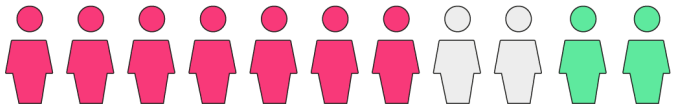
E-BOOK

BECOME AN NPS EXPERT

- VOLUME 1 -



Critizr.

"WOULD YOU RECOMMEND [OUR COMPANY] TO PEOPLE YOU KNOW?"

Described as "the decisive question" by its creator, the Net Promoter Score is a recommendation indicator, of which you have probably heard about. Very popular in AngloSaxon markets, the NPS is rapidly becoming popular in major European companies.

The idea behind the Net Promoter Score is relatively simple and that's the main reason for its success. However, you can sometimes read anything and everything about it on the Internet. That's why we, as experts in this metric, have developed this eBook as a true introductory guide to NPS. Theory, methodology and collection…

TRY OUT THE NPS!

by Critizr.

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INTRODUCTION

The Net Promoter Score (or NPS) is a customer recommendation indicator which has been very present and widely used in Anglo-Saxon countries for several years.

Having become popular in these markets, NPS is known by companies and can even be familiar among consumers. In the United States, it therefore represents a strong promotion item for brands whom do not hesitate to highlight it.

In Europe, the NPS has been able to gradually find its place in the hordes of indicators which are available to survey or marketing services. It is therefore increasingly scrutinized by large companies regardless of their industry.

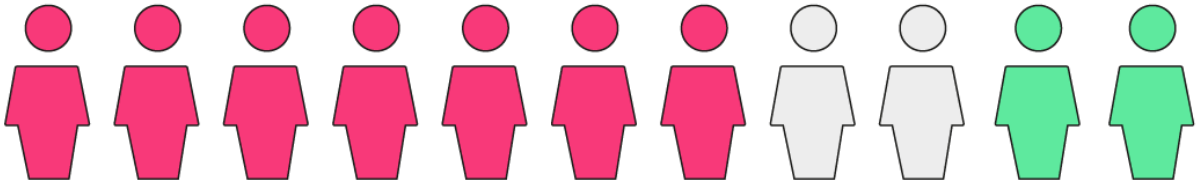
Indeed, most of the large stores face hyper-competitiveness within mature markets. In the face of highly competitive markets, customers are becoming more demanding, their expectations have changed, and it has become more difficult to satisfy and retain them. However, in the face of this competition, it has become crucial to retain your customers. Studies conducted by Source estimate spending budgeted for customer acquisition as being 5 times higher than the amount devoted to customer retention.

The first strength of NPS is precisely this: **It allows you to measure your customers' recommendation level**. By extension, you can also measure their loyalty and commitment level, data which appears to be profoundly related to growth. According to a study conducted by Bain & Company, NPS can explain 20% to 60% of the variation in growth rate (according to industries). Large chains such as Apple, American Express or Amazon consider NPS as THE decisive question and one of the most reliable KPIs.

This metric also features other strengths. In the current marketing context linked to "big data", it allows you to segment your customers into different groups according to their satisfaction level, in order to develop customized action plans. Most importantly, it can be at the center of your strategic decisions, establish a "customer-centric" approach in the whole company and **launch a focus of ongoing improvement.**

The topics that we discuss in our eBook "How to become an NPS expert: Closing the Loop", which describes these aspects of NPS in more detail and gives

practical advice on how to use them. For now, it is time to discover this famous metric.



