



# NPS<sup>®</sup> BENCHMARKS

The Annual Survey '16

PART TWO

# 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](http://NPSbenchmarks.com) site.

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

# State of the Net Promoter® Industry, Part 2: Executive Summary

## 01 | Companies Don't Know Their Retention Rates

We find more than 40% of respondents are not aware of their retention rates.

So either companies are not measuring it or the NPS driver is not aware of the stat (which is a big disconnect).

## 02 | NPS Programs Can Increase Retention by 5% and Give 3x ROI

NPS Leaders say they can link NPS to revenue and improve retention by 5%.

They also report more than 3.2x Return on Investment.

Conclusion: Net Promoter is a good use of corporate resources.

# State of the Net Promoter Industry, Part 2: Executive Summary

## 03 | Close the Loop Drive Retention to 10%

NPS Leaders set targets on closing the loop with 30% getting back to detractors in 2 days.

The faster you get back to customers, the more positive the impact.

## 04 | Leaders Say “Thank You”

75% of NPS Leaders are thanking customers for taking part – and many of them are telling customers what they do with their feedback.

Good manners costs nothing, say many moms!

## 05 | Leaders Share Widely In the Company

84% of NPS Leaders transparently share results and scores with the entire company.

And many report scores back to shareholders.

# The World is Made up of NPS Leaders and NPS Laggards

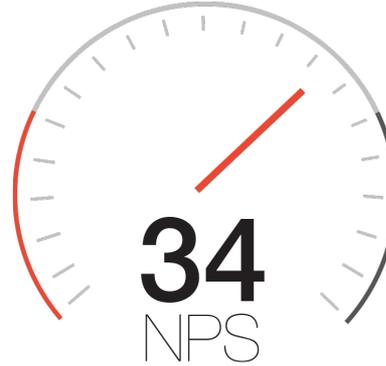
We asked “Rate your own program: How likely are you to recommend your Net Promoter® program to a friend or colleague?” as a key indicator of their “Own Program” rating

## 34<sub>NPS</sub>

(We call this “Own Program NPS” in the results)

## 49%

Were NOT promoters of their own program



	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!

# NPS Leaders Succeed by Closing-The-Loop

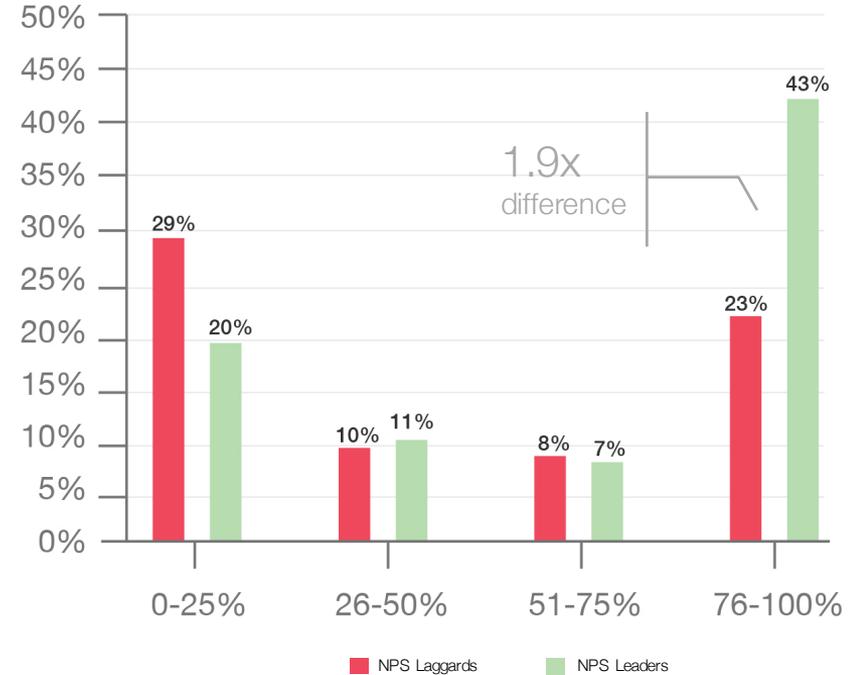
What ever you call it: Closed-Loop Process, Closing the Loop, Small Loop, Follow-up, even Fire-Fighting – successful NPS programs incorporate the act of getting back to survey respondents.

80% of respondents Close the Loop in some form. But **NPS Leaders** are better at Closing the Loop:

43% of **NPS Leaders** follow up with nearly all detractors (almost twice that of **NPS Laggards**!)

## NPS Leaders Follow-up With More Customers!

What percentage of customers do you follow-up with?



