



Net Promoter Score[®] (NPS)

Benchmark Study

2018

EXECUTIVE SUMMARY

Since the arrival of Net Promoter Score® (NPS) in 2003, it has become the de facto measure of a customer's overall satisfaction with a product or service, and loyalty to a brand. Traditionally NPS has been viewed as a boardroom-only metric, collected and considered once a year amongst a small group, and not readily actioned. More recently, a new standard of empowerment has been set by organizations using customer insights to grow revenue and retain more customers.

This customer-fueled approach to business growth has evolved into a culture shift. By using automated systems for gathering and acting upon customer feedback, forward-thinking organizations can establish a customer-focused culture, inspiring the entire company to take action. Brands that embrace these new best practices are unlocking hyper growth and accelerated advocacy because they possess a competitive advantage on customer experience.

In our first annual **NPS Benchmark Report**, we show how brands across industries, use cases and company sizes view NPS as a metric to evolve their business. What are the components of a modern, successful NPS program? How do the NPS scores correlate to growth and churn? Who is involved in making it happen? How are they taking action on feedback to get results?

METHODOLOGY

How Did We Create This Study?

AskNicely worked with CANAM Research — an independent third-party research firm — to develop a questionnaire completed by 512 professionals across a diverse range of companies, use cases, and industries.

In terms of company size, this study focused almost exclusively on growth-stage, small-medium and mid-market organizations between 5 and 1,000 employees.

—— THE 2018 NPS BENCHMARK STUDY FOCUSES ON

Five Keys Area of Net Promoter Score® (NPS) Program Maturity

- Familiarity and adoption of the NPS framework
- Maturity of NPS process
- Operational strategies used by companies deploying NPS surveys
- NPS program effectiveness in driving customer experience and growth
- NPS as a competitive benchmark

KEY STUDY INSIGHTS

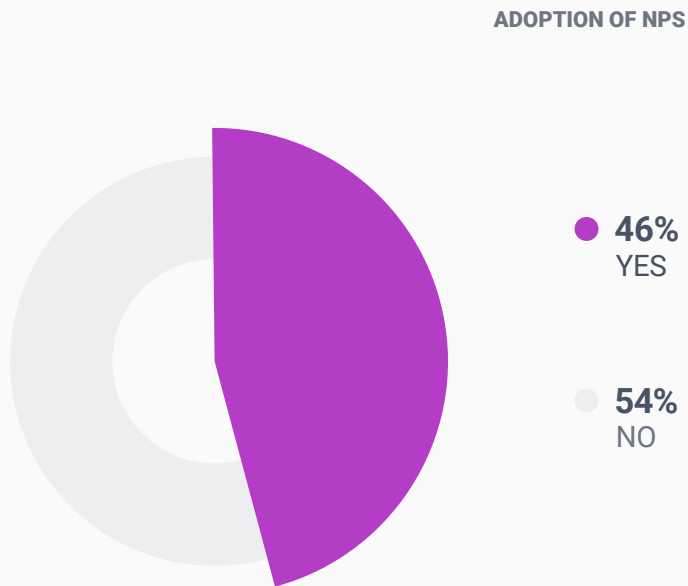
- **Companies with advanced NPS programs** are more than twice as **likely to achieve both >100% annual growth and net-negative churn.**
- **46% of respondents have an NPS program.**
- The **average NPS score** of those surveyed, across all industries, **is 53.**
- **50% of respondents believe their NPS is higher than average** for their industry.
- **Companies with an NPS 60 or greater**, who take action on customer feedback, reported an **average net churn rate between 0% to 5% annually.**
- **Companies with an NPS of 60 or greater**, who take action on customer feedback, reported a **100% growth rate in the last 12 months.**
- **Companies with low NPS** who do not take action on customer feedback report a **more than 40% annual churn rate.**

— NPS PROCESS MATURITY BENCHMARKS

While conducting this study, we surveyed forward-thinking professionals by industry, job function, company size, and use case to gain real-world insights into NPS program maturity. For the purposes of this study, we defined NPS-mature companies as those who:

- Achieve organization-wide buy-in on NPS, particularly at an executive level
- Deploy automated NPS surveys via multiple channels in real-time, from both a transactional, and relationship perspective
- Communicate feedback throughout their organization, responding in real-time or near real-time
- Operationalize their NPS program around growth, retention, and customer experience initiatives
- Realize program ROI as a direct result of tracked NPS initiatives

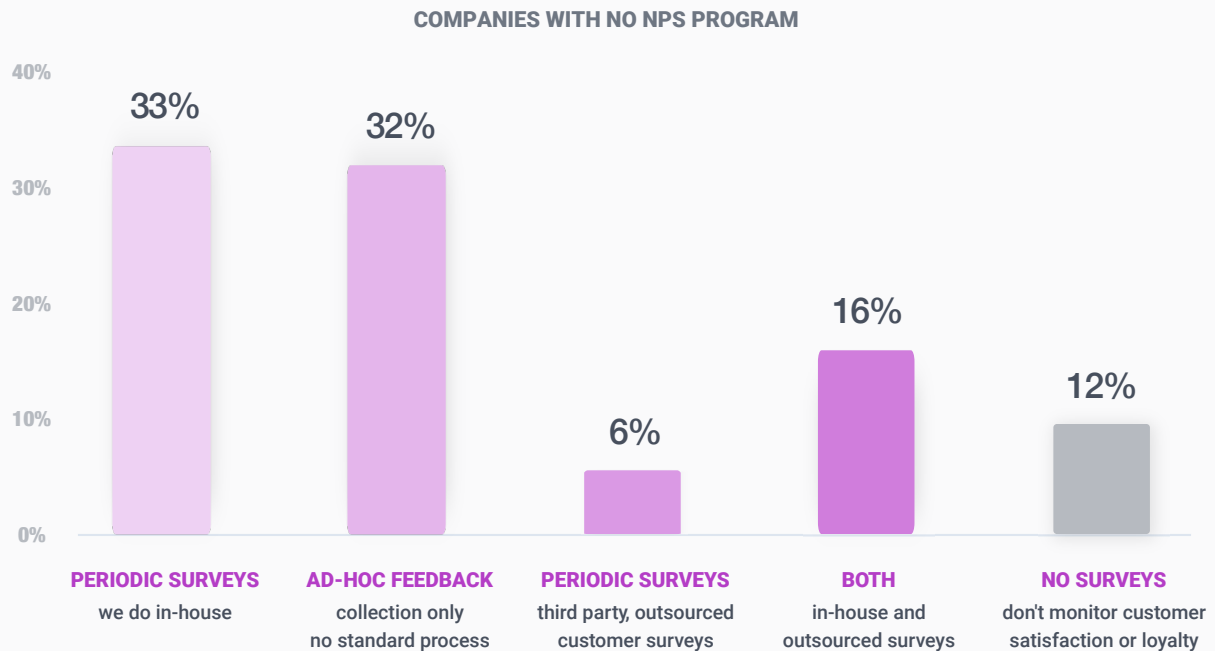
ADOPTION OF NPS



While in its 15th year of existence, Net Promoter Score - **despite being the industry standard metric for measuring customer happiness** - has still not reached the tipping point of adoption amongst growth-oriented companies:

- **46% of respondents reported having an NPS program**
- **54% do not use NPS**

PROGRESSION OF THE CUSTOMER FEEDBACK JOURNEY



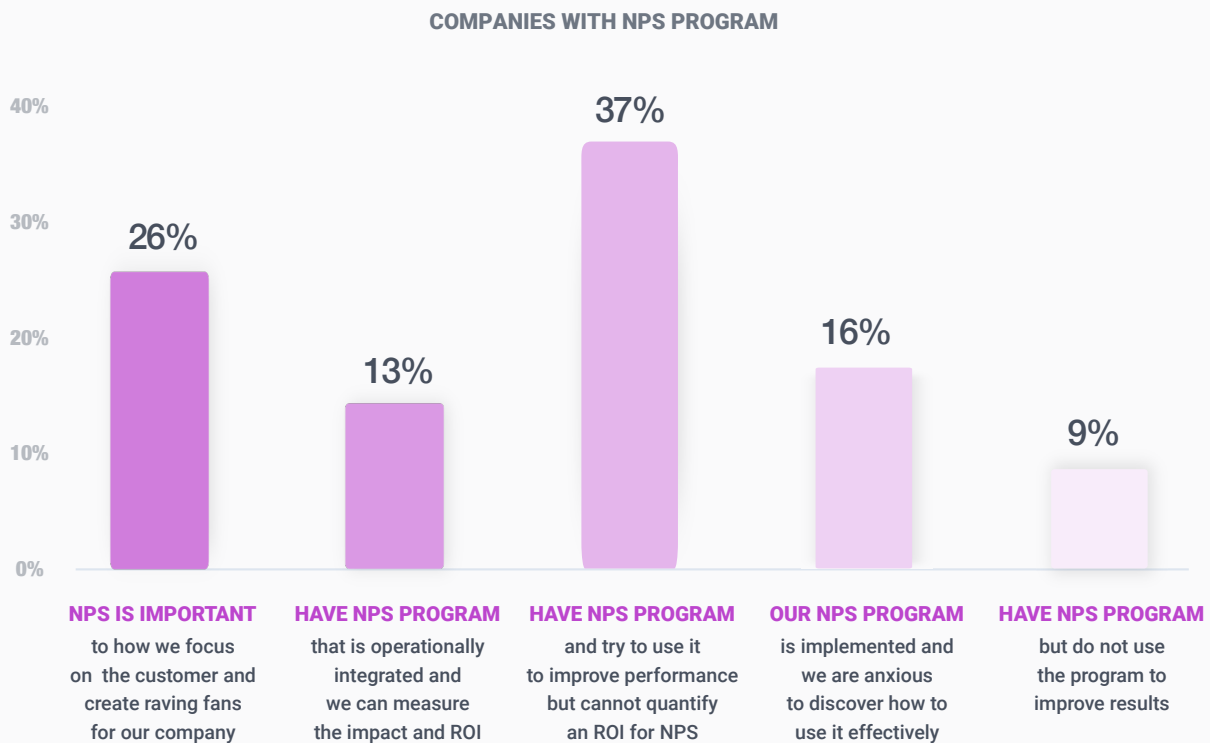
Amongst those companies that do not use NPS:

- **65% handle customer feedback with periodic or ad-hoc surveys**
- **6% survey through third-parties**
- **16% do both**
- **12% don't monitor satisfaction or collect feedback at all**

PROGRESSION OF THE NPS JOURNEY

Amongst those companies that have adopted NPS, where have they progressed in their NPS program journey?

