

Measuring Customer Experience: Combining NPS with Emotion Analysis



ADOREBOARD





Foreword

Academic studies suggest that Net Promoter Score isn't the best predictor of growth. In fact, companies must go beyond NPS in order to identify customer emotions to drive real improvement in customer experience.



"As we evolve we need to go further than NPS. A number on a scale doesn't ensure you are delivering a good customer experience. A true, deep understanding of your customer's emotions does that"

James Dodkins,
Chief Customer Officer, BP Group

"Understanding your customers better than anyone else and designing products, services or brand experiences that delight them at every stage is how you will win in today's digital age."

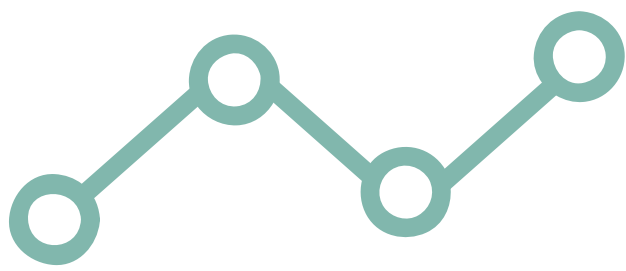
Chris Johnston
Founder & CEO, Adoreboard





3 Key Take-Aways

Emotion Analysis goes beyond NPS



MULTI-METRIC APPROACH

Using more than one measure of customer loyalty provides better and richer insights.



DELVE DEEPER

Adoreboard's Emotion Analysis tool Emotics provides a deeper layer of analysis of the what drives the emotion and motivation of consumers. NPS answers "what", Adoreboard uncovers "WHY"



GET THE BIGGER PICTURE

Emotion analysis captures the valuable information that NPS leaves out. Combining measures will produce an analysis greater than the sum of its parts - leading to clear and actionable, **DECISION READY INSIGHTS**



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Part 1

Introduction

What if you had a measure that could reliably tell you which customers would recommend your company to a friend? What if this measure could also enhance other useful and invaluable customer loyalty measures? And what if this measure boiled its succulent insights into a single score?

The Net Promoter Score (NPS) aims to diligently deliver on these 3 objectives. But the rise of the “activist customer” – whereby customer feedback and customer decision operate in a more instantaneous and active environment – means customer journey to purchase, retention and loyalty has been dramatically been disrupted.

Emotion Analysis can uncover the key emotions driven by marketing communications or products that effect customer experience and likelihood of repurchase or customer churn.

Understanding the factors driving key emotions such as Anger or Joy can provide valuable insight into customer behaviour.





Part 1: Continued

This e-book sets out the need to not only rethink your firm's approach to Net Promoter Score (NPS) based on academic research but also ways to fill in the gaps on understanding and actioning ways to improve firm performance.

Marketers need to adopt an activist customer mindset to avoid surprises at the end of quarter with survey findings such as **NPS** revealing poor performance. That's because the traditional barriers between customer and firm have been removed. Gone are the days when an irate customer penned complaint letters. Social media makes feedback **instant**.

That's the challenge for marketers operating in this new context is the ability to quickly identify **key drivers in the customer journey** and positively influence these immediately. Decision makers can't avoid to wait for end of quarter scores – by that time customers have voted with their feet and now enjoying better service from your competitors.

Based on our experience of working with global brands, we advocate a multi-metric model approach whereby metrics such as NPS are combined with **Adoreboard's advanced emotion analysis** to provide a complementary progress report on brand advocates and detractors. Analytics together with personalised marketing can play a role in shifting customer opinion and creating a **new and improved customer journey and experience**.

But it needs to happen **now**. Not next quarter.



