

A person wearing a yellow jacket and a backpack is walking away from the camera across a suspension bridge. The bridge has wooden planks and metal railings. The background shows a dense forest of evergreen trees and snow-capped mountains under a cloudy sky. The lighting is soft, suggesting early morning or late afternoon.

Beyond NPS, What's Next?

Whitepaper on Net Emotion
Value and our subconscious
needs

Beyond NPS, What's Next?

The Net Promoter Score (NPS), based on customer recommendation intentions, is well-known to every marketer. Introduced by Fred Reichheld in 2003, this metric has become a global standard and is now the most widely used customer metric in commercial organizations.

However, the NPS framework is starting to show its limitations.

Even its creator, Reichheld, acknowledges this. Inquiry reveals that more and more companies eventually do not know how to elevate their NPS further. This whitepaper provides a clear overview of what NPS has accomplished and the practical challenges we face. But most importantly, it offers direction: what's next after the NPS era?

What Has NPS Brought Us?

1

In our view, a lot! Firstly, NPS has ensured that the customer's voice is heard in the boardroom. Many annual reports mention NPS, making it a widely recognized and acknowledged metric by numerous stakeholders. This has positively impacted the role of marketers, market researchers, and CX experts within organizations.

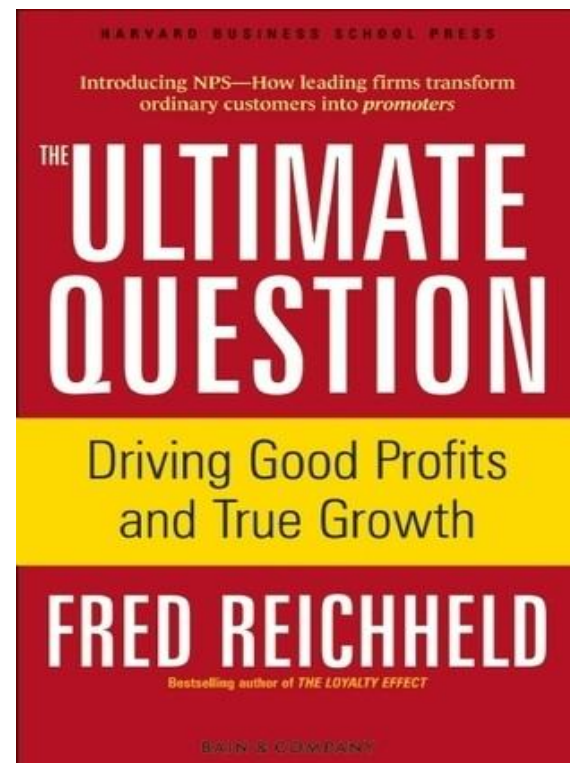
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The beauty of its simplicity: a few straightforward questions that give you an indication (and benchmark!) of customer loyalty. A promoter returns more often, buys more, costs you less time, and gives positive recommendations. Because of its simplicity, NPS was widely adopted. Organizations no longer needed an expensive research firm to set up customer measurements.

3

Finally, the calculation methodology behind NPS provides another significant advantage: sensitivity! Where we previously often had to look for a tenth of a point in a score to see any movement in customer satisfaction, we now had a metric that showed a shift of (many) points with the same difference in performance.

This has ensured that organizations have become more customer-focused. But it soon became apparent that there was also a downside to the success of NPS.



