

NPS or CSAT?

The Best Way to Ask for Client Feedback

SmileBack

3 Important Reasons Why You Should Ask For Feedback

There are, of course, a lot more than three. But let's start with the most important reasons why you actively seek feedback from your clients:

1

People Don't Usually Volunteer Feedback

For every customer who volunteers feedback, there 26 who had a bad experience but don't say anything according to a study by the White House Department of Consumer Affairs.

2

It Makes Your Clients More Loyal and Profitable

The Harvard Business Review found that the simple act of asking a client for feedback has a positive impact on satisfaction, and makes that client more loyal and profitable over time.

3

You'll Learn Something You Didn't Know

Even if you're absolutely certain your clients love you, you may not know the exact reasons why. And finding out could be the key to expanding and growing certain aspects of your business.

Now you're convinced, right?

Or maybe you're already asking your clients for feedback, so this just reaffirmed your decision to do do.

Really, talking about why you should ask for feedback is the easy part. It gets more complicated when you start discussing how to get it, effectively.

There are a lot of ways to go about it: we're going to focus on two of them.

2 Ways to Get Client Feedback: Net Promoter Score vs. Client Satisfaction Scores

The two main ways to get feedback, Net Promoter Score (NPS) and Client Satisfaction Scores (CSAT), have very vocal opponents and detractors on their respective sides.

That's because they're a very different approach to the same question: what do my clients think?

Here's a quick breakdown of each:

Net Promoter Score: A Relationship Metric

The Net Promoter Score is based on the assumption that happy customers are more likely to recommend a company or service to others.

It measures this by asking one question:

On a scale of 0-10, how likely would you be to recommend [company name] to a friend or colleague?

Responses are then categorized according to the following scale:

0-6	7-8	9-10
Detractors	Passive	Promoters

The Net Promoter Score metric itself is calculated by subtracting the percentage of detractors from the percentage of promoters. Average scores vary wildly by industry, but it's safe to say that 40 or above is awesome.

3 reasons people use an NPS system:

- It asks just one simple question
- It's a standardized metric (good benchmarks)
- It provides insight into the client-company relationship

CSAT: A Transactional Snapshot

Customer satisfaction scores are captured in relation to a specific transaction, experience, or product.

For example, in some airports there's a kiosk near the baggage claim that asks:

How happy were you with
the speed of baggage delivery today?

The answer scale is sometimes a numeric range, but more and more often you'll see a selection of emoticon faces ranging from very happy to very sad.



Some CSAT systems offer a standard metric, like the Net CSAT Score, but in other cases a higher percentage of positive responses over negative responses insinuates a higher rate of satisfaction.

3 reasons people use a CSAT system:

- It offers versatile question/measurement options
- It provides actionable feedback
- It is focused on a specific transaction

Now, the million dollar question becomes:

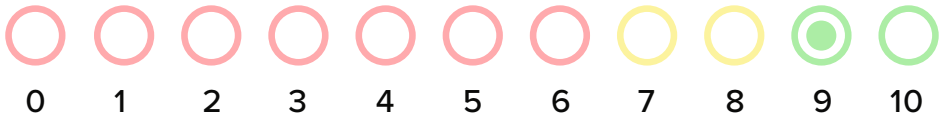
> **"Which system should I be using?"**

We'll get to that, we promise.

First, let's clarify the difference between a relationship metric and a transactional metric.

Relationship Measurements vs. Transactional Measurements

Let's take a look at the difference between a relationship measurement and a transactional measurement.



A relationship measurement:

Analyzes the client-company relationship on a larger scale. It gauges how clients, or customers, feel about a company, or brand, overall. It has an emotional aspect to it, and is often thought to be a measure of loyalty as well.

A transactional measurement:

Is more relative, and takes place within a focused frame of reference. It often refers to a specific service, experience, or product. Because it drills down into a transaction, transactional data often provides more actionable insights.

So it's safe to say NPS is a measurement system geared toward understanding more about the client's overall relationship to the company, while CSAT is a system geared toward understanding how well a specific interaction between the client and the company played out.

Or more simply, NPS measures satisfaction on a relationship level, and CSAT measures satisfaction on a transactional level.

But what does that mean, exactly?

It means NPS and CSAT actually measure different things. And because they do, they need to implemented strategically in different circumstances.

Timing is Everything: When to Measure Relationship and When to Measure Transaction

NPS

Have you ever had a friend who needed constant reassurance that you still liked them, and that the both of you were still friends? Someone who, no matter how many times you reassured them, kept asking: “Do you still like me? How about now, do you still like me now?”

This is how it feels to clients when you attempt to measure NPS, or relationship satisfaction, on a very frequent, transactional basis.

Don’t be that friend.

The best time to measure how satisfied clients are with the overall relationship they have with your company is when they have a chance to step back and look at the bigger picture.

From an account management perspective, there are key times to undertake this kind of measurement. You could implement an NPS measurement as part of a quarterly review process. Or you could design a bi-annual survey campaign that you prepare clients for in advance, and use as an opportunity to thank them for their business.

The most important aspect of measuring relationship satisfaction is to do it in a way that allows your clients to reflect on the variety of interactions they’ve had with your company, rather than basing their rating on the most recent one.

Understanding how your clients perceive you in a bigger-picture way is an invaluable part of client retention, loyalty, and growth.

CSAT

On the other hand, to get a clear picture of how well your company performs on a transactional level, you need a large amount of data across a range of transactions.

So not only should transactional satisfaction be measured frequently, it should be measured in a way that captures a lot of responses. A higher response rate means you’re hearing from a larger, wider range of clients -- which is important.

If your survey response rates are low, say 1 to 5 percent, it means you’re only hearing from clients who have had either really great or very bad experiences. But it’s the people who are somewhere in the middle that will give you the true picture of your service delivery.

The key then is to measure transactional client satisfaction in a way that requires the least amount of effort from your clients.

According to Forbes: “Short, simple customer surveys can lead to response rates of 50 percent or more, which is considerably higher than the 0.5 to 2 percent response rates many organizations get from client surveys.”

It’s like when you have a bunch of dots that make up a picture. The fewer the dots, the harder it is to tell what the picture is. It could be a flower, or it could be a weed. The more dots that get filled in, the easier it is to understand what’s being depicted.

Want to find out if you’re a flower or a weed? Try a CSAT system designed to get quality feedback from clients on a daily basis.

NPS + CSAT = A Complete Picture of Your Service Delivery

Now, back to the question:



> “Which way of asking for feedback will be best for my business?”

Drum roll please...

Both of them!

NPS and CSAT aren’t opponents. They measure different things, and the data they provide is complementary, not conflicting.

Measuring client satisfaction on a relationship and transactional level gives you more insights about your clients overall.

And the more information you have, the more effectively you can improve the areas in which you’re struggling, and capitalize on the areas in which you’re successful.

SmileBack is a platform that helps you improve your business with daily feedback from your clients.

Hundreds of MSPs all over the world leverage its power to make sure they're listening to the people who matter most.



Want a glimpse into the platform with a proven average response rate of 39%?

Take a 5 minute video tour today.