- **39%** have successfully operationalized NPS and included it as a critical piece of their growth strategy
- **A full quarter of companies** have yet to discover how to use it effectively
- **37%** are somewhere in between



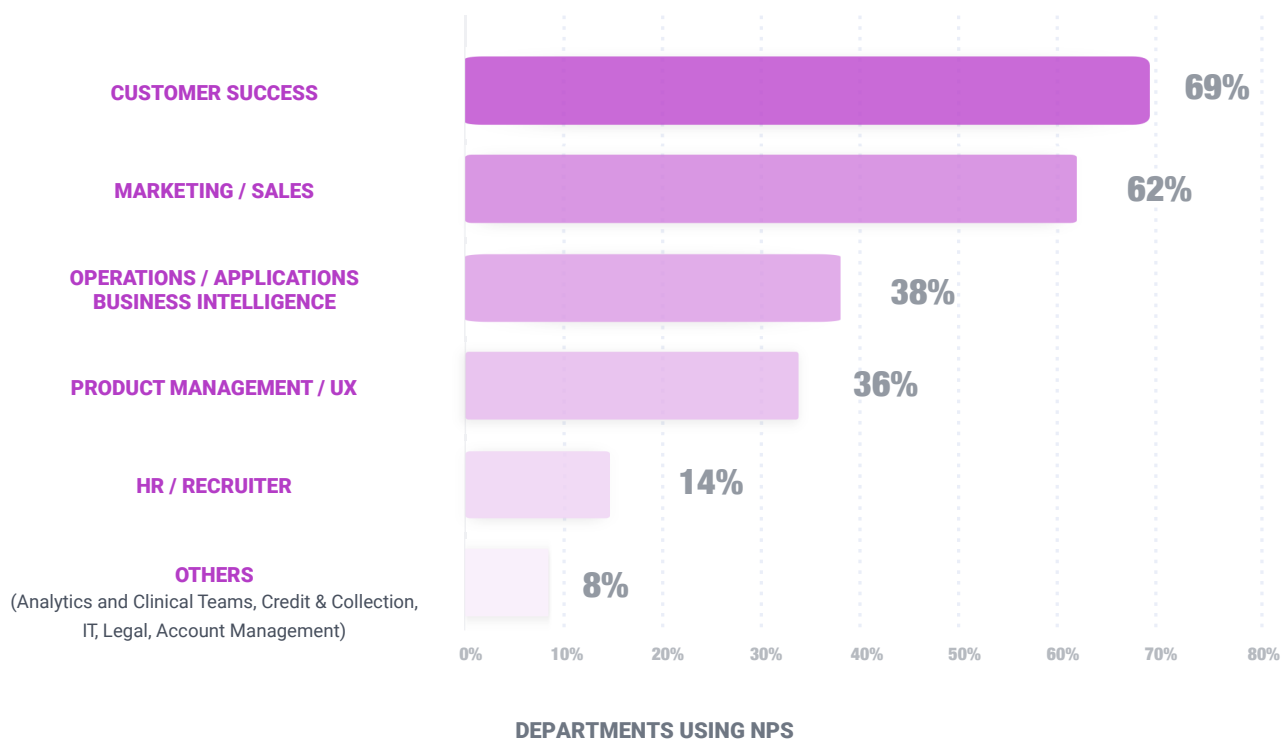
CUSTOMER-FOCUSED CULTURE

Creating a Customer-Focused Culture

We also focused the study around specific departmental use cases (**Marketing, Operations, Customer Success, and Product**) that a successful NPS program directly impacts in a meaningful way.

01 — DEPARTMENTS USING NPS

01 — DEPARTMENTS USING NPS



The majority of companies indicate **Customer Success** (70%) and **Marketing** (62%) departments put NPS data into business action, while **Operations** (38%), **Product Management** (36%), and **HR** (14%) are still catching up.

25% of companies indicate at least two departments using NPS. The most common departments both using NPS at one company are, unsurprisingly, Customer Success and Marketing. These companies boast an average NPS score of 60, a more than 10% lift over average.

Marketing

Brands with world-class NPS tend to focus on automating customer advocacy by using customer feedback to source case studies, and reviews.

Customer-centric marketers also tend to focus on NPS as an integrated metric to help determine the ROI of certain marketing programs and campaigns.



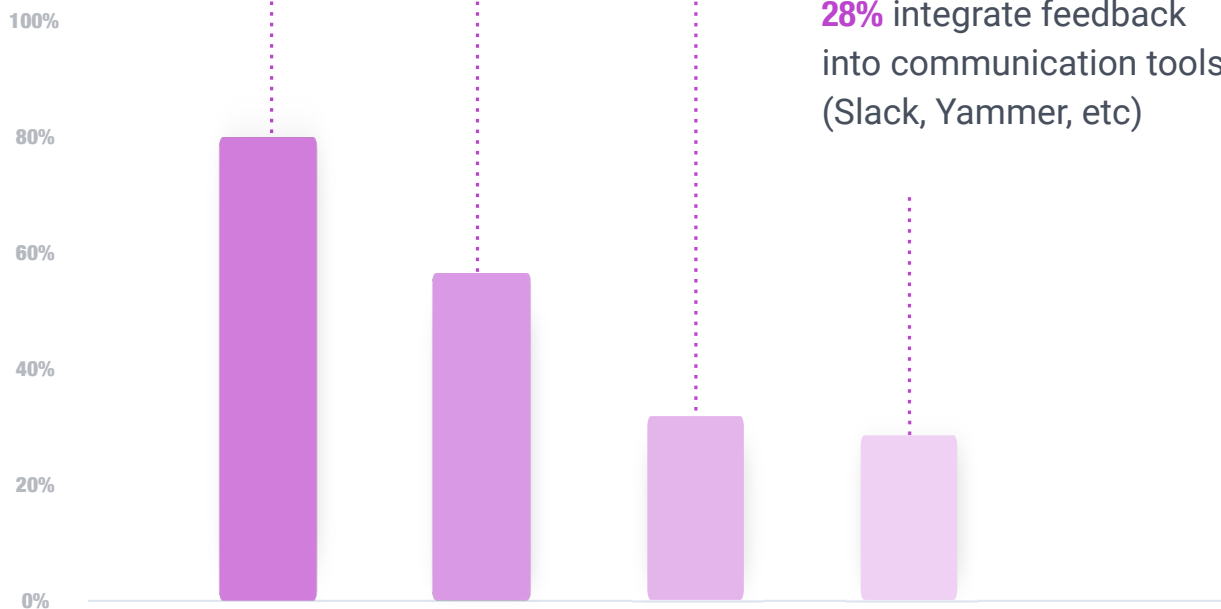
Operations

80% of companies discuss feedback at team meetings

56% of companies share reports via email

31% of companies display feedback on real-time, digital dashboards

28% integrate feedback into communication tools (Slack, Yammer, etc)



FEEDBACK IN OPERATIONS

Customer Success

When using NPS, 44% of companies typically experience annual net churn rate of 5% or less. 43% land between 5% and 25% churn. The remaining 13% have churn above 25%.

Compare that to a typical annual customer churn rate between 25% to 46% across the board for companies who do not use NPS.

