NPS® BENCHMARKS

The Annual Survey '16

PART ONE | 19 MAY 2016

CustomerGauge

State of the NPS® Industry: About This Report

In 2015, NPS Benchmarks asked a small sample of NPS Practitioners some questions about their programs. The results were fascinating - for example:

- **75%** had targets on Net Promoter. However, **36%** did not know their retention rate.
- **90%** were not clear on if they had improved retention rate since starting their NPS program.
- **94%** had not been able to calculate how much one point of NPS is worth in extra revenue.

These shocking insights convinced us to launch a larger scale survey to better understand the current state of the Net Promoter Industry.

This year we invited more than **12,000 industry leaders** to get involved. We believe this is the most complete survey ever undertaken in the NPS community.

With over **600 full responses**, this report will cover macro trends like average NPS scores, average frequency of surveys, industry automation adoption rates, and overall maturity of the programs, and more!

This comprehensive report is exclusively available to those participants that completed the survey in full. This is a not-for-profit program, and a limited digest of results will be available publicly on the NPSbenchmarks.com site.

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Commentary Presented by Adam Dorrell CEO, **CustomerGauge**

State of the NPS Industry: Executive Summary

01 | We could do better
NPS of NPS is 34

When asked to rate their own NPS program, half of the practitioners are NOT promoters.

Main frustrations:
- ✓ No buy-in internally
- ✓ Poor internal communication
- ✓ Lots of manual work.

NPS practitioners need to work harder to get C-suite to lead and invest – see point 5 for a hint.

02 | Who loves NPS?
Smaller, B2B w/ good buy-in

The key driver of NPS success is when:
- ✓ Clear goals are set
- ✓ Executives have good buy in
- ✓ Staff are empowered to enact change

Big company bureaucracy can kill these initiatives – but they need to take care as smaller enterprises are running with NPS and will be the next generation of customer experience leaders.

State of the NPS Industry: Executive Summary

03 | Set simple targets
And improve

We see that NPS leaders are setting targets like NPS improvement (the average is 7 points in next 12 months), survey response and close loop time.

04 | Keep it short
And often

NPS leaders have 3 questions or less on their survey with no other stats. They use email and contact customers twice a year. Leaders reach more than half their customers and have a 40%+ response rate.
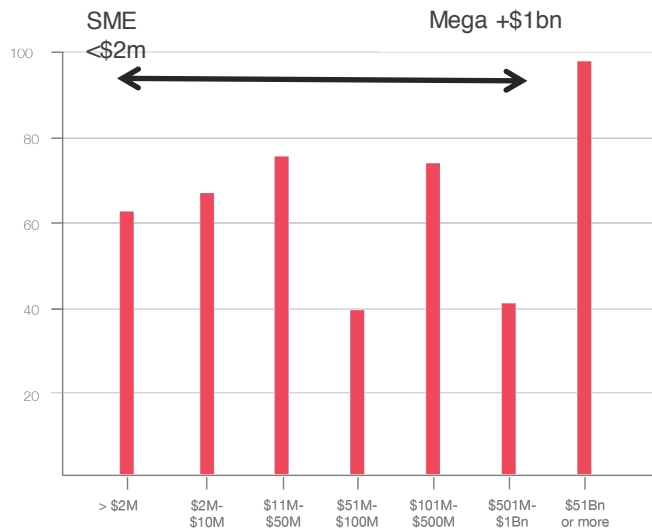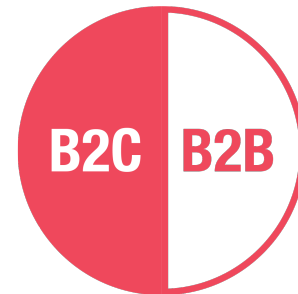
05 | Focus on ROI
Not CX

The goal for most NPS programs is still customer experience – we call these "heritage Net Promoter" as they provide at best "soft metrics". Leaders drive "Monetized NPS programs" with customer retention and referrals as targets, which can be measured in dollars. NPS leaders are able to show ROI to the company.

Demographics

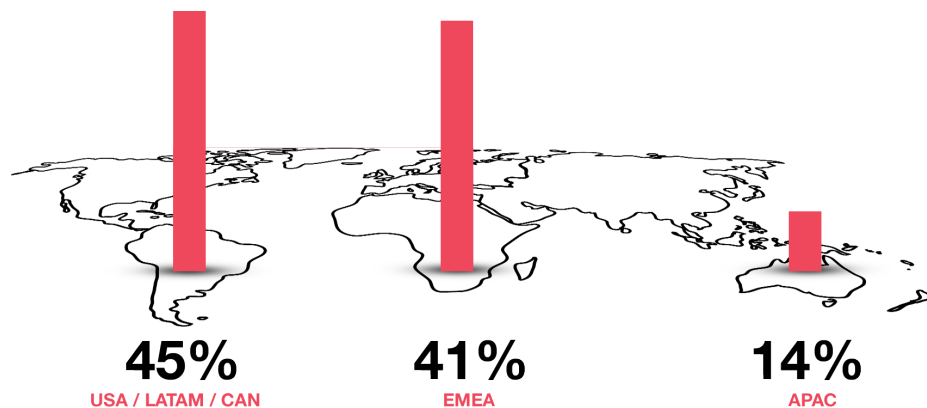- NPS has been widely adopted over the industry spectrum.
- We received results from a wide base across regions, company size, and industry.

B2B is represented as **49% of the total**

B2C | B2B

SME <$2m — Mega +$1bn

| | > $2M | $2M-$10M | $11M-$50M | $51M-$100M | $101M-$500M | $501M-$1Bn | $51Bn or more |

Results from all around the world:

45%
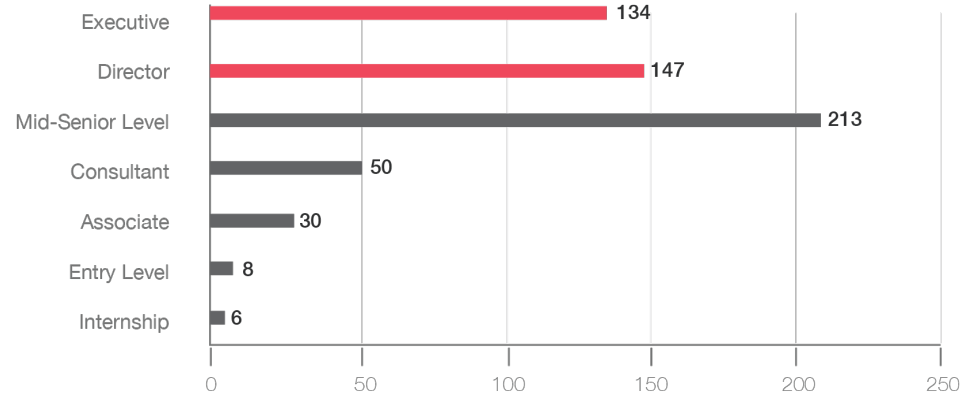USA / LATAM / CAN

41%
EMEA

14%
APAC

CX Owns NPS, Executives Engaged

- Responses to the survey came from senior professionals, with half being Director or Executive level.
- Program leaders come from Customer Experience and loyalty functions.

48% of responses from Director or above

Heavy hitters: 48% are Director or above.
How would you characterize your job role?

