

RESEARCH STRATEGY REPORT

# USING NET PROMOTER SCORE TO PRIORITISE CSPs' DIGITAL PROJECTS AND IMPROVE CUSTOMER EXPERIENCE

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## About this report

This report explores the relationship between Net Promoter Score (NPS),<sup>1</sup> which measures customer satisfaction, and Analysys Mason's Digital eXperience Index (DXI), which measures how far a CSP's systems have come in terms of their digital transformation. Establishing the relationship between these measurements enables communications service providers (CSPs) to understand the impact that new digital projects will have on customer experience.

This report uses the NPS data gathered as part of an extensive consumer survey commissioned by Analysys Mason<sup>2</sup> and compares this with Analysys Mason's DXI results, generated from our research in August 2016 with leading telecoms operators.<sup>3</sup>

There was little or no correlation between the two measurements at a consolidated level when comparing CSPs NPS vs DXI. For each CSP due to a number of factors, but primarily due to the lack of data points for the DXI measurements. However, subsets within the NPS data revealed differences between subscribers of different ages in terms of how they marked NPS for the same carrier. This research assumed that young subscribers (18–30 years old), who are more digitally knowledgeable, would mark digital CSPs higher; therefore producing a better DXI score. The comparison of the NPS results given by younger and older subscribers (31–50 years old) with the DXI results (indicating the digital maturity of each CSP) revealed a weak correlation between the two indicators. This report explains the logic and conclusions associated with this finding.

<sup>1</sup> Net Promoter Score is a trademark of Fred Reichheld, Bain & Company and Satmetrix.

### KEY QUESTIONS ANSWERED IN THIS REPORT

- Should CSPs add more digital capabilities to improve customer experience?
- Should NPS be used as measure of how digitalised a CSP's user experience is?

### WHO SHOULD READ THIS REPORT

- CSPs that want to improve customer experience through the deployment of new customer-facing applications and functions, and how to better predict the relationship between new systems and NPS.
- Vendors engaged with customer experience management (CEM) or equivalent projects within CSPs.

<sup>2</sup> Source: Analysys Mason's *Connected Consumer Survey* data, compiled in July and August 2015.

<sup>3</sup> For more information, see Analysys Mason's [Introducing the Digital eXperience Index \(DXI\): measuring the CSP-to-DSP transformation journey](#).

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## Executive summary

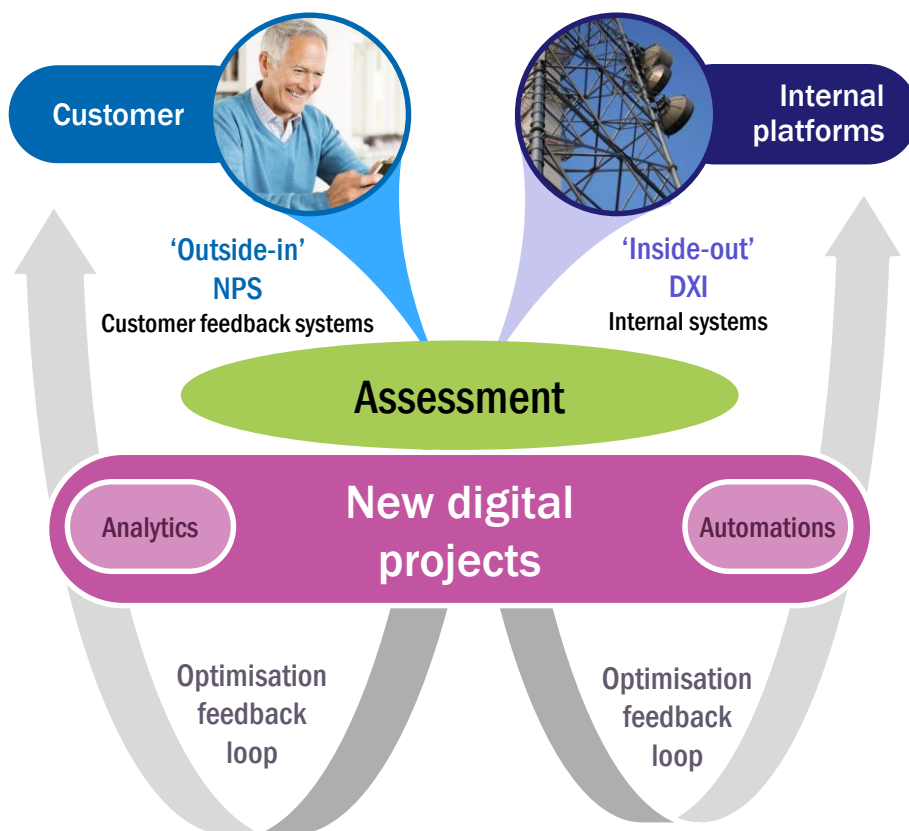
**In order to improve customer experience, CSPs should use customer feedback derived from NPS to inform their decisions about which digital projects merit investment. Where customers are already satisfied, new projects can either be delayed or cancelled because they will have little or no impact on revenue.**

