NEW BAIN CERTIFIED NPS BENCHMARKS: COMPANIES CUSTOMERS LOVE

Introducing reliable, objective Net Promoter Scores for setting goals and priorities.



BAIN & COMPANY

Rob Markey leads Bain's Global Customer Strategy & Marketing practice. He is based in the New York office, and is coauthor of the best seller ***The Ultimate Question 2.0: How Net Promoter Companies Thrive in a Customer-Driven World.***

Bain Certified Net Promoter Score®, Net Promoter®, Net Promoter System®, Net Promoter Score® and NPS® are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Copyright © 2018 Bain & Company, Inc. All rights reserved.

Among Net Promoter® practitioners, the quest for good benchmarks has proven an important and difficult issue. Specifically, the challenge has been how and where to get reliable, executable benchmarks. After all, investing real time and resources to improve your customer experience requires knowing where customers rank you among your peers, and why.

Competitive benchmarking, objective, outside-in research that compares a company's Net Promoter Score® with those of competitors, plays an essential role in the Net Promoter System®. Benchmarks tell a company how it's doing, not just against direct competitors, but also against competing alternatives in the market. That knowledge helps leaders identify major threats and potential opportunities, so that they can set their strategic priorities, such as where and how aggressively to invest.

Our clients ask us a lot of questions about competitive benchmark Net Promoter Scores. For years, we've recommended that companies commission their own double-blind research studies through third-party firms, an effort that can be arduous and expensive. Executives have told us, however, that this research sometimes falls short—independent research firms sometimes stray from proper Net Promoter methodology. Often, they fail to get a large enough sample size to yield reliable analytics. In some cases, they've unintentionally introduced sample or responder bias. When it comes to setting strategic priorities and making investments based on competitive benchmarking, the details matter.

For that reason, we've partnered with J.D. Power and ROIRocket to develop the Bain Certified Net Promoter Score®, an objective, independent and reliable measure of customer advocacy. Applying Bain's best practices for Net Promoter survey design and feedback collection, we interviewed at least 3,000, and in some cases as many as 100,000, consumers per sector, to develop scores for companies in a wide range of industries. To create an accurate view of customer sentiment, we ensured that each company had at least 250 qualified respondents.

Within each category, we asked respondents to name the companies they patronize, and how likely they are to recommend each of those companies to a friend or colleague on a scale of zero to 10. We subtracted the percentage of detractors (who give ratings of zero to 6) from the percentage of promoters (who give ratings of 9 and 10) to calculate the Net Promoter Score. Most important, we followed up with the crucial "Why?"—allowing us to collect rich verbatim feedback that can help explain a company's relative position in its industry. We parsed our data out by region and, in some cases, used these feedback-collection opportunities to unearth other trends about buying behavior.

We've captured customers on the full spectrum—from a company's biggest fans to those whose bad experiences might have terminally poisoned a relationship. By collecting data through a qualified, neutral intermediary, we eliminate the sample and responder bias that invariably crops up when companies survey their own customers.

Bain Certified Net Promoter Scores allow a company to learn what customers think about its entire value proposition, not just their experiences at a single touchpoint, journey or episode. A higher score than the competition, even if it seems low in absolute terms, is a reliable indicator of future growth relative to a company's market. The opposite is true as well. We'll routinely update our Bain Certified Net Promoter Scores so that companies can gauge their progress over time.

For Net Promoter System companies, a competitive benchmark score informs big-picture decision making by executives on topics such as goal setting, investment priorities, talent allocation, technology upgrades and competitive strategy.

Without competitive benchmark scores, companies often make apples-to-oranges comparisons, using scores derived from data they collected from their own customers and benchmark data on leaders in other industries. A company in an industrial or commercial sector, for example, might inappropriately compare its internally derived score (from feedback its gathered through customer surveys) against a benchmark score for a leader such as Apple or USAA. This false comparison can be misleading.

Bain Certified Net Promoter Scores enable apples-to-apples comparisons among customers in a single sector, evaluating real alternatives on a like-for-like basis. A Net Promoter Score of 50 might seem to reassure a company that it's doing well with its customers. That score becomes less impressive, however, if all other competitors in its industry score between 55 and 75. Without the full industry view, a company might falsely assume that it's winning in its competitive set and become complacent. Conversely, with a low absolute score, it might conclude that it's losing and overinvest. Or worse, it might find itself blindsided by a market insurgent with a truly disruptive product or service.

To learn more about Bain Certified Net Promoter Scores, go to **http://www.netpromotersystem.com/benchmarks.**


B2B SALES STRATEGY & BRAND COMMUNICATION

1.

Who are the real industry leaders?

Through our J.D. Power and ROIRocket partnerships, we've analyzed more than a dozen industries in the US and selected other countries so far, including retail, banking, insurance and telecommunications. Most of the leaders are household names, but some fairly new companies are also winning customers' loyalty. A few trends are clear:

- Amazon had the highest score of any retailer across the board, earning the highest Net Promoter Score in the home products category. Amazon also took top position in the consumer electronics and sporting goods categories *(see Figures 1 and 2)*. We saw wide variation in scores across retail categories, swinging from deeply negative to solidly positive. In niche categories, such as children's clothing and pet food and supplies, consumers favored smaller retailers.