NPS questioning

The Downside of NPS and the Glass Ceiling

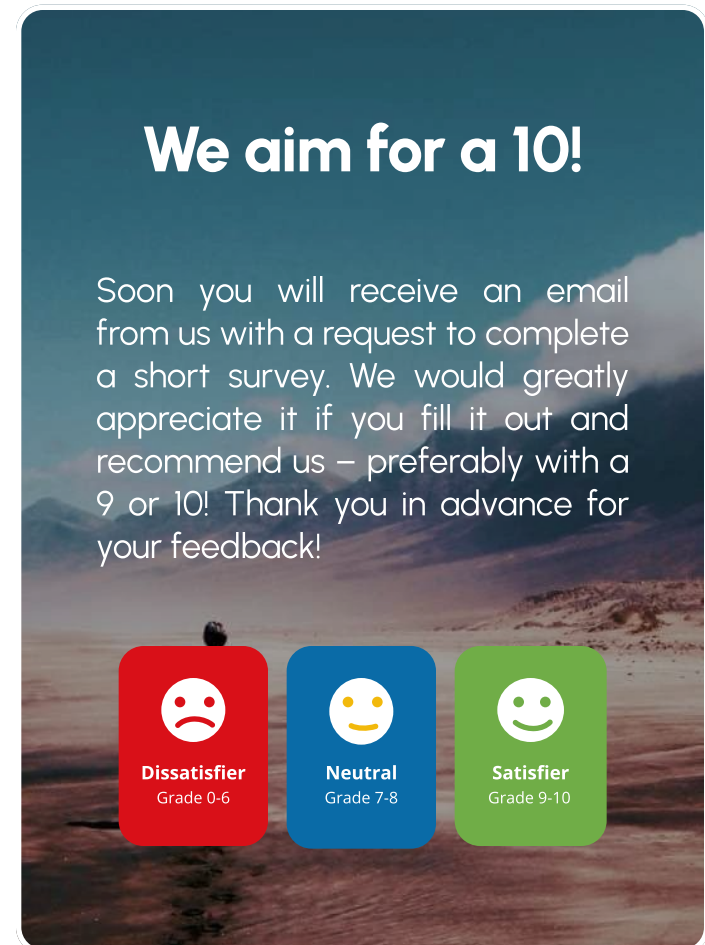
Those who use NPS must do it correctly. And that's where many organizations quickly went wrong. Customers were asked to fill in an NPS score indicating that if you are even somewhat satisfied, you should give a 9 or 10. Or where the scale from 0 to 8 was colored red with the caption dissatisfied and only 9 and 10 were green. Organizations quickly misused the score as a performance rating for their salespeople, account managers, KCC agents, etc. That has nothing to do with reliable customer research. This undermined the reputation of the metric.

We saw companies interpreting the calculation system in their own way. A 'European NPS' was invented, sometimes referring to the Calvinist Dutch: 'We don't give tens, so an 8 is also a promoter here'.

The much-praised simplicity of the NPS also sometimes proved disappointing in practice. There was confusion about relational versus transactional NPS. What is the difference? How do they relate? And which one will we publish in our annual report?

From that moment, companies lost sight of the basis for their NPS.

Meanwhile, more not-for-profit organizations embraced NPS; governments, government agencies, pension funds, etc. They created artificial questions like "Suppose you could choose your own pension fund, would you recommend us?" Although well-intentioned, this does not provide an honest picture of service quality. This is not how Reichheld intended it! Even companies that have carefully applied NPS all this time are increasingly hitting boundaries: the NPS seems to stagnate after a while.



Example of NPS manipulation

Whatever you do, it's like hitting a glass ceiling. And to be clear: that ceiling is not at the maximum NPS of +100!

Knowing that there must be more, but not knowing how to get there.

The open comments that customers provide on the NPS question no longer give any clues on how to improve the score. Everything mentioned has already been done or tried, and you make no further progress. The root cause (the answer to the question: what is the main reason you would or would not recommend us) offers no solution either. The choices made here match only half the time with the previously given open comments. This does not make it any easier.

We explain why this happens on the following pages. And you will discover how to approach it properly.



Back to Basics: What Is NPS Actually For?

It's all about grasping customer behavior! Organizations strive for today's customer to buy again tomorrow and preferably a bit more. And of course, they hope for warm recommendations to acquaintances to grow the customer base. If those customers also indicate what can be improved, the circle is complete. The assumption of the NPS concept is that you get a grip on that customer behavior. That with a few simple questions, you have all the input to positively change the behavior of your customers.

But predicting customer behavior is difficult. Or as advertising guru David Ogilvy said:

“ People don't think what they feel, don't say what they think and don't do what they say. ”

The impact of Daniel Kahneman

Unfortunately for David Ogilvy, he did not live to see Daniel Kahneman win the Nobel Prize in Economics (2002) for his groundbreaking research on human behavior. In 2011, Kahneman published his work in the book 'Thinking, Fast and Slow'² – which has had a huge impact on how we view human behavior. Kahneman describes how our behavior is driven by two completely different working systems in our brain: System 1 (Fast Thinking) and System 2 (Slow Thinking).