CHAPTER 1

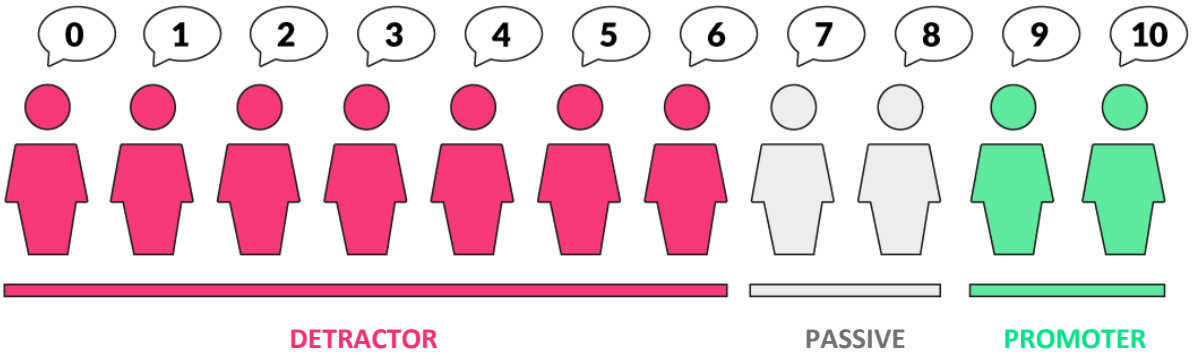
WHAT IS THE NPS

1. WHAT IS THE NPS?

Mentioned for the first time at the end of 2003 by Fred Reichheld, a strategy consultant, this indicator is based on one simple concept: understanding the overall level of satisfaction of your customers and more broadly the customer/brand relationship. Concretely, the NPS is a score which is calculated from a very specific question concerning the intent to recommend:

Would you recommend
[our company]
to people you know?

A. How to categorise your customers.



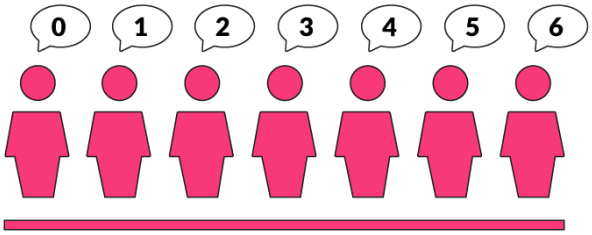
Based on a simple scale of 0 to 10:

0 = NOT AT ALL

10 = ABSOLUTELY

This question allows you to classify respondents into 3 categories:

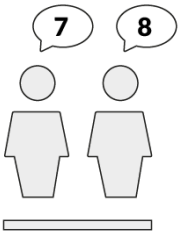
DETRACTOR, PASSIVE AND PROMOTER.



DÉTRACTORS

- SCORE BETWEEN 0 ÀND 6 -

These are potentially the most "dangerous" customers for the brand. Disappointed or frustrated, these individuals will not fail to share their dissatisfaction within their social circles and even beyond—especially thanks to the many means of communication at their disposal in this modern age. We're not just talking about social networks, but feedback platforms and other channels as well. The NPS is a great tool for identifying these customer types and empowering you to carry out action plans, as well as targeted monitoring measures, so that you can resolve their dissatisfaction and have the chance to win them back. It's true: when you manage to flip the script of a dissatisfied customer by reaching out to them directly and doing everything within your power to satisfy them, you'll have an excellent opportunity to convert your detractors into promoters!

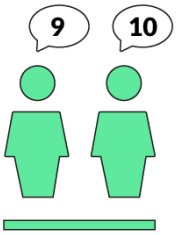


« PASSIVES »

- SCORE BETWEEN 7 AND 8 -

Passive customers can be generally defined as "somewhat satisfied customers", yet not satisfied to the point they would recommend the brand to their friends and family. With this group, the risk of losing their business to your competitors remains high.

NB: Passive customers may also be referred to as « Neutrals ».



« PROMOTERS »

- SCORE BETWEEN 9 ÀND 10 -

Promoters are the most loyal and enthusiastic customers who are ready to become genuine ambassadors of the company among the people they know. A score of 9/10, which determines the entry into this category, is voluntarily high in order to ensure that customers are true unconditional fans of the products or services that are offered by the brand. These customers are logically a very strong asset for the brand and must therefore be cherished accordingly.