- Financial services remains a diversified industry, with some players specializing in only a few services. USAA earned the highest Net Promoter Score across financial services, followed by Fidelity Investments, which led in the full-service investor services category *(see Figure 3)*. While Net Promoter Scores were broadly positive across financial services, consumers had strong feelings about mortgage providers, with some earning the lowest scores in the industry.

- USAA, which provides coverage to members of the US military and their families, remains a customer favorite in property and casualty insurance *(see Figure 4)*. State Farm had the highest Net Promoter Score among life insurers, while the Kaiser Foundation Health Plan California was the top health insurer.

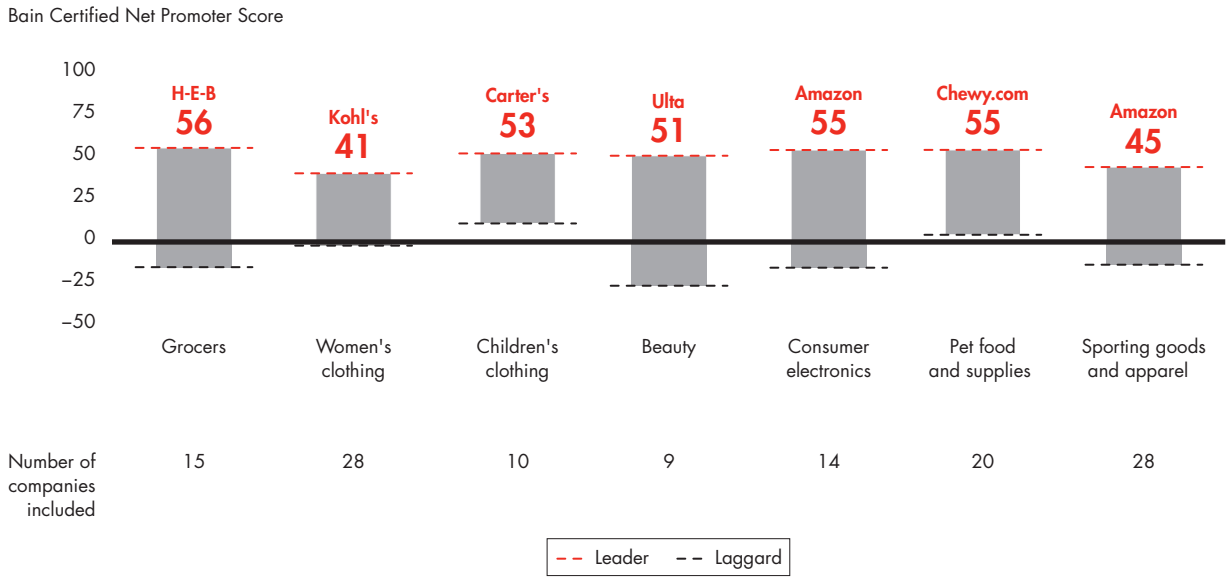
- Consumers were likely to recommend loyalty programs in travel and hospitality, especially those offered by JetBlue and Marriott *(see Figure 5)*. Despite popular notions about the pains of car buying, consumers reported positive feelings about their vehicles, with automakers Honda and Toyota leading in sales experience and vehicle dependability, respectively *(see Figure 6)*.

- Net Promoter Scores in home telecom services straddled zero, with Verizon leading in Internet, cable and home phone services *(see Figure 7)*. Consumer Cellular, a provider of prepaid mobile phone service, was the leading provider in the wireless category, which includes both prepaid and contract-based providers. T-Mobile had the highest score among wireless providers that require service contracts. Scores for US utilities that provide electricity and natural gas to homes and business were less than 50 *(see Figure 8)*.

- In Canada, consumers regarded automakers and retail banks positively, especially the car brand Lexus and direct bank Tangerine *(see Figure 9)*. Their views of telecom providers were mixed.