Role	Count
Executive	134
Director	147
Mid-Senior Level	213
Consultant	50
Associate	30
Entry Level	8
Internship	6

No surprise: 1/3 of respondents work in Customer Experience. But Marketing is #2
Which part of the organization do you work in?

Department	Count
CX/Loyalty	180
Marketing	98
Other	88
Support/Service	72
Customer Insight	38
Customer Success	36
Sales	34
Consultant	28
IT	10
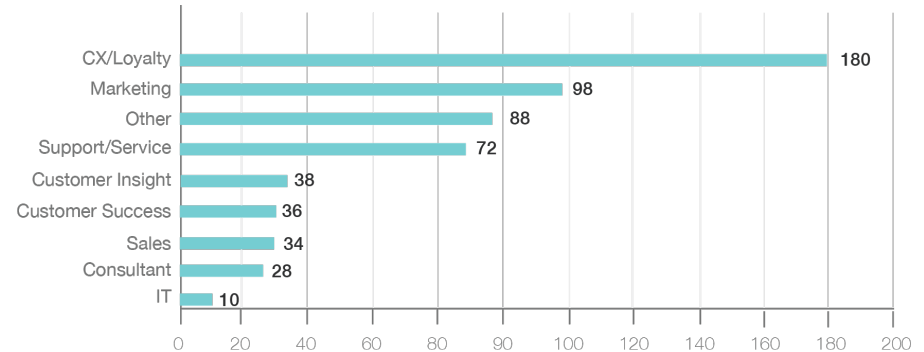
Not all are Happy With Their Current Programs

We asked "Rate your own program: How likely are you to recommend your Net Promoter® program to a friend or colleague?" as a key indicator of their "Own Program" rating

34NPS

(We call this "Own Program NPS" in the results")

49%

Were NOT promoters of their own program

34
NPS

17%	32%	51%

Net Promoter Score 34
Detractors 108 (17%)
Passives 208 (32%)
Promoters 326 (51%)
Total Responses 642
Total Comments 0

Date: 2016-04-01 – 2016-04-30

"NPS Leaders"
51% are **"Program Promoters"**
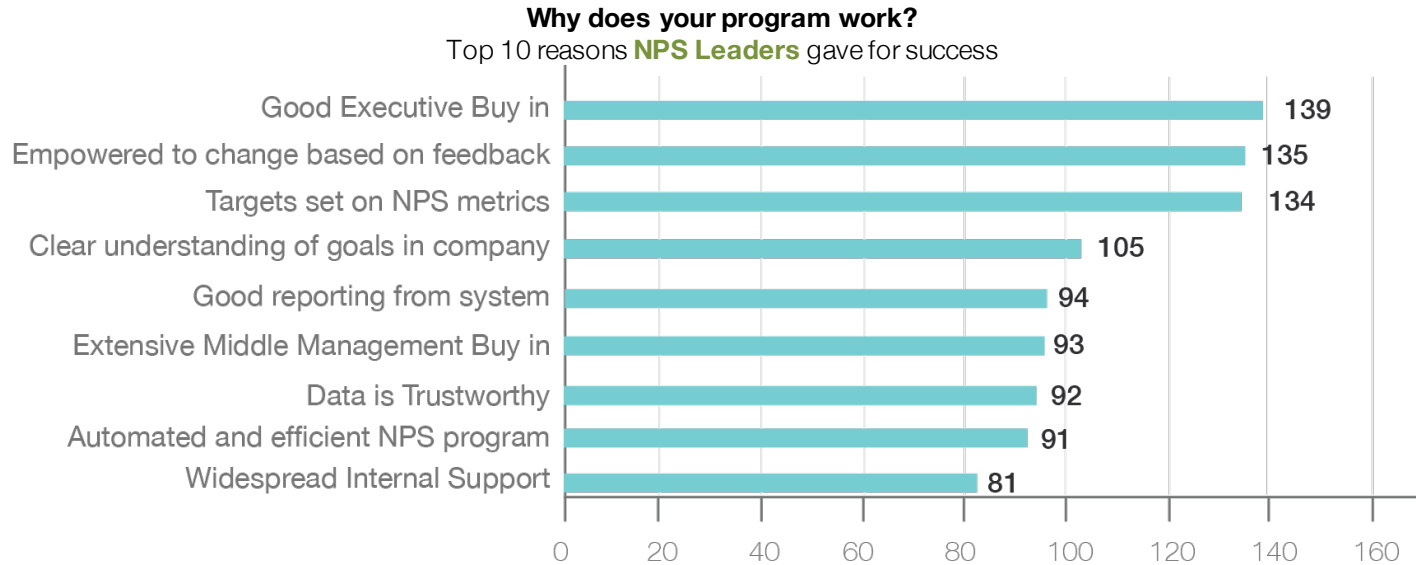(half of these gave their program a 10)

"NPS Laggards"
17% are **"Program Detractors"** – scoring 0
to 6. Only 2 scored their program a Zero!

Internal Alignment is Key to Success

Other key reasons for success:

- ✓ Empowerment to change
- ✓ Targets set on NPS metrics
- ✓ Automation of NPS program

Why does your program work?
Top 10 reasons **NPS Leaders** gave for success

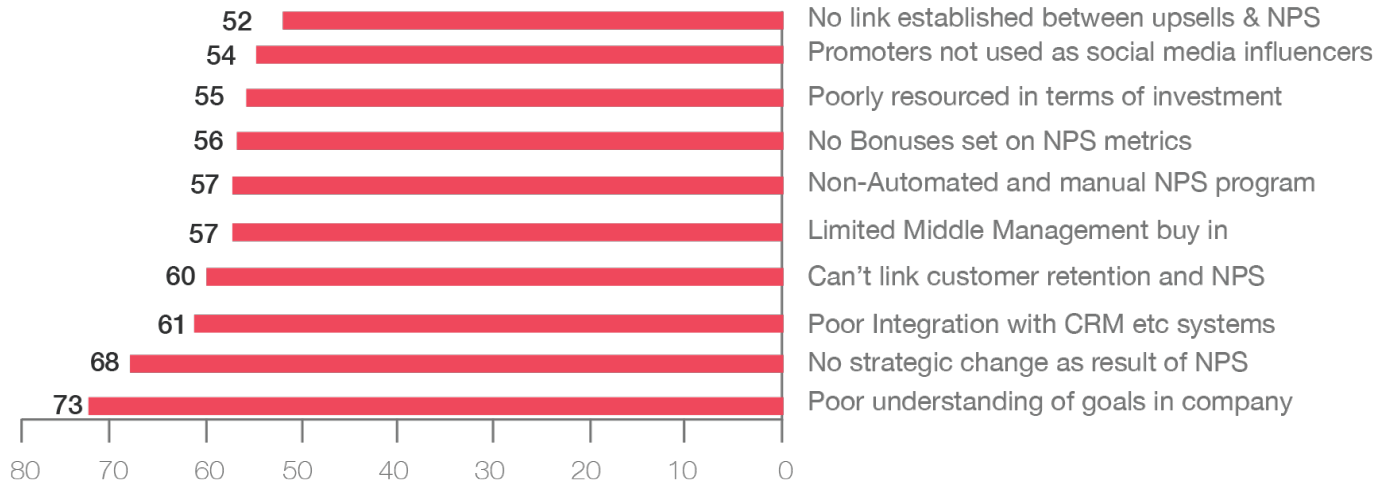| Reason	Value
Good Executive Buy in	139
Empowered to change based on feedback	135
Targets set on NPS metrics	134
Clear understanding of goals in company	105
Good reporting from system	94
Extensive Middle Management Buy in	93
Data is Trustworthy	92
Automated and efficient NPS program	91
Widespread Internal Support	81