NPS is the external feedback provided by users about their customer experience, whereas the DXI represents an internal (inside-out) assessment made by each CSP about its own digital capabilities.

Analysys Mason has studied current NPS and DXI market data to understand how these measurements can help CSPs to understand which new digital projects to prioritise. In combination, these two measurements can be used to provide a guide for CSPs about which digital projects will have an impact on customer satisfaction and experience. This report also uses these two measurements to assess the correlation between customer satisfaction and the digital maturity of CSPs' operations.

Although the correlation between NPS and DXI is not strong, our comparison of these results has revealed that younger subscribers (aged 18–30 years), who are generally heavy users of digital functions, are more satisfied with the digitalisation of their CSP than older users (aged 31–50 years). However, given the sample size, the results were not strongly conclusive and may mask the digital impact of other factors. For example, young and old subscribers tend to score lower NPS across all markets, which needs to be accounted for when considering the relationship between NPS and DXI.

Figure 1: Using NPS and DXI to identify the 'sweet spot' for digital projects



Source: Analysys Mason

## Projects need to be prioritised based on their ability to improve customer experience, and not simply because they add new digital capabilities

**CSPs that wish to become digital service providers (DSPs) must be careful not to add costly functionality without a clear understanding of the benefits that will be delivered, particularly in relation to customer experience.**

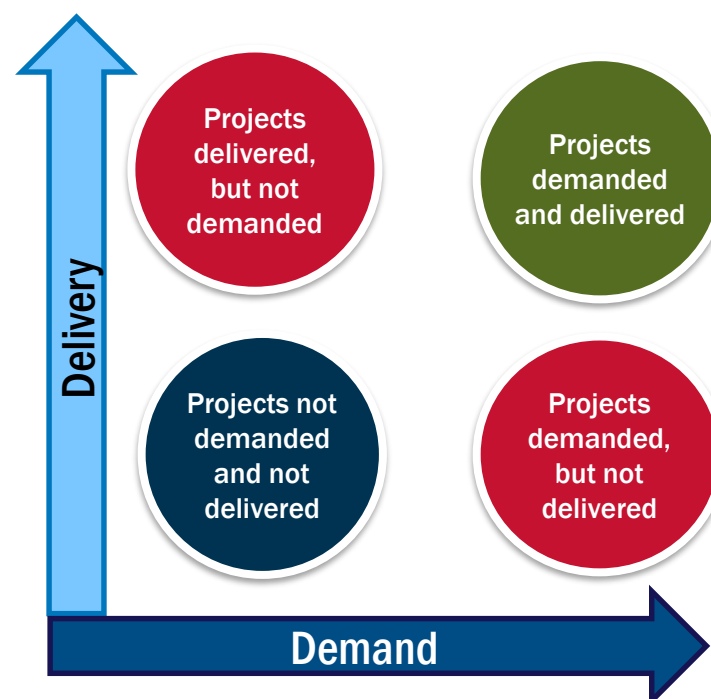
In the rush to become digital service providers, CSPs are deploying new software systems and capabilities without fully understanding subscriber demands. These new deployments have been informed by assessments based purely on the need for digital functionality. Although this may give CSPs the functionality with which to compete with rivals, this does not necessarily improve customer satisfaction.

