Net Promoter Score Case Study

Business Objective:

You are a data science consultant to an e-commerce company. Recently they have created a survey team to understand more about the customers and by collecting their feedback, their intent is to identify customer behaviors and challenges proactively -- and reach out to empower them to succeed, instead of waiting for them to call with a problem.

One of the ways they plan to do this is by collecting customer net promoter score (NPS) data. By asking the customers how likely they would be to recommend their products to a friend, they benchmark their satisfaction, identify opportunities for customer delight, and most importantly, keep the lines of communication open on how to improve.

After the customer purchase their product, they send a follow up email like the one below:

Hi Rahul,

We love hearing from our customers and we'd appreciate if you could take just one minute to provide your honest feedback about experience with us so far, now that it's been a few days since you purchased. Your thoughts will help us build a wonderful customer experience as our team will read each and every response.

Thank you!

Calculate the NPS from the resultant survey data.

****

Analysis

To start analysis, you need the survey data. The data worksheet from "Customer_Survey.xlsx" includes response from each customer.

User ID	Question #1 Answer
1000024101	1
1001519740	2
1004831565	7
1005618752	2
1010465552	6
1013534798	10
1014052696	5
1015942627	6
1016147254	7
1019849602	10
102206570	4
1033457334	3
1037038522	6

Step 1: Categorization

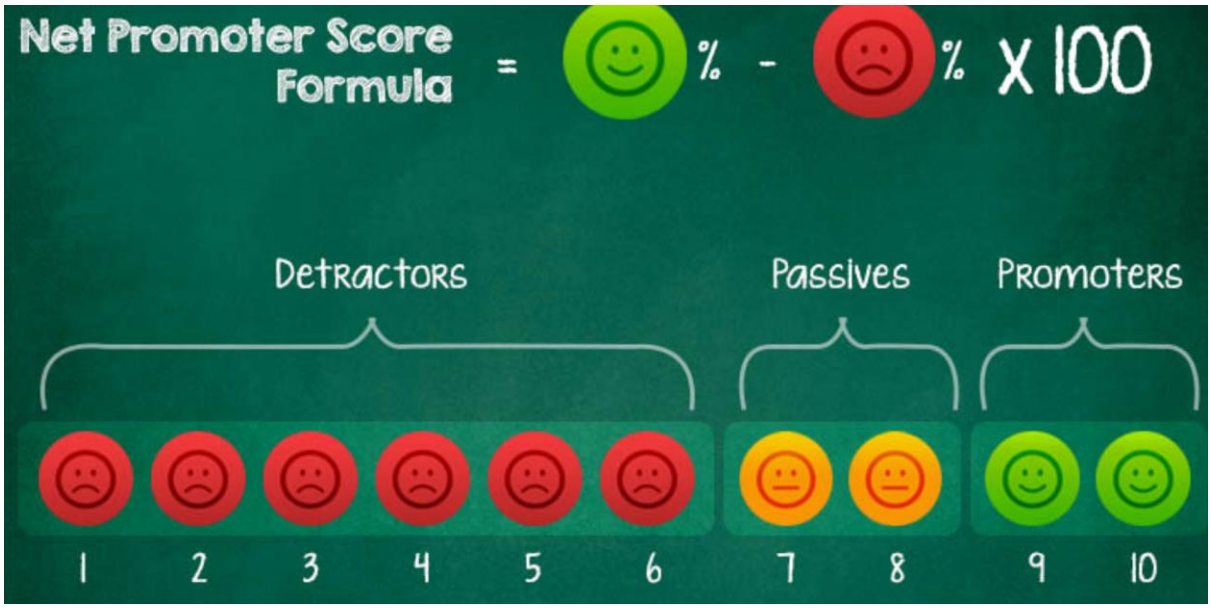
Once you've collected responses to the question, tally how many answers you have in each of the following categories:

- Promoters: People who respond with a score of 9 or 10
- Passives: People who respond with a score of 7 or 8
- Detractors: People who respond with a score between 0 and 6

As you may have already guessed, promoters are happy customers who will sing your praises to friends and family, while detractors are unsatisfied and not only might churn, but they could dissuade potential new customers from learning more about you. Passives aren't highly satisfied, so they're at risk of switching to a competitor.

