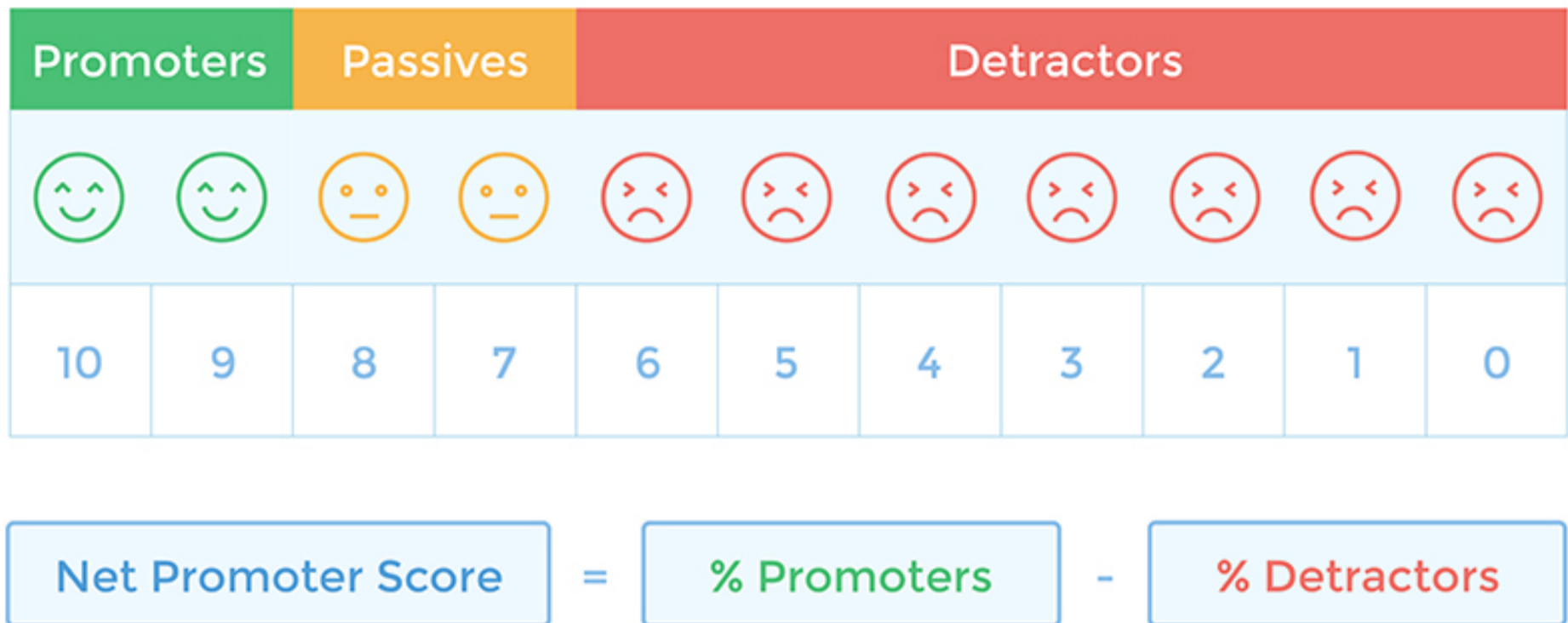# Oft-Muddled Marketing Metrics: NPS

Since it came into being some 14 years ago, the Net Promoter Score (NPS) has been among the most popular marketing metrics across customer-centric industries. For an industry like urgent care – whose profitability is tied closely to its ability to deliver an excellent patient experience (which generates repeat business and spurs positive word-of-mouth) – NPS can be an especially effective tool for measuring and tracking customer satisfaction. Marketers beware, though: NPS can decline in effectiveness when its misunderstood and misused, making it of paramount importance for marketers to "unmuddle" this popular metric, and start gaining improved customer loyalty insights.