B. How is NPS calculated?

The Net Promoter Score (NPS), which is in reality a score and not the score average for this recommendation question, is calculated in the following manner:

Take your promoter percentage and subtract it from your detractor percentage to come up with a value between -100 and +100.

+100
ALL THE RESPONDENTS ARE PROMOTERS

-100
ALL THE RESPONDENTS ARE DETRACTORS

C. Transactional NPS: measuring satisfaction at a precise moment.

Unlike the relational NPS which assesses the comprehensiveness of your relationship with your customers, the transactional NPS measures your customers' satisfaction in relation to a precise point of contact.

THE TRANSACTIONAL NPS MEASURES
YOUR CUSTOMERS' SATISFACTION
IN RELATION TO A SPECIFIC POINT OF CONTACT

Let's take the example of a retail chain, the transactional NPS will be calculated after each interaction and in each point of contact after:

- a purchase in the store,
- placing an online order,
- the delivery of an online order,
- contact with customer service
- returning an item in-store.

FOLLOWING YOUR CONTACT WITH THE SUPPORT SERVICE... would you recommend [our company] to people you know? »

The transactional NPS is based on the following objectives:

- **Engaging and improving the level of customer satisfaction**
  Unlike the relational NPS which is a metric for measuring loyalty, the transactional NPS measures satisfaction.

- **Establishing a customer commitment approach:**
  It is a managerial approach to customer satisfaction in which all the levels are concerned. Let's stay with our example of the retail chain, all the store managers have an NPS score which will guide their action plan and the management of their teams, they will be able to compare themselves to other stores, exchange good practices and progress. The regional managers will be to motivate their stores and network directors will have a clear vision of their network.

- **Improving the multichannel customer experience**
  Improving the whole customer's journey. Let's take the example of an online order: customers can be satisfied with the user-friendliness of the website, the products and the announced delivery time, the NPS will therefore be high. If the delivery is delayed or if there is a mistake in the products delivered, the score will drop. During a return in the store or an interaction with customer service, the reception and advice of the contact personnel are very important NPS levers.

- **Turning passive customers into promoters**
  The data collected is operational and allows you to set up an immediate action plan to win back dissatisfied customers and engage

passive customers in order to turn them into promoters.

- **Measuring the ROI customer experience**
  The transactional NPS allows you to improve the customer experience. Comparing the NPS progress with turnover allows you to measure the ROI customer experience.

D. Relational NPS: measuring your customers loyalty

The relational NPS is used to capture your customers' overall impression after several interactions with several of your store's contact points.

Would you recommend [our company] to people you know?

The relational NPS is based on several objectives:

- **Boosting customer loyalty**
  Assess their commitment to you, their willingness to recommend you to other potential customers and the image they have of you.

- **Undertaking structural changes**
  Before you start an extreme makeover (a DNA or target change, the launch of a new concept etc.) the relational NPS allows you to establish a medium or long-term strategic action plan that will guide your priorities.

- **Reactivating non-buying customers and keeping active customers**
  Carry out a relational NPS survey in order to understand the reason why the non-buyers left. Target customers who no longer buy anything or who buy at a lesser frequency and customers who have stopped renewing their loyalty card.

- **Make a sector-specific benchmark:**
  Compare your relational NPS to the ones of your direct competitors.

E. Is it necessary to measure both?

Absolutely!

Both types are complementary to the success of your customer-centric approach. Prioritize the type of NPS that will allow you to achieve your objectives. If you have never measured your NPS before, you should begin with the relational NPS approach as it will allow you to set up localised action plans.

CHAPTER 2

THE QUESTION

2. THE QUESTION

At Critizr, we recommend embedding the NPS question within your satisfaction questionnaire. Embedding more specific questions, including an open question, will give specific indications and will enable a more thorough analysis of the NPS. Let's take a look at how to present the NPS question and how to embed it into a satisfaction questionnaire.