Figure 1

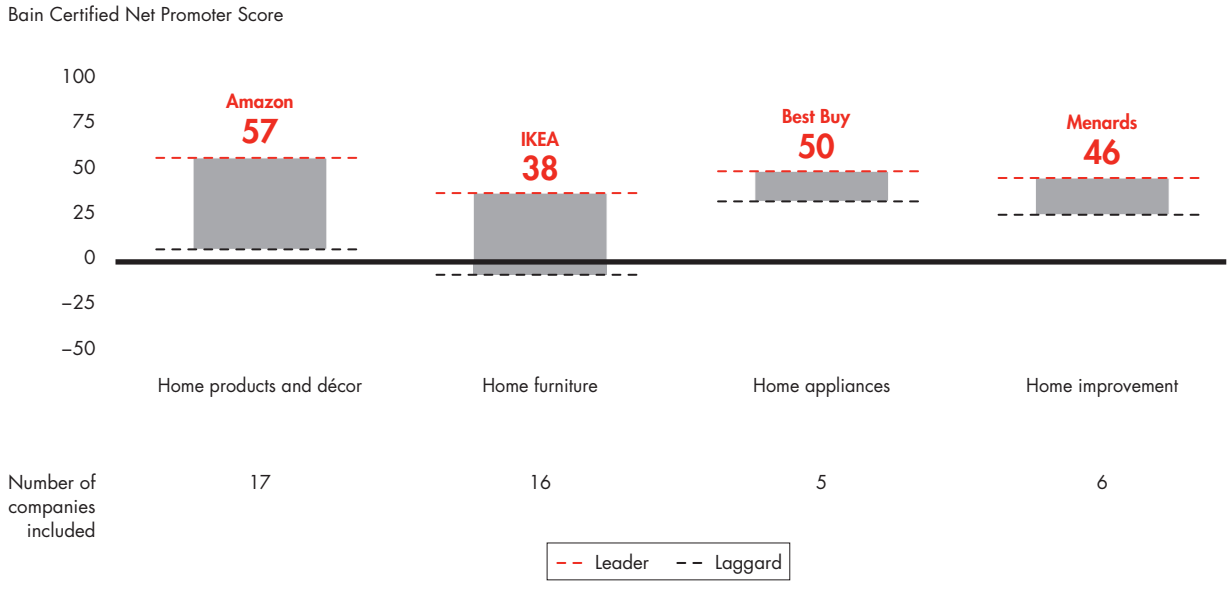
US retailer NPS benchmarks



Note: Each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Source: Bain/ROIRocket 2017 Advocacy in Retail Study

Figure 2

US home goods retailer NPS benchmarks



Note: Each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Sources: Bain/ROIRocket 2017 Advocacy in Retail Study; selected 2017 J.D. Power studies

Figure 3

US banking NPS benchmarks

Bain Certified Net Promoter Score

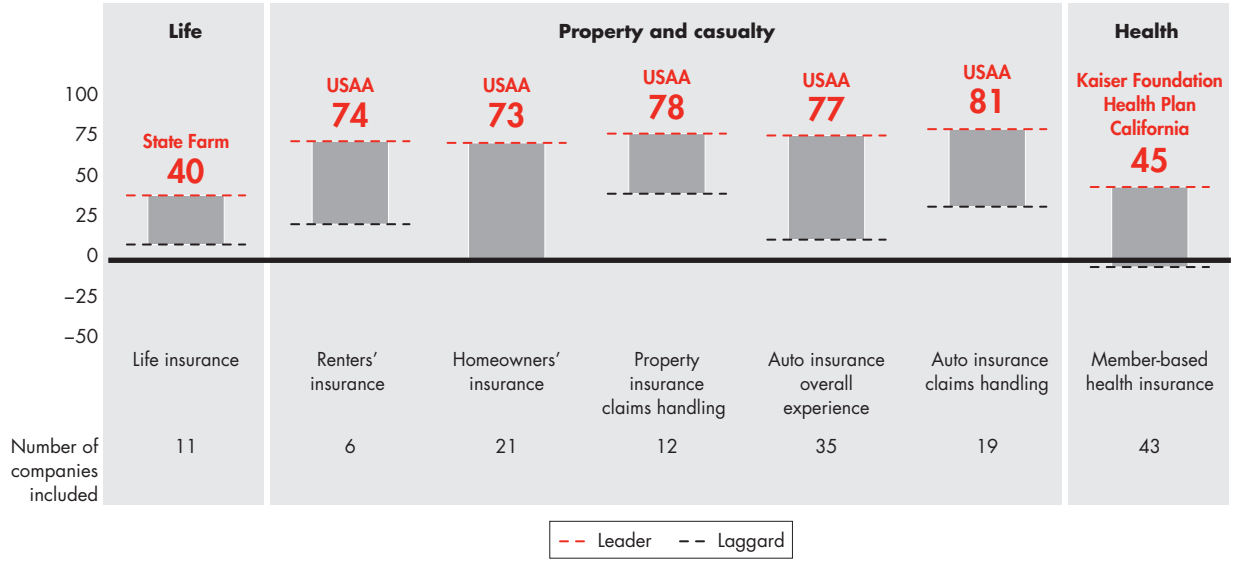


Note: Each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Source: Selected 2017 J.D. Power studies