In short, Kahneman has shown that the majority of our behavior is driven by System 1, from subconscious needs, memories, beliefs, and emotion. The rational System 2, with which we make well-thought-out, logical, conscious choices, we use much less because it simply takes too much energy and time.

²Daniel Kahneman, Nobel Price winner in Economics in 2002

Daniel Kahneman,
Nobel Price winner in Economics in 2002.



How System 1 and System 2 work

Imagine doing all your daily shopping based on System 2. Calculating and logically reasoning through the supermarket, listing all meal options in an imaginary table from which you make a purely rational choice. That would be a full-time job and you would come home exhausted. Fortunately, we have our fast-functioning System 1, which has long made a choice based on what we feel like that day. Or we are guided by an offer in the store that catches our eye, allowing us to quickly put a delicious meal on the table.

System 1 works automatically and always, without costing much energy and it usually makes the right decision. That gives us a natural preference over System 2. But it also means we often have no idea why we do what we do.

We choose by feeling, intuitively. Why do we share this with you? Those subconscious influencers in the brain usually do not surface in an NPS measurement. So, we come to this conclusion:

Kahneman Versus NPS

To better understand the interaction or conflict between NPS and Kahneman's theory, we link them together. In the NPS measurement, it often goes wrong with the explanation of the given score (Why did you give a ...?). A score combined with a 'why question' triggers System 2. Respondents start calculating and reasoning and you almost always get a logical justification for why it is not a 10.

In the subsequent 'root cause' question, you get a list of reasons from which you choose the most logical one. But the real reason is not there because our choices are not logical because we are not rational beings!

System 1 | Subconscious | Fast thinking

- Intuitive, emotional, automatically, very fast, multitasking
- Based on drives and needs, memories, beliefs, associations

System 2 | Conscious | Slow thinking

- Rational, serial, reasoning, calculating, arguing
- Puts you on conscious, takes energy and focus

Kahneman's system 1 and 2



Dissatisfiers as a Result of NPS

That logical answering of questions means that we see mainly functional factors in the results of NPS measurements: the dissatisfiers. The special thing about dissatisfiers is that they cause customers to drop out, but removing those dissatisfiers does not lead to real loyalty, let alone a wow or 9+ effect.

Dissatisfiers are functional matters that should simply be in order; the customer expects no less. In the 1990s, Japanese professor Kano indicated in his Kano model that the factors causing excitement are different from the basic factors that remove dissatisfaction.

This is precisely why you cannot achieve a higher NPS after a certain level.

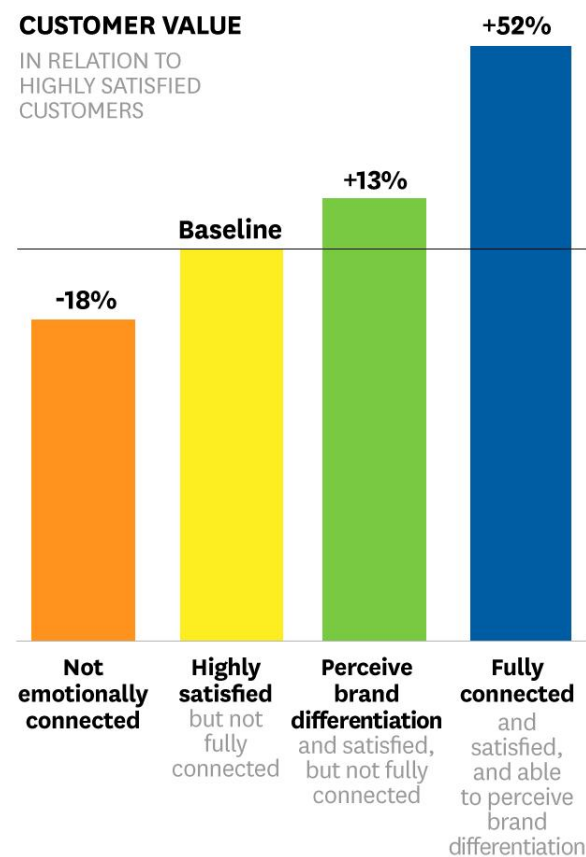
At the beginning of an NPS project, there is much to improve because the basics need to be put in order. But after a certain point, you lack the input to move to a higher level. You need to look for what Professor Kano calls Delighters.