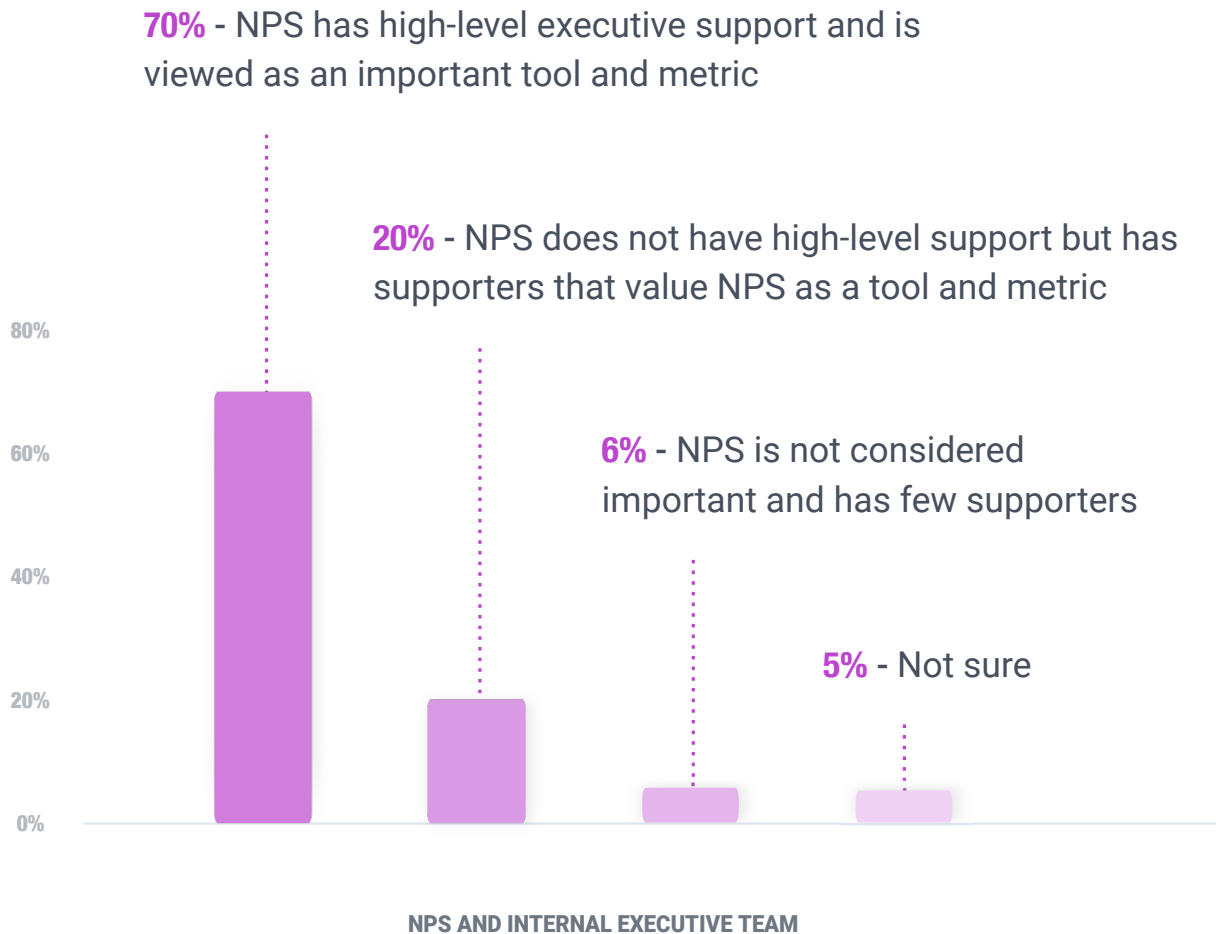
Product

Companies who send automated NPS surveys:

- Use transactional and relationship surveys to guide the product roadmap
- Iterate on new product features and improvements within days
- Are better able to measure product development return on investment and efficacy through NPS insights

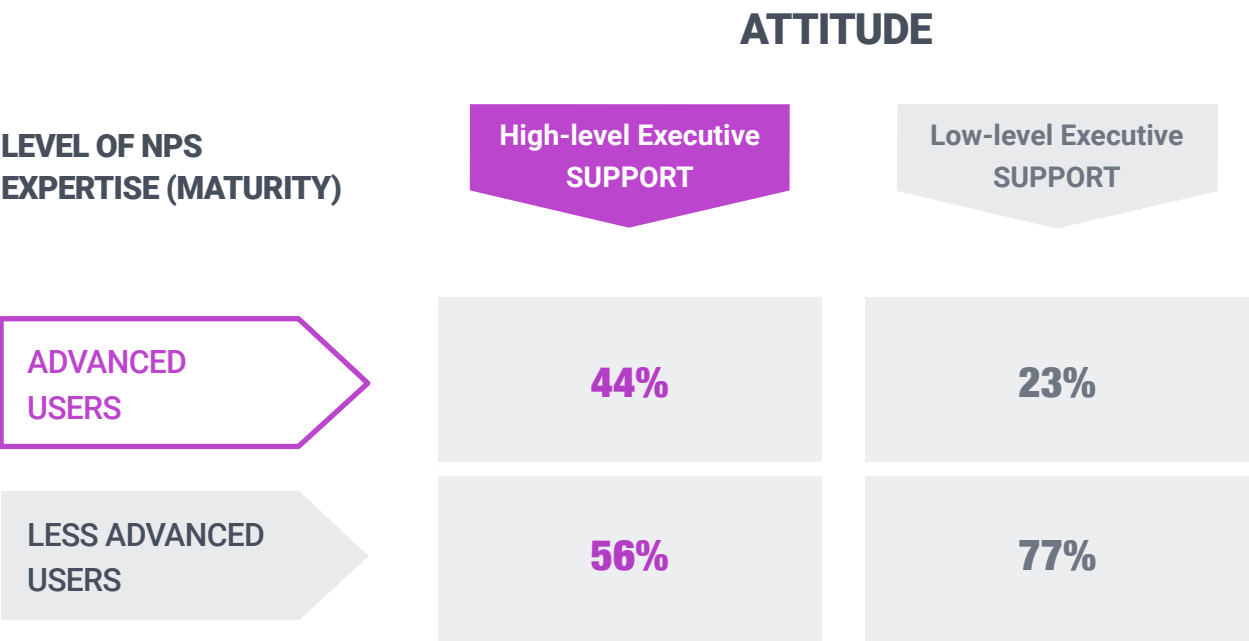
Executive Buy-In (pt.1)

The vast majority (more than 70%) have an internal executive team that views NPS as a critical business growth metric.



Executive Buy-In (pt.2)

This points to upside and improvement in the future. While many executives have expressed support, this has yet to translate into most organizations adopting NPS, let alone running successful programs.



— When high-level executive support is present, an organization is nearly twice as likely to successfully build an advanced NPS program.

Business Impact of Executive Support

Revenue Growth %	Approximate Churn Rate %					
	Net Negative	0% - 5%	6% - 15%	16% - 25%	26% - 40%	Over 40%
Over 100%						
51% - 100%	3%	3%	5%	5%	3%	2%
26% - 50%	2%	2%	2%	3%	2%	
11% - 25%		8%	15%	8%	3%	
5% - 10%		8%	3%	5%		8%
0% or Negative	2%		7%	2%		

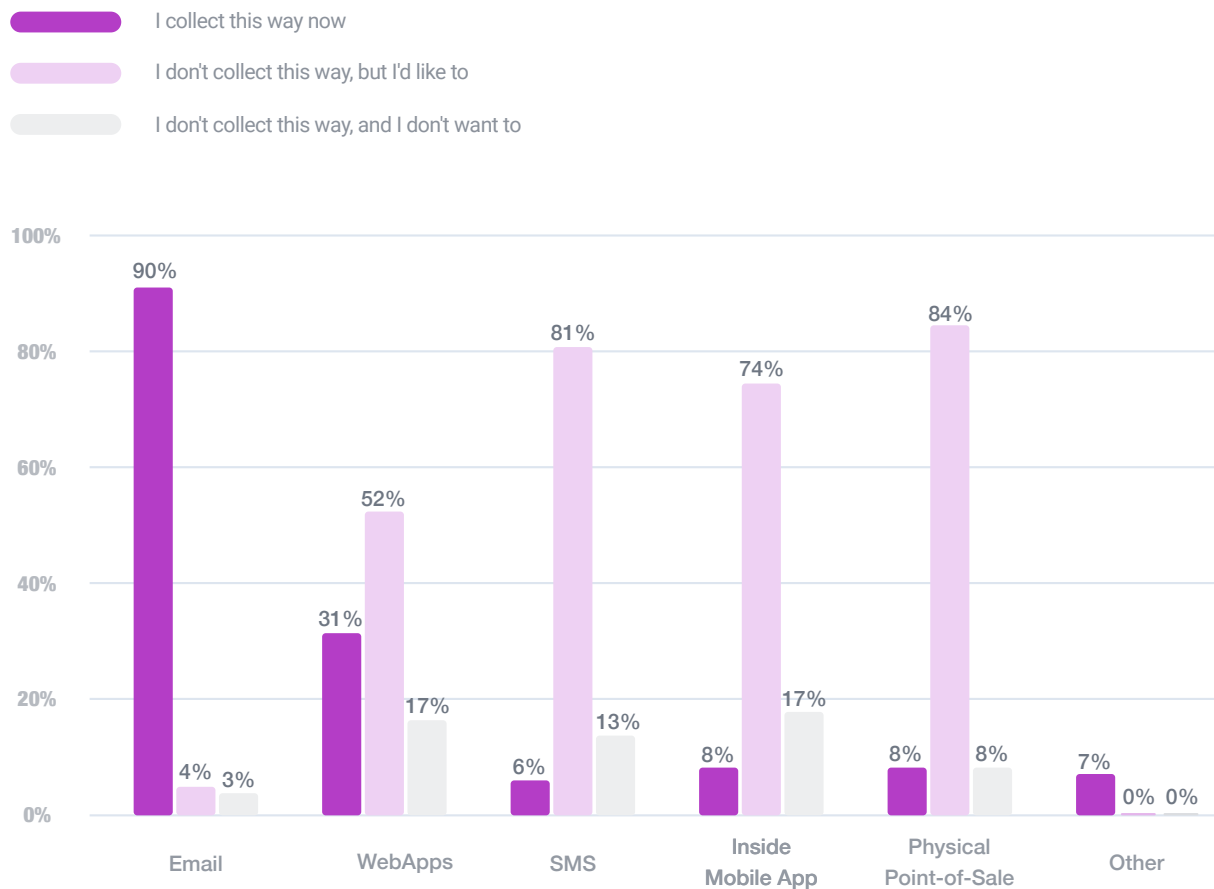
Companies that lack high-level support for NPS tend to experience both higher customer turnover and significantly lower revenue growth.

Which Aspects of an NPS Program do Executives Care About?

Executives focus on the following aspects of NPS:

- Operational integration to measure and impact ROI
- Lower customer churn and higher revenue growth
- Increase in sales / upsells and referrals
- Assess both customer and employee experience
- More reviews and testimonials

Collection Method



Email remains the delivery method of choice for NPS surveys. On the next page, we will see that it's better to deploy NPS in at least two different channels.