Figure 4

NPS benchmarks for US life, property and casualty, and health insurers

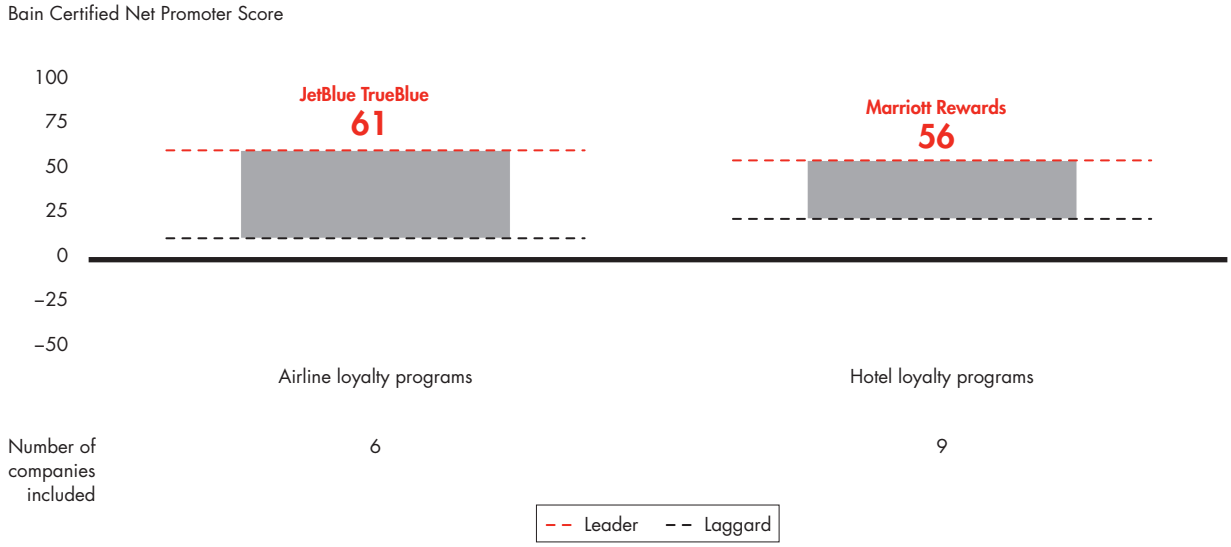
Bain Certified Net Promoter Score



Note: Each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Source: Selected 2017 J.D. Power studies

Figure 5

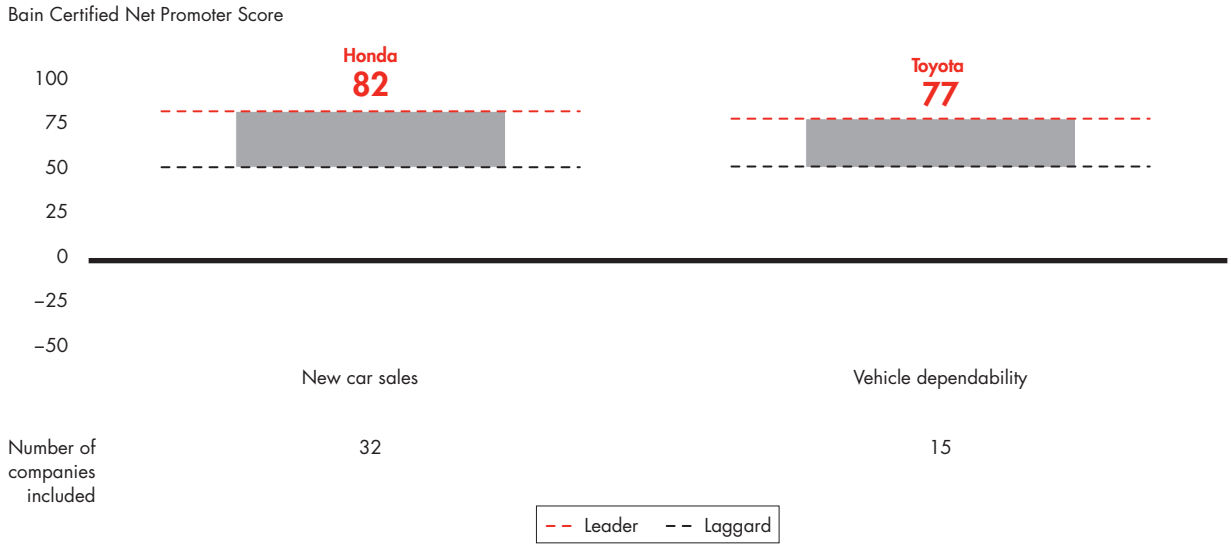
NPS benchmarks for US travel industry loyalty programs



Note: Each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Source: Selected 2017 J.D. Power studies