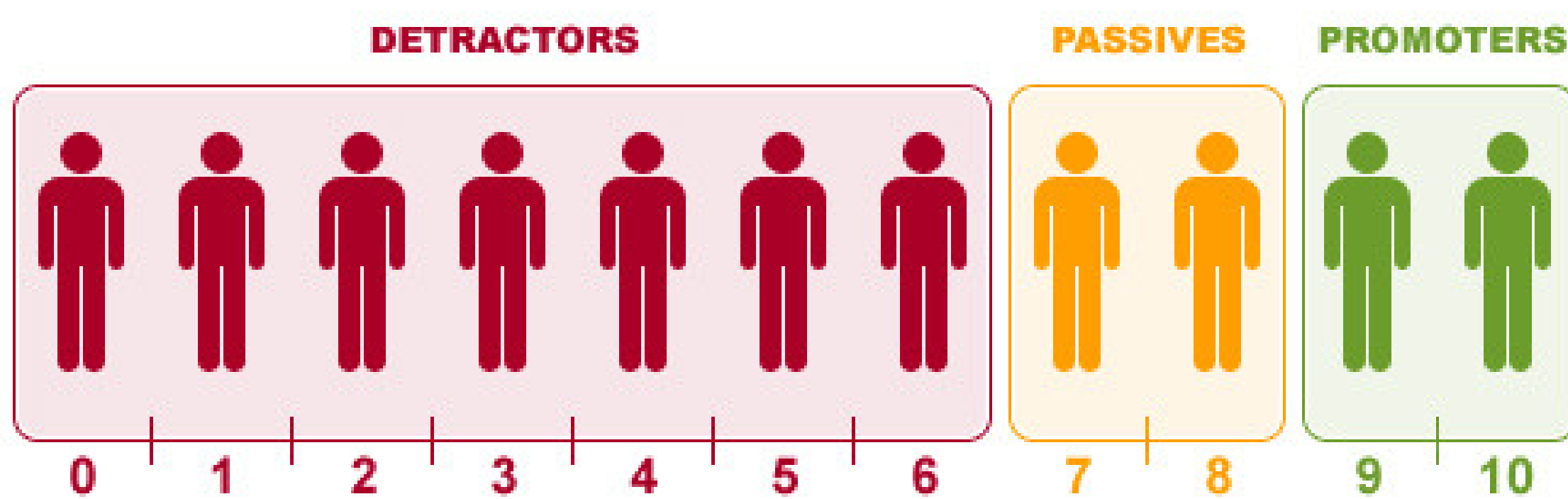


Part 2

What is NPS?

NPS is a metric which measures the likelihood of customers recommending a company or product to someone else. It asks a simple question to arrive at this important insight:

How likely is it that you would recommend [brand or company X] to a friend or colleague?"



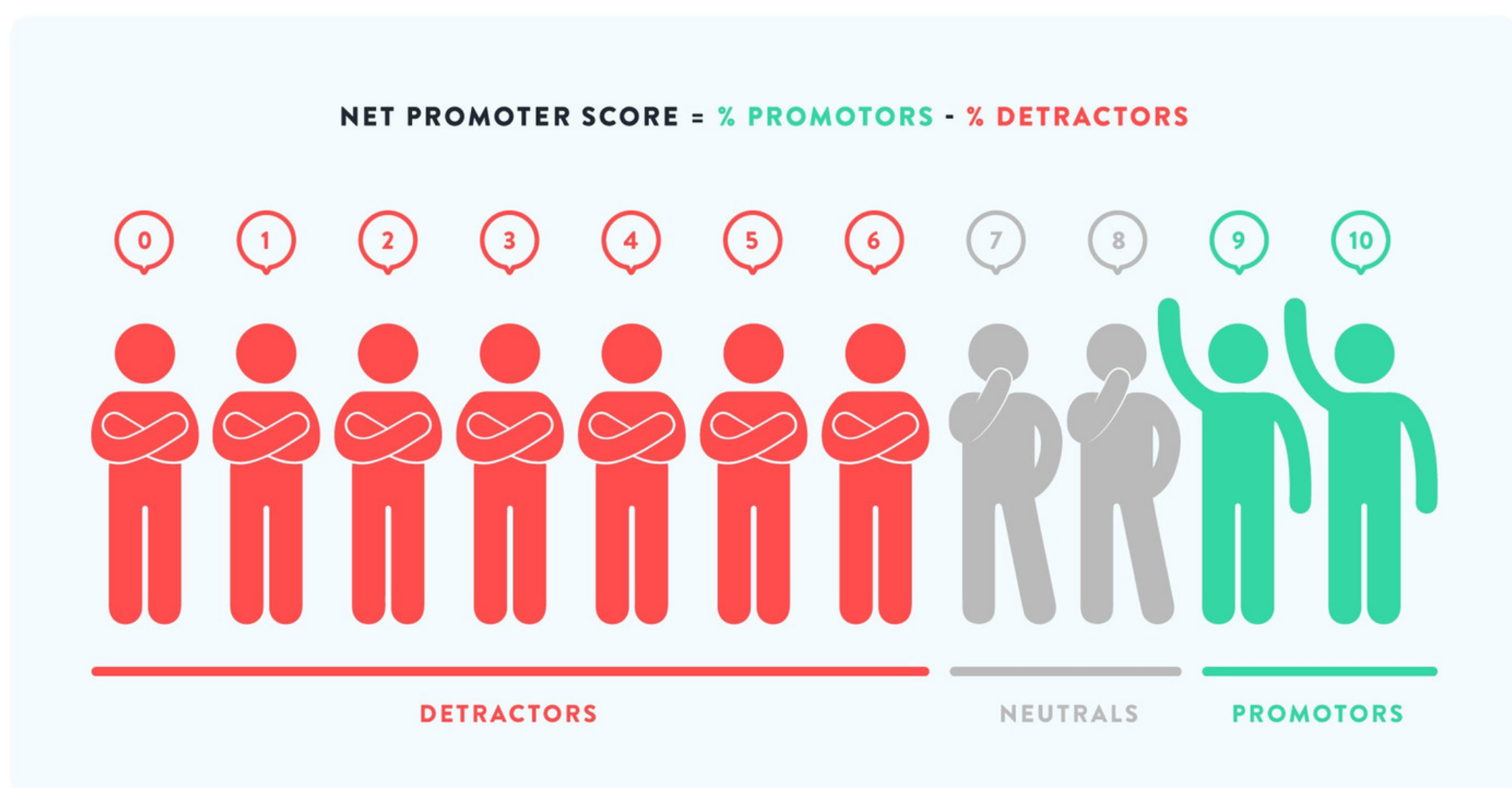
$$\text{Net Promoter Score} = \% \text{ Promoters} - \% \text{ Detractors}$$