A. The NPS question

- THE CONTENT

When wording the NPS question there's no need to be creative. This is one of the reasons for its success: the NPS is universal. The idea remains systematically the same: we are going to measure the intent to recommend with a very specific question on a scale of 0 to 10. However, it is necessary to distinguish the relational NPS from the transactional NPS. The former assesses the relationship with the company in general, while the latter will be collected following an interaction with the brand.

- THE STYLE

Although the wording of the question is standardized, its presentation is more complex. Indeed, the design of the question must be carefully studied; the format of the question can influence the answer. For example, with the scores 0 to 10 placed vertically, you increase the chance that the customer will click on the first scores displayed.

WE RECOMMEND PRESENTING THE NPS HORIZONTALLY BY DISPLAYING THE SCALE OF 0 TO 10 IN NEUTRAL COLORS.

DON'T USE BRIGHT COLORS ON CERTAIN SCORES BECAUSE IT CAN INFLUENCE THE CUSTOMER'S SCORE.

The NPS must also be easily understandable and correctly displayed on the screen of a mobile device. Bear in mind that it is not easy to create a mobile-friendly design with 11 horizontal buttons with enough space for a click. At Critizr, we have set up a "fader" system which allows the customer to very intuitively select the score that they wish to give without being influenced.

B. Placing the question within a questionnaire

Collecting NPS is good idea. Placing it within a comprehensive customer care approach is even better!

That is why we recommend embedding your NPS question within your satisfaction questionnaires.

WE RECOMMEND A MAXIMUM OF
5 QUESTIONS WITH ONE OPEN QUESTION AT THE END
IN ORDER TO COLLECT A REVIEW WHICH WILL ALLOW YOU TO BETTER UNDERSTAND YOUR CUSTOMER

C. Why should you embed the NPS question in your questionnaire?

On the one hand, this will allow you to re-contextualize the customer experience via specific questions. Ask questions related to the key steps you identified beforehand by determining the "moments of truth" along your customer journey: in-store greeting, choosing a product, checkout, and so on. This way, you will get an NPS rating that more accurately reflects the real customer experience since you will have jogged their memory.

« Asking questions related to the moment of truth allows you to obtain a NPS close to the customer's true feelings»

On the other hand, the collection of answers for the other questions and particularly verbatim accounts (answers to the open question) will generate an immense quantity of data that will enrich your CRM. This data will enable you to conduct a much more thorough NPS analysis and clearly identify the factors that influence your customers' intent to recommend.

D. Where should you put the NPS question?

You have two options in terms of strategy:

1/ Our recommendation

Position the NPS question at the end of your survey, so the person being surveyed has been given context and will thus have an easier time recalling their customer experience before answering. This will give you a more accurate perspective of your customer's journey as well as optimize your participation rate.

2/ For a relational NPS, place the question in the number one spot!

CHAPTER 3

THE MEASUREMENT

3. THE MEASUREMENT

To benefit from all the advantages of NPS, it is very important to think about its deployment. Ad hoc surveys or ongoing measurement, the representativeness of the results will not be the same. Once the type of satisfaction measurement has been chosen, many questions must be asked and precisely answered.

At Critizr, we recommend taking an "in the moment" and "continuous" measurement approach. This will provide you with a more consistent and representative indicator over the long-term. This will also enable you to conduct a more precise analysis of the results, as well as to optimally measure the impact of the action plans you put into place to improve this score.

For example, what is the ideal time to solicit my customers concerning their eagerness to recommend our brand? Or, should we solicit all of our customer.

A. When is the best time to solicit the recommendation?

In general, we recommend you solicit your customers for feedback as close to the purchase time as possible. This way you can capitalize on the fact that their experience is still very fresh in their mind. On average, our clients solicit their customers within one day after the point of contact.

B. Which distribution channels should I choose?

You can distribute it by e-mail, SMS, via a widget on your website, in the sales outlet, etc. In order to have the best possible representativeness, we advise you to measure the transactional NPS continuously in order to act pro-actively.