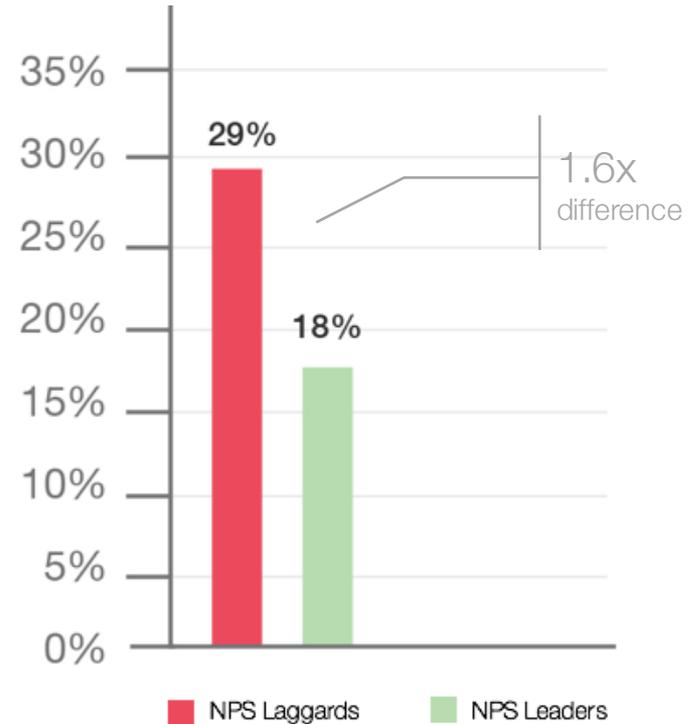
# But NPS Laggards follow up less...

We witnessed a striking difference between **NPS Leaders** and **NPS Laggards** when it comes to overall Close-Loop activities:

29% of **NPS Laggards** do NOT follow up with detractors.

## **NPS Laggards** are 1.6 Times More Likely to Never Follow-up!

Respondents who answered "no we don't follow-up."



# Closed-Loop is Challenging for Most, but Gains are Significant

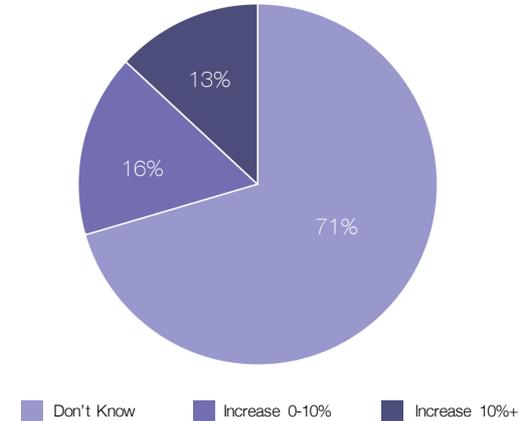
## Majority are Not Measuring Retention due to Closed-Loop

Good area to focus as the gains are significant!

We asked Respondents what increase in Retention they attributed to Closed-Loop activities.

71% answered “I don’t know how to measure my Closed-Loop retention rate”. This is clearly an area for professionals to work on.

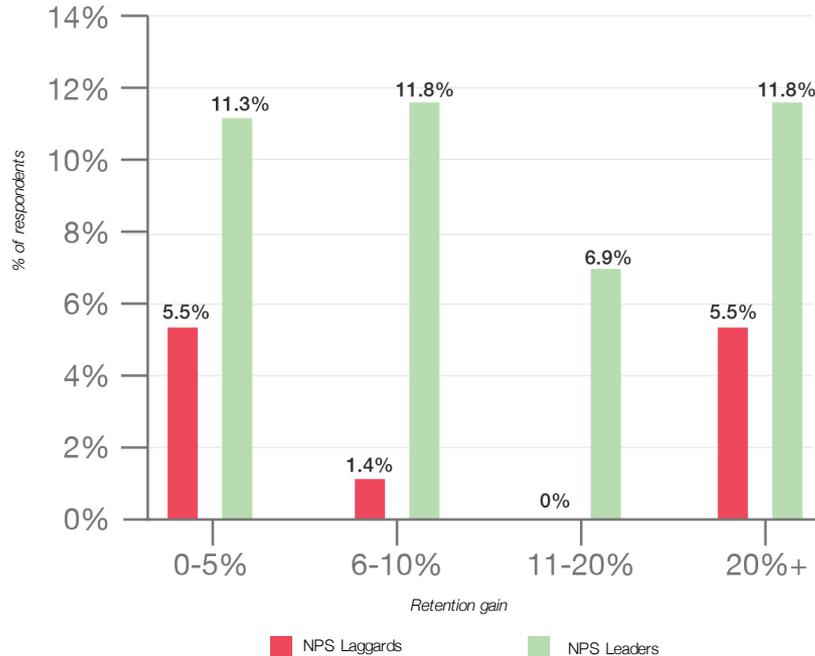
29% overall said they increased retention as a result.



# Closed-Loop = Significant Retention Gains of up to 20%

## Increase in Retention

What increase in retention can you attribute to Closed-Loop activities?



10% increase in retention is the average...some even experience 20%+ increases!

**Major Takeaway:** Closed-Loop rates should be an essential metric for the NPS professional – especially ones interested in increasing their bottom lines.

20%+  
retention  
gain!