Part 2: Continued

Answers for this question are given on an 11 point scale with 0 denoting NO willingness to recommend, 5 denoting a neutral willingness to recommend and 10 denoting an extremely likely willingness to recommend.

This scale then classifies respondents into several groups. Those who scored 9 or 10 are called 'Promoters', while those who scored 0-6 are called 'Detractors'.



An NPS score is calculated by subtracting the percentage of Detractor respondents from the percentage of Promoter respondents.

From this calculation, NPS can add to a company's ability to grow. By knowing the proportion of customers who would likely recommend your company via word-of-mouth, you will be able to quickly and cleanly see how your enterprise can grow and how much effort you can invest to grow this subset of customers.



Part 3

The Horizontal Analysis

NPS aims to promote company growth through one of the staples of human communication: word of mouth. Word of mouth has defined the success of stellar 21st century companies like Apple and Google. Essentially, if companies cultivate the subset of customers who would likely recommend their product, those customers will recommend the product to their friends.

They will do so in ‘natural’ settings like lunch breaks and on nights out. This recommendations will likely be taken more seriously and cognitively processed deeper than traditional advertising given the authentic nature of the recommendation. Customers will sell the products of the company on your behalf to their family and friends.

This is based on a trend we’ve identified known as horizontal influence, a technical term referring to how consumers now control when, where and how they consume media, as well as making decisions about purchasing.



Part 3: Continued

In summary, consumers are less trustful of brands.

As a result consumers are more active in seeking out information on brands on review sites, expressing their thoughts online or providing personal recommendations. This activism has made it harder for brand 'concepts' to resonate as consumers seek out more genuine and authentic brand experiences.





Part 4

How does NPS compare with other Customer Satisfaction Measures?

With the key benefits of NPS, does it translate into tangible business results? Academic research into this very question has uncovered interesting results about the effectiveness of NPS. One article published in the prominent Journal of Marketing attempted to test the hypothesis that the NPS was the “single most reliable indicator of a company’s ability to grow”.

Deploying over 15,500 interviews from 21 companies, the study compared NPS scores with other customer loyalty measures like NCSB (Norwegian Customer Satisfaction Barometer) score, overall satisfaction, ACSI and recommend intention. All these measures were correlated with the company’s revenue growth rate.



Part 4: Continued

Their results showed that NPS did not significantly correlate with any firm-type growth rate. But more tellingly, few of the measures when analysed on their own had a high or significant correlation with firm growth rate.

This implication – that measures on their own do not predict a company’s growth rate – was further supported by another research article

In this case a piece published in the [Journal of Database Marketing & Customer Strategy Management](#) in 2008 summarised the previous article and incorporated another one testing whether, “[NPS is superior to customer satisfaction and the latter has no link to growth](#)”.

The research compared NPS with ACSI and growth. ACSI outperformed NPS on two of the three tested correlations, showing NPS is not superior to customer satisfaction and that the latter [DOES](#) have a link to growth



Part 5

Emotion Analysis Enhances NPS

Near the end of the later article the authors report an experiment where they compared various customer loyalty matrices against customer retention in industries. In two industry models containing several variables, there was an improvement of nearly 20% from a single-metric model (employing only one metric) to the multi-metric model (employing several matrices).

This result shows clear evidence that using more than one measure of customer loyalty (or any complicated thing you want to measure) provides more and better information about customer loyalty.

When it comes to research accuracy, [more is more effective](#).

The reason for this is that more metrics will provide a more detailed and nuanced look into something as complex as customer loyalty and the likelihood to recommend.