Using data from customers about their user experience, such as that provided by NPS, can offer CSPs insights that will help them to prioritise projects that target changes to systems and processes.

Raw NPS data cannot directly show the extent of digitalisation achieved by each CSP, but the results from our DXI survey can shed more light on CSPs' efforts to digitalise the overall user experience. In this report, we aim to provide further refinement of these results by understanding the potential relationship between NPS and DXI scores.

In particular, by modelling the relationship between NPS and DXI measurements, a methodology can emerge that enables CSPs to clarify which digital projects being delivered are not required, and equally, those that are not being delivered, but are required.

Figure 2: Poor digital project assessment can lead to the over-delivery of projects, or to simply not meeting customer needs



Source: Analysys Mason

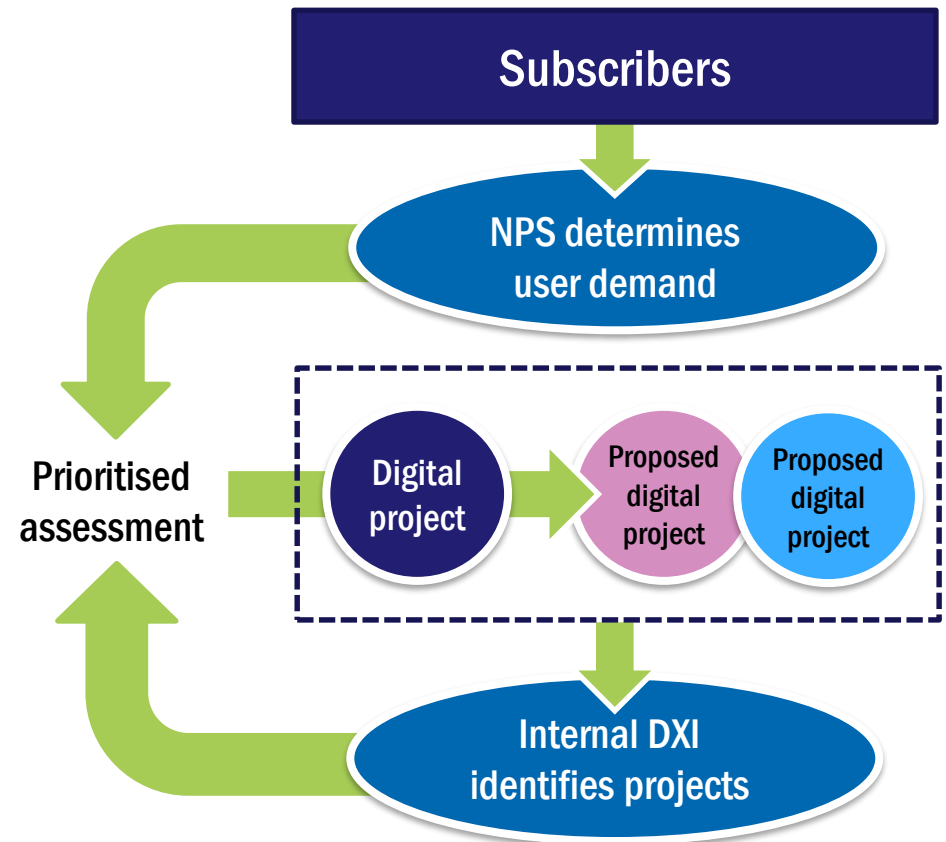
## NPS and DXI results can be combined to create an effective measurement for prioritising digital projects

**This report compares the scores used for measuring NPS and DXI, and identifies their limitations, in order to help create a model for correlating digital projects against customer satisfaction.**

The report examines this effort in three separate sections:

- **Measuring customer satisfaction using NPS, and NPS' relationship to digitalisation.** Although NPS is influenced by many factors, overall NPS values improve when users (both digital natives and less digitally mature subscribers) perceive improvements to their interactions. NPS measurements must not be examined in isolation; instead, they must be understood within the context of a competitive and diverse market because NPS varies considerably, depending on country and local cultures.
- **Measuring digitalisation through the assessment of internally deployed systems.** The DXI measurement provides an absolute measurement of capabilities that support digital functions and services. Digital systems provide real-time automated processes to customer-facing and other internal processes.
- By refining NPS and DXI measurement techniques, CSPs are able to gain a clearer indication of which projects to prioritise for implementation.