Deployment Methods & Response Rate (pt.1)

When collecting in just one channel, there's only a 34% chance of having a response rate over 30%.

COMPANIES THAT DEPLOY VIA ONE METHOD

Average Response Rate of NPS surveys %	% of companies that reported their survey response rate
51% or Higher	14%
31% - 50%	20%
21% - 30%	23%
11% - 20%	25%
6% - 10%	14%
0% - 5%	4%

Most common response is **11% - 20%**

Deployment Methods & Response Rate (pt.2)

45% of companies that collect NPS in at least two ways have an average response rate over 30%.

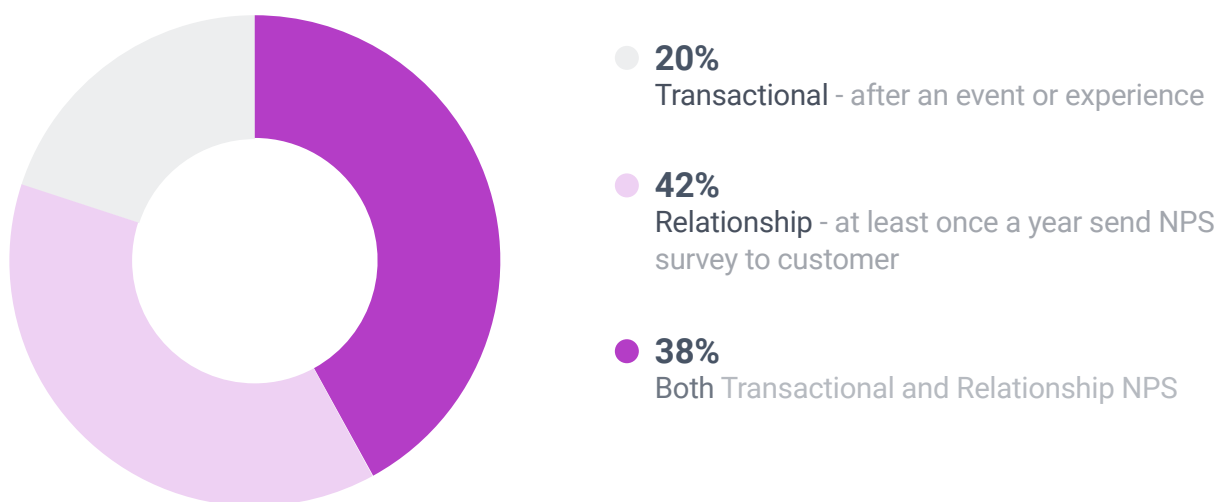
COMPANIES THAT DEPLOY MORE THAN ONE METHOD

Average Response Rate of NPS surveys %	% of companies
51% or Higher	16%
31% - 50%	29%
21% - 30%	25%
11% - 20%	23%
6% - 10%	5%
0% - 5%	2%

Most common response is **31% - 50%**

03 — TYPES OF NPS COLLECTED

Relationship vs. Transactional: Does it Matter?



Top characteristics/indicators of organizations that do both types of NPS:

- Send quarterly NPS surveys
- Send highly customized offers based on survey response
- Have average response rate of 51% or higher
- Act on NPS data fairly quickly within days or weeks
- Effectively use their NPS program to improve results such as increasing revenue and reducing customer churn

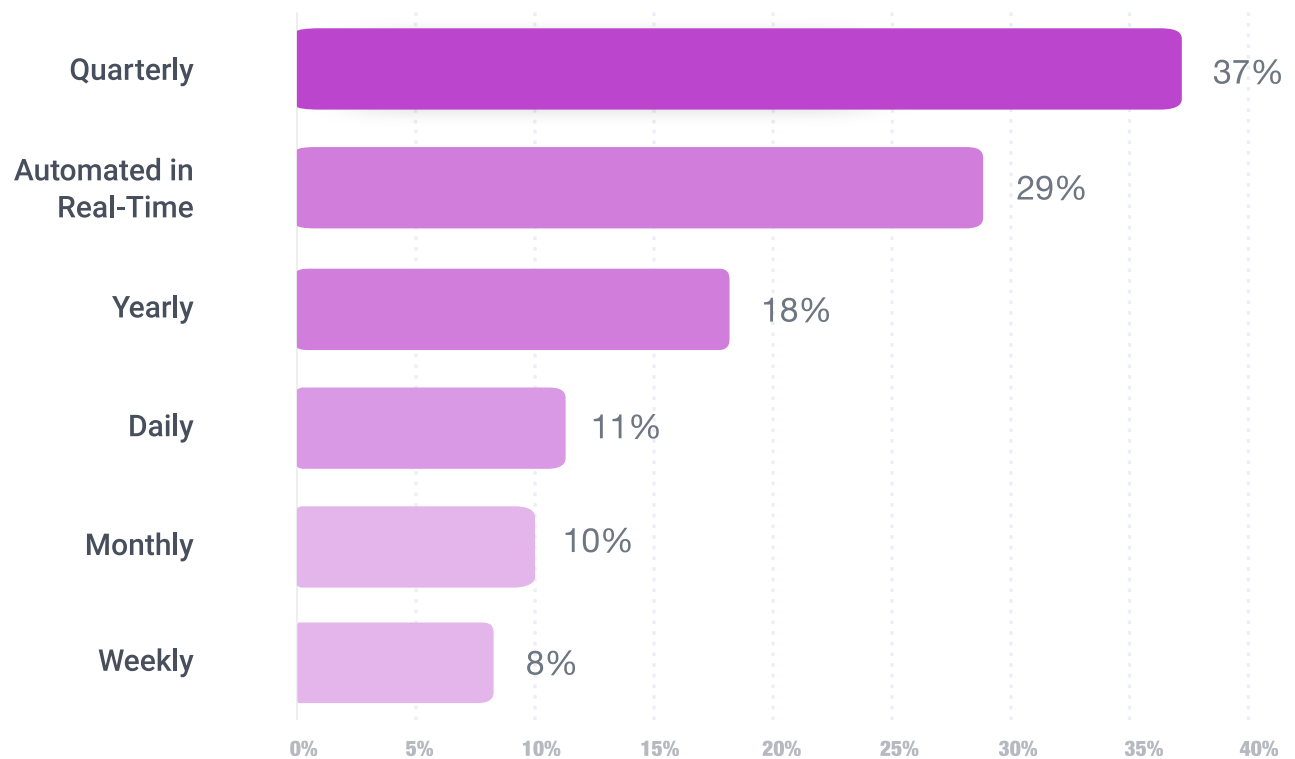
Which industries do both types of NPS?

Transaction and Relationship: Technology, Retail, Banking and Finance, Healthcare, Professional Services, Recreation, Hospitality, and Wholesale

Relationship: Advertising and Marketing, Chemicals, Food & Beverage, Non-Profit, Media, and Manufacturing

Transactional: Education, Automotive, Real Estate, and Property Management

Frequency (pt.1)



Frequency (pt.2)

How often do brands with the best NPS scores and most mature companies send?

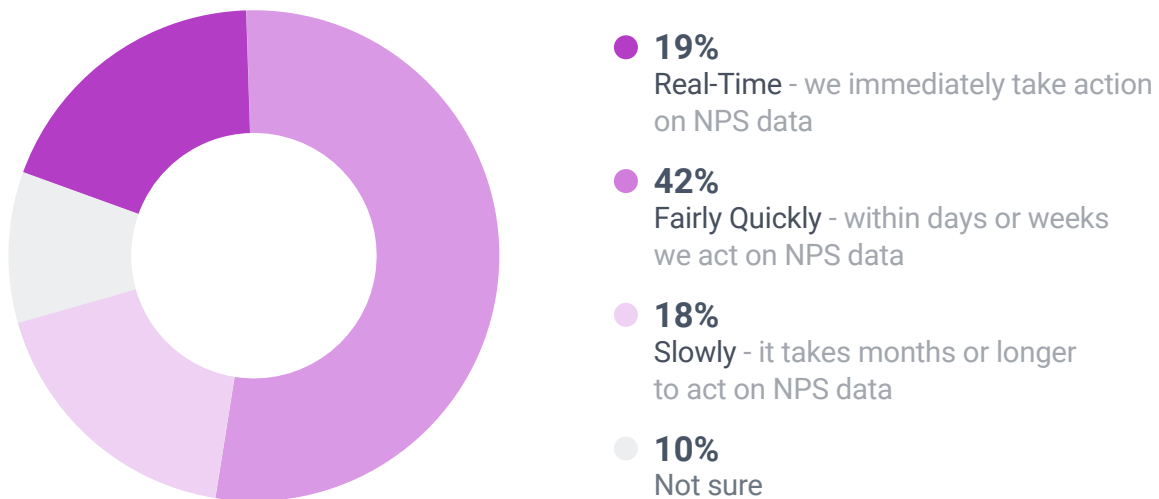
NPS Score	Automated in Real Time	Daily	Monthly	Quarterly	Yearly	Weekly
< 0				4%		
0 - 10	2%				1%	1%
11 - 20	2%	1%			1%	
21 - 30	1%			1%		
31 - 40	1%	1%		8%		
41 - 50	1%	1%	1%	2%	5%	2%
51 - 60	2%		2%	3%	2%	
61 - 70	2%	3%	1%	4%	1%	5%
71 - 80	10%		1%	3%	5%	
81 - 90	4%	2%	1%	8%	1%	
91 - 100	3%	2%	3%	3%		

Brands that have an automated, real-time survey frequency represent the highest concentration of NPS scores over 70.

