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GO BEYOND NET PROMOTER SCORE TO MEASURE THE CUSTOMER EXPERIENCE EFFECTIVELY

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Contact Center pipeline

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Essential metrics to help you understand how customers experience your brand.

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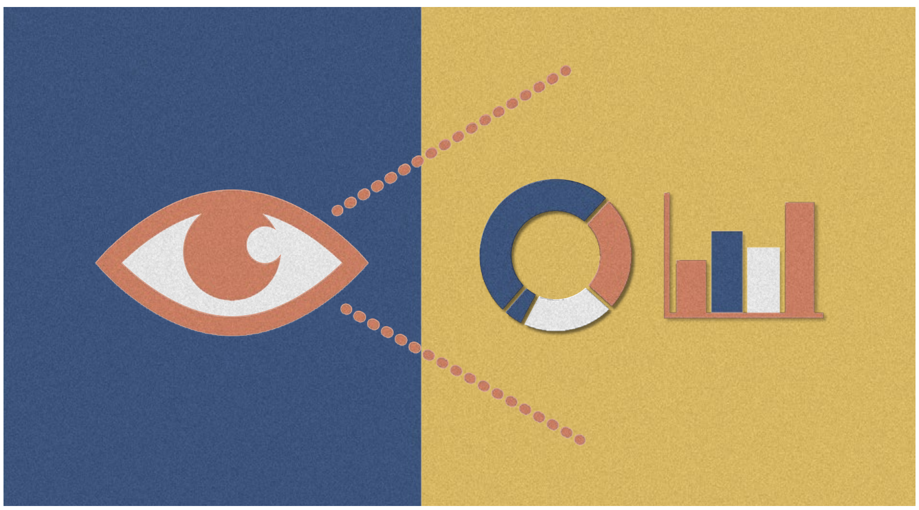

Forbes defines the Net Promoter Score (NPS) as an index used to determine how willing customers are to recommend a brand, product or service. Most brands rely on software developers, such as Zendesk, to create this poll. The answers create a popular metric used to evaluate the customer experience. Customers rank the probability of their recommendation on a scale of zero to 10. Companies then convert this into an index that ranges from -100 to 100.

Not surprisingly, NPS has played a strong role in call center environments over the past two decades. Even so, managers now want more answers about what it measures, what its shortcomings are and more effective alternatives.

What the Net Promoter Score Measures

The Net Promoter Score specifically helps companies to categorize customers into groups based on how likely they are to recommend the company. Using the scale of one to 10, they identify the following:

- Detractors at scores zero to six
- Passives at scores seven to eight
- Promoters at scores nine and up

Some companies further simplify the process by classing customers who give a score of eight and up as their promoters and seven below as their detractors. Whichever route a company takes, it helps to identify how satisfied a particular customer is. When companies convert the scores into the index range, they can see how well they rank against their competitors in satisfying customers.

Some business owners also use NPS to manage the customer experience and ensure satisfaction. They do this by following up in person and online shortly after interacting with customers. If the score provided is less than desirable, customer service representatives can then take action to rectify the situation.

This can turn a low rank into a high rank and a passive customer into a promoter. It also reduces the likelihood of the customer blasting the company on social media or leaving bad reviews. Remember that some customers who will not recommend a specific company due to their experience may do the opposite instead.

Forbes notes that NPS also indicates customer loyalty. Customers that are more likely to recommend a company are also more likely to keep purchasing the product or service. A company can then spend fewer resources on retaining them than other customers. Loyal customers also cost less to retain than finding new ones.

Another *Forbes* article links the NPS score directly to business growth. If customers do not want to refer a business to a colleague or friend, then this is a good indicator that something is wrong. It also offers a prediction of limited future growth if the company doesn't make any changes to how it does business or manages the customer experience. Note that 85% of small business customers find out about the company by word of mouth.

Shortcomings of Relying on the NPS Score

A study by customer experience advisory firm Walker found that, by 2020, customer experience will become a bigger differentiating factor than the product or its price. When this happens, customers will have an even greater impact on what drives a business. Companies will then need to focus on improving this experience to earn loyal customers and their referrals.

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NPS does play a role in gauging and managing the customer experience. However, it barely scratches the surface. Here are some of the shortcomings that business owners identified over the years:

- It may encourage service staff to push customers to say they would refer the company rather than exhibit behaviors that would naturally make the customer do so without prompting.
- It fails to consider consumer demographics. Younger customers are more likely to refer a company than older customers.
- It may provide no explanation for why a customer would or would not recommend the company.

Effective Ways to Measure Customer Experience

Some managers believe that it is time to retire NPS altogether. Others believe that supplementing it with other effective measures may enhance the data it provides. Whichever metrics you choose, the important thing is to start with a strategy.

Managers often collect data for the sake of collecting it. They then rely on the most popular metrics to measure their own company performance. A much better approach is to start with a strategy. Consider the company's mission, vision and goals. Then, choose the metrics that align most closely with goals, while also evaluating the customer experience.

It is also important to focus on that experience. Too often, businesses begin and end their strategies from their own perspective. To create a better experience, businesses have to first understand the current experience. What is it like to use your own product or service? What is it like to speak with team members at the contact center? Do customers enjoy using your website or app?

These are essential to understanding how customers experience your brand and what metrics you should monitor to help you improve it. The following are some of the metrics you should consider.

First-Contact Resolution: As a well-known metric at contact centers, this determines the likelihood of a customer resolving their issue the first time they reach out to a company. Customers who get rerouted to multiple team members or who have to call back after realizing that the issue has persisted are more likely to become frustrated. To calculate this, divide the number of incidents resolved on the first try by the total number of incidents. The higher the FCR, the higher the customer satisfaction.

Average Resolution Time: This is another popular measure of the customer experience for call center managers. As the name implies, it determines the average time it takes for team members to resolve issues that customers may call, email or open a chat to rectify. The longer the resolution times, the more frustrated customers become. However, keep in mind that some industries naturally have longer resolution times than others, so it's important to compare apples to apples when looking up competitors.

Customer Churn Rate: According to an eBook published by CX Network, the customer churn rate identifies how many customers unsubscribed from your service or stopped buying your products during a specific period of time. Managers calculate this by dividing total customers lost at the end of that time period by the number of customers the company had at the start. Remember not to include new sales in the calculation.

Cart Abandonment Rate: If customers feel that you ask for too much information or you don't provide the payment methods they prefer, they may jump ship. Hidden shipping fees and taxes may also turn some people away. Cart abandonment is a strong indicator that something is unfavorable in the customer experience. *Forbes* recommends creating new strategies to make both the website and mobile experience more user-friendly.

Social Listening: This is an often-overlooked metric. As it is qualitative, it requires more interpersonal skills than analytics. It monitors what people say about your brand, product or service on social media. This often includes information customers may not share directly with the brand itself. Companies then have the opportunity to jump in and rectify the situation before it escalates.

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