# NPS Leaders Deploy Fast Fire Fighting Actions

NPS Leaders work fast to Close the Loop:

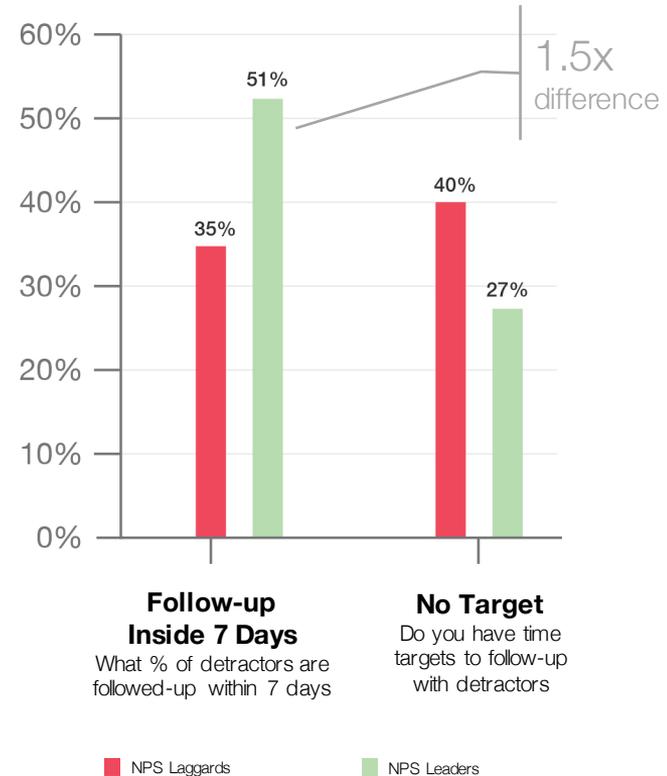
31% follow up in 48 hours

51% follow up in a week

In addition, the majority of NPS Leaders have targets, and 70% are hitting their time targets.

NPS Laggards continue the trend of lacking metrics:

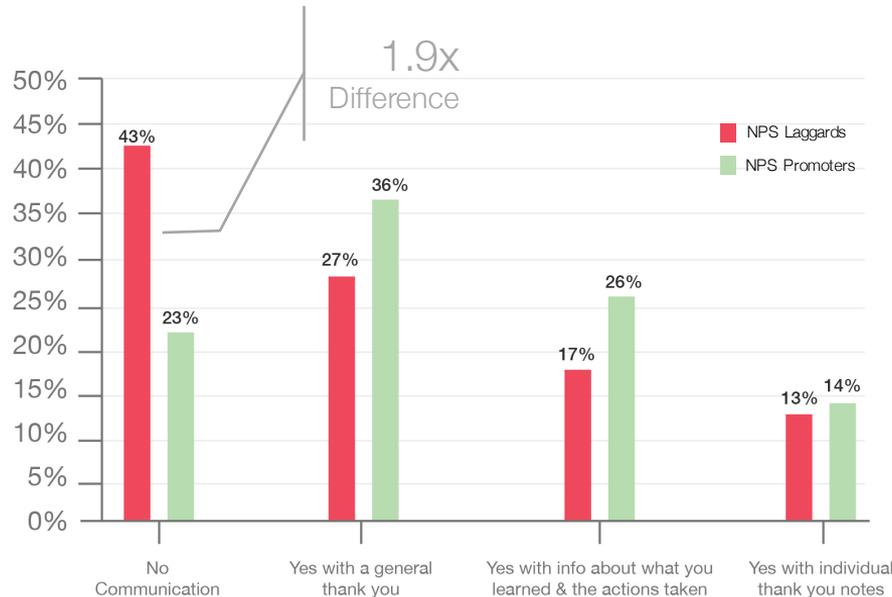
40% do not have time targets set.



# NPS Leaders Contact Customers After Surveys; Say “Thank You”

## NPS Laggards Neglect to Say “Thanks”

How do you communicate back to customers?



The most effective NPS programs include some sort of “thank you” to customers that respond. Communicating back to customers post-survey is good manners, but also helps boost response rates when you survey them again.

75% NPS Leaders send “Thank You” notes. A quarter of NPS leaders share what they’ve learned from the survey with their customers.

But somewhat shockingly, NPS Laggards are not so polite:

43% of NPS Laggards do NOT send “Thank you” notes after a survey.

# Industry Still Relies On Manual Labor to Determine Drivers

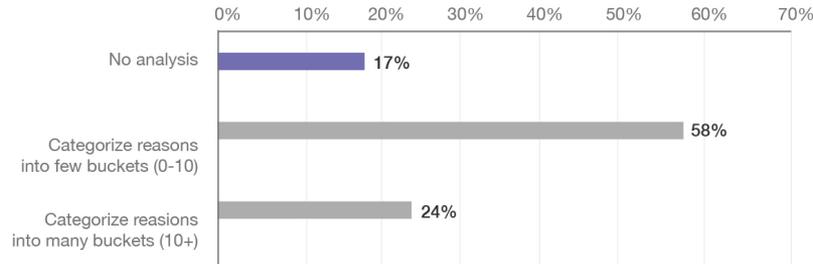
Unsurprisingly, most companies are working to get an understanding of the causes of satisfaction (or dissatisfaction). The responses are classified in a process called “Driver Diagnostics.”

**83%** do Driver Diagnostics (using methods including extra questions, reading verbatims or text analytics)  
The majority are categorizing into a few buckets (up to 10).