Internal Alignment is (still) the Key to Success

Top reasons for failing:

- ✓ Poor understanding of goals in company
- ✓ No strategic changes initiated as result of NPS
- ✓ Lack of management buy-in
- ✓ System not automated
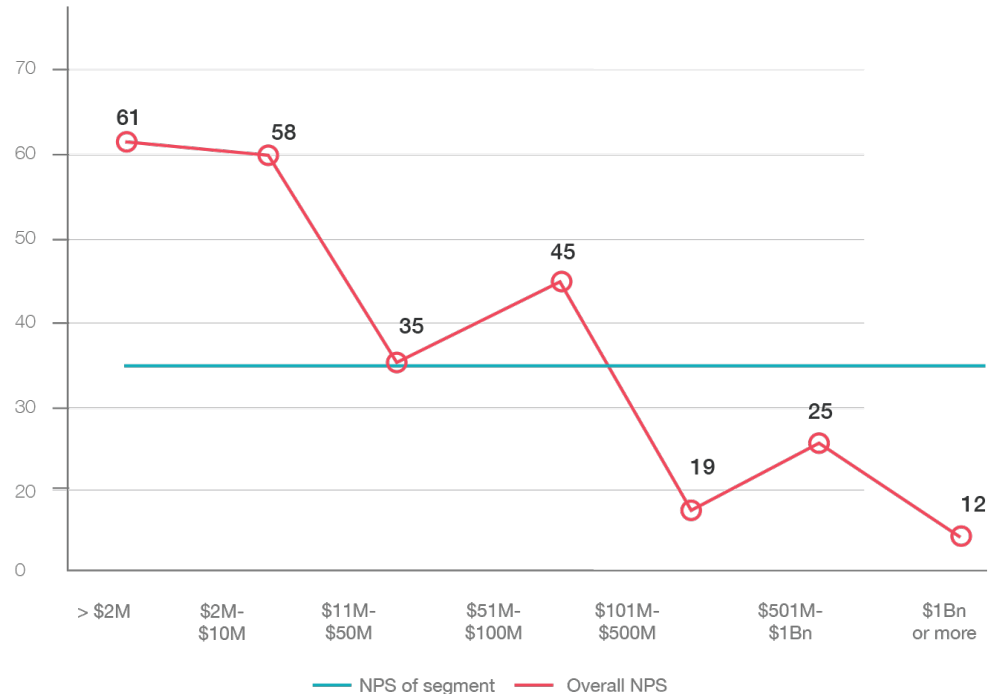- ✓ Can't link NPS to retention

Why does your program fail?
Top 10 reasons **NPS Laggards** gave for lack of success

Value	Reason
52	No link established between upsells & NPS
54	Promoters not used as social media influencers
55	Poorly resourced in terms of investment
56	No Bonuses set on NPS metrics
57	Non-Automated and manual NPS program
57	Limited Middle Management buy in
60	Can't link customer retention and NPS
61	Poor Integration with CRM etc systems
68	No strategic change as result of NPS
73	Poor understanding of goals in company

80 70 60 50 40 30 20 10 0

**CustomerGauge** + **NPS® BENCHMARKS**

Size Matters: Small is Beautiful

- Strikingly, the size of the organization has the largest impact on how professionals rate their own program.

- Mega companies have the most NPS Laggards. Why? It's easiest to align around a program in a smaller organization, as a result we see that as the largest NPS driver.

Smaller companies love their programs more than large
Would your recommend your program?
Own program NPS of Companies by Revenue

Chart showing Own program NPS by company revenue:
- > $2M: 61
- $2M-$10M: 58
- $11M-$50M: 35
- $51M-$100M: 45
- $101M-$500M: 19
- $501M-$1Bn: 25
- $1Bn or more: 12

Legend: NPS of segment — Overall NPS

B2B, Business Services Rate Highly

- B2B companies rate own program higher than B2C (that's explained by size of company)
- Vertical market is a strong driver of high rating. Business services, manufacturers and retailers score best. Finance and insurance score low, with public sector most disappointed with programs

B2B companies rate their programs more than B2C.
Would your recommend your program? Own Program NPS of Companies by B2C/B2B
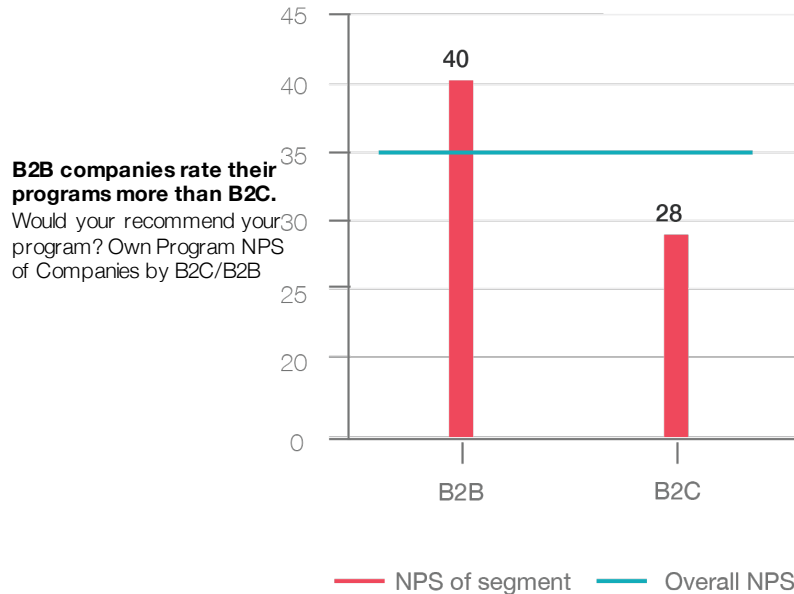
Would you recommend your own program?
Top promoters are business services, manufacturing, retail. Detractors in finance insurance. (NPS of Program by Vertical Market)
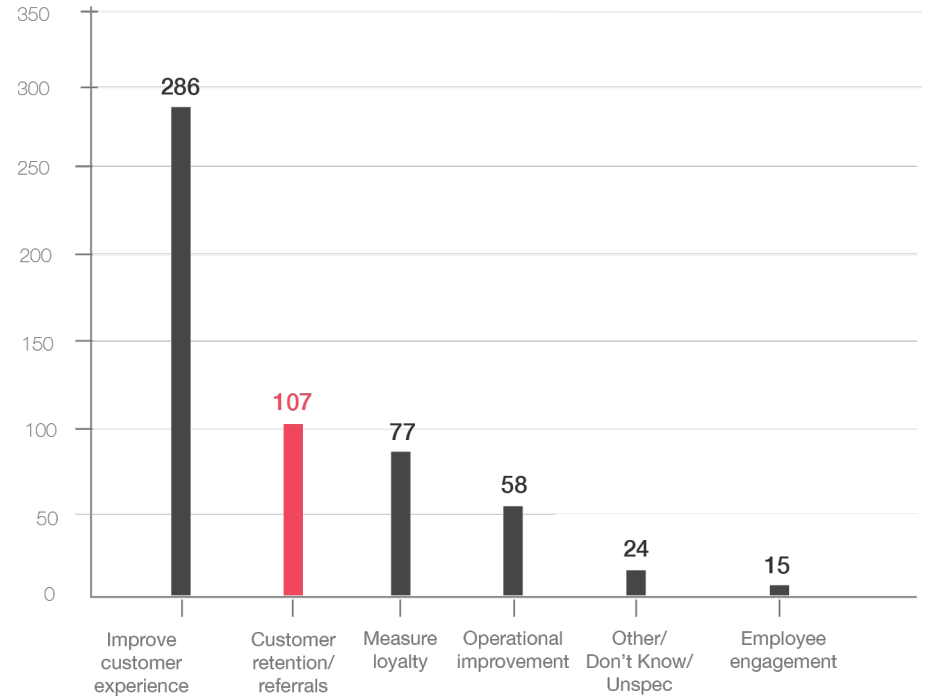