Making NPS Actionable

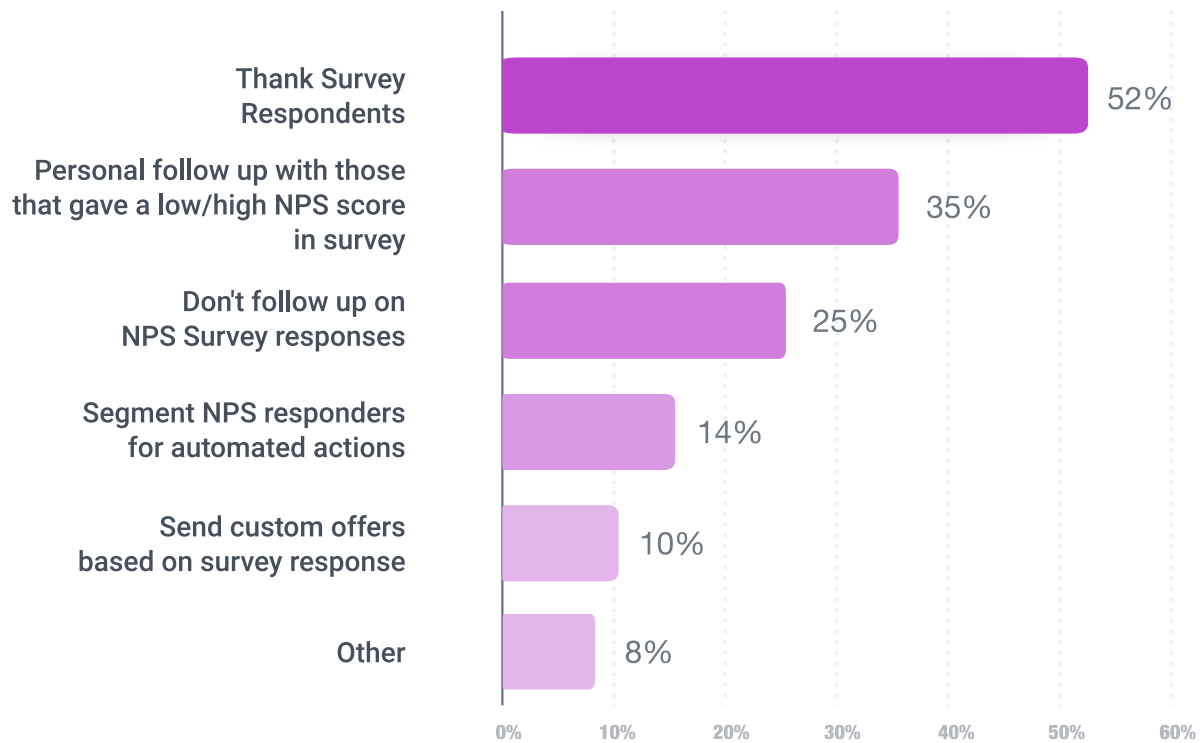
The first goal of any successful NPS program should be to gather customer feedback as often and as quickly as possible. The second step in that path towards NPS maturity involves putting that feedback to use across a wide range of business goals, KPIs, and departmental goals that fuel growth, retention, and revenue expansion.

Customer Feedback Response Time



More than half of organizations respond to NPS surveys within weeks, while less than 20% of organizations take action in real time.

Responses to Customers



Customer Feedback Response Time

Organizations that act **in Real Time and take actions immediately on NPS**:

- Approximate net churn between 0% and 5%
- NPS score above average for their industry
- NPS program is more mature than competitors
- Make NPS part of their operations and workflows by regularly discussing feedback at team meetings
- Act in real time and take actions immediately on NPS data

Organizations that act **slowly**:

- Approximate net churn over 40% in the last 12 months
- NPS lags behind industry peers
- Unsure how their program compares to competitors
- Unsure how to improve performance and quantify ROI
- Take months or longer to act on NPS data

— *The majority of companies thank the customer and send a personal follow up after an NPS response has been received, but few are truly using NPS data as part of their segmentation or offer management strategy, and very few have automated the process.*

What happens when different roles do not take action on NPS data?

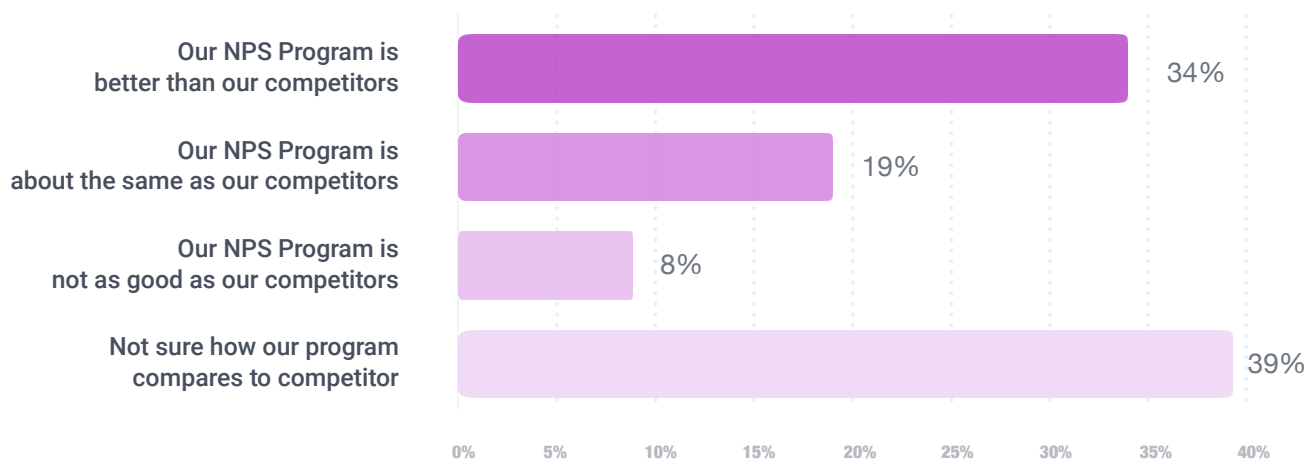
Customer Success: Customer support becomes unresponsive due to lack of customer follow up after NPS surveys have been deployed

Marketing: There is a severe lack of customization and personalization to cater to individual customer needs through marketing programs and customer-focused campaigns

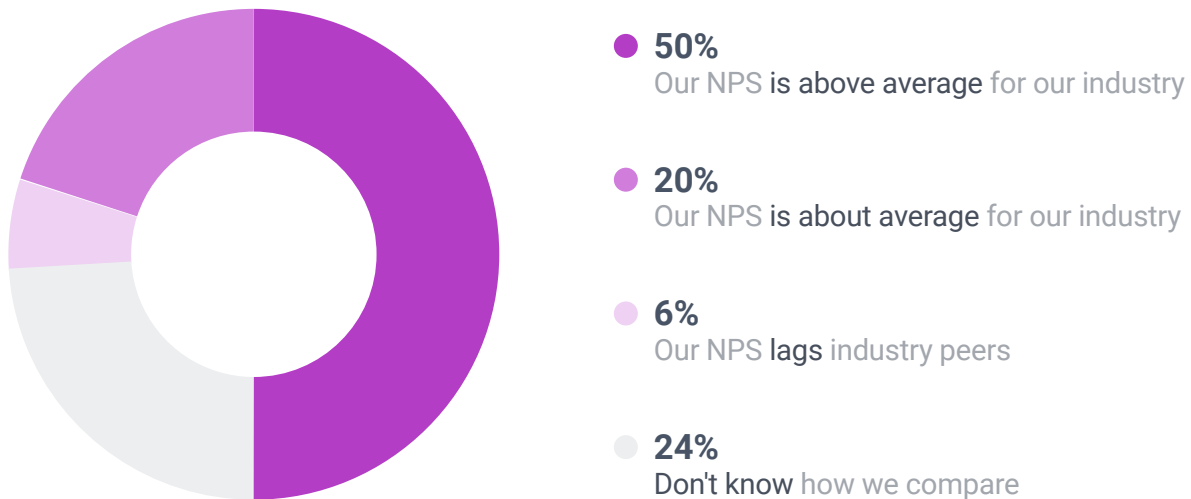
Operations: Business application managers are skeptical and unsure of NPS practices that would allow their organization to integrate with preferred software tools in a simple and scalable way

Product: The product lags behind competitors due to limited visibility into the Voice of the Customer

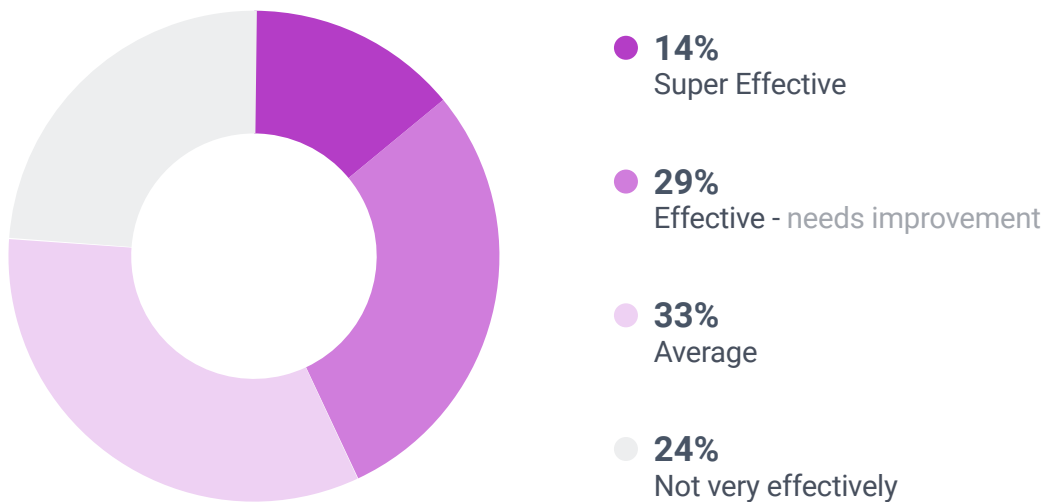
Your NPS Program vs. Your Direct Competitors?