These are high-impact motivators that create an emotional connection with customers and distinguish you in the market. This requires insight into System 1 of your customers: their subconscious emotional needs.

Emotional Connection Increases Customer Value

The article 'The New Science of Customer Emotions'³ published in the Harvard Business Review in November 2015 estimated the average added value of customers who feel emotionally connected to a brand at +52% compared to customers who are merely very satisfied.

That may seem exaggerated, but even if it were a quarter of this, most companies would be thrilled. This added value provides the incentive to look beyond NPS without immediately writing it off.



Emotional connection delivers customer value.

³The New Science of Customer Emotions', Harvard Business Review (2015)

Results from System 2 Research Are Poor Predictors of Behavior

Kahneman's insights call for a different view of market research. David Ogilvy was right! We cannot rely on what people say in a survey to match their behavior in practice. And the traditional market researcher who proudly presents a significance analysis or confidence interval may have done excellent calculations, but on 'System 2 information'. Unfortunately, this does not make the results a reliable predictor of behavior!

It has to be different. In our opinion, it starts with asking yourself: how do we measure the customer experience? Do we get information from System 1 or System 2? Do we delve into the subconscious brain to discover the behavior-determining elements there?

As a golden rule, you can assume that anything measured with numbers, score questions, or statements combined with Likert scales is predominantly answered from System 2.

If you want to break through the NPS glass ceiling, you must look for what happens in the context of your service or product in System 1 of your customers.



Example of a statement in combination with a Likert scale



⁴Likert, Rensis (1932). "A Technique for the Measurement of Attitudes". Archives of Psychology.



Subconscious Customer Needs: How Do You Bring Them to the Surface?

As early as 1990, Gerald Zaltman (Harvard Business School) developed his metaphor elicitation technique, briefly ZMET. He used images (photos) to delve into the subconscious brain of consumers. The images chosen by respondents proved to be a metaphor for their subconscious needs. With a qualitative interview technique, Zaltman managed to bring these deep needs to the surface.

Kahneman also confirms the effect of images on our brain. Our System 1 is highly associative. Visual information is processed lightning-fast in System 1 and triggers memories, needs, and emotions.

However, Zaltman's work has one significant limitation: it is a qualitative research setup based on intensive in-depth interviews.

