast, negative feedback, while undesirable, can be of great value in determining the root cause of problems. It is important to look at both positive and negative feedback, as there is a wide range of reasons for very high or really low scores.

NPS Spotlight

1. Why focus on NPS now?

· Customer experience will overtake price and product as the key brand differentiator

· Data shows that fully implemented NPS programs improve the customer experience and maximize business value and profit

2. How does NPS benefit the Service Provider?

· Improves the customer experience

· Increases customer satisfaction

· Reduces customer churn

· Stimulates recommendations and referrals

· Drives customer advocacy

· Creates actionable intelligence

· Maximizes business value and profit

3. How is NPS calculated?

· Percentage of promoters minus percentage of detractors = NPS

· Typical NPS in US can average between 25 to 30

· Promoters are extremely likely to refer a brand.

· Detractors are not at all likely to refer a brand.

· Neutral responses have no impact.

4. What are the indicators of poor customer experience?

· NPS score less than 35

· Contact rate greater than 16% per month

· "No fault found" returns over 50%

· High subscriber churn occurring in first 90 days

· Over 50% of field service dispatches result in "no trouble found"

· Wi-Fi calls more than 3% of subscriber contact

How the CommScope Customer Experience Practice Can Help

As a strategic partner, CommScope can help Service Providers create and sustain tightly integrated NPS and CEM programs that are customized to their unique situations and goals. CommScope has proven experience in helping Service Providers with NPS improvement services. From establishing NPS programs to evaluating root causes of poor NPS to developing cost-effective solutions for continuously improving customer experience, providers can leverage CommScope's expertise to deliver real value.

CommScope understands the nuances of NPS improvement programs and customer optimization initiatives that drive business value and competitive advantage. CommScope can offer a comprehensive NPS assessment that covers the key areas of: enterprise performance benchmarking; gap identification and remediation; training; service culture evaluation and optimization; customer experience optimization; quality assurance; and continuous improvement.

CommScope has years of focused industry expertise across a broad spectrum of Service Providers and direct experience running major call centers operating in the U.S. CommScope also offers an extensive portfolio of services in network transformation, IP video, Wi-Fi and customer experience areas for a complete CEM solution.

Case in Point: Telco NPS Program Reduces High Subscriber Churn

A North American Service Provider with high levels of new subscriber attrition needed to improve its customer care.

The goal of its NPS program was to reduce subscriber churn within the first 60 days and transform its internal culture around customer care. After a thorough assessment, the goal of the NPS improvement plan focused on resolving issue in the first contact with the customer. One of the key steps was to implement a large-scale agent training program in the key areas of: HSIA and Wi-Fi technologies; from point-of-sale (POS) to physical installation process flow; and a comprehensive tool use and results interpretation. Afterward, a call back rate elimination plan was implemented.

The results were dramatic. By implementing a more comprehensive and targeted NPS program based on a situational assessment, the Service Provider saw an increase in the first 60 days log in rates (8 percent for self install customers and 3 percent for full install). The actions also had a major impact on 0-60 day cancellations (36 percent reduction for self install and 35 percent for full). Overall, the provider had a percent drop in cancellations as a result of the initiative. With 36 percent of its customers being in this category, the Service Provider expects to save 1.4 percent on customer acquisitions. Ultimately, the revenue protection savings to the Service Provider was greater than the cost of improving NPS to reduce churn.

Why Now? Why Wait?

NPS is a key performance indicator for brands and a catalyst for growth and competitive advantage. With increasing competition and new market demands that include the customer support demarcation moving deeper into the home and market maturity and saturation, operators must deliver service more effciently. NPS is a means to that end – improving the customer experience. As Service Providers prepare to create new NPS improvement programs or assess and adjust existing ones, they must take the right approach to make the effort successful and deliver high-quality subscriber experiences.

Combined with Customer Experience Management, NPS enables brands to create a sustainable and adaptable customer-service-focused environment. It is an essential step in helping to better identify what defines a "happy customer" and reveals ways to improve the customer journey. It gives clarity to issues that need to be resolved or areas in both the subscriber experience and workforce that can be optimized to realize operational uplift. Ultimately, it helps brands harness the purchasing power and marketing power of promoters and that, in and of itself – is a very powerful reason to embark on an NPS improvement program today.

References

[1] Bain & Company, Net Promoter System® http://www.netpromotersystem.com/about/why-net-promoter.aspx

[2] Gartner Group

[3] CustomerGauge NPS Survey

Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

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