**2/3** respondents have verbatim comments outsourced to humans to categorize (by reading or tagging).

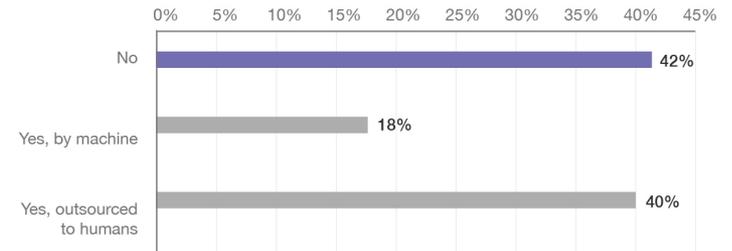
## Driver Diagnostics

17% do not analyze drivers



## Text Analytics

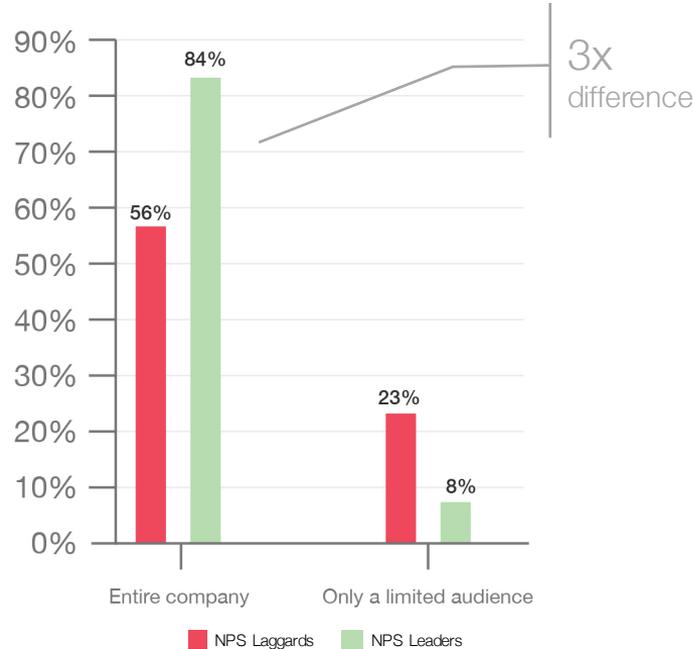
82% of respondents do not use text analytics or outsource this work to humans!



# NPS Leaders Are Not Afraid to Share Internally

## NPS Leaders Share Results Widely

Who do you share NPS results with internally?



The majority of NPS professionals are sharing with the entire company. But **NPS Leaders** are better at internal communications.

84% of **NPS Leaders** share NPS results with whole company.

56% of **NPS Laggards** are as keen on sharing with everyone.

And nearly one quarter (23%) of **NPS Laggards** say they only share with a limited audience (that's 3x the number of **NPS Leaders**).

We can't say yet if this is a result of limited buy-in from the top of the organization or lack of corporate confidence, but we do know that whatever the NPS score – high or low - leaders are widely sharing the results to all staff.

# NPS Leaders Stand Behind Results and are Champions of Transparency

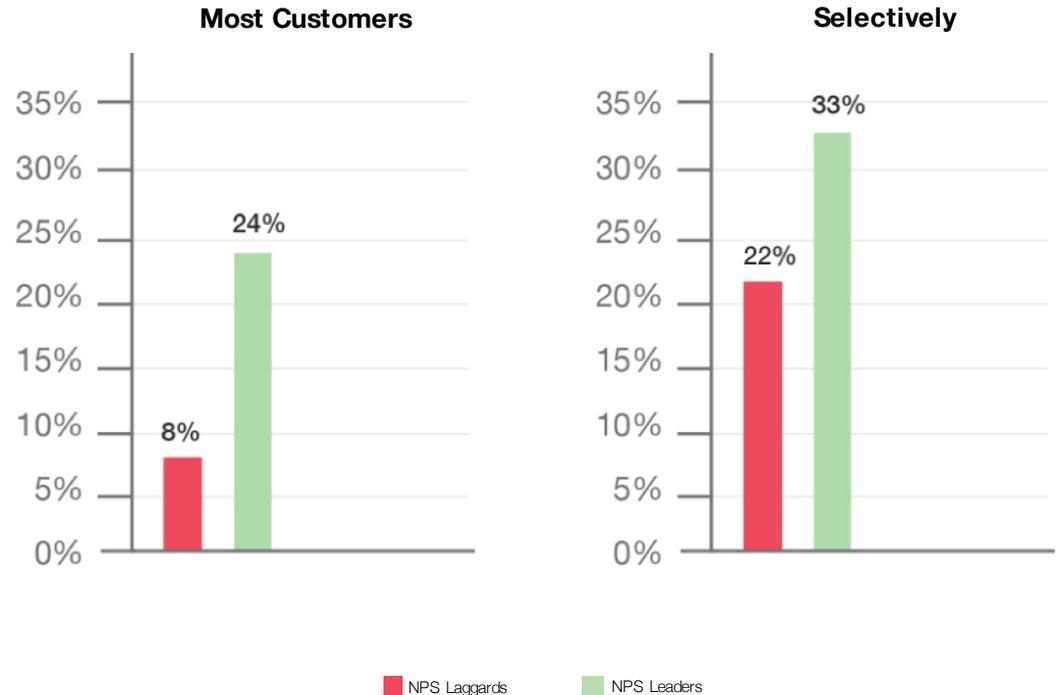
There are significant differences in sharing results to customers between **NPS Leaders** and **NPS Laggards**. It's still a novelty for companies to publish NPS on websites, but **Leaders** choose to share results at least selectively to customers.