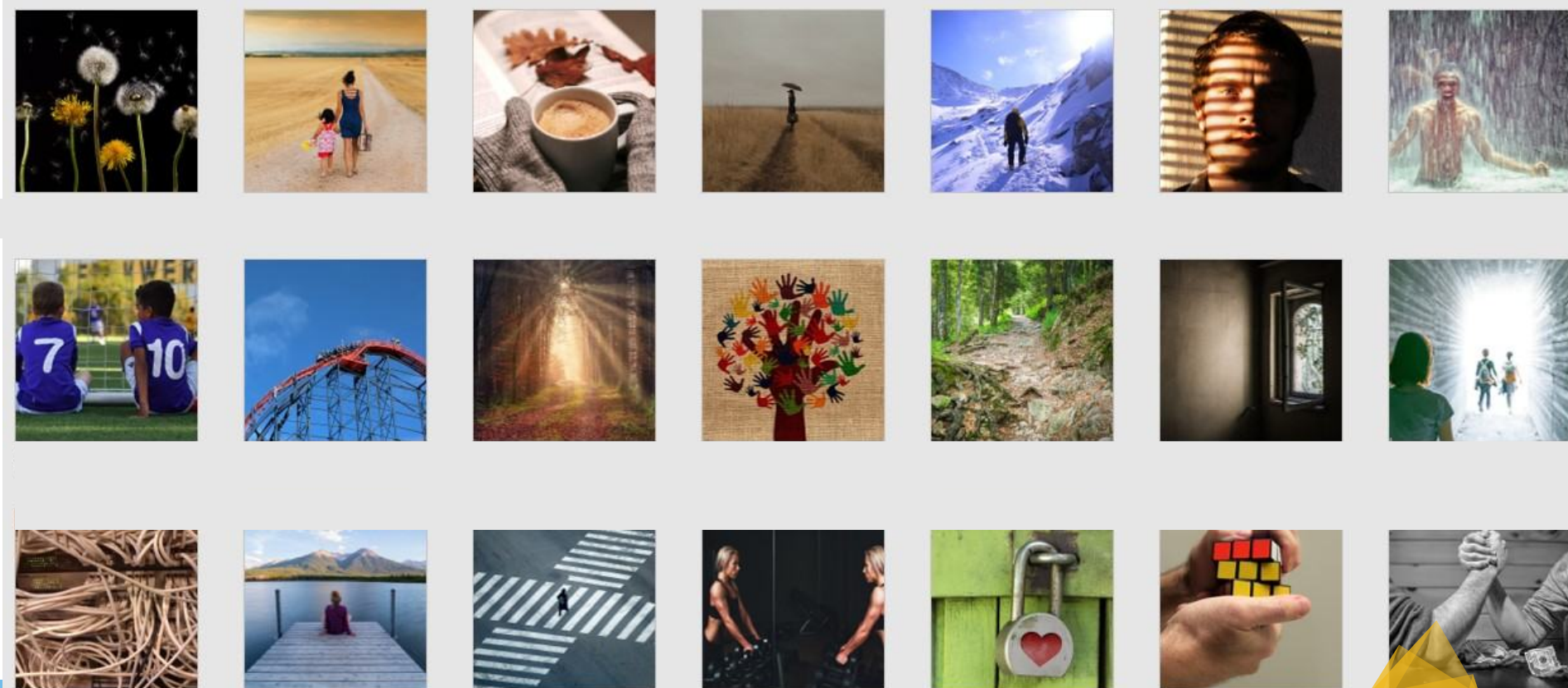
This makes the ZMET method expensive and not an alternative for large-scale NPS measurements. At the same time, the use of photos forms the key for the next step.

In 2015, we - Forum Research - started applying photos in quantitative research. In some ongoing NPS measurements, images were presented from which respondents made a choice and explained this choice. From the beginning, the explanations to the 'photo question' had a completely different tone than the explanation to the NPS question. The answers were more extensive and had much more emotional content.

They were much less about product characteristics or functional aspects of service and more about the impact of those services or products on the respondent. Among other things, about needs that were or were not met and what that did to the feeling.

*Example associative photos. Which photo matches your last vacation?
And what feeling does it evoke?*

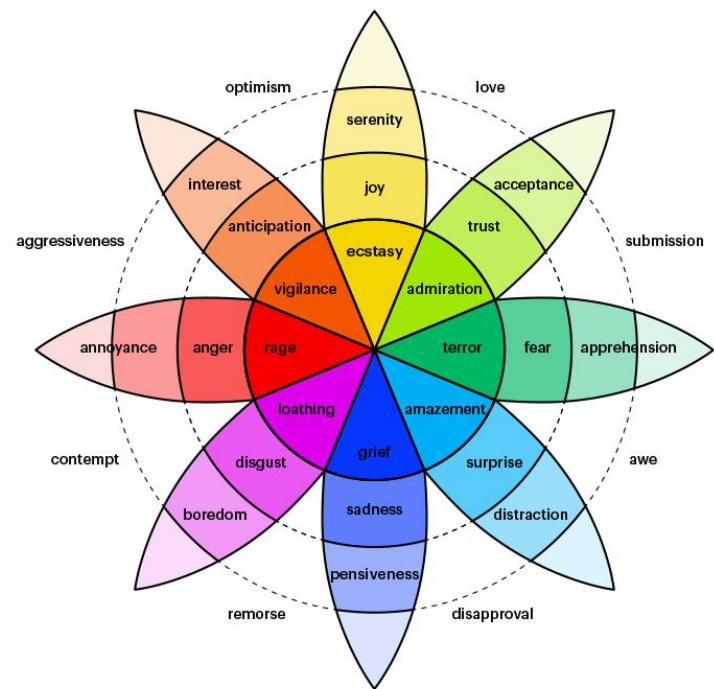
⁵Zaltman, G. and L. Zaltman, Marketing Metaphoria: What Deep Metaphors Reveal about the Minds of Consumers (2008).



