

Why Your Firm Should Be Using *The Net* *Promoter Score*



case status

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What is Net Promoter Score (NPS)?

The Net Promoter Score is a customer experience tool that ranges across countless industries that measures a customer's willingness to recommend a company's product or service to their friends or colleagues.

NPS is calculated through one simple question "On a scale of 0 to 10, how likely are you to recommend this company's product or service to a friend or colleague?" From their answer to this question, companies classify customers into three categories: detractors, passives, and promoters.



Detractors

Detractors are the dissatisfied customer - unless something changes drastically in their experience they won't be a return customer. They gave a score lower or equal to 6. In the worst case scenario, the detractors may spread negative word of mouth and hurt the company's online presence with bad reviews.

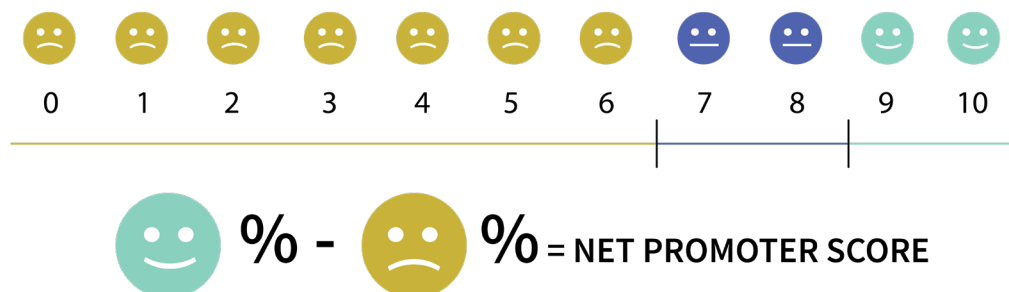
Passives

Passives are in the middle - they are not particularly satisfied or unsatisfied with their experience. They gave the company a score of 7 or 8 - so they were satisfied enough but are most likely not loyal to the brand. Furthermore, they won't bring new customers through word-of-mouth marketing.

Promoters

Promoters are the companies biggest fan. They had the best possible experience, and they want everyone to know about it. They answered 9 or 10, and are most likely going to be the biggest advocates and brand promoters.

The final score of a company is a number between -100 and 100 which is a company's NPS. The number is calculated by subtracting the percentage of detractors from the percentage of promoters. As Medallia explains it, "At one end of the spectrum, when surveyed, all of the customers gave a score lower or equal to 6, this would lead to an NPS of -100. On the other end of the spectrum, if all of the customers were answering the question with a 9 or 10, then the total Net Promoter Score would be 100."

