

# NET PROMOTER SCORE (NPS)

## CUSTOMER EXPERIENCE IS CRITICAL TO YOUR SALES

The experience customers have with your product and / or your business is vital for your sales - it is vital that customers come again, that they are loyal and will recommend your product or your brand to others.

It is therefore not without reason that the book "The Ultimate Question: Driving Good Profits and True Growth" by Fred Reichheld has led to an overhaul of the way customer loyalty and satisfaction measurements are used among a significant portion of the world's leading organisations

## CALCULATION OF NPS

Reichheld created the Net Promoter® method. It is based on the customer's response to one simple question: "How likely is it that you would recommend the product / brand to a friend, family or colleague?"

The response scale to the question is a scale that goes from 0 to 10, where 10 is best. Depending on what your customers answer to the question, they will be divided into three categories: "Promoters" (9-10), "Passives" (7-8) or "Detractors" (0-6). At Epinion, we equate Promoters and loyal customers.

The Net Promoter Score (NPS)® is calculated by subtracting the percentage of "Detractors" from the percentage of "Promoters". If there are, for example, 40% "Promoters" and 20% "Detractors" this will result in a Net Promoter Score® = 20%.



## PITFALLS OF NPS

One of the main shortcomings of using the Net Promoter Score® is that the measurement concept itself does not specify, which initiatives and measures have to be taken to improve a brand's or product's current Net Promoter Score®. Therefore, Epinion often suggests complementing the analysis with a driver analysis to understand where the organisation should focus their efforts on. Driver analyses are conducted by ascertaining the importance of individual factors in relation to consumers' willingness to recommend, e.g., the brand, using multiple regression analyses.

## CONTACT US



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