

# IDENTIFYING AND QUANTIFYING THE MAIN DRIVERS OF NPS (NET PROMOTER SCORE)



## **Abstract:**

A leading South African Mobile Operator required assistance in identifying the key drivers of NPS, and to quantify by how much they affect / impact the final score.

The purpose and value of this insight was to provide the business with the ability to align initiatives and strategies with key drivers on NPS to achieve an improvement in the overall operator score. This resulted in a more focused and efficient business processes driving tangible improvements on client satisfaction and ultimately retention.

## **Client challenge:**

Net Promoter Score (NPS) is a prevalent and trusted metric used in a variety of industries for measuring customer loyalty. NPS measures the likelihood that an existing customer will recommend a company to another prospective customer. In its simplest form the NPS is derived from a single question that asks subscribers to use a scale of 0 to 10 to rate their willingness and intention to recommend the company onwards. The ratings of 9 and 10 are used to characterize 'promoters', ratings of 0 through 6 characterize 'detractors', and ratings of 7 and

8 characterize 'passives'.

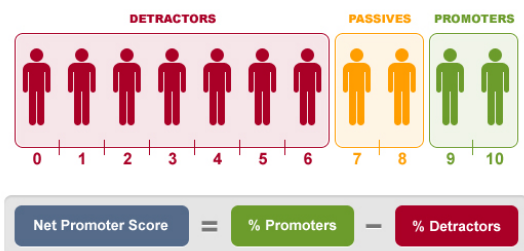
As illustrated below, the NPS is calculated as the percentage of respondents that are promoters minus the percentage of respondents that are detractors.

The general concept of the score is as follows:

- **Promoters** - are thought to be extremely satisfied subscribers that see little to no room for improvement, and consequently would offer persuasive recommendations that could lead to new revenue.
- **Passives** - begin to hint at room for improvement and consequently the effectiveness of a recommendation from a Passive may be muted by explicit or implied caveats.
- **Detractors** - are thought to be associated with negative experiences that might cloud a recommendation and likely scare off prospective new subscribers.

Subscribers from both the client and competitors were randomly sampled on a monthly basis and asked a series of survey questions. These questions included a host of functional and emotional questions as well as the NPS questions. The NPS score was subsequently calculated and monthly performance relative to competitors tracked over time.

The key challenge is that the NPS answer is driven by specific experiences or perceptions within the market, which is inferred to



through the list of qualitative questions that proceed it. In order for the organisation to understand which of the experiences or perceptions drive the NPS answer they would need to understand how the answers to the proceeding questions weigh or drive responses.

**How we helped:**

Business Science Corporation (BSC)'s main directive was to identify and quantify the main drivers of NPS for each of the clients package types, namely prepaid, post-paid and hybrid.

Subsequently, the aim was to simulate how changes in these drivers could potentially impact NPS, thus providing a simulation tool to direct business initiatives going forward.

In order to derive the key drivers of NPS, advanced statistical models were created to predict the likelihood of a subscribers being a Promoter, Passive or Detractor. Several models such as Classification Models (Decision Tree) and Generalised Linear Models (Logistic Regression) were created and the results compared.

*The figure below is an example of a multinomial decision tree model.*

Once the drivers of NPS were identified and quantified the simulation tool was created and tested against multiple real life scenarios relevant to both product design and campaign initiatives.

**Results & Value:**

The main drivers of NPS were identified, quantified and contextualised for the various business units. Workshops were then held with key stakeholders to ensure alignment of strategic initiatives going forward with that of the NPS drivers.

This resulted in a more focused and efficient business processes driving tangible improvements on client satisfaction and ultimately retention.

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