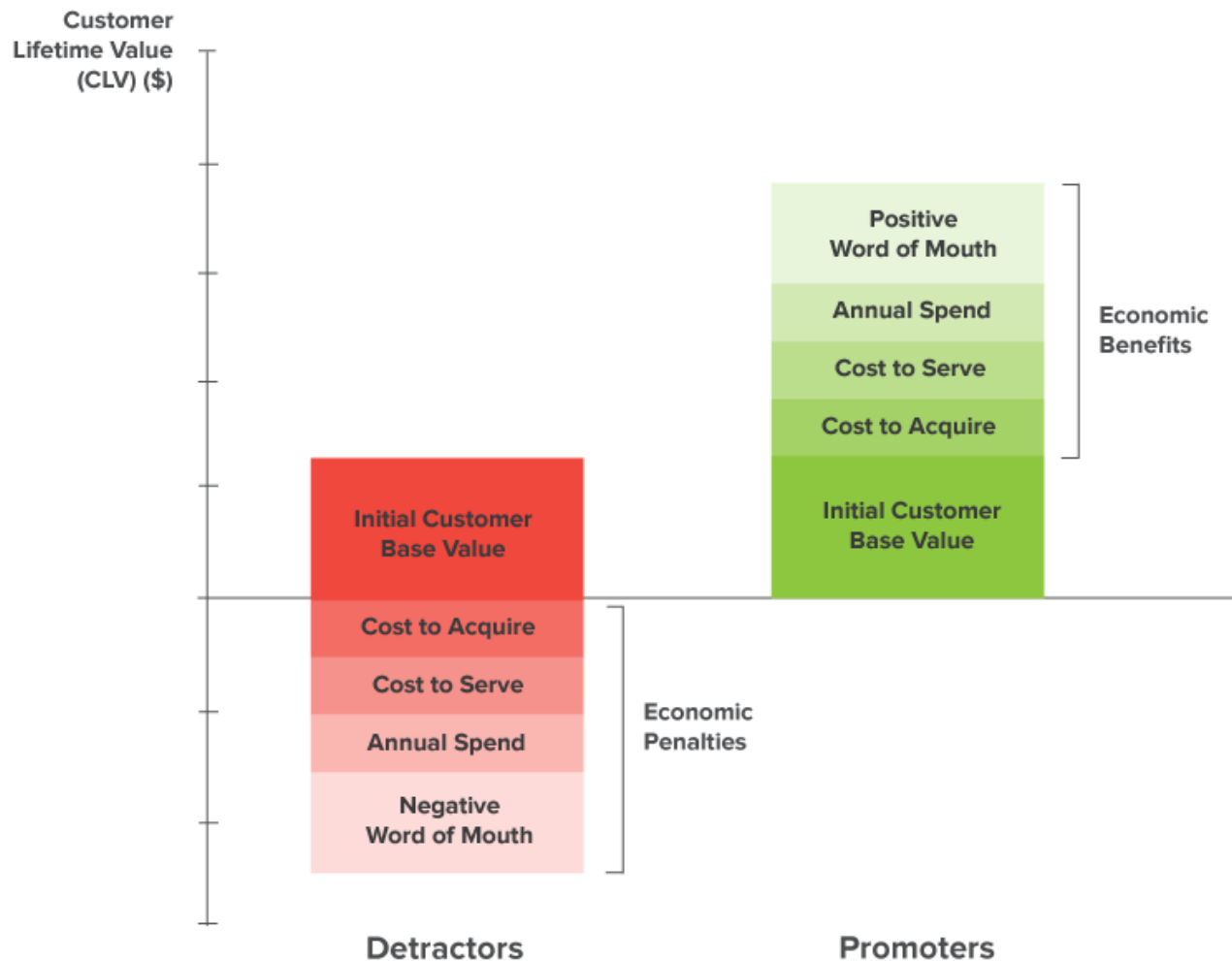


The Rise of NPS and Why It Matters

The logic behind NPS is extremely simple - happy customers promote you and unhappy customers destroy you. Looking at a customer's lifetime value, a company can quickly determine who their promoters are. Promoters don't require money to keep their attention and loyalty - above and beyond their initial customer base value. A detractor, on the other hand, has more economic penalties.

Companies are fighting to acquire and serve them and are spending a lot of money voiding off their negative word of mouth.

Both detractors and promoters are a part of every company. However, it is key to a company's success to find and help turn passives and detractors into promoters before they cost a company more money.



Bain & Company has researched and established a correlation between organic growth and a company's NPS in relation to competitors in their industry. In further explanation of their process, "Bain teams identified the relevant competitors in a business and measured the Net Promoter Scores of each competitor using the same methodology and

sampling approach. These relative Net Promoter Scores were then correlated with organic growth measures. In most industries, Net Promoter Scores explained roughly 20% to 60% of the variation in organic growth rates among competitors. On average, an industry's Net Promoter leader outgrew its competitors by a factor greater than two times."

How Airbnb Uses NPS.

Delighted put together a collection of case studies on how other companies ranging in business styles used NPS to create a better business and capitalize on happy customers.

Airbnb was one who saw enormous benefit from implementing the system. At the end of 2013, Airbnb established NPS scoring to see if there was a link between their score and the likelihood that a guest would return to their site to book another stay, recommend Airbnb to their friends and stay loyal to the Airbnb experience.

Here's what they found:

“The research involved feedback from 600,000 guests who booked a stay with Airbnb between January and April of 2014. Two-thirds of guests, who submitted feedback were promoters – over 300,000 of them awarded Airbnb a score of 10 and just 2% of guests were detractors.”

“Airbnb found that guests who were promoters were statistically more likely to both book another stay and refer a friend or family member (via their invite a friend feature). Interestingly they also discovered that while a guest may not have been satisfied with a particular stay, 26% were still promoters of Airbnb, reinforcing the need to go beyond just [customer satisfaction]CSAT on a per transaction or booking level.”

Airbnb realized that customer satisfaction was bigger than one bad or one good experience. In a company like theirs, there are multiple touch points that create a customer's overall experience. They

log into a website, make a reservation, interact with a third party host, and live in another home for a period of time. Airbnb has created a great customer experience through securing and honing in on what they know they can control. They've made their processes strong and asked their customers for feedback throughout the booking process in order to gauge how they can create the best possible experience for their customers.

How can NPS work for a law firm?

In Clio's 2018 Legal Trends Report, an in-depth analysis is included of the modern legal consumer and how the legal industry is currently using NPS. They conducted their own study showing an alarmingly low score for the legal industry as a whole:

“We asked consumers who hired a lawyer in the past 2 years on a scale of 1 to 10 how likely they were to recommend their lawyer’s services to a friend or colleague. We used these responses to calculate an NPS for the US legal profession as a whole. When we subtract the percentage of detractors (23%) from promoters (48%), we get a disappointing NPS of 25. What’s alarming about this score is that the number of detractors—unhappy clients who could potentially sway others away from hiring the lawyer they worked with—may pose a threat to law firms. Unhappy clients also represent a squandered opportunity for repeat business and referrals. When we look at how this NPS compares to other industries, we see that it aligns with those of airlines, banks, wireless carriers, and credit card companies—which in many cases hardly align with the type of client-centered service that lawyers should strive for.”

Their conclusions showed a common thread in that there is “a shortage of feedback.”

“When we ask legal professionals how they

collect feedback from their clients, only 10% say they collect feedback through an online survey and only 4% formally in person. A stark 37% said they don't