CarMax Analytics Showcase Fall 2021

Net Promoter Score Information Sheet

What is Net Promoter Score (NPS)?

Net Promoter Score (NPS) is a measure of customer satisfaction and loyalty to a company. NPS scores are calculated based on a single question survey and reported with a number from the range -100 to +100. Aggregate NPS scores, along with additional data on the customer experience, help companies improve their products and services for increased customer loyalty.

How is NPS data collected?

An NPS survey asks, "How likely are you to recommend [Company X] to a friend or colleague?"

Respondents give an integer rating from 0 (not at all likely) to 10 (extremely likely). Depending on their response, customers fall into one of three categories:

- Promoters – score 9-10 and are typically loyal and enthusiastic customers, who will keep buying and refer others
- Neutrals – score 7-8 and are satisfied customers but not enthusiastic enough to be considered Promoters
- Detractors – score 0-6 and are unhappy customers who are unlikely to buy again, and may even discourage others from buying

How is NPS calculated?

NPS can be calculated overall or by segment. To calculate the NPS for a group of customers, subtract the percentage of Detractors from the percentage of Promoters.

For example, if 10% of respondents are Detractors, 20% are Neutrals, and 70% are Promoters, the NPS would be 70-10 = 60.

How is NPS interpreted?

A higher NPS score is desirable. Any score above 0 is "good" because it indicates that a business has more promoters than detractors. Any score below 0 is "bad" because it indicates that a business has more detractors than promoters.

Rather than trying to interpret a single aggregate NPS alone, it is often useful to compare NPS between different segments of customers or against industry standards. Companies often assess NPS data alongside customer interaction data to identify drivers and opportunities.

What does the CarMax data set include?

The data is a sample of 100,000 NPS survey results from customers who recently purchased a car from CarMax, along with data about their customer service experience. Each row or record represents one survey response. See the Data Dictionary for detailed definitions of columns/features.