Figure 6

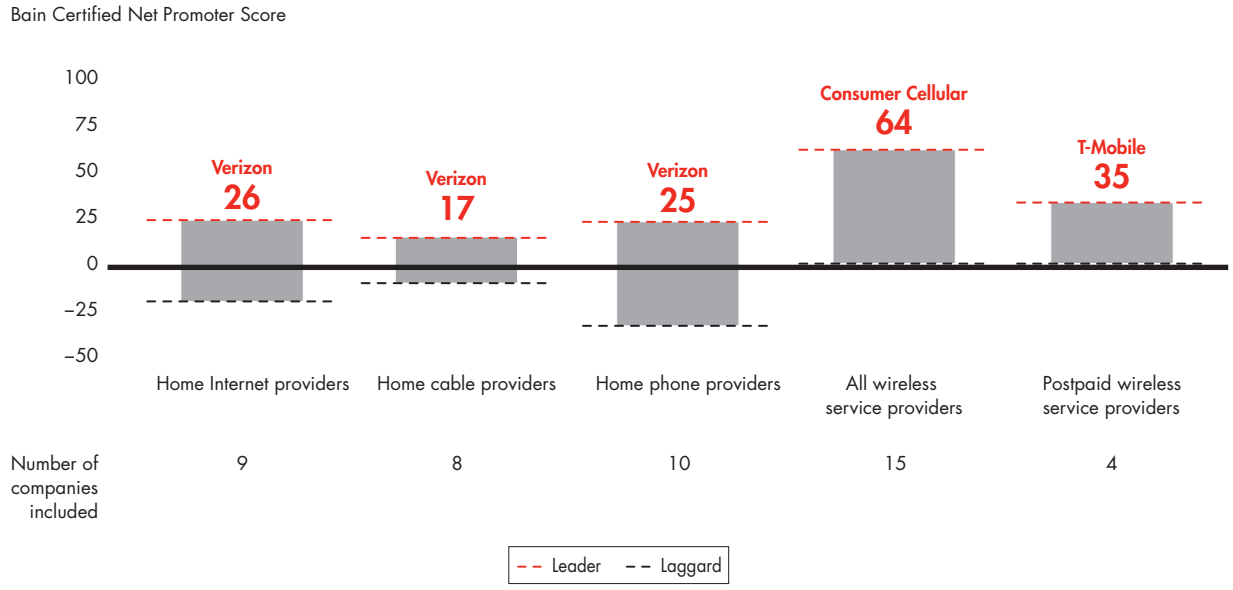
NPS benchmarks for automakers in US



Note: Each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Source: Selected 2017 J.D. Power studies

Figure 7

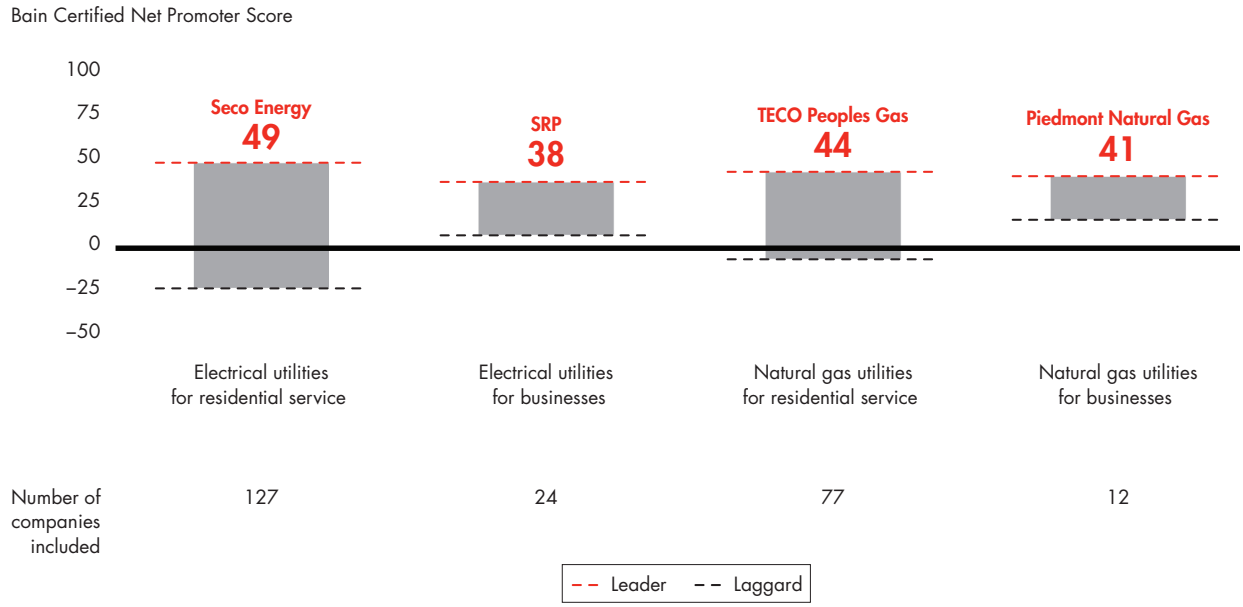
US home telecommunications NPS benchmarks



Note: Each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Sources: Selected 2017 J.D. Power studies; Bain/Research Now US Service Provider Quarterly Survey