Your NPS Program vs. Your Industry as a Whole?



How effectively does your company use NPS to improve results such as increased revenue and reduced churn?

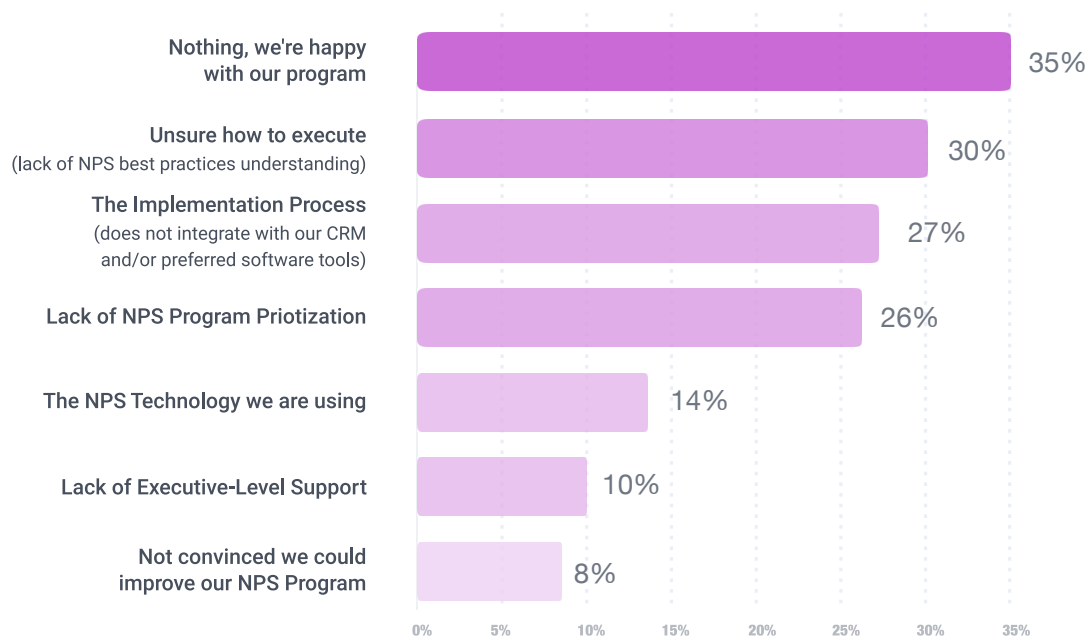


What are the top common characteristics/indicators of organizations that rate the effectiveness of their NPS program as 'most effective'?

The organizations that rate their NPS as easy to use have the following characteristics:

- Leverage NPS as a core KPI that drives improvement in processes and systems
- Have an NPS program that is operationally integrated to measure ROI
- Have more than one department utilizing NPS to assess customer or employee experience
- Understand the potential of NPS with program prioritization
- Discuss feedback regularly

What, if anything, is preventing your NPS Program from improving?

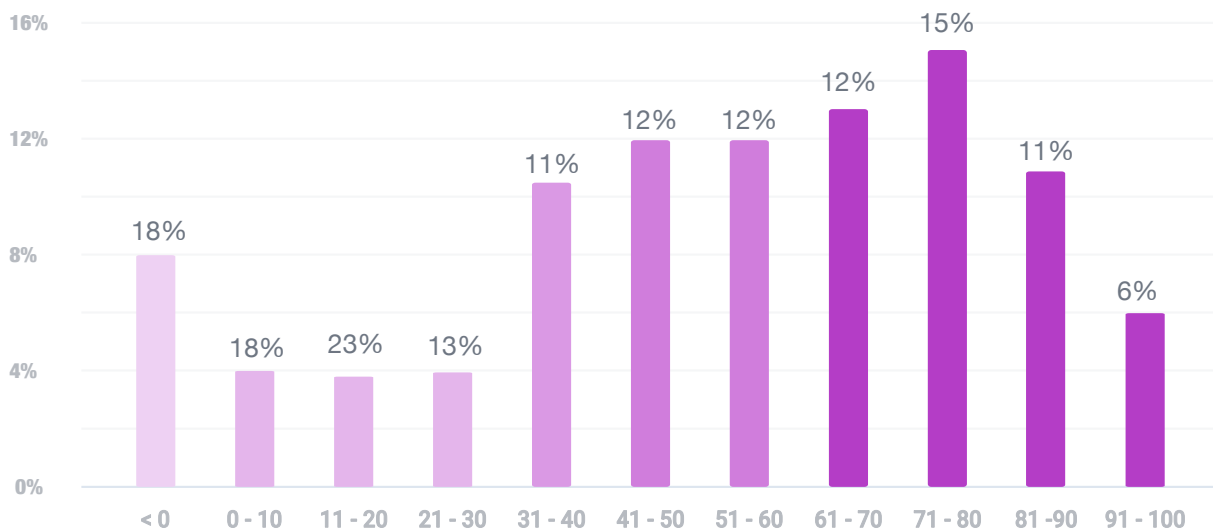


The organizations that do not rate their NPS as easy to use have the following characteristics:

- Less familiarity with NPS capabilities
- Lack of NPS program prioritization
- Need more executional support
- Carry out just yearly surveys
- Do not monitor customer satisfaction or loyalty

04 — NPS METRICS BENCHMARKS

What is Your NPS Score?



Common Organizational Behaviors

World Class NPS (Top 10% of Industry)

- Strong executive support that values NPS as a tool and metric for growth
- Annual net churn never more than 5%, and often net-negative
- More than 100% revenue growth
- Higher retention and lower customer churn
- Outpacing competitors in growth and customer retention

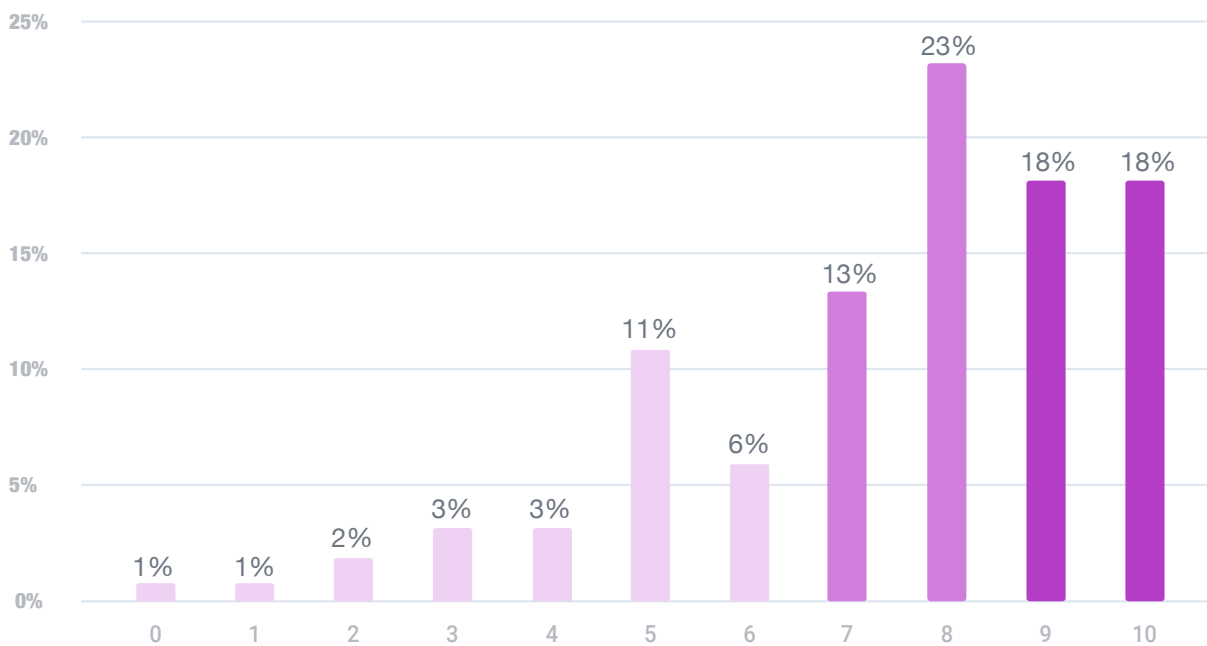
Good NPS (Top 20% of Industry)

- Customer-centric growth strategies that focus on turning customers into brand advocates
- Internal awareness of and support for NPS as a growth metric
- Annual net churn of 6% to 15%
- Approximate revenue growth of 51% to 100%

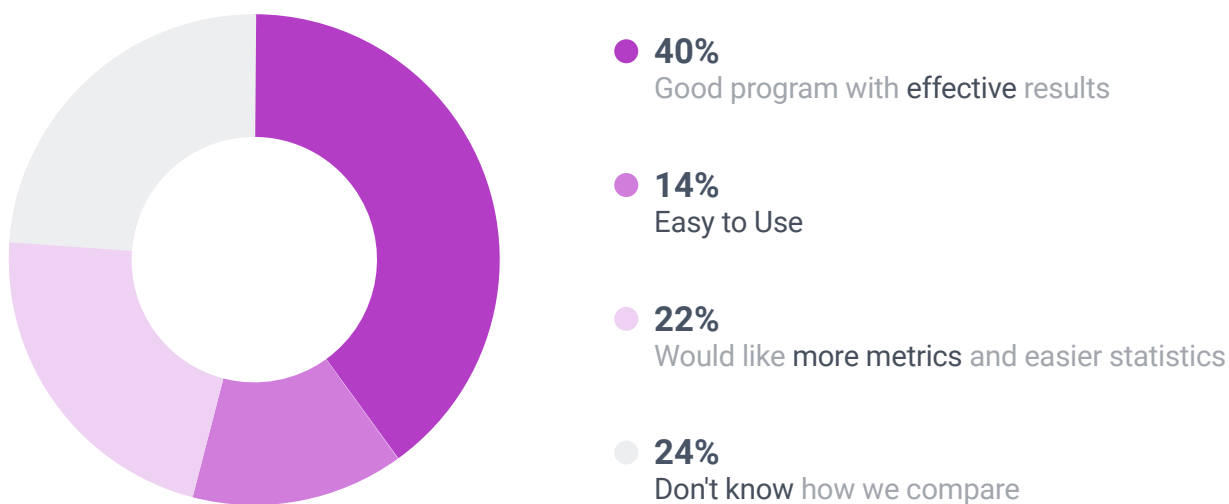
Mediocre NPS (Bottom 30% of Industry)

- More than 40% annual churn rate
- 5% - 10% revenue growth
- Overall decrease in sales
- Lagging behind competition

Would You Recommend Your NPS Program?