57% of **NPS Leaders** are being transparent with NPS results and sharing with customers.

Vs.

30% of **NPS Laggards** that expose results to customers.

Reporting NPS to shareholders, using in PR or even putting on the website is still a minority pursuit.

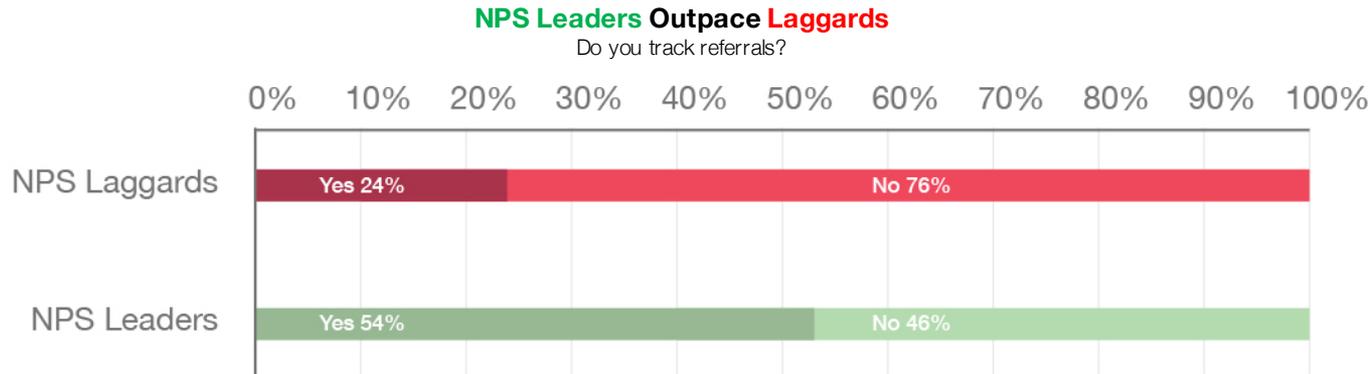


# NPS Leaders Reap Benefits of Customer Referrals; Track Obsessively

On average, around half of our respondents are tracking customer referrals (this is a key component of understanding value from promoters).

But there is a big gap between **NPS Leaders** and **Laggards**.

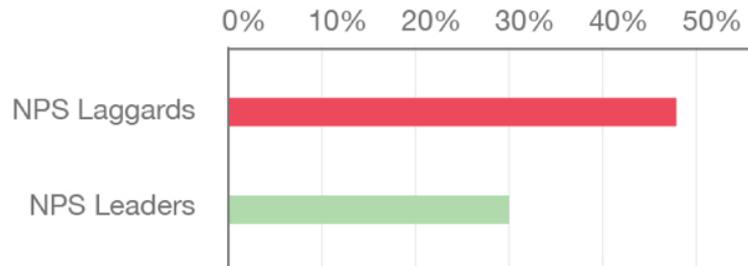
**54%** **NPS Leaders** track customer referrals, which is **2.2X** the **25%** of **NPS Laggards** that track referrals



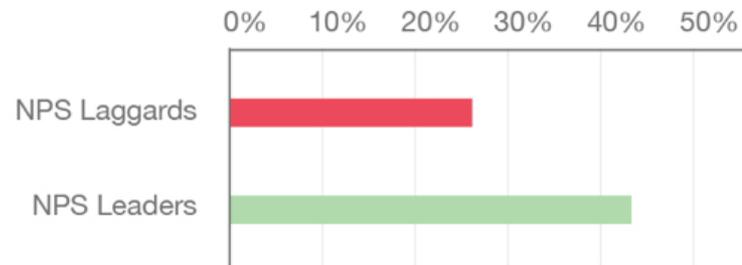
# Retention is a Major Unknown KPI for 40% of Companies

## 48% of NPS Laggards Don't Know Their Retention Rate

What's your yearly retention rate?



## 43% of NPS Leaders Report Retention Rates Above 80%



In perhaps the most shocking stat, we find that a significant number of respondents do not know their customer retention rate. Overall, we found that 40% of our respondents were not tracking this KPI.

48% of NPS Laggards do NOT know their retention rate.

That's 1.6x the rate of NPS Leaders.