Figure 8

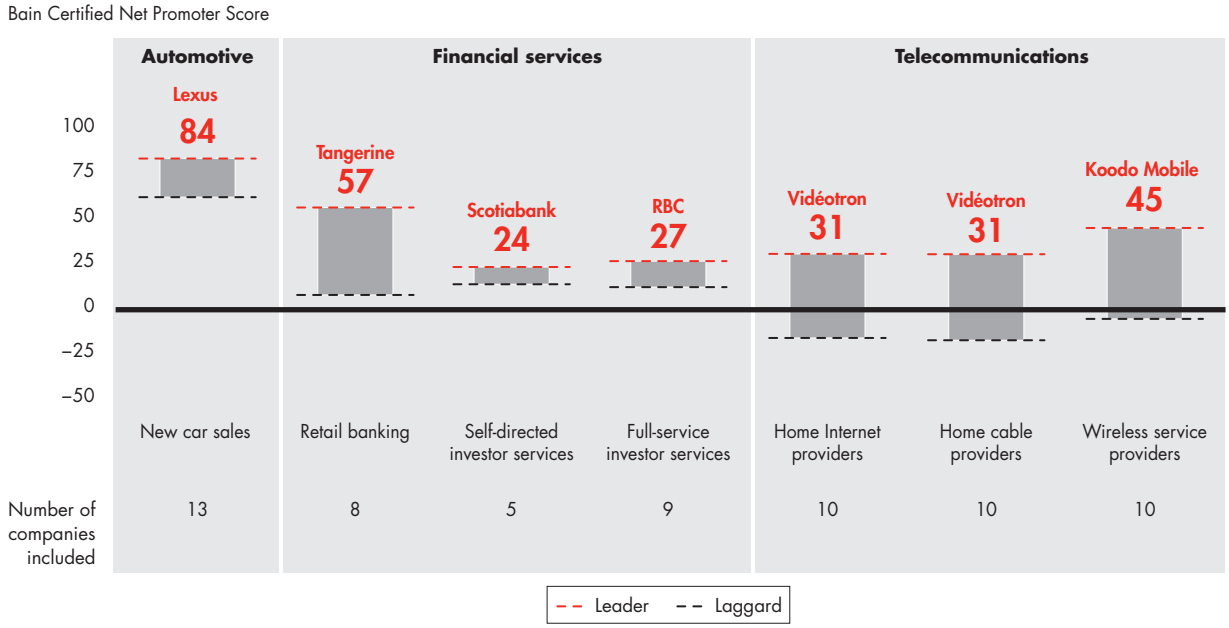
US utilities NPS benchmarks



Note: Each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Source: Selected 2017 J.D. Power studies

Figure 9

Canada cross-industry NPS benchmarks



Note: Each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Source: Selected 2017 J.D. Power studies


100
90
80
70

2.

It pays to create promoters

Do higher Net Promoter Scores result in stronger financial performance? The simple answer is yes, but consumer data collected through our retail work with ROIRocket shows exactly how promoters boost a company's bottom line. We also gained visibility into other key retail trends:

- It pays to earn customers' enduring loyalty. Retail customers who are promoters spend 3.5 times more than detractors, on average *(see Figure 10)*. In beauty, women's clothing, and pet food and supplies, promoters spend at least four times more than detractors.

- An omnichannel approach that successfully offers both online and in-store shopping experiences remains a winning strategy for retailers. Omnichannel customers—those who buy goods both online and through stores—spend 1.8 times more than customers who shop exclusively via one channel, on average *(see Figure 11)*. The gap is most pronounced in home products and décor, in which omnichannel shoppers spend more than twice as much as exclusively online or in-store buyers.

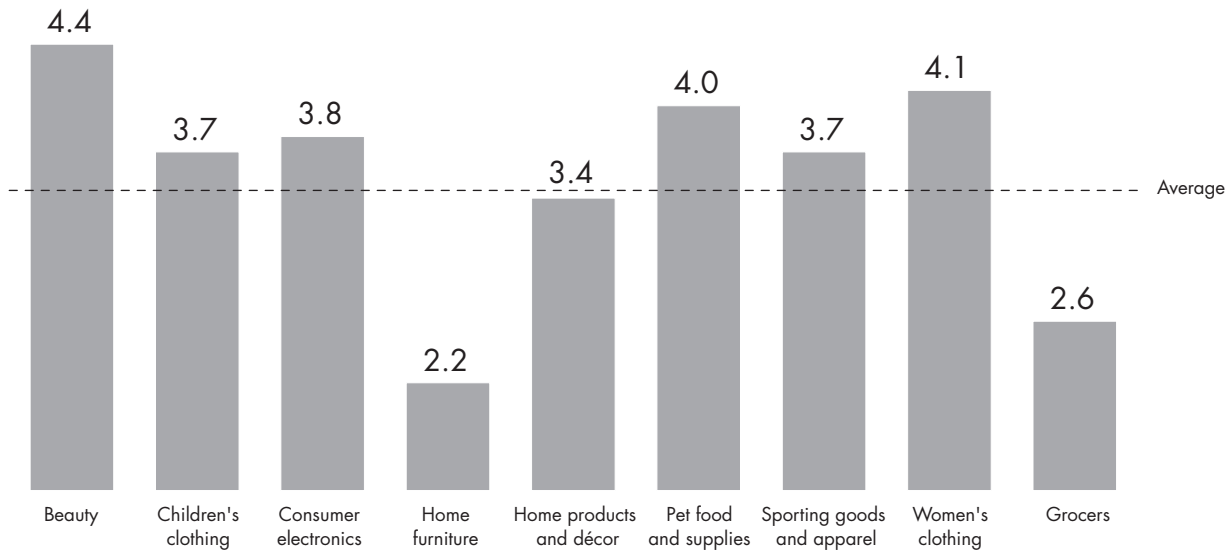
- Rewards programs succeed in opening shoppers' wallets—members spend 2.2 times more than nonmembers *(see Figure 12)*. This is especially true in the women's clothing, children's clothing and beauty categories.