Why did you give that rating?



NPS program ratings across industries:

- Technology: **9 - 10**
- Advertising and Marketing: **8**
- Automotive, Retail, Food and Beverage, Healthcare, Hospitality: **7 - 8**
- Banking and Finance, Real Estate / Property Management: **6**
- Manufacturing, Professional Services, Chemicals: **5**
- Wholesale, Media: **Less than 5**

Why did you give that rating?

Promoters - Organizations that rate their NPS program a 9 or 10:

- NPS is an integral part of their system used to drive ROI
- Above average for their industry
- Improved operations and workflows
- Regular feedback at team meetings
- Revenue growth and reduction in customer churn

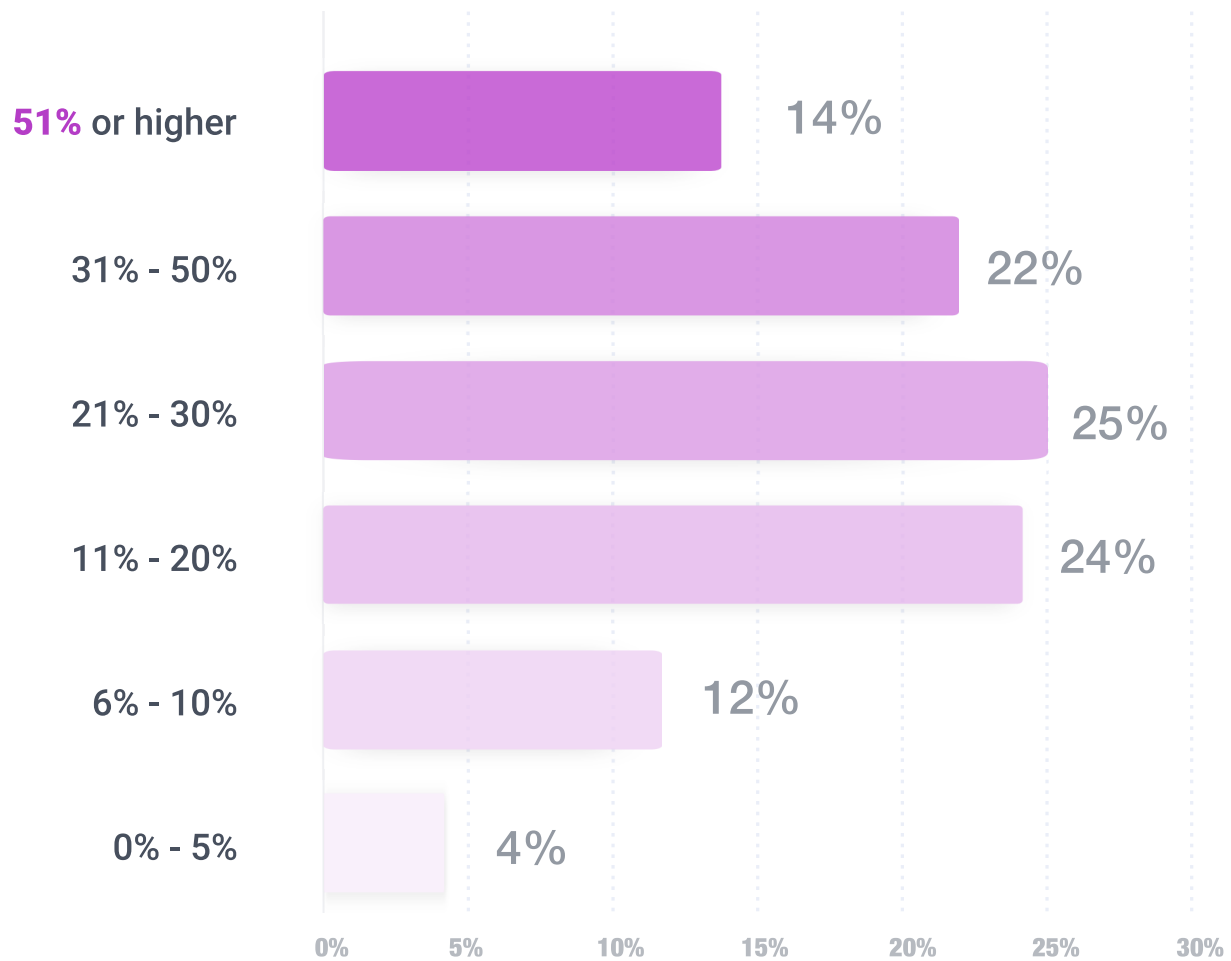
Passives - Organizations that rate their NPS program between 7- 8:

- Improved performance but cannot quantify ROI
- Offers better customer experience and product roadmap than competitors
- Try to achieve higher retention / low customer churn
- Carry out quarterly NPS surveys
- Revenue growth and reduction in customer churn

Detractors - Organizations that rate their NPS program 6 or less:

- More than 40% annual churn rate
- 5% - 10% revenue growth
- Overall decrease in sales
- Lagging behind competition

Response Rate (pt.1)



AVERAGE RESPONSE RATE ON NPS SURVEYS

Response Rate (pt.2)

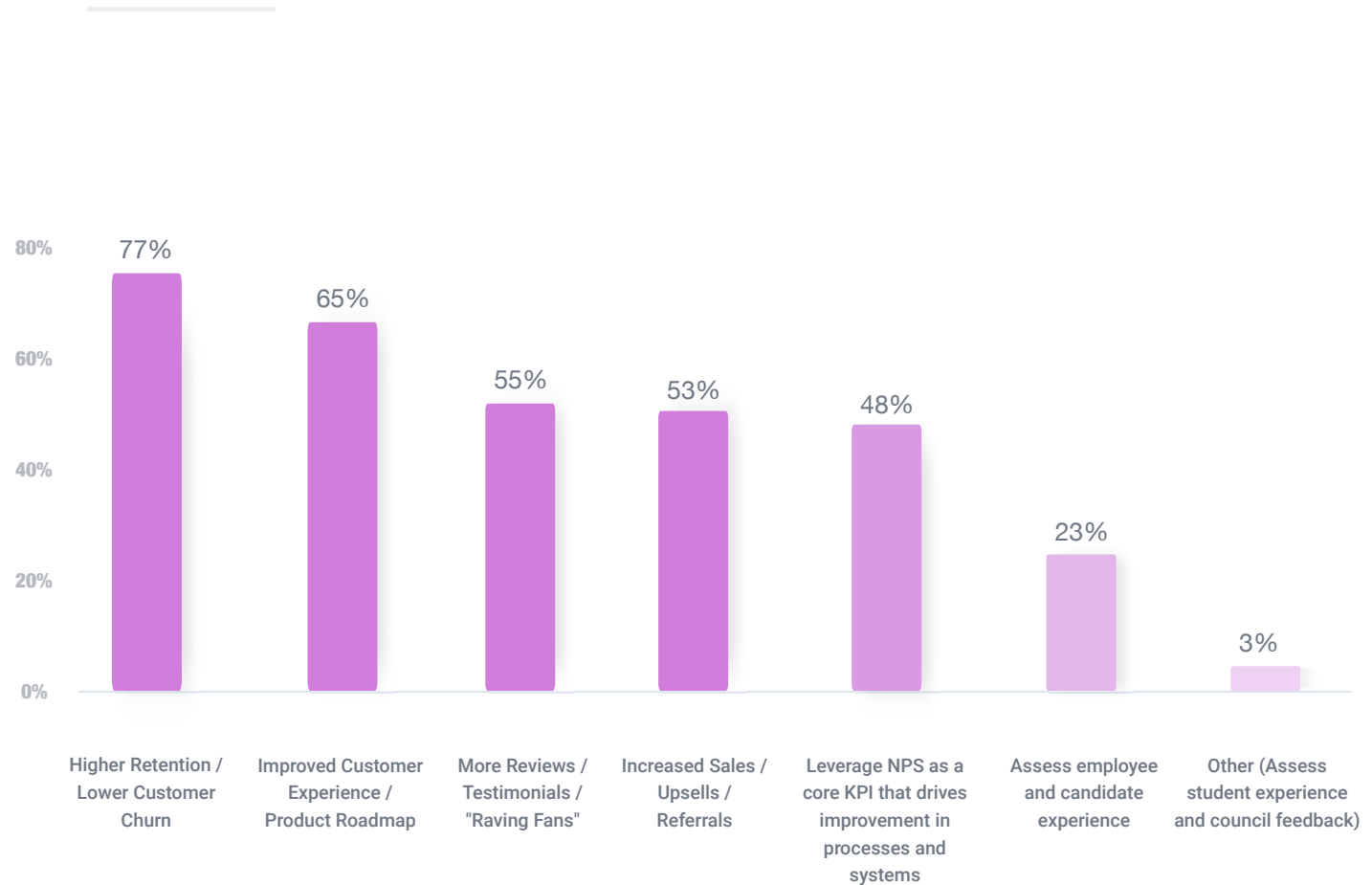
Top characteristics of organizations **with 31% or higher response rate:**