The Net Promoter Score

Created in 2003 by business strategist Frederick F. Reichheld, the net promoter score is a loyalty metric used to gauge customer relationships, and is said to be correlated to revenue growth. Since its inception, the tool has garnered widespread acclaim among companies, with over two-thirds of the Fortune 1000 adopting the metric.

NPS's appeal lies mostly in its simplicity; Customers are asked via survey to answer a single question: "How likely is it that you would recommend "X" to a friend or colleague?" Respondents then rate their likelihood on a scale from 0 to 10, with 10 being the highest rating. Customers who reply with a 9 or 10 are considered promoters, while respondents who rate from 0 to 6 are labeled detractors. Passives, who reply with 7's or 8's, are omitted from the final calculation. The NPS score is then calculated by taking the percentage of promoters and subtracting the percentage of detractors. Resulting in the "net" of how many people are promoting your business over those who are detracting from it.

How NPS Gets Muddled

Among its many selling points, NPS is lauded for how easy it is for employees, managers, and non-marketing types to grasp; the goal of earning more promoters and less detractors is uncomplicated and straightforward. In urgent care, for example, having a "healthy" population of promoters can have a two-fold benefit: Promoters will sing your center's praises to others, acting as your de facto marketers, while fewer detractors means fewer marketing dollars spent acquiring new patients to replace those who won't return to your center.

NPS is not without its criticisms, though, as business journal MIT Sloan Management Review pointed out in a recent article. Through research and anecdote, marketing consultants and academics have observed well-meaning but misguided companies misunderstand and misuse NPS in some of the following ways:

> **Using a favorable net promoter score as a direct proxy for top-line (or bottom-line) growth.** A Higher NPS does not automatically correlate to revenue growth and profits in every case. For instance, a company could simply lower prices to artificially inflate NPS due to happier customers, but of course at the expense of revenues and profitability.

> **Taking the NPS at surface level without digging deeper into the numbers.** Especially at the bottom of the NPS scale, not all detractors "weigh" the same. A respondent who rates a "0," for instance, is likely a much more active, and potentially damaging detractor than, say, a 5 or a 6. Hence, lumping a wide variety of detractors into a single category can skew the numbers, and paint an overly optimistic picture of customer loyalty. In addition to tracking NPS, it is also useful to look at average scores as well as the distribution of detractors.

> **Thinking NPS as a single metric covers every base.** In his original treatise on NPS, Reichheld famously declared it "the one number you need to know to grow." Unfortunately, marketers took his statement literally, and began overvaluing NPS to the exclusion of other important metrics. Relying on a single metric to capture a multi-faceted experience, however, is inherently flawed, and undoubtedly leaves valuable insights on the table. Asking for comments on an NPS survey can provide "verbatims" that offer clarity or insight as to why patients give a particular response.

Making Sense of NPS

So how can marketers and companies "unmuddle" NPS, and begin using this powerful tool how it was intended? While the aforementioned MIT-SMR article debated the merits and drawbacks of NPS, the interviewed consultants concluded that the ideal approach was to employ NPS not as an all-encompassing, standalone metric, but as a key component of a comprehensive system of customer loyalty tools. For sure, every company rightfully needs to know its ratio of promoters vs detractors, but gaining the clearest understanding of where your company stands with its customers requires a more well-rounded approach.

Conclusion

Urgent care can gain valuable insights from the ever-popular net promoter score by understanding that no single metric or number, no matter how powerful, tells the entire story. Let the additional customer metrics at your disposal work in conjunction with NPS to compensate for its blind spots.

Additionally, you should take the NPS data you gather, and use it to "humanize" the numbers, according to Reichheld. He advises to "hold you promoters close by engaging them" and "immediately connect with your detractors" towards solving the problem. Obviously, this can't be done with anonymous surveys, so he and other experts suggest increased email -based NPS inquiries towards that end goal. NPS scores are increased by converting passives to promoters, and at a minimum, neutralizing detractors by removing their "venom."

In sum, as long as your center uses NPS appropriately and avoids "cherry-picking" the numbers, it remains a valuable tool for tracking and improving all-important customer loyalty.

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