- Shoppers who regularly read retailers' emails spend 1.7 times more than those who rarely open them, and twice as much as nonsubscribers *(see Figure 13)*.

Figure 10

Retail promoters spend 3.5 times more than detractors

Retailer spending ratio, promoters vs. detractors

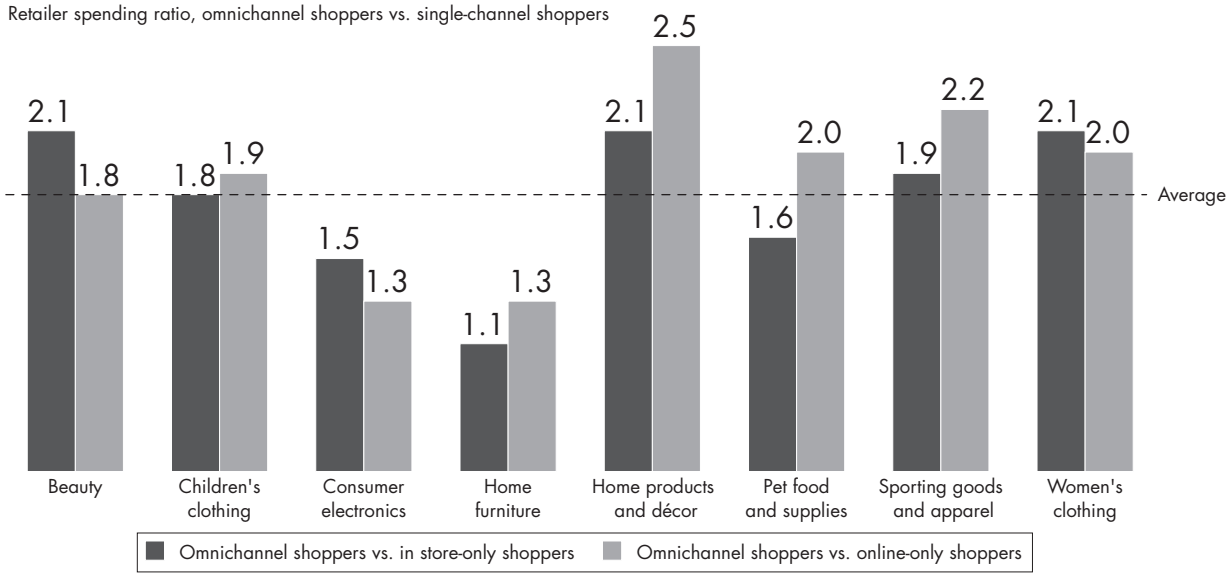


Note: Each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Source: Bain/ROIRocket 2017 Advocacy in Retail Study

Figure 11

Omnichannel shoppers spend 1.8 times more than those who shop through only one channel

Retailer spending ratio, omnichannel shoppers vs. single-channel shoppers

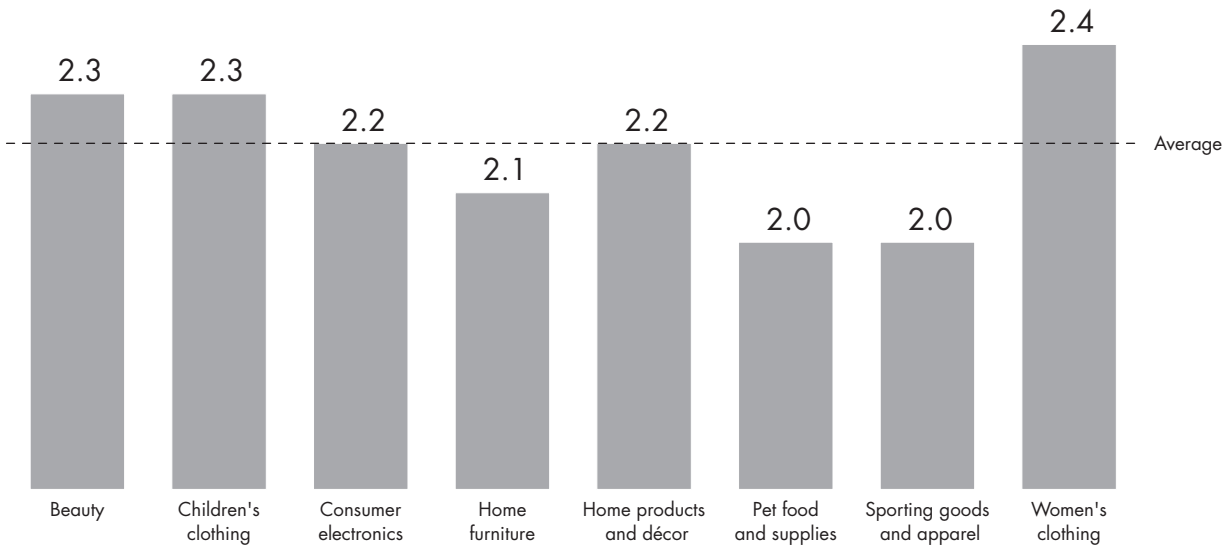


Notes: "Omnichannel shoppers" are defined as those who have made a purchase both in-store and online; excludes non-omnichannel retailers; each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Source: Bain/ROIRocket 2017 Advocacy in Retail Study