NPS of segment — Overall NPS

CustomerGauge + NPS® BENCHMARKS
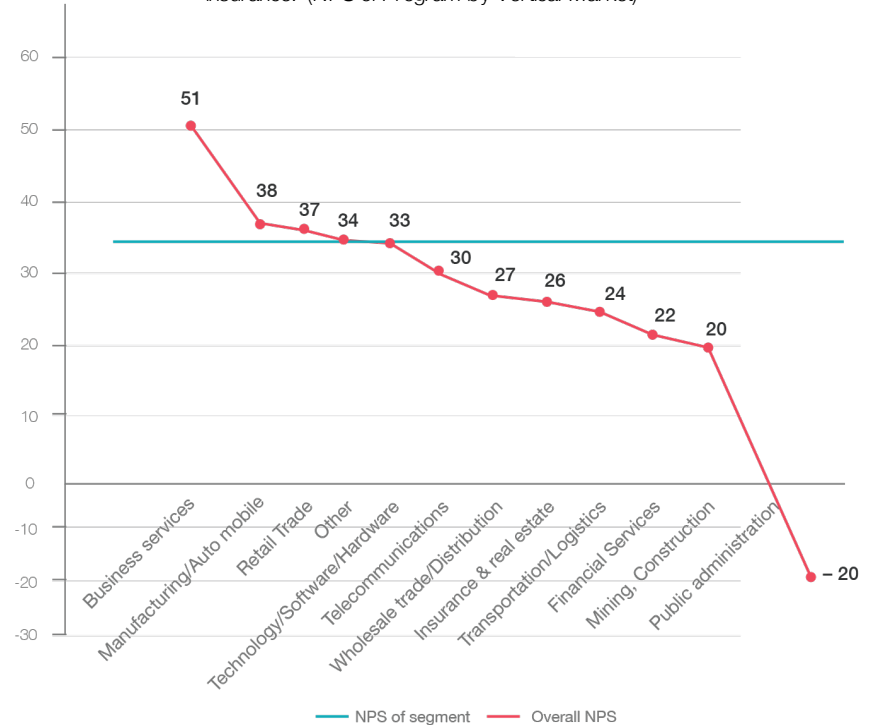
CX is King…Right?

- #1 choice given for "Main Goal" of the program was to Improve Customer Experience
  - Followed by Retention, loyalty, operational improvement and employee engagement

Only 20% of respondents use their NPS program to drive retention of referrals
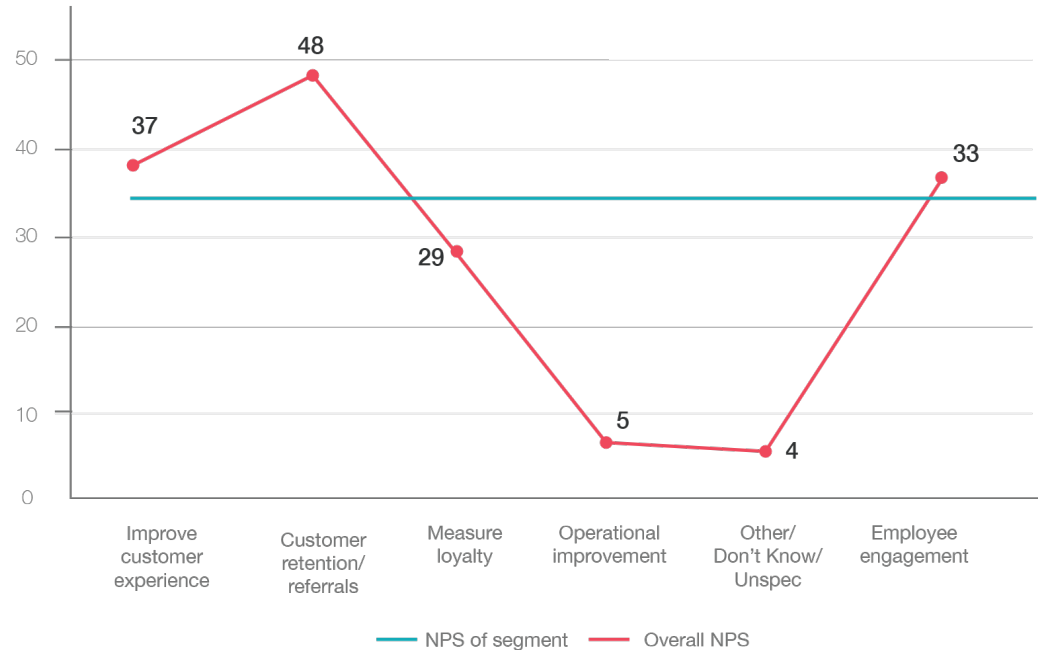(What is the most important Goal of you NPS program)

Not so Fast…Goal Should be Retention

Want to succeed with NPS? Set the goal to retain customer and get referrals.

- Interestingly, organizations that had a goal of retention/referrals had the highest Own Program NPS rating.
- Lowest Own NPS is driven by programs aimed at Organizational Improvement, or with no clear goal.

But those who drive retention would recommend their program more..
Would your recommend your program? Own Program NPS of Companies by B2C/B2B

Legend: NPS of segment — Overall NPS

Chart data points (Overall NPS):
- Improve customer experience: 37
- Customer retention/referrals: 48
- Measure loyalty: 29
- Operational improvement: 5
- Other/Don't Know/Unspec: 4
- Employee engagement: 33
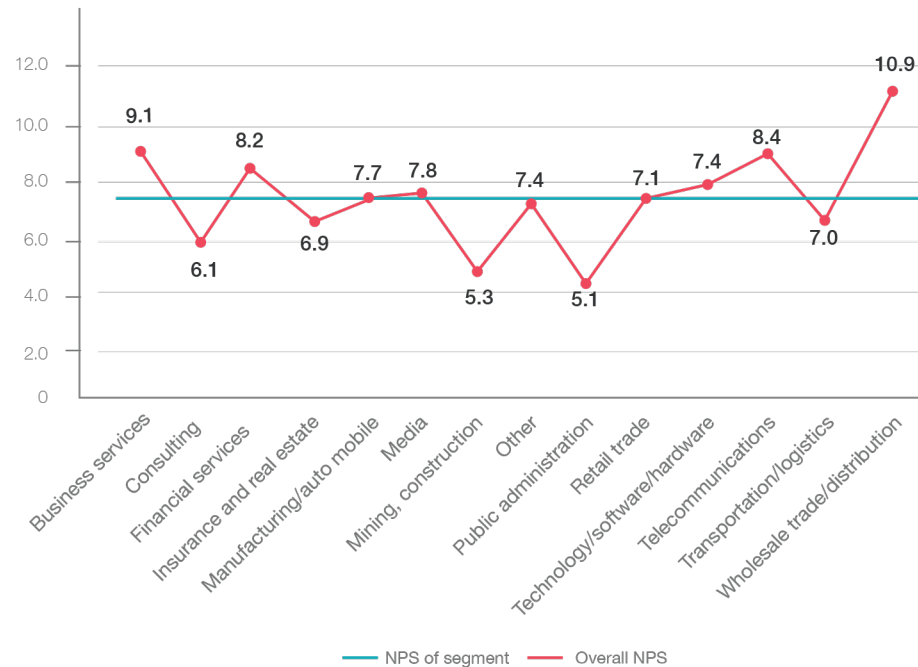
CustomerGauge + NPS® BENCHMARKS

We Have an Ambitious Bunch

- Most companies (80%) have a sense of how they want to improve NPS in next 12 months.