NPS Leaders have higher retention rates:

43% of NPS Leaders say they have higher than 80% retention rates. Overall, we calculated an average of 79% annual retention rate

# NPS Leaders Can Make the Link Between NPS to Revenue

## 46% of NPS Leaders Can Tie NPS to Revenue

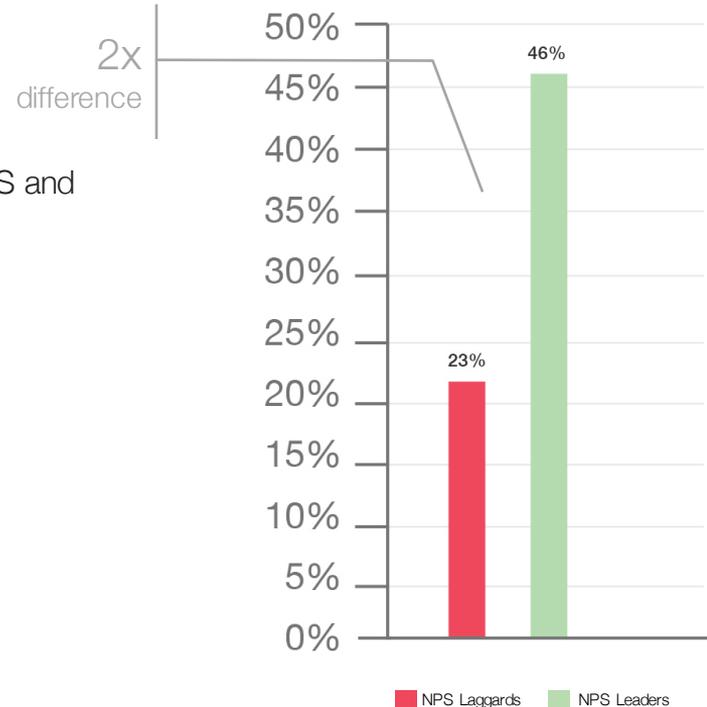
Are you able to tie revenue to your NPS program?

The smart reason to run an NPS program is to **drive growth** -through higher retention, more referrals and up-sales.

NPS Leaders are **2X** more likely to make a correlation between NPS and Revenue – which helps to justify the program.

46% of NPS Leaders can relate NPS to customer revenue.

23% of NPS Laggards can make the connection.

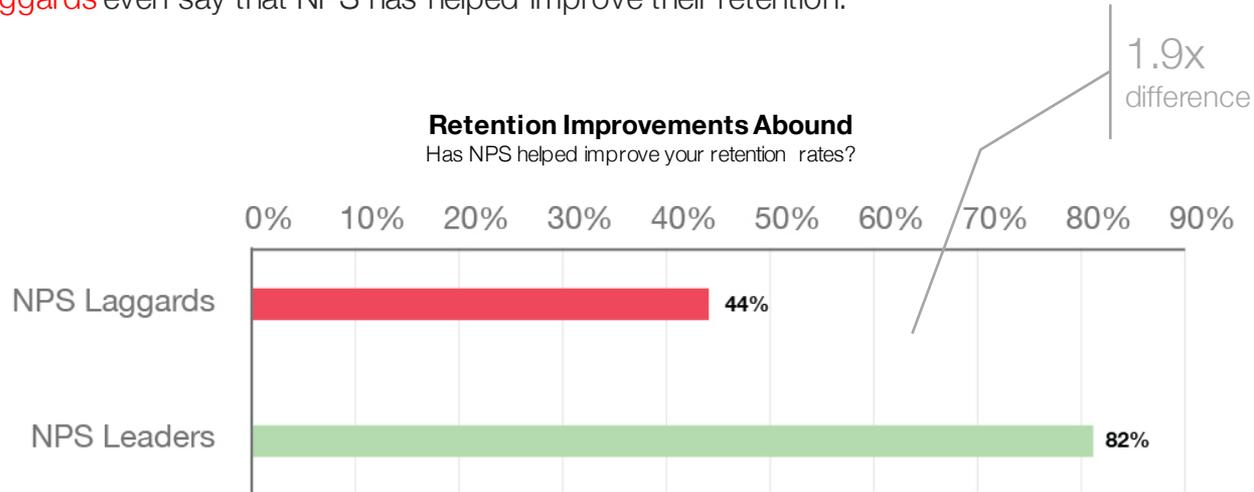


# NPS Leaders Confident that NPS Drives Retention

We found from respondents that measuring retention is hard to do. In fact, only 40% of respondents had numbers on their retention rate. However, there are large differences between the **Leaders** and **Laggards**.

82% of **NPS Leaders** say that NPS has helped improve their retention rates.

44% of **NPS Laggards** even say that NPS has helped improve their retention.



# NPS Leaders Report More Than 5% Retention Increase

The impact is significant. Overall, the average retention rate increase attributed to their NPS program is 4.1%.

NPS Leaders get a significant retention boost:

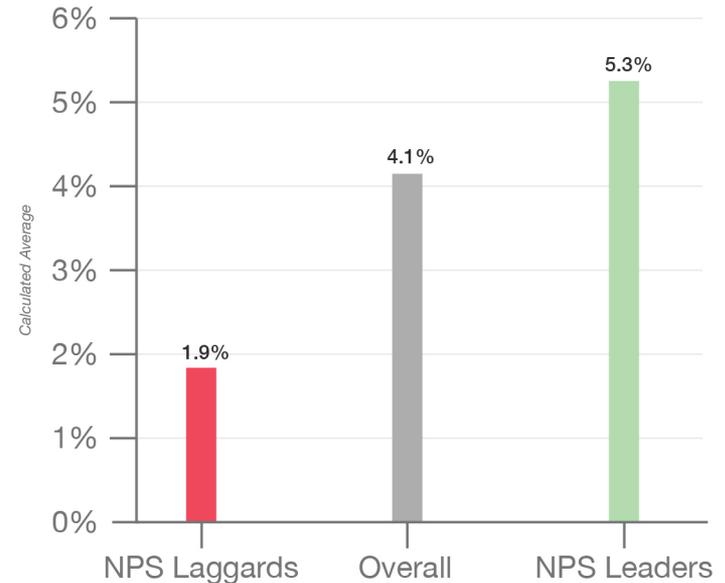
5.3% improvement in retention as reported by NPS Leaders

2.8X greater than the 1.9% reported by NPS Laggards.

