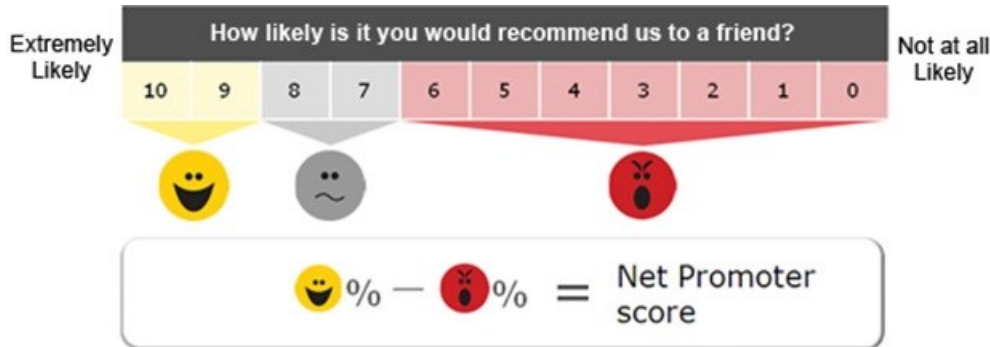


Applying Net Promoter Score to South African 'state of the company'

The customer loyalty and satisfaction measure the Net Promoter Score (NPS), established by Bain & Company in 2003, is an evaluation tool designed by Fred Reichheld, a partner in the company. It is a one-question survey, which evaluates how an organisation treats the people whose lives it affects. It measures the state of the company, organisation or product.



[NPS](#)

If one took South Africa as an investment destination, it would be as an example of an 'organisation'. If a robust and representative sample was asked, both globally and locally, "How likely would you be to recommend South Africa as an investment destination to a friend or colleague?" Then one used the NPS formula, explained below, one would probably get an accurate picture of the state of the nation, in investment terms at least.

In the NPS survey, customers are asked simply, "How likely is it that you would recommend company X, organisation X, or product X to a friend or colleague?" The question has a 1-10 rating scale for respondents to answer - with 10 being extremely likely to recommend and 0 being not at all likely. The responses are then divided into three categories: promoters, passives and detractors. The NPS is the percentage of promoters minus the percentage of detractors.

According to the company's website, "Almost a decade ago, [Bain & Company](#) set out to find a simple, practical and actionable indicator of what customers were thinking and feeling about the companies they did business with. We wanted a number that reliably linked these attitudes both to what customers actually did and to the growth of the company. We wanted, in short, to provide a basis for linking improvements in customer loyalty to business outcomes."

The [Client Heartbeat Blog](#) explains why NPS is important to businesses and lists six benefits companies can get from using it:

1. It measures, evaluates and builds customer loyalty;
2. It increases customer satisfaction;
3. It creates more customer advocates;
4. It gets customer feedback by closing the loop;
5. It reduces customer churn;
6. It drives revenue growth and boosts customer lifetime value

"Promoters account for 80% of referrals in most businesses and detractors account for 80% of negative word-of-mouth. Promoters generally defect at lower rates than other customers, which means that they have longer, more profitable relationships with a company. On average, an industry's NPS leader outgrew its competitors by a factor greater than two times."

Southern African success

Freshly Ground Insight (FGI) is a South African based market research company that operates throughout Africa and has the field force and analytic teams to competently conduct NPS surveys as one of the 'weapons' in its arsenal.

It has experience conducting NPS research in Botswana, Kenya, Mozambique and South Africa for various companies. In Botswana, FGI was asked to conduct an NPS study by Incite Consulting and the Botswana Post in 2013, as well as by the Botswana Bureau of Standards in 2014/15 and the Local Enterprise Authority in 2014. In Ethiopia, the NPS was commissioned through Deloitte to conduct the measure for PAIHL and in Kenya for the Kenya Broadcasting Corporation (KBC). In Mozambique, it did NPS research for Vodacom and in South Africa for Jeep and Brand Leadership for SANRAL.

Often NPS is just part of the research and FGI can conduct a full performance audit for companies that can be directed towards communication, customer service or brand development. An example is an organisation Marketing and Communication Strategy (MARCOM) review for a company.

"Communication forms an integral part of any organisation's effectiveness. Timely, yet flexible communications are an important strategic tool to build understanding around a company and increase the uptake of its products and services. In a MARCOM study we conducted in Botswana in 2012 the organisation had the primary goal of effectively promoting itself and its products and services, to ensure more visibility of the organisation to its potential and current customers," says Graeme Pitt, MD of FGI Africa.

The strategic objectives of this MARCOM study were to increase local and regional awareness of the service offering and brand and improve the image and reputation of the organisation. The study looked to find the best way to position the organisation brand and services as a worthwhile investment for stakeholders and to influence the purchasing process of the organisation's customers. In addition, retaining the existing and increasing customer base was important as was improving the organisation's competitiveness. The MARCOM study aimed to contribute to the organisation's knowledge management and to provide market intelligence to management for informed decision-making.

"The communication audit that we used interrogated the existing strategy in terms of what was working well, what was not, what might work better if adjustments are made. It has both evaluative and formative value; evaluative – it provides a 'snapshot' of where an organisation currently stands in terms of its communication capacity/performance. It is formative in that it also points to areas in which the organisation can strengthen its performance," continues Pitt.

The NPS was one of seven deliverables measured in a perceptions index. The others were overall performance/company rating, services, level of interaction (based on knowledge of the organisation) with organisation, reputation, performance attributes, and issue/dispute resolution.

The research report highlighted areas of strength, weakness and gave advice on how to improve both internal and external communications. Strategies needed to be put in place to increase customers', the public's knowledge of the organisation,

service delivery required improvement and communication to all the company's stakeholders required attention. One of the results was the employees had a much higher NPS than customers.

One might indeed find a similar result if the 'South Africa as an investment destination' NPS was measured as mentioned above and a well-researched and conducted State of the Nation Address would be one of the recommended communication strategies.

For more information, go to www.fgi.co.za.

For more, visit: <https://www.bizcommunity.com>