- Average target improvement is ambitious: 7.6 points improvement (that's 0.6 a month)

- Some industries are more driven than others: B2B distribution set an 11pt increase. Public administrations are the least ambitious, with a 5pt increase planned (or perhaps are most realistic)

How many points to improve in next year?
If you have a target on your NPS, what is the delta to the target score for the next 12 months? (By industry. Average 7.6)


Chart data points by industry:
- Business services: 9.1
- Consulting: 6.1
- Financial services: 8.2
- Insurance and real estate: 6.9
- Manufacturing/auto mobile: 7.7
- Media: 7.8
- Mining, construction: 5.3
- Other: 7.4
- Public administration: 5.1
- Retail trade: 7.1
- Technology/software/hardware: 7.4
- Telecommunications: 8.4
- Transportation/logistics: 7.0
- Wholesale trade/distribution: 10.9

Legend: NPS of segment — Overall NPS

Targets are Key For Own NPS

- Knowing the target is a driver of Own Program NPS.
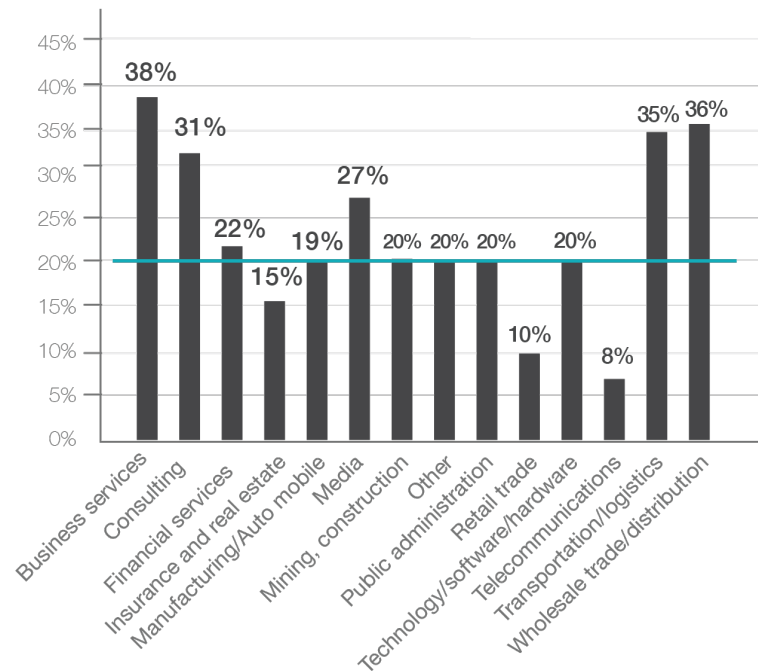- 31% of Detractors don't know their target.

NPS Laggards: **31% Don't have a target on NPS improvement**
Responded as "I don't have a target" as part of "If you have a target on your NPS, how much do you plan to improve your score over the next 12 months?" (average 20% overall)
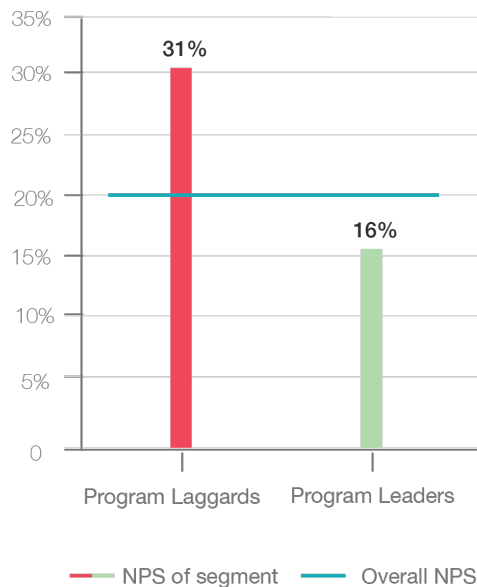
"No target set for NPS improvement"
Responses saying they did not know what the target delta is for next 12M by industry (average 20%)

Left chart:
- Program Laggards: 31%
- Program Leaders: 16%
- Overall NPS line at 20%
- Legend: NPS of segment | Overall NPS

Right chart: "No target set for NPS improvement" by industry
- Business services: 38%
- Consulting: 31%
- Financial services: 22%
- Insurance and real estate: 15%
- Manufacturing/Auto mobile: 19%
- Media: 27%
- Mining, construction: 20%
- Other: 20%
- Public administration: 20%
- Retail trade: 10%
- Technology/software/hardware: 20%
- Telecommunications: 8%
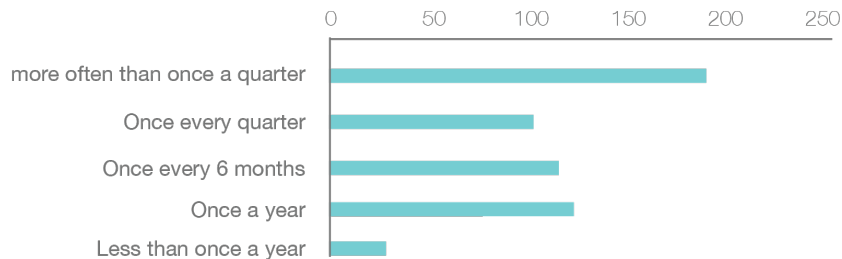- Transportation/logistics: 35%
- Wholesale trade/distribution: 36%

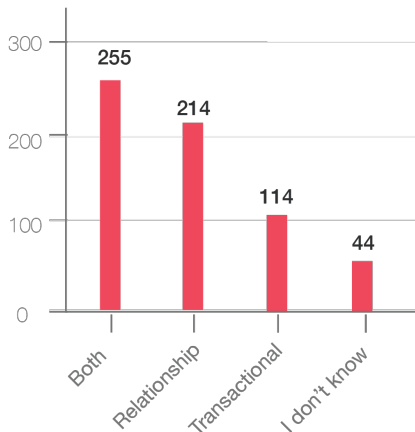# How Often do you ask Customers?

- 43% of our sample carry out **BOTH** Relational and Transactional surveying (we asked "What is your most important measurement?")
- On average, they ask customers twice a year.
- NPS Laggards are more likely to send less often.