C. Do I have to solicit all my customers to calculate NPS?

For the most representative NPS score, you should not limit yourself to a portion of your customers. Most companies tend to favor their buying customers and it

is quite intuitive, but please do not hesitate to ask the NPS question to non-buying customers.

You will greatly increase the scores obtained for NPS. The Net Promoter Score becomes more than just a sliding indicator of customer satisfaction, but also, and above all, a tool for discovering new ways to improve your customer experience. In the case of non-buying customers, for example, measuring the NPS could help you understand what it was that blocked them from purchasing, and then use this information to convert them.

"Ask the NPS question to non-buying customers as well for a more representative NPS!"

Imagine: the day after your visit to a car dealership, you're asked by the point of sale to submit your level of satisfaction. After giving it some thought, you decide to give an NPS rating of 4, which labels you as a "detractor" customer. The manager receives an instantaneous notification via his or her mobile device alerting them to the fact that someone has had a negative experience at their location. He or she can then take immediate action either by responding to the person's feedback via the same channel or even by calling or emailing them directly. The latter is only possible, of course, in the event that the client has given prior authorization. This is part of our 10 convictions: The data must be usable. No one should be able to leave feedback without at least providing their email address so that they can be contacted.

However, you must be careful with pressure marketing. This pressure must be well controlled and customized at the corporate level. Sending satisfaction questionnaires too frequently can lead to unwanted effects: biased answers, a decline in the response rate and dropping into spam filters.

WE ADVISE YOU NOT TO SOLICIT CUSTOMERS
MORE THAN ONCE A QUARTER

CONCLUSION

4. CONCLUSION

Through this first eBook, you were able to discover the Net Promoter Score, the famous indicator of customer recommendation.

Some NPS opponents say that it has a few limits, which we have listed in our article "5 limits of NPS and 5 tips for countering them"

- **THE NPS IS BY NO MEANS AN ALL-KNOWING INDICATOR**

The NPS provides insights into your customers' satisfaction levels. Would they recommend your store to their friends and family? Are they happy in the role of your customer?

However, the indicator does NOT allow us to understand the reasons for their satisfaction or dissatisfaction, nor to develop an action plan designed to satisfy or retain them.

OUR ADVICE
MAKE THE NPS MEANINGFUL

The NPS is meaningful when used in conjunction with explanatory feedback. Consider asking your customers, for example, to state their reason for submitting the score that they gave. You have the option of going with an open-ended question to give customers the opportunity to freely express themselves. This in turn gives you the chance to run a semantic analysis and identify the most common sentiments found throughout your customers' feedback.

Otherwise, you can go with a closed question. In this case, the customers will be able to rate several aspects of their experience with your brand (the store, the staff, the product, etc.). It's important to note that additional questions will enable you to interpret a progression or regression of your score.

- **NPS: A HIGHLY VARIABLE AND NON-REPRESENTATIVE SCORE**

NPS surveys are usually directed toward either customers affiliated with the brand's loyalty program or otherwise customers who are profiled in the CRM tool. Non-buyers give much lower scores. Moreover, customers of your e-commerce site will most likely give different scores than customers of your physical locations. Your NPS is therefore not representative of your entire customer base.

OUR ADVICE
MEASURE IN MASS, ANALYSE BY SEGMENT

Avoid generalizing the analysis of your score and implementing broad, inflexible action plans. We advise you to think in terms of point of contact and to measure your NPS by both Pull and Push approaches in order to reach your entire customer base, even the non-buyers. If you want to know your store's score, relational NPS is the method for you.

- **NPS DOES NOT REFLECT THE PERCENTAGE OF CUSTOMERS WHO INTEND TO PURCHASE AGAIN**

The NPS measures the probability that your customers will recommend you, *not* their intention to buy again or contribute to future sales. Despite its correlation with turnover, the NPS does not quantify customer loyalty. In other words, recommendation is not synonymous with repurchase intention. After all, your customer may recommend your brand to others based on the quality of your products and services, and at the same time be a loyal customer of one of your competitors simply because they have lower prices, which happens to be the key criterion for them.