Figure 3: NPS and DXI need to be used together to prioritise digital projects



Source: Analysys Mason



## Recommendations

1

**CSPs must continue to measure customer satisfaction, as well as increase their data analysis to include subscriber profiles (including identifying digital natives), to understand which digital projects to prioritise.**

CSPs will need to continue to monitor NPS results and other external data measurements, and will also need to build up profiles about respondents to understand their varying levels of digital sophistication. In particular, these profiles enable CSPs to monitor how satisfied digital natives are with their services, and help CSPs to predict demand for new digital projects and services for other subscribers.

2

**Competitive analysis of rivals should include both an assessment of their internal systems capabilities and externally available survey information about customer experience.**

There is no absolute metric to indicate how 'digital' a CSP is, but the ability for a CSP to rate its nearest competitors is an important factor in determining if digital functionality, or the lack thereof, is a factor in the differences reported in NPS. Using DXI or a similar methodology in conjunction with NPS scores is important when assessing rival offers and identifying the digital capabilities that may need to be added by a CSP.

3

**Digital transformations need alignment with CSPs' overall operational processes: support for new channels and additional digital capabilities should help to simplify overall processes.**

Digital systems are often positioned to support customer interactions, where these add additional channels or capabilities that must be integrated with current systems. Where possible, the implementation of the digital systems needs to rationalise current systems, and not add to them. Otherwise, modest returns can be lost through additional operational costs associated with maintaining 'bolt-on' digital capabilities.

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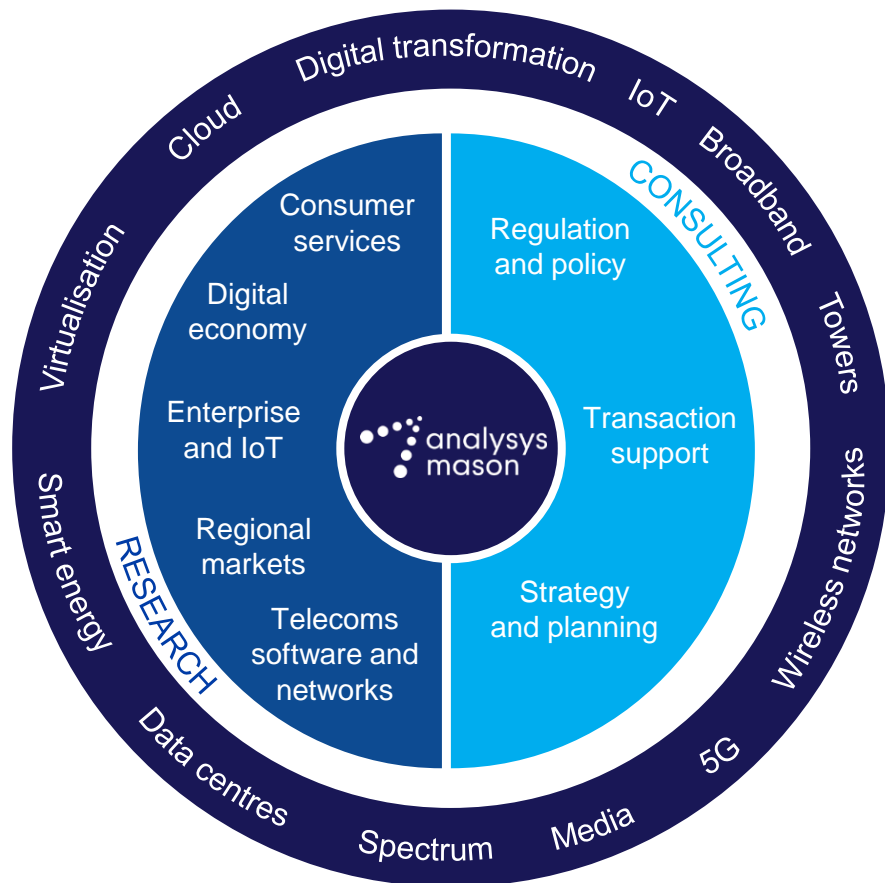
## About the author



