

CX 2.0 - Leveraging Text Analytics to Unlock Insights from NPS

Kellan Williams

In today's customer centric business environment, companies seek to measure and better understand overall customer satisfaction. Nearly all companies have some form of survey to measure customer satisfaction. In 2003 a new research method was introduced that has been widely adopted by nearly two thirds of all Fortune 1000 organizations, which is the NPS® or Net Promoter Score¹.

NPS Summary

NPS is based on how customers respond to one simple question: How likely is it that you would recommend [brand] to a friend or colleague? The answer can consist of 0-10 with a zero being "Not at all likely" to a 10 representing "Extremely likely". The NPS Score is then calculated as follows:



$$\% \text{ PROMOTERS} - \% \text{ DETRACTORS} = \text{NPS (NET PROMOTER SCORE)}$$

By subtracting the percentage of Detractors from the percentage of Promoters you get the Net Promoter Score, which can range from a low of -100 (if every customer is a Detractor) to a high of 100 (if every customer is a Promoter).

Most NPS questions however don't stop there. As with any broadly used customer satisfaction KPI, the score is just a measuring tool to understand how well the company is doing to delight the customer. To gain even deeper insights into why the customer gave a particular score, most companies will ask an open-ended follow-up question such as: "Care to tell us why?". This open-ended comment allows the customer the opportunity to explain exactly why they gave the specific score they did...and this is where the real power of the NPS score can be unlocked.

The Comment Conundrum

For many companies administering their transactional NPS survey could lead to many thousands if not millions of unstructured comments in response to the NPS follow-up question. For nearly all companies this presents a problem. Do I send these comments to different areas of the business to have them read them and respond? Do I hire a team and have them devote their time to reading each response and respond to detractors?

Historically, most companies dealt with this by having a few employees read through the comments and try to haphazardly describe what the customer expressed in their verbatims. While being marginally effective for small amounts of comments, this method is very time consuming, expensive, and labor-intensive. While the human brain is the best tool to quickly understand what a comment is saying and to quantify the varying degrees of satisfaction, there is one flaw to using this marvelous tool: each human processes a comment they read based on their experiences, feelings, understanding and personal context.

¹ Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Two people reading the same comment can have very different opinions about what it is really saying. This more random method is not very repeatable or even comparable.

The Solution

Text analytics is allowing companies to understand the what, the why, and the context around the NPS score. By using advanced NLP (Natural Language Processing) algorithms and the proper toolset, ANY company can gain the ability to truly start leveraging the voice of the customer like never before.

Sentiment analysis is one of the most powerful forms of text analytics available for NPS comments. It will uncover the true feeling each customer has towards your business. Powerful NLP tools allow you not only to get a feeling about what concepts your customer is talking about, but also give you the emotion behind their comments. These comments can be like gold to your organization, and companies that are equipped to leverage text analytics to mine the powerful voice of the customer can use the insights for strategy and decision making.

Sentiment analysis gives you a score (typically -2 to +2) representing strong negative to strong positive sentiment. As with the NPS score, just knowing that a customer gave you an 8, or that your NPS score is a 45 doesn't provide you with actionable insights. Likewise, knowing that customers talking about the concept of Service have an average sentiment score of a 1.56 isn't actionable by itself. The operational, transactional, and customer data you have on each customer provides you with the ability to look at your text analytics through different lenses and allow you to focus your efforts based on what question you are trying to answer, or what insight you are looking to glean. To gain insights, use a tool that allows intuitive and simple grouping of the key concepts to create impactful key categories that are important to your business.

Methodology

Just as with any metric, a sentiment score is not very useful unless you understand the context of why that score was given. As we just mentioned, knowing that a comment has strong positive sentiment of a 1.56 for a mention of service is nice, but without context it is more of a fact than an insight. However, if you know that the comment has strong positive sentiment on service and that the customer lives in Dallas, paid full price for your product, and has made purchases three times before, now you have some context!

