

Functional Areas Marketing & Communications	Sub-categories Marketing	Industries Any
KPI record sK1303	Indicator type smartKPI	Unit type %

Name

% Net promoter score

Definition and variations

Definition

Measures the net difference between promoters and detractors, of all customers that express an attitude. Note: Net Promoter, Net Promoter Score and NPS® are registered trademarks of Fred Reichheld, Bain & Company and Satmetrix.

Variations

- % Promoter score (TM)
- % NPS®

Related KPIs

% Customer satisfaction with new products and services

Tags

portfolio, customers

Calculation

Subordinate measures used for calculation

- A = # Promoters
- B = # Detractors
- C = # Customers

Calculation formula
(A/C)*100-(B/C)*100

Formula type
Rate

Trend is good when
Increasing

Focus

Purpose

To monitor the level of customer satisfaction by evaluating the extent at which customers act as brand ambassadors.

BSC perspective
Customer

Measurement focus
Satisfaction

Impact stage
Outcome

Indicator focus
Leading

Measurement type
Quantitative

Level
Strategic

Data profile

Data capture period
Spot

Standard reporting frequency
Quarterly

Data integrity
Medium

Automation fit
Not recommended

Limitations
Being based on customer surveys, results can be altered by subjectivity of the respondents or incentives given by the company to stimulate responses.

Targets

Benchmarking fit

Suitable

Notes
 Benchmarking is promoted by Satmetrix, a co-developer of net promoter and benchmark figures are available on their online community: http://www.netpromoter.com/netpromoter_community/community/npsbenchmarks?view=tags&tags=benchmark

Some argue that benchmarking might not be suitable, as companies may use different-point scales (the standard in 11, but some use 10, some 5 and so on). Also, some companies may resort to incentives so as to increase the rate of responses.

Threshold exemple

Red: <50% Yellow: 50-70% Green: >70%

Analysis and resources

Overall notes

Although it is considered very simple and easy to compute, its relevance for decision-making can be quite limited, as the net percentage of promoters can only show whether there are more promoters than detractors, or the other way. It cannot assess their influence on company / product image or success, as even where detractors may be less (thus being a positive net promoter score), their activity may be more intense, the net effect of their activity being negative for the company.

Additional resources

http://www.theultimatequestion.com/theultimatequestion/measuring_netpromoter.asp?groupcode=2

2011 Net Promoter benchmarks charts for Europe
http://www.netpromoter.com/netpromoter_community/docs/DOC-1190

Net Promoter 2011 U.S. Benchmark Charts
http://www.netpromoter.com/netpromoter_community/docs/DOC-1184

References

1. Businessweek.com (2006), "Would You Recommend Us? That simple query to customers is shaking up planning and executive pay", available at: http://www.businessweek.com/magazine/content/06_05/b3969090.htm
2. Joshi, P. & Chaudhari, T., "Net Promoter Score® Lean Six Sigma way-An Impetus for Growth at General Electric", available at: <http://sixsigma.scmhrd.edu/articles/NPS%20Paper2007.pdf>
3. Satmetrix (2004), "The Power Behind a Single Number Growing Your Business with Net Promoter®", Satmetrix Systems®, Inc. available at: <http://www.csb.uncw.edu/people/howe/Classes/MBA541/CLASS%20OF%202009/NetPromoterWPfinal.pdf>