Bar chart (horizontal) — How often do you ask customers the NPS question?
- more often than once a quarter
- Once every quarter
- Once every 6 months
- Once a year
- Less than once a year

Question:
- Is your most Important NPS measurement relational, transactional, or both?

Both	Relationship	Transactional	I don't know
255	214	114	44

NPS Leaders Ask More Often.
How often do you ask customers the NPS question?
Split by Own Program (average 5.8 months)

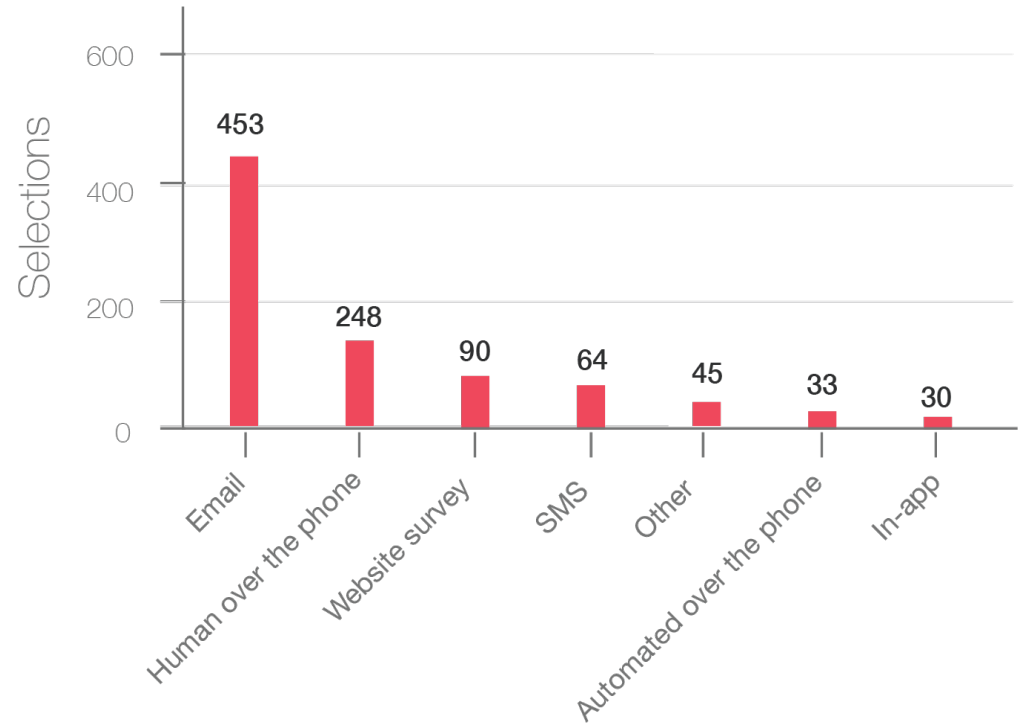| Program Leaders	Program Laggards
6.6	5.6

Calculated Average of Responses   Overall NPS
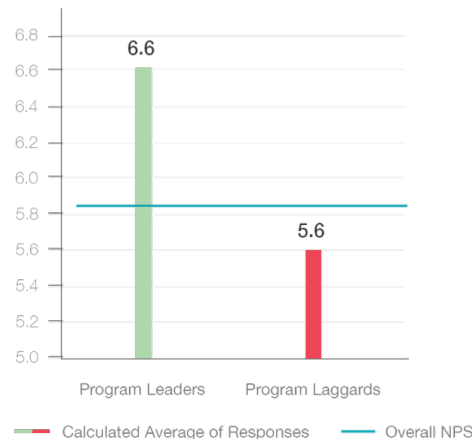
Digital is King

- Email is dominant
- 22% include humans phoning (5% include IVR systems)
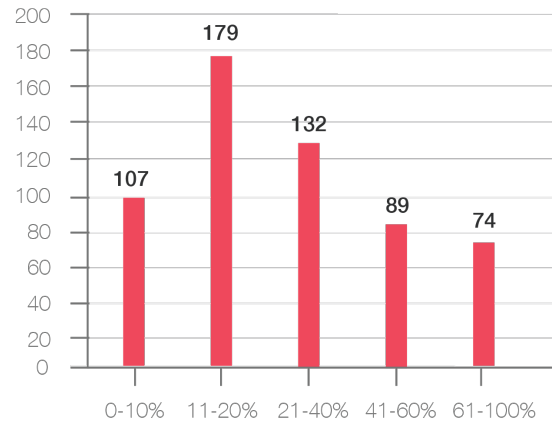- 10% include SMS

70%+ use email as preferred method

Question:
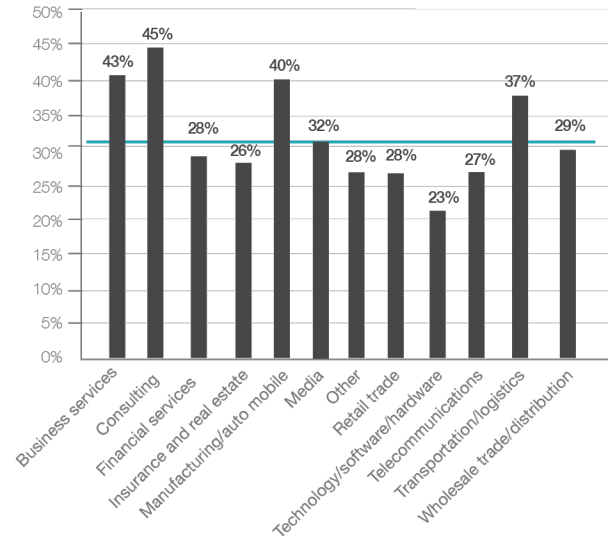- What is your preferred method for inviting customers?

Response Rate

- Response Rate = What proportion of customers complete the survey?
- Lowest response is in high-tech (23%).
- Highest in consulting (45%)
- Around 13% report response above 61%!

31% is the average

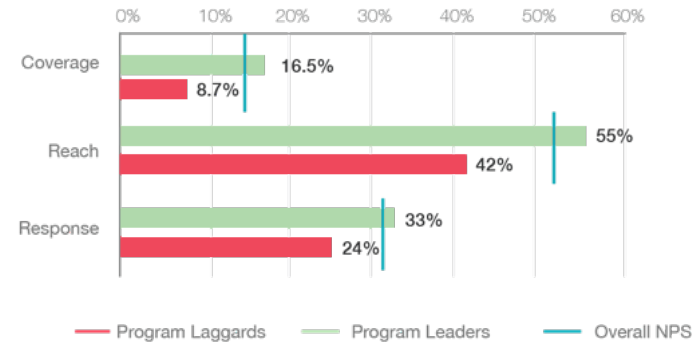**What proportion of your customers complete the survey?**
(Response Rate)

CustomerGauge + **NPS® BENCHMARKS**
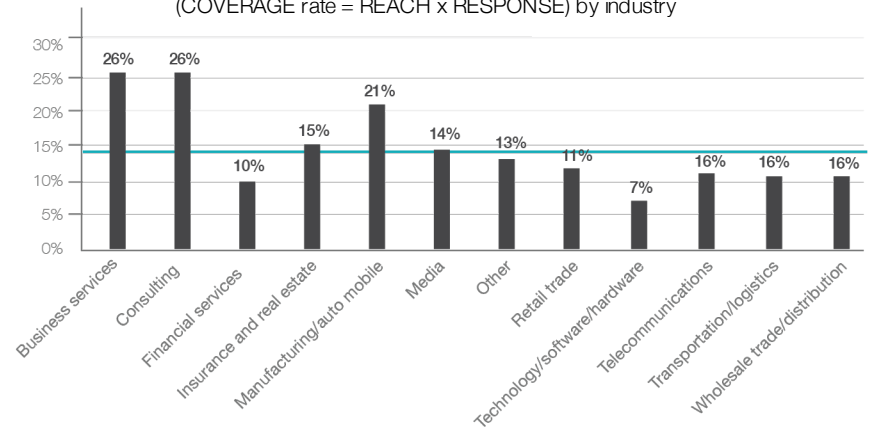
Coverage: A More Complete Picture

- We calculated Coverage from "How many customers do you reach".
- This is a measure of the proportion of customers who actually respond to the NPS program
- Coverage = Reach X Response
- In all cases, Own Program Promoters have higher stats in Response, Reach and Coverage.
- **Key takeaway:** NPS Laggards only have **HALF** the coverage of NPS Leaders, reaching less than 9% of their customers on average.