- Send quarterly NPS surveys via more than one channel
- Collect both transactional and relationship NPS
- Send highly-customized offers based on survey response
- Thank survey respondents or personally follow up
- Share periodic reports via email

Top characteristics of organizations **with 10% response rate or less:**

- Send relationship or transactional survey once a year
- Take months or longer to act on NPS data
- Do not send any custom offers based on survey response
- Do not share feedback reports
- Take less or no measure to improve ROI

NPS Program Business Goals



— *Unsurprisingly, higher customer retention and improved customer experience remain at the top of NPS-driven businesses.*

Growth and Churn (pt.1)

Approximate Churn Rate % for Brands **More Advanced** with NPS

Revenue Growth %	Net Negative	0% - 5%	6% - 15%	16% - 25%	26% - 40%	Over 40%
Over 100%	3%	9%	5%	2%		2%
51% - 100%	2%	6%	4%	2%	2%	
26% - 50%	1%	8%	3%	2%	3%	1%
11% - 25%	1%	6%	6%	4%		1%
5% - 10%	1%	12%	3%	2%		
0% or Negative	2%	1%	2%			

Approximate Churn Rate % for Brands **Less Advanced** with NPS

Revenue Growth %	Net Negative	0% - 5%	6% - 15%	16% - 25%	26% - 40%	Over 40%
Over 100%		3%	2%		3%	
51% - 100%	2%	4%	4%	2%	1%	
26% - 50%	1%	3%	3%	2%		
11% - 25%		10%	10%	6%	2%	4%
5% - 10%	1%	11%	8%	3%	1%	1%
0% or Negative	1%	3%	3%	1%	1%	

Growth and Churn (pt.2)

Companies with a more advanced NPS program experience higher annual revenue growth and lower customer churn.

— *Brands that embrace a modern, advanced NPS process are more than twice as likely to achieve over 50% annual growth and net-negative churn.*

Growth

Top characteristics of organizations **with over 100% growth**:

- Approximate net churn between 0% and 5%
- NPS score above average for their industry
- NPS program is more mature than competitors
- Make NPS part of their operations and workflows by regularly discussing feedback at team meetings
- Act in real time and take actions immediately on NPS data

Top characteristics of organizations **with 10% or less growth**:

- Approximate net churn over 40% in the last 12 months
- NPS lags behind industry peers
- Unsure how their program compares to competitors
- Unsure how to improve performance and quantify ROI
- Take months or longer to act on NPS data

Churn

Top characteristics of organizations **with net-negative churn**:

- Effectively use their NPS program to improve results such as increasing revenue and reducing customer churn
- Act in real time and take actions immediately on NPS data
- Have high-level executive support
- Have a customer success department using NPS to improve customer experience
- Had revenue growth over 100% over the last 12 months

Top characteristics of organizations **with 40% or more churn**:

- Lack of executive-level support
- Have NPS but tend to collect and evaluate data themselves
- Unsure how their NPS program compares to competitors
- Take months or longer to act on NPS data
- Do not effectively monitor customer satisfaction or loyalty

Industry

We used industry-specific data to reveal key trends across 7 core industries to show the impact of NPS across many business types with varying approaches to gathering and acting on customer feedback.

Technology

Average NPS: 50

Average Response Rate: 27%

View of internal NPS program: Promoter

Percentage of companies who have operationalized NPS: 60%

Response Rate (last 12 months)	Avg NPS	Likely to Recommend Program?
0% - 5%	31	Passive
11% - 20%	46	Promoter
21% - 30%	44	Promoter
31% - 50%	63	Passive
More than 50%	73	Promoter

Marketing, Advertising, Consulting

Average NPS: 50

Average Response Rate: 28%

View of internal NPS program: **Passive**

Percentage of companies who have operationalized NPS: 20%

Response Rate (last 12 months)	Avg NPS	Likely to Recommend Program?
11% - 20%	54	Promoter
21% - 30%	51	Promoter
31% - 50%	31	Passive
More than 50%	90	Promoter

Banking & Finance

Average NPS: 60

Average Response Rate: 27%

View of internal NPS program: **Passive**

Percentage of companies who have operationalized NPS: 70%

Response Rate (last 12 months)	Avg NPS	Likely to Recommend Program?
11% - 20%	54	Promoter
21% - 30%	51	Promoter
31% - 50%	49	Passive
More than 50%	92	Promoter

Healthcare

Average NPS: 50

Average Response Rate: 23%

View of internal NPS program: **Passive**

Percentage of companies who have operationalized NPS: 70%

Response Rate (last 12 months)	Avg NPS	Likely to Recommend Program?
11% - 20%	50	Passive
21% - 30%	35	Passive
31% - 50%	48	Passive
More than 50%	85	Promoter

Retail

Average NPS: 42

Average Response Rate: 13%

View of internal NPS program: Promoter

Percentage of companies who have operationalized NPS: 80%

Response Rate (last 12 months)	Avg NPS	Likely to Recommend Program?
11% - 20%	80	Promoter
21% - 30%	20	Promoter

Insurance

Average NPS: 69

Average Response Rate: 26%

View of internal NPS program: Promoter

Percentage of companies who have operationalized NPS: 57%

Response Rate (last 12 months)	Avg NPS	Likely to Recommend Program?
11% - 20%	61	Promoter
21% - 30%	49	Promoter
31% - 50%	71	Promoter
More than 50%	87	Promoter

Company Size

Focusing our research on SMB and mid-market companies, we looked at key NPS trends based on the size of organization ranging from 1 to 1000+ employees.

NPS Maturity and Revenue Growth by Company Size

OVERALL REVENUE vs. COMPANY SIZE

Revenue Growth (\$)	No. of Employees						
	0 - 25	26 - 50	51 - 100	101 - 200	201 - 300	301 - 400	Above 500
Over \$1m							
\$501k - \$1m	3%	6%	13%	25%	6%	19%	22%
\$201k - \$500k							
\$0 - \$200k						3%	

1-10 Employees

Average NPS: 59

Average Response Rate: 25%

View of internal NPS program: Promoter

Percentage of companies who have operationalized NPS: 87%

Response Rate (last 12 months)	Avg NPS	Likely to Recommend Program?
11% - 20%	82	Promoter
21% - 30%	46	Promoter
31% - 50%	59	Passive
More than 50%	74	Promoter

11-50 Employees

Average NPS: 48

Average Response Rate: 22%

View of internal NPS program: **Passive**

Percentage of companies who have operationalized NPS: 62%

Response Rate (last 12 months)	Avg NPS	Likely to Recommend Program?
11% - 20%	40	Promoter
21% - 30%	40	Promoter
31% - 50%	73	Passive
More than 50%	67	Promoter

51-100 Employees

Average NPS: 44

Average Response Rate: 25%

View of internal NPS program: Promoter

Percentage of companies who have operationalized NPS: 72%

Response Rate (last 12 months)	Avg NPS	Likely to Recommend Program?
11% - 20%	65	Promoter
21% - 30%	60	Promoter
31% - 50%	58	Passive
More than 50%	71	Promoter

101-200 Employees

Average NPS: 58

Average Response Rate: 28%

View of internal NPS program: **Passive**

Percentage of companies who have operationalized NPS: 58%

Response Rate (last 12 months)	Avg NPS	Likely to Recommend Program?
11% - 20%	54	Promoter
21% - 30%	44	Passive
31% - 50%	32	Passive
More than 50%	55	Passive

201 - 500 Employees

Average NPS: 59

Average Response Rate: 26%

View of internal NPS program: **Passive**

Percentage of companies who have operationalized NPS: 62%

Response Rate (last 12 months)	Avg NPS	Likely to Recommend Program?
11% - 20%	56	Passive
21% - 30%	53	Passive
31% - 50%	71	Promoter
More than 50%	74	Passive

1000+ Employees

Average NPS: 43

Average Response Rate: 19%

View of internal NPS program: Promoter

Percentage of companies who have operationalized NPS: 55%

Response Rate (last 12 months)	Avg NPS	Likely to Recommend Program?
11% - 20%	38	Passive
21% - 30%	29	Detractor
31% - 50%	43	Promoter
More than 50%	48	Promoter

CONCLUSION

SUMMARY

As organizations continually evolve to customer-centric business growth models, they are continually seeing the competitive edge, and clear value of investing in and implementing NPS. When customer feedback is delivered to the right person, department, or function, forward-thinking brands are delivering one-of-a-kind brand experiences that translate to real-world business growth.

While business needs vary in complexity based on industry, company size, and use case, companies who move towards an advanced NPS approach are seeing the true business impact of real-time customer feedback in the form of rapid revenue growth, customer retention, and ultimately, business evolution.

Achieving that next-level business growth and development demands a constant stream of customer feedback so you can make the next best business decision that allows you to grow faster and smarter.

See how you can leverage real-time, NPS-fueled customer feedback for rapid, sustainable business growth. Visit asknicely.com.