Figure 12

Retail loyalty program members spend 2.2 times more than nonmembers

Retailer spending ratio, loyalty program members vs. nonmembers

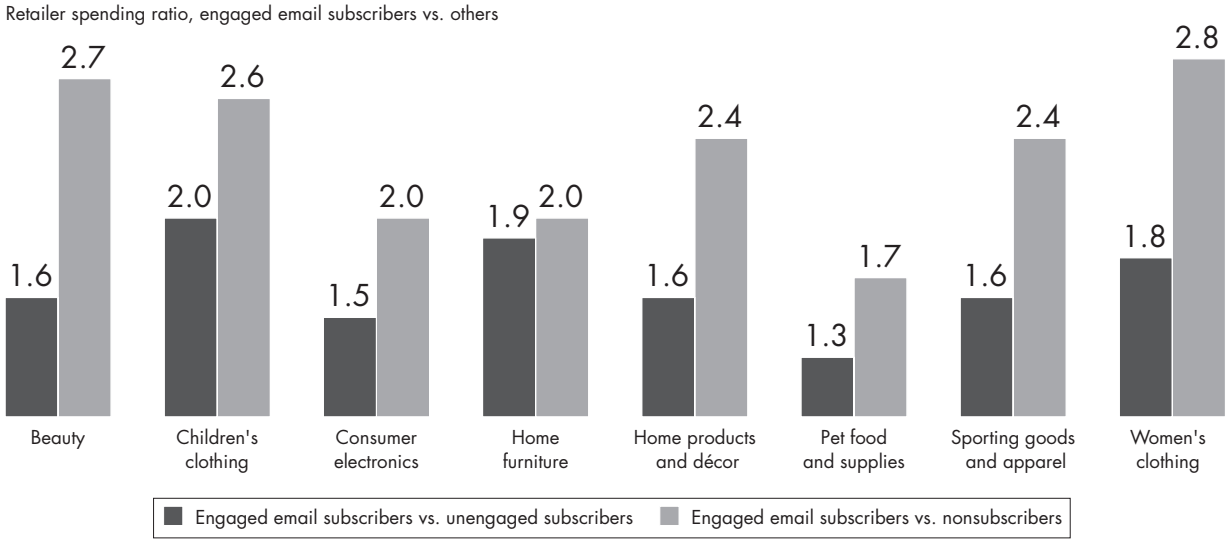


Note: Excludes retailers without a loyalty program or whose loyalty program requires a membership fee or credit card; each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Source: Bain/ROIRocket 2017 Advocacy in Retail Study

Figure 13

Shoppers who regularly read retailers' emails spend twice as much as nonsubscribers

Retailer spending ratio, engaged email subscribers vs. others



Notes: "Engaged email subscribers" defined as customers who receive retailer emails and always/often read them; "unengaged email subscribers" receive retailer emails but rarely/never read them; "nonsubscribers" have never subscribed to, or have unsubscribed from, retailer emails; each survey had 3,000 to 100,000 respondents, and every company had at least 250 respondents.
Source: Bain/ROIRocket 2017 Advocacy in Retail Study

Shared Ambition, True Results

Bain & Company is the management consulting firm that the world's business leaders come to when they want results.

Bain advises clients on strategy, operations, technology, organization, private equity and mergers and acquisitions. We develop practical, customized insights that clients act on and transfer skills that make change stick. Founded in 1973, Bain has 56 offices in 36 countries, and our deep expertise and client roster cross every industry and economic sector. Our clients have outperformed the stock market 4 to 1.

What sets us apart

We believe a consulting firm should be more than an adviser. So we put ourselves in our clients' shoes, selling outcomes, not projects. We align our incentives with our clients' by linking our fees to their results and collaborate to unlock the full potential of their business. Our Results Delivery® process builds our clients' capabilities, and our True North values mean we do the right thing for our clients, people and communities—always.



For more information, visit **www.bain.com**

Amsterdam • Atlanta • Bangkok • Beijing • Bengaluru • Berlin • Boston • Brussels • Buenos Aires • Chicago • Copenhagen • Dallas • Doha • Dubai Düsseldorf • Frankfurt • Helsinki • Hong Kong • Houston • Istanbul • Jakarta • Johannesburg • Kuala Lumpur • Kyiv • Lagos • London • Los Angeles Madrid • Melbourne • Mexico City • Milan • Moscow • Mumbai • Munich • New Delhi • New York • Oslo • Palo Alto • Paris • Perth • Rio de Janeiro Riyadh • Rome • San Francisco • Santiago • São Paulo • Seoul • Shanghai • Singapore • Stockholm • Sydney • Tokyo • Toronto • Warsaw Washington, D.C. • Zurich