Marketing Science

Rejoinder—Can Behavioral WOM Measures Provide Insight into the Net Promoter© Concept of Customer Loyalty?

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Rejoinder

Can Behavioral WOM Measures Provide Insight into the Net Promoter© Concept of Customer Loyalty?

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We examine the ability of the "Net Promoter" of Morgan and Rego (2006) measure constructed using behavioral word-of-mouth (WOM) data to provide insights into the Net Promoter© customer loyalty concept popularized by Reichheld (2003), which is indicated by a score constructed using attitudinal "intention-to-recommend" data. We show that despite differences in data and operationalization, the two measures are very closely correlated and behave remarkably similarly when examined relative to a third related variable, customer satisfaction.

Key words: word-of-mouth; customer loyalty; marketing strategy; net promoter; recommendations; customer satisfaction
History: Received: February 7, 2008; accepted: February 8, 2008.

Introduction

As the authors of "Net Promoter, Recommendations, and Business Performance: A Clarification on Morgan and Rego" state, the Morgan and Rego (2006) study was designed to be a comprehensive longitudinal assessment of the value of common satisfaction and loyalty metrics in predicting business performance. The inclusion of a word-of-mouth (WOM) "Net Promoters" measure in our analyses resulted from the fact that (a) we had access to data concerning customers' WOM behaviors for the firms in our data set, and (b) the business press and trade publications had made this a highly topical customer loyalty concept. We did not set out to address the logic, theoretical foundations, and measurement properties of the specific Net Promoter© metric advocated by Reichheld (2003) and SatMetrix (2004), and did not have access to data that would allow us to do so for the companies in our sample even if we had wanted to. However, since Net Promoter© had become a popular loyalty concept and we had data concerning customers' WOM behaviors, we believed that we could construct a behavioral measure (as clearly detailed in our original paper) that would allow us to provide some insight into the relative predictive value of the Net Promoter© concept.

How much insight our behavioral Net Promoters measure provides into the predictive value of the attitudinal Net Promoter© measure proposed by Reichheld (2003) is fundamentally a question of how closely the two measures are empirically coaligned. While we do not have attitudinal WOM data for the companies in our original sample, we have been able to gain access to such data (collected using the exact intention-to-recommend question wording advocated by Reichheld 2003) for over 28,000 customers of a number of different companies over time where we also have identical behavioral WOM data and customer satisfaction data to that used in our original study. As shown below, with a correlation of 0.973 our behavioral Net Promoters measure and the Reichheld (2003) attitudinal Net Promoter© measure are very

Figure 1 Behavioral "Net Promoters" Measure vs. Reichheld's NPS™ (Morgan and Rego 2006)
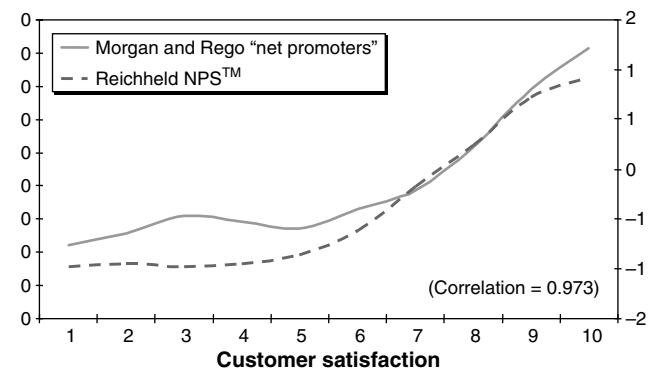
closely coaligned. This suggests that despite differences in data sources and operationalization between the two measures, the behavioral measure (and the # of recommendations variables, which it is based upon it) used in the original study (Morgan and Rego 2006) does provide valid insights into the predictive value of the Net Promoter$^{©}$ concept of customer loyalty.

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