14% is the average

NPS Laggards Reach only HALF the customers that Promoters do...
Coverage, Reach and Response for Leaders/Laggards

Coverage: 16.5% / 8.7%
Reach: 55% / 42%
Response: 33% / 24%

— Program Laggards   — Program Leaders   — Overall NPS

What proportion of your customers do you cover?
(COVERAGE rate = REACH x RESPONSE) by industry

- Business services: 26%
- Consulting: 26%
- Financial services: 10%
- Insurance and real estate: 15%
- Manufacturing/auto mobile: 21%
- Media: 14%
- Other: 13%
- Retail trade: 11%
- Technology/software/hardware: 7%
- Telecommunications: 16%
- Transportation/logistics: 16%
- Wholesale trade/distribution: 16%

Keep it Short

- NPS was used in 100% of all responses, and was **the only metric** used by more than 50% of responses.
- CSAT is next most popular, with Customer Effort appearing in around 15% of responses.
- It's hard to limit surveys to just one question. Average length was 8 questions.
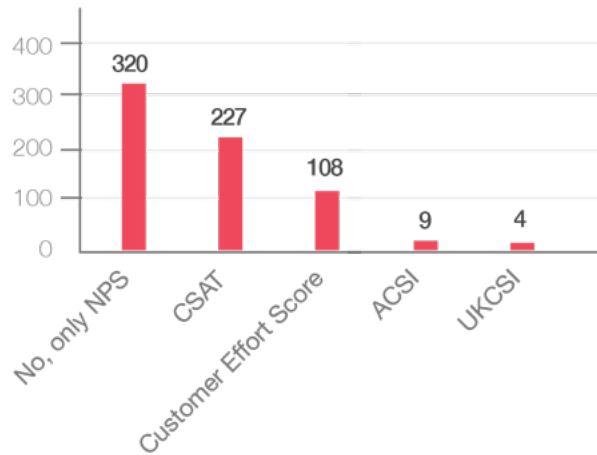
46% of companies use a maximum of 3 questions
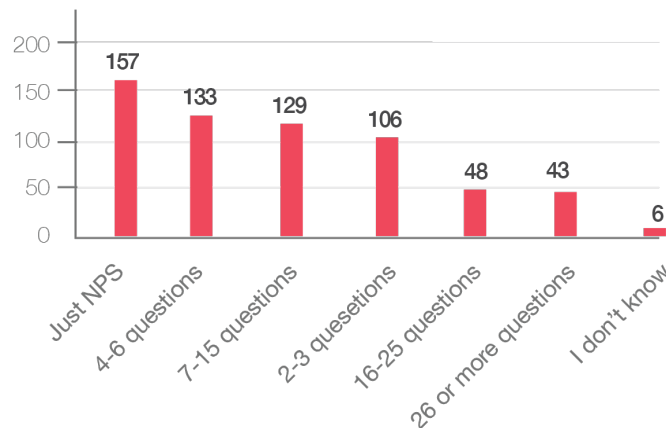
Don't ask too many questions
How many questions do you ask? Average: 8.2

Survey questions

— Program Laggards — Program Leaders — Overall NPS
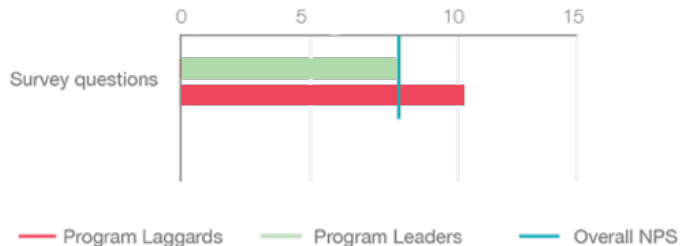
- Do you use any other metrics for loyalty/satisfaction?

Category	Value
No, only NPS	320
CSAT	227
Customer Effort Score	108
ACSI	9
UKCSI	4

- Is Net Promoter part of a larger survey? If so, how many questions do you ask?

| Category | Value |
Just NPS	157
4-6 questions	133
7-15 questions	129
2-3 quesetions	106
16-25 questions	48
26 or more questions	43
I don't know	6

Are You Experienced?

- To understand maturity, we asked how long your NPS program has been running.

53% said it was less than 2 years old.

2.5 years was the average
(31 months)

How long has your NPS program been running?
Calculated average: 31 months (2.5 years)
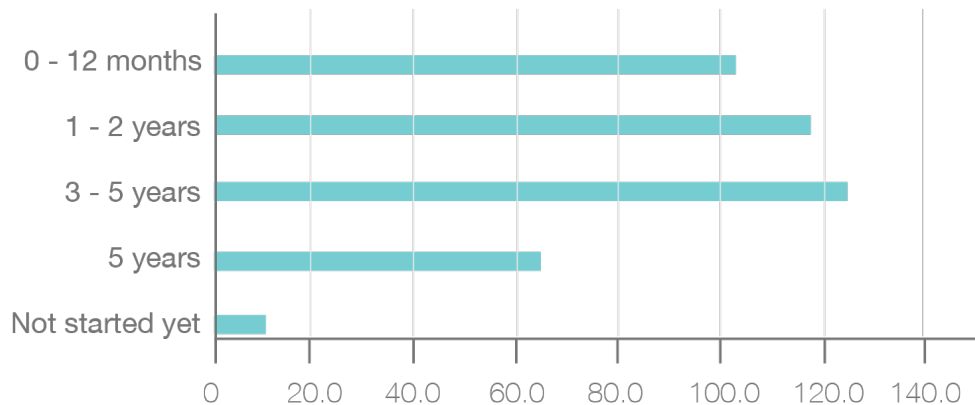
Automatic for the People

- We asked if you had automated your surveys, both in and out of your CRM systems.
- Automation is a time saver. And integration means you can share results with your entire company.
- We are surprised that **a low proportion of programs are automated**. That's a lot of manual hours!