**Justin van der Lande** (Principal Analyst) has over 20 years' experience in communications software, with both a technical and business background. Justin runs two of Analysys Mason's seven research programmes in telecoms software: *Analytics* and *Digital Experience*. He is Analysys Mason's principal analyst and technology expert in software, systems and operational processes. Justin evenly divides his time between research and project work, leveraging his deep ties with the vendor and operator communities to understand the current operations and software solutions available, and his project work for individual operators and vendors.

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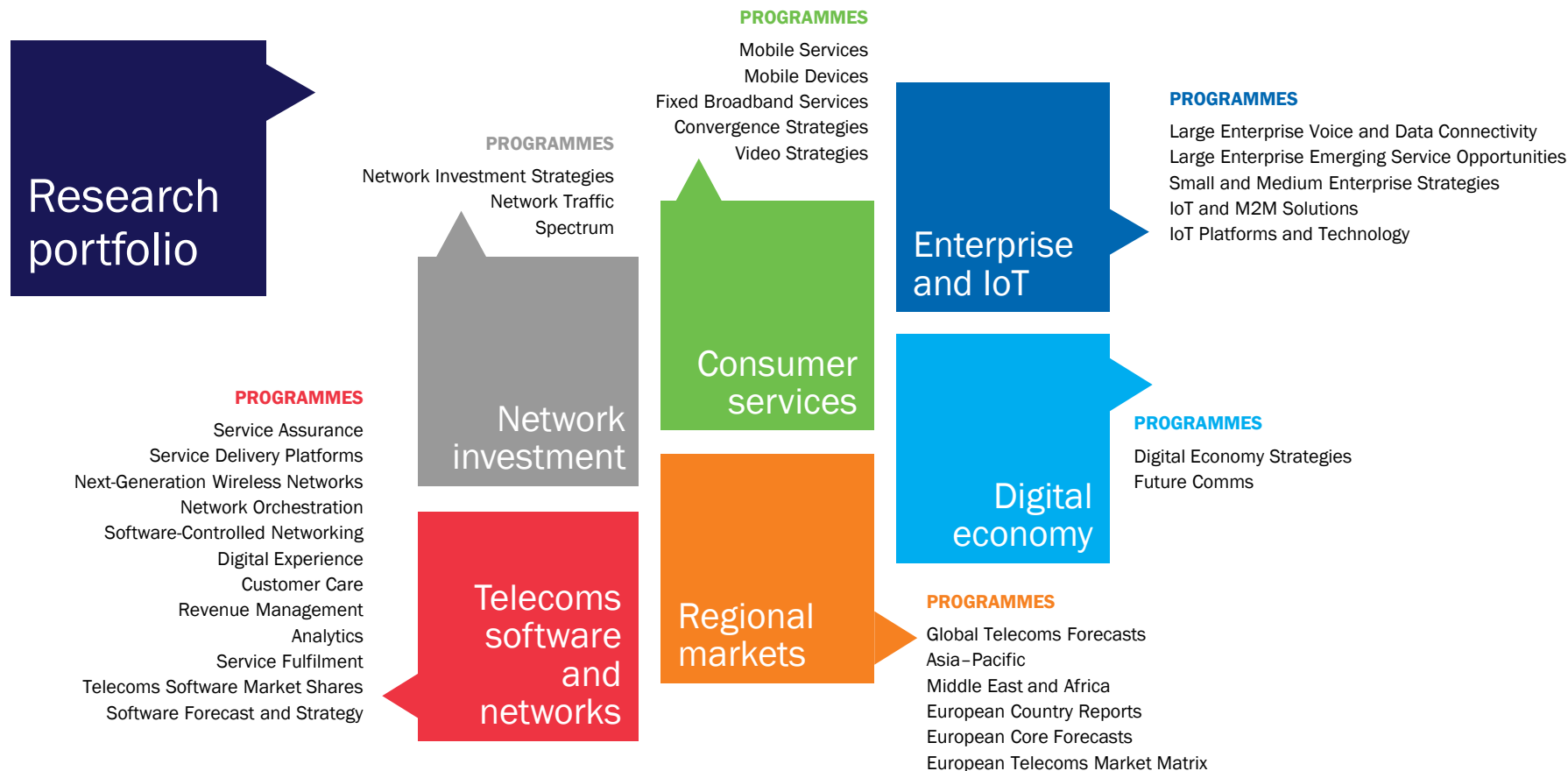
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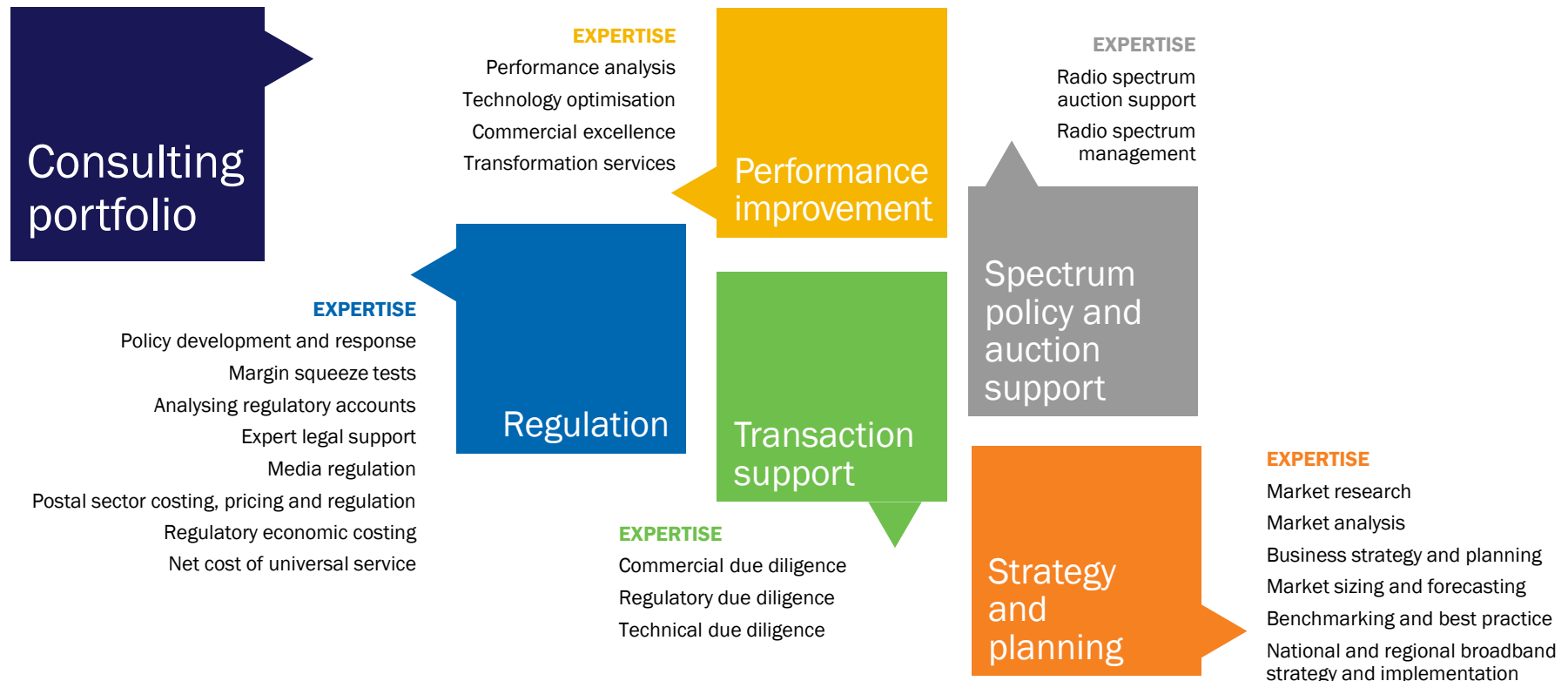
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