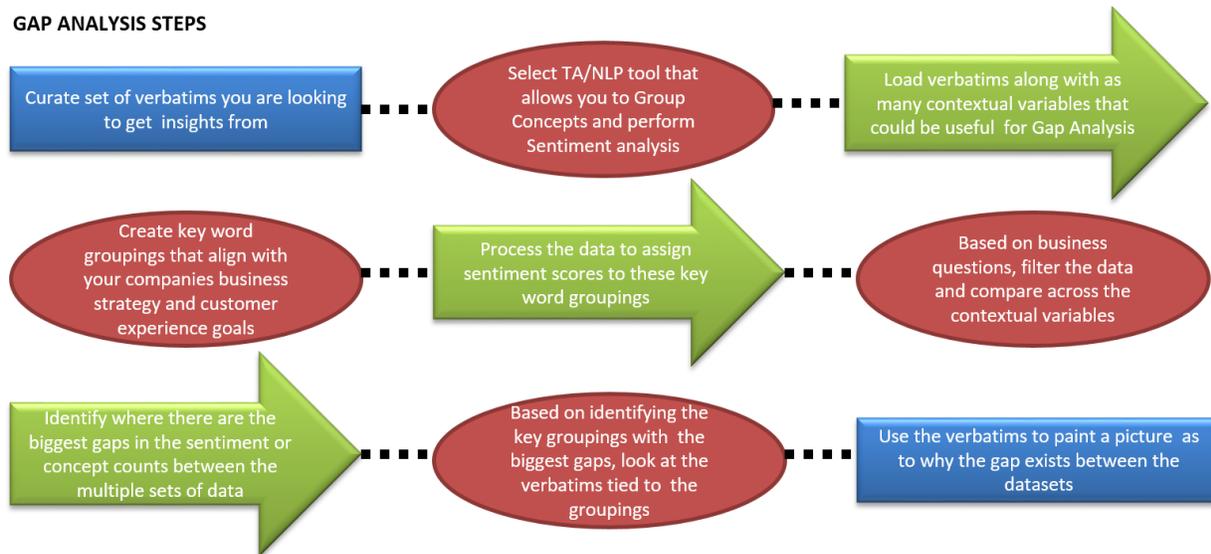
Now imagine, you have two strategic growth markets of Dallas and San Diego, and you are looking to increase sales and market share in both markets for the upcoming fiscal year. Naturally, a strong NPS and high customer satisfaction are correlated to revenue growth and a healthy business. What if you could use the comments your customers are already leaving on the NPS survey to understand the focus areas that could lead to increased customer delight? If you leverage text analytics properly and tie the right operational data to each respondent on the survey you can perform a gap analysis to quickly identify what aspects of your products, brand, service, etc. customers love the most or are wishing could be improved.

Suppose you know that for the last 6 months the average sentiment around Service in Dallas is a 1.56...is this good? Is Service something that should be focused on heavily to grow revenue and market share? It's hard to say just from the score of a 1.56. However, what if you know that 1.56 is 10% higher than how the average customer talks about Service with your company. Then you see that sentiment on product assortment is down by nearly -20% for Dallas when compared to the total company. Now you

have a point of focus that will allow you to further leverage text analytics to look at just the specific negative comments around product assortment to get context around potential opportunities.

This methodology of performing a gap analysis gets you quickly to the focus area that is going to have the biggest impact on both improving NPS as well as sustained growth and competitive advantage. Examining the 50 comments you have from detractors in Dallas quickly reveals that the local store is consistently low on certain sizes and colors that customers in this market want. This insight would allow you to change your allocation and demand planning process to ensure the right assortment is adjusted properly. This would likewise reduce negative sentiment and no doubt increase Customer satisfaction and overall NPS for your key strategic growth market.

GAP ANALYSIS STEPS



Iterative

Once you uncover the top two or three focus areas via gap analysis, act to improve what the collective voice of your customer says needs improved and reinforce bright points that lead to customer delight. When measuring the effectiveness of the changes you put in place due to the insights gleaned, resist the trap of expecting large moves in total NPS to be the validation of good decisions made based on the new insights. Instead, look to measure the sentiment improvement around the specific concept with which the new business change is associated. Many organizations overuse NPS and create a culture that expects every minor change in the customer interaction or experience to have a strong correlation to NPS improvement. Reinforce improvements in customer sentiment by extracting comments that speak to the customer view of the actions taken. Verbatim comments wield immense power in conveying the success of decision making to upper management.

Take this methodology and work on uncovering areas along the customer journey that can be tweaked or refined and continue to let the voice of the customer guide the direction in which you go. You will find that once you start leveraging the feelings, concerns, and observations the customer is relaying to you via your NPS verbatims, you can stop guessing about what the customer wants and just listen to what they are already telling you.

Beware of the Salesman

Nearly all current VOC tools are marketed as having text analytics capabilities. However, when you get down to it many times the text analytics is just a feature added on to the product suite that is not fully leveraging what advanced text analytics offers. Word clouds and charts can be directional, but accurate and well developed sentiment analysis will take your NPS program and customer insights to a whole new level. Pick a product that takes it past charts and graphs. The tool must provide quantitative ways to extract insights from your data. Charts and graphs are great, but to truly gain insights from your data their needs to be a methodical approach to understanding the context to extract insights.