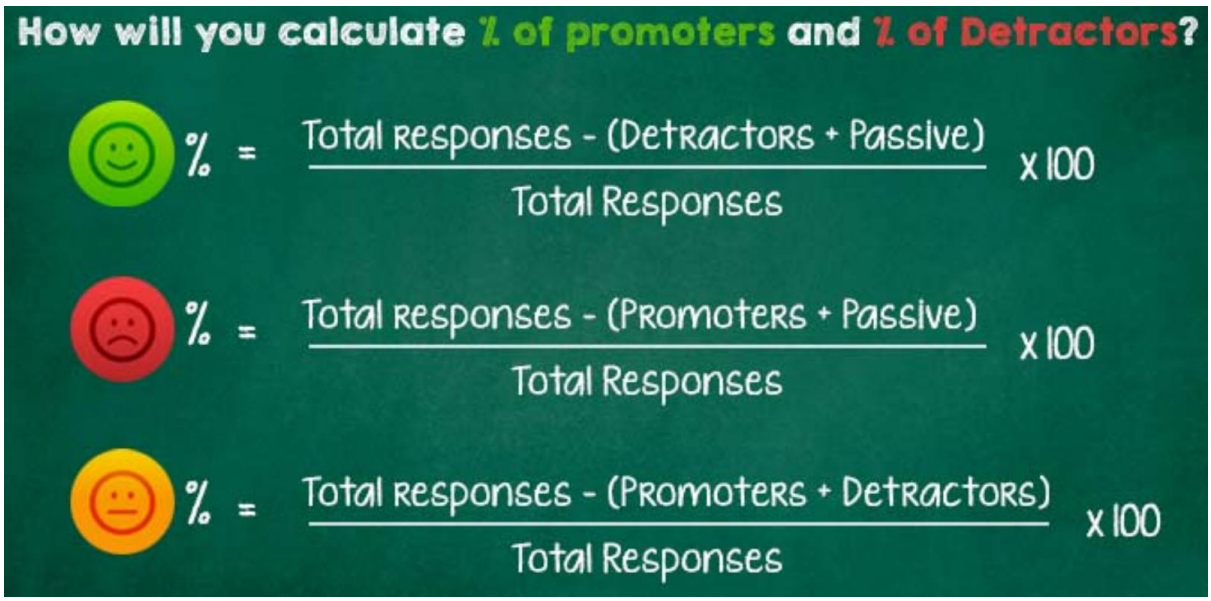
User ID	Question #1 Answer	Category
1000024101	1	Detractors
1001519740	2	Detractors
1004831565	9	Promoters
1005618752	2	Detractors
1010465552	6	Detractors
1013534798	10	Promoters
1014052696	5	Detractors

Step 2: Scoring



Determine what percentage of your respondents are promoters and what percentage are detractors. Then, subtract the detractors percentage from the promoters percentage to figure out your NPS.

If you survey 100 customers, and the result is made up of 70 promoters, 10 passives, and 20 detractors, your NPS would be 50.



Category	Responses	Responses (%)
Passives	192	19%
Detractors	629	63%
Promoters	184	18%

NPS	-44

Conclusion

First and foremost, your customer NPS gives you an idea of the level of customer satisfaction you've achieved thus far. The higher your NPS, the greater number of promoters, or happy customers, you have relative to detractors, or unhappy customers.

Customer NPS gives you a good benchmark to judge your customers' perception, and depending how high -- or low -- the number is, you can take action. If your NPS is low, why is it low? And if your NPS is high, great job -- now, how are you going to capitalize on that?

In this case, the satisfaction is very low so the company should start reaching out to these customers and understand how they can best resolve their issues and complaints.