The next step: from qualitative information to numbers.

Since we first applied photos in quantitative research, we have made enormous strides: we have continuously refined the photo sets we present and the questions used. But the biggest breakthrough is the application of AI (artificial intelligence) to the open explanations. This allows us to automatically and in real-time uncover the dominant emotion of respondents based on Plutchik's⁶ Wheel of Emotions.

We also identify the factors responsible for the emotion. And the typical thing is that these factors often do not come up in the NPS explanation.



Wheel of Emotions by Plutchik

Development of the Net Emotion Value

Based on the identified emotions, the Net Emotion Value (NEV) was developed as an alternative to NPS. The calculation method is similar: we take the share of strong positive emotions and subtract the share of negative emotions. The mildly positive or neutral emotions do not count; these are the passives in NPS terms.

We have succeeded in triggering System 1 in quantitative online research and quantifying emotions, memories, beliefs, and needs.

Or as a client recently aptly said: we have translated System 1 information into System 2-like graphs and figures, so organizations can work with it.

Since then, we have applied it to financial institutions, energy companies, healthcare, service providers, housing corporations, and government agencies. Among consumers, B2B relationships, stakeholders, and employees. We are very proud of that!

⁶ Plutchik, Robert (1980), *Emotion: Theory, research, and experience: Vol. 1. Theories of emotion, vol. 1*, New York: Academic.



How to Proceed with NPS?

The American firm Forrester Research⁷ calls NPS an 'outcome metric'. This means it is an indicator to measure the result of your efforts. They also mention that many organizations have other ways to measure the 'outcome': from their hard sales or conversion data.

According to Forrester, NPS falls short as an 'experience metric'. That is, it does not provide the information you need to learn and improve. According to Forrester, you need to measure three things for that:

1

The effectiveness of your service (getting the job done)

2

The perceived ease

3

The emotion that remains after the service or that one has towards the brand.

According to Forrester, emotion is by far the most important factor. We wholeheartedly agree!

Our advice: of course, you need to ensure the convenience and effectiveness of service. That is a basic requirement today. But be aware that this does not create a structural distinguishing ability.

⁷Forrester CX Index®

Discover what lies in the subconscious System 1 of your customers.



What are the subconscious needs of your customers in the context of your brand or market, and to what extent are these needs fulfilled?



What emotions does your brand and customer journeys evoke? And on which memories are these based?

In the journey to System 1, a world opens up for you.

This provides the input to build an emotional connection with your brand. The little things make a big difference in emotional experience, often without costing much money. We often see functional things that add nothing and on which you can save. In every System 1 study, we discover something new that the client did not know after years of research.

Finally, the metric: we realize well that NPS is now embedded in the fabric of many organizations and that you do not easily dismiss it. Measuring NPS is not wrong either, as long as you know the limitation. For organizations that want to go further and seek distinguishing ability: start working on measuring the Net Emotion Value (NEV).

Because it is precisely in the emotional experience that you can make a difference!

A photograph of a person in a yellow jacket and backpack walking across a suspension bridge over a forested area. The text is overlaid in white on the right side of the image.



Forum Research
Know what drives people



Mark Stohr

Mark Stohr, director of Forum Research. Research into drivers and Deep Emotion Tracking, which quantifies needs and emotions through an online feedback system, is developed by Forum Research and is the intellectual property of Forum Research.

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³ 'The New Science of Customer Emotions', *Harvard Business Review* (2015)

⁴ Likert, Rensis (1932). "A Technique for the Measurement of Attitudes". *Archives of Psychology*.

⁵ Zaltman, G. and L. Zaltman, *Marketing Metaphoria: What Deep Metaphors Reveal about the Minds of Consumers* (2008).

⁶ Plutchik, Robert (1980), *Emotion: Theory, research, and experience: Vol. 1. Theories of emotion, vol. 1*, New York: Academic.

⁷ Forrester CX Index®