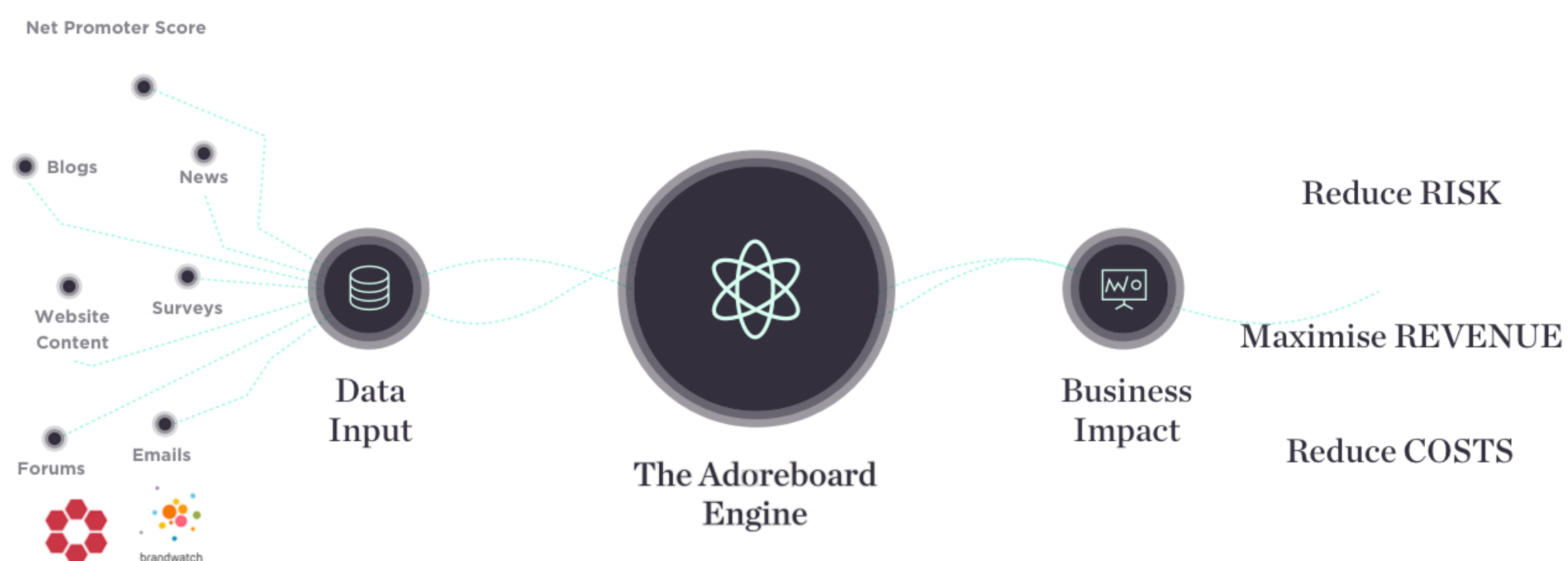
So this is where [Emotion Analysis](#) fits in!



Part 5: Continued

Adoreboard can fill that gap by combining with NPS and other matrices to help explain and predict a company's growth rate. NPS already analyses customer tendency to recommend, Adoreboard augmented with it provides a deeper layer of analysis of the emotional state and motivation of customers. If NPS answers what has happened, Adoreboard answers why.

This analysis captures valuable information that the NPS leaves out.



By combining these different measures together, a user would be presented with an analysis greater than the sum of its parts.

The unique and, sometimes, disparate matrices and measures would be combined to paint a greater picture of something as complex as customer loyalty and the intention to recommend a product to a friend.



Part 6

Three Real Life Examples

1. Working with a global technology provider, Adoreboard was deployed to provide a real-time metric of the **voice of the customer**. The Adorescore, our metric for customer advocacy, alerted to a significant reputational issues resolved in a way which **increased customer advocacy by 17 points**.

2. Working with a global airline, Adoreboard was deployed to use **predictive analytics** to enhance personalised marketing by enhancing the emotional impact of content resulting in a **13% increase in click through rates on online communication**.

3. Working with a global law firm, Adoreboard was deployed to measure its online reputation compared to competitors uncovering an insight to **drive advocacy and a competitive advantage** when recruiting for new talent.



Part 7

Conclusion

In an era of big data, increased complexity and activist consumers it is essential that the measures used are as detailed and multifaceted as the phenomena they claim to measure.

Customer emotions and behaviour are ever-changing. Therefore, it is important that businesses stay ahead of the curve to gain insights that provide a deeper understanding of the customer and in turn lead to an improved customer experience.

NPS and Emotion Analysis can be used together to provide this deeper analysis allowing businesses to deliver customer experience improvements immediately.



Thanks for downloading our E-Book!

NPS and Emotion Analysis can be used together to provide this deeper analysis allowing businesses to deliver customer experience improvements **immediately**.



If you would like more information about how our products and services can help you, please contact Gillian.

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We look forward to hearing from you!