Net Promoter Score (NPS)

Net Promoter Score, or NPS, is a loyalty measure built on one simple question. Fred Reichheld of the consulting firm Bain and Company introduced it in an article in Harvard Business Review in 2003. The idea is that a customer's willingness to recommend a business says a lot about their loyalty. Many companies use NPS because it is quick to ask, easy to understand and easy to track over time. Dina, who runs customer service for an online shop, decides to use it.

1. The One Question

The survey asks one core question: how likely is it that you would recommend us to a friend or colleague? Customers answer on a scale from zero to ten, where zero means not at all likely and ten means extremely likely. Companies usually add one open follow-up, such as what is the main reason for this score. The short survey makes it easy to collect many answers. The reasons often teach more than the number itself.

Example: A cafe owner puts a card on each table asking how likely customers are to recommend the cafe to a friend, from zero to ten. Using the one question, the owner receives many quick answers in a week, each with a short reason.

At work: Dina sends the survey by email after each delivery. Using the one question, she asks how likely customers are to recommend the shop, and adds a box for the reason.

2. The Three Groups

The scores are sorted into three groups. Promoters give nine or ten, and they are loyal fans who tend to recommend us. Passives give seven or eight, and they are satisfied but not enthusiastic, so a competitor could win them. Detractors give zero to six, and they are unhappy and may discourage others. Each group needs a different response.

Example: A cafe receives five answers: nine, eight, ten, four and seven. Using the three groups, the owner finds two promoters, two passives and one detractor.

At work: Dina's survey brings a ten, a nine, a six, a seven and a three. Using the three groups, she labels two promoters, one passive and two detractors, and plans a different message for each group.

3. Calculate the Score

The score is the percentage of promoters minus the percentage of detractors. Passives are counted in the total but do not change the formula. The result is a number between minus one hundred and plus one hundred, and it is written without a percent sign. For example, with fifty

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percent promoters and twenty percent detractors, the score is thirty. A higher number means stronger loyalty, but there is no universal good score, so we compare with our own past results and similar businesses.

Example: A cafe has one hundred responses: sixty promoters, twenty-five passives and fifteen detractors. Using the calculation, sixty percent minus fifteen percent gives a score of forty-five.

At work: Dina's survey has two hundred responses: ninety promoters, seventy passives and forty detractors. Using the calculation, forty-five percent minus twenty percent gives a score of twenty-five.

4. Act on the Score

A score alone changes nothing, so the follow-up matters. We read the reasons, find common themes and thank promoters, perhaps by asking for a review. We contact detractors quickly to understand the problem and fix it. We watch the trend over several surveys, because one score is a snapshot. NPS is useful, but it is one measure and should be combined with other feedback.

Example: A cafe owner reads the reasons behind the low scores and finds that service is slow at lunchtime. Acting on the score, the owner adds a second cashier during lunch, and the next survey shows fewer low scores.

At work: Dina calls the detractors within two days, and one explains that a parcel arrived damaged. Acting on the score, she sends a replacement and changes the packaging, and that customer later gives a nine.

Conclusion

In summary, Net Promoter Score measures loyalty with one question about recommending a business. Customers become promoters, passives or detractors, and the score is the percentage of promoters minus the percentage of detractors. Fred Reichheld introduced the idea in 2003. The number is only a start, because the real value comes from the reasons and the actions that follow. Dina's team now surveys, reads and acts every month.

Sources

- Reichheld, F. F. (2003). The One Number You Need to Grow. Harvard Business Review, December 2003 – https://hbr.org/2003/12/the-one-number-you-need-to-grow
- Bain and Company: The Economics of Loyalty (background on loyalty and the Net Promoter System) – https://www.bain.com/insights/the-economics-of-loyalty/

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