OUR ADVICE
BE PROACTIVE WHEN IT COMES TO VARIATIONS IN TURNOVER THANKS TO NPS

The correlation between NPS and turnover has been proven; measuring NPS on a continual basis will help you understand why your sales may be either in decline or on the rise. Take the example of an NPS survey conducted during a sales period: your customers will tell you exactly why they have purchased less than anticipated during this time or even not purchased at all (e.g., unappealing sales, not enough items on sale, store arrangement, or the lack of service). In this sense, you'll be made aware of the factors impacting your turnover so that you can be proactive in preparation for future sales efforts and promotional initiatives. In some cases, you can even consider including a question regarding repurchase intent in the NPS survey.

- CAN THE NPS DISCOURAGE TEAMS?

When you implement NPS into your customer engagement process, your objective is probably to increase the score as much as possible. Such a goal could very well be the scorn of your point-of-sale teams. The location who earns the lowest score or shows the weakest progression over time is sure to be singled out and reduced to nothing more than a flat stat. Please keep in mind that NPS does not depend solely on the effort made by the respective teams; the scores will also vary according to the size of the store, available products, supply, type of clientele, and so on.

OUR ADVICE

HELP YOUR TEAMS GROW AS OPPOSED TO MAKING THEM "CUSTOMER PHOBIC"

The NPS is an excellent way to get your teams involved in customer engagement and to drive their actions plans. Consider organising NPS workshops at the regional level to explain the challenges entailed in employing this indicator. These workshops can serve as an open forum for your more experienced team members to share their best practices and brainstorm potential solutions—all in the spirit of meaningful collaboration.

OUR ADVICE

NPS IS NOT A MIRACLE INDICATOR, USE IT IN CONJUNCTION WITH OTHER KEY INDICATORS

The NPS is not a miracle indicator: the secret to its success is its simplicity. Its power lies in its ability to adapt to all points of contact along the customer journey, which empowers customer-centric brands to develop their customer knowledge and ultimately offer an optimal customer experience.

So now you know the ins and outs of NPS. Want to go even further? Check out Chapter 2: "Becoming an Expert on NPS: Closing the Loop", all about the famous virtuous circle made possible by NPS, which is sure to bring a real dynamic of continuous improvement for your brand.

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6 Steps to Improve your NPS and CX Maturity

WEBINAR

The term Net Promotor Score (NPS) is now widely known and used across many of today's companies to assess the level of Customer 'love' for your brand.

Despite its wide adoption, many people are left with the question what truly is NPS? How do I effectively utilise it within my business both as a measurement and a driver of CX improvement?

Utilising real examples from our vast range of clients - from Carrefour to Grand Vision - we have established 6 steps that will supercharge your NPS and establish ROI from your CX project.

Using real examples, we will cover :

- 6 Steps to take you from foundation level NPS to top performer.
- How to build your CX maturity.
- The ROI of leveling up your NPS and CX Maturity.

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About...

Critizr is a technology company that uses customer feedback to help companies build better customer experiences.

For consumers, we believe sharing an opinion should be as easy as messaging a friend. We provide a solution that enables millions of feedback interactions every month with any store manager in Europe. With our team of unique experts, we designed and built the most powerful Customer Experience Platform to date. Critizr drives the customer experience transformation across the enterprise as we partner daily with local retail outlets through the organisation all the way up to the board room.

Our platform is easy to use, fast to implement and you get immediate customer impact with the first conversation started by your customers no matter what the feedback channel.

Enabling over 20k store managers and corporates Critizr has key references across Europe such as Carrefour, Total, Thomas Cook, Douglas, Flunch, and Credit Agricole.

With deployments in over 30 countries, we are rapidly becoming the global customer experience leader.

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