And around 1/5 of the NPS Leaders report retention increases of 6% - 15%.

## NPS Leaders Experience an Increase of 5.3%!

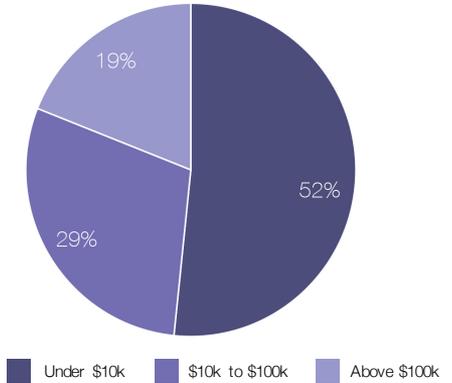
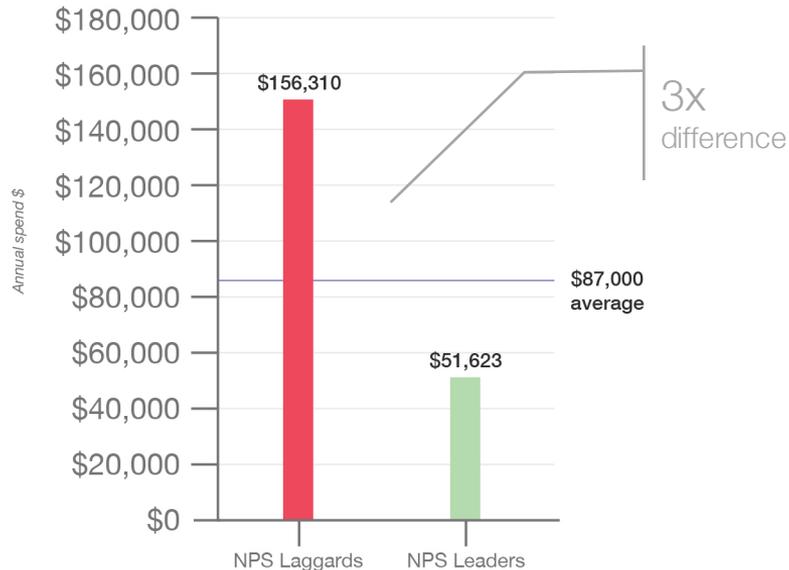
What increase in retention is attributed to NPS?



# NPS Laggard Programs Spend 3X MORE than NPS Leaders

We asked: “How much do you spend a year on your NPS program?”

We found that 20% of respondents spend more than \$100,000 a year, with around 7% spending \$250,000 - \$2,500,000 (which skews the average spend).



Significantly, **NPS Laggards** spend **3X** more than **NPS Leaders**:

**\$156,000 vs \$52,000 per year**

# NPS Leaders Demonstrate Return on Investment

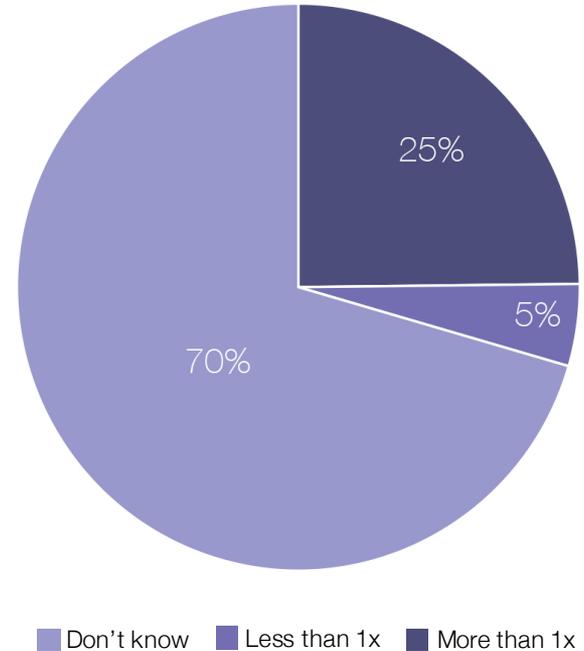
We asked respondents if they saw a Return on Investment (ROI) from their NPS program.

To calculate this you would need to know your retention revenue – as we have seen many are not able to do this yet.

**30%** of **NPS Leaders** experience some sort of ROI as a direct result of their NPS program.

**Takeaway:** Vendors must help their clients work out the Retention values and ROI of programs. And an improved ROI can be realized by controlling program costs.

**30% of NPS Leaders See an ROI**  
Have you experienced an ROI from your program?



# NPS Leaders Report 3.2x ROI as Result of Programs

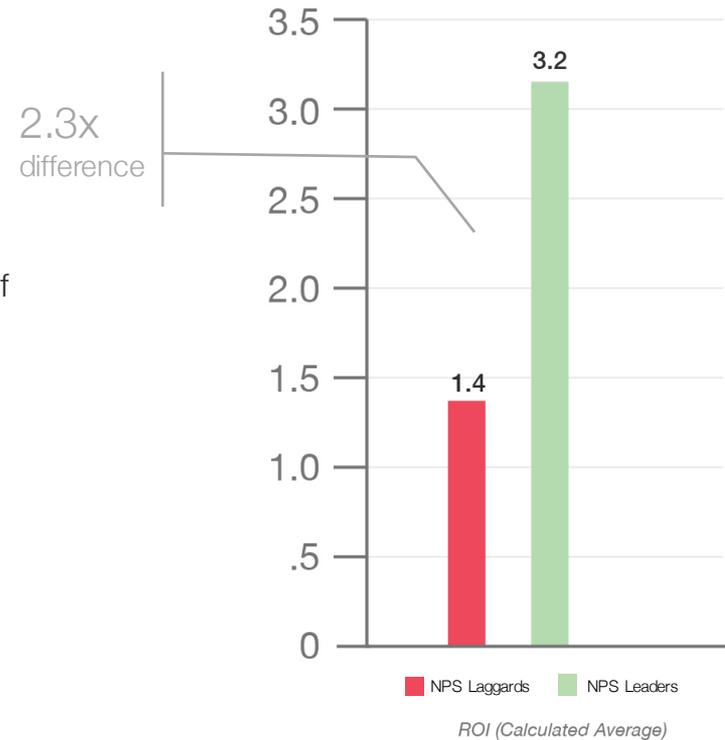
NPS Leaders are realizing more than **3x** ROI

20% of NPS Laggards can actually calculate a ROI as a result of their NPS programs - and their average was **1.4x**

NPS Leaders experience a **2.3x** more ROI than NPS Laggards!

## NPS Leaders Experience 3.2x ROI!

What's your average ROI as a result of your NPS program?



# Summary: The Tactics and Results of NPS Leaders

## Close the Loop

NPS Leaders follow-up with nearly twice the amount of detractors – and gain up to a 10% bump in their retention rates.

## Time Targets

A staggering 40% of NPS Laggards do not have time targets set! More than half of NPS Leaders close the loop within a week.

## Follow-up

75% of NPS Leaders send thank you notes. 43% of NPS Laggards do not - That's nearly 2x the amount of NPS Leaders!

## Sharing Internally

NPS Leaders are 3x more likely than detractors to share NPS results with the entire company!

## Sharing Externally

Almost double the amount of NPS Leaders share NPS results with their customers than NPS Laggards.

## 5% Retention Bump!

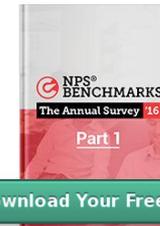
NPS Leaders report experiencing a 5.3% increase in their retention rates annually as a result of their NPS programs!

## 3.2x ROI

NPS Leaders report a 3.2x ROI as a result of their NPS Programs. Even Laggards come in at a respectable 1.4x ROI. **Takeaway:** NPS produces an ROI for all!

## Missed Report 1?

2016 NPS® Benchmarks Survey Report

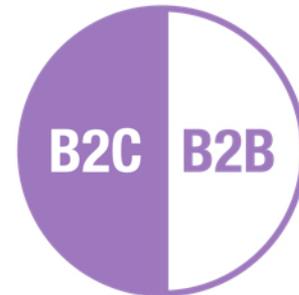


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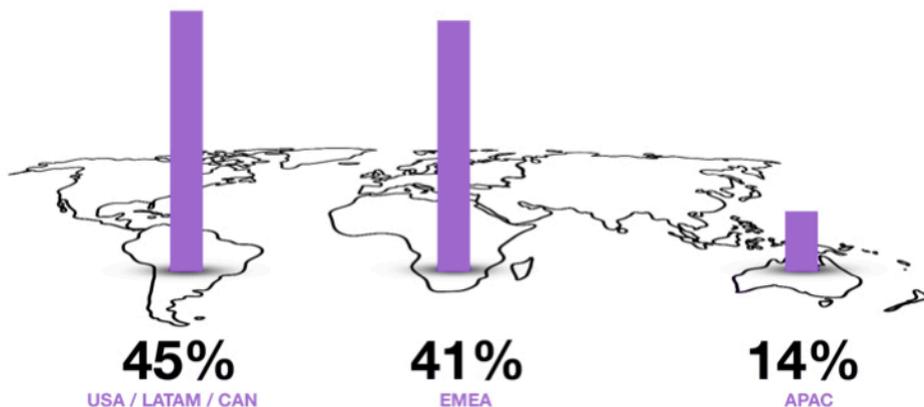
# Demographics

- 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**



Results from all around the world:



## About **CustomerGauge**

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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**

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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 2 of the “State of Net Promoter 2016” industry report.

Like what you see or have questions about the report? Contact us directly at [marketing@customergauge.com](mailto:marketing@customergauge.com)