49% are automatically triggered

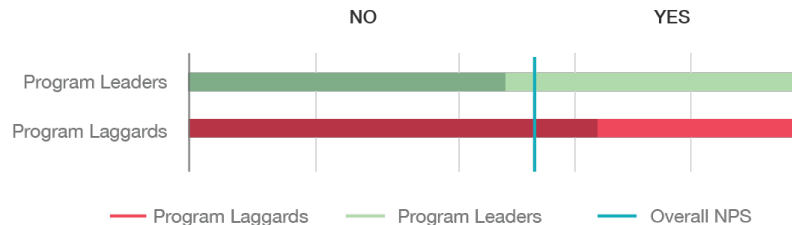# 46% are integrated back into CRM systems

Is your NPS survey Automated?
49% say "Yes" (but 55% of NPS Laggards say "No")
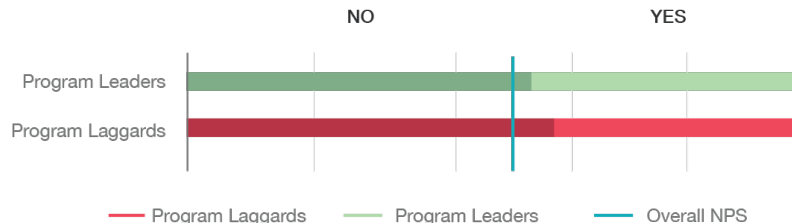
Are NPS survey results integrated back into other systems?
Overall 54% say "No" (but rises to 64% in NPS Laggards)

Some Verbatim Comments…

"
Because we have always striven to improve our customers journey, the team sees it as the starting point and enthusiastically engage in both positives and negatives
"

"
A simple measure to measure performance and benchmark and very cost effective
"

"
Have implemented good NPS programs in past roles, but due to bureaucracy in this company it is a futile exercise.
"

"
NPS is a valued tool in our business to support our overall external bench-marking programs that give us an insight into what our customers are thinking as opposed to only measuring and relying our internal kpi's which at time scan be at odds with NPS
"

"
Ours is linked to a wider cultural change within the company.
"

"
It is all about general commitment of the company and how the head of it takes this program. I do not have a real commitment from the company to this program
"

"
We feel the value of the system is that it gives you automatic management tools to create internal accountability and a culture of customer centricity
"

"
While just starting on our NPS journey, it has already provided valuable insight into the customer experience.
"

"
Lack of C-level involvement, no budget to integrate with CRM, no culture to transform into a Customer company, prevents the further embedding and maturity of our NPS program.
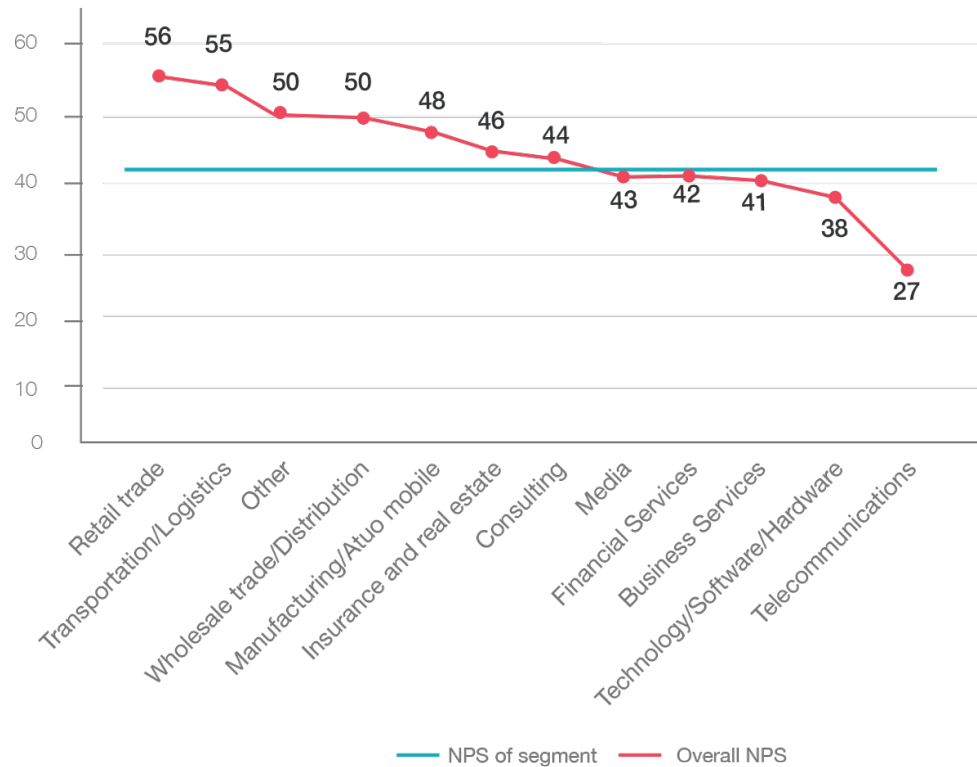"

How do You Stack up?

- Everyone loves a benchmark – that's why NPSbenchmarks.com is the most visited metrics site in the industry. So we asked respondents to give a range for their own scores.

- Overall average NPS:

44

What is the average range of your NPS score?
External NPS average highest in retail, logistics. Lowest in Business services, Tech, Telco (External NPS of Companies by Vertical Market) Average 44

	Value
Retail trade	56
Transportation/Logistics	55
Other	50
Wholesale trade/Distribution	50
Manufacturing/Atuo mobile	48
Insurance and real estate	46
Consulting	44
Media	43
Financial Services	42
Business Services	41
Technology/Software/Hardware	38
Telecommunications	27

— NPS of segment   — Overall NPS

CustomerGauge + **NPS® BENCHMARKS**

What Makes a Successful NPS Program?

Goal: Retention

NPS promoters set key goals: Retention and Referrals: They are most likely to provide measureable ROI. After that, Customer Experience is key.

Buy-in from the top

Number one reason for successful program is getting the company aligned around the program. Not achieving this is the biggest cause of failure.

Automate, Frequency

NPS promoters survey more often, and automate their programs. You should be surveying 2x a year, and storing results back in your CRM system.

Short Surveys

Best practice: Keep surveys short: 50% are at 3 questions or less. And half don't mix up other question types in the surveys.

Coverage +16%

NPS promoters reach more customers, have higher response (33%) and higher reach (55%).

Set an NPS goal

NPS winners set themselves a goal – on average 7 points of improvement in a 12month period.

Email, don't phone

More than half use email as the main program communicator. Phone/IVR are costly, and becoming less useful as mobile devices are ubiquitous. Other reasons drive email like CRM usage, measurability.

There is more:
In the next part of this report, we will talk about how winners are
- Closing the loop
- Communicating back to customers
- Measuring ROI
- Bonusing staff
- Spend and more!

CustomerGauge + **NPS® BENCHMARKS**

About **CustomerGauge**

CustomerGauge is an industry-leading Customer Retention platform providing businesses of all sizes the tools to translate customer feedback into top and bottom line growth. With a world-class feature set including automated firefighting, text-analytics, and account success, we've developed a proprietary flow that enables companies to achieve best in class retention rates regardless of industry.

About **Adam Dorrell**

Adam is the CEO and one of the co-founders of CustomerGauge. Before starting CustomerGauge in 2007, he successfully developed customer loyalty and Net Promoter programs for businesses such as Philips, Canon, Nike and Sony. Adam's 30 years in marketing, ecommerce and IT have always been focused on delivering exceptional customer experiences to build a more successful and loyal customer base.

In Closing…

Thank you again to all of those who participated. We hope you enjoyed part 1 of the "State of the NPS Industry 2016" report. **Part 2 will be coming your way very soon!**

Like what you see or have questions about the report? Contact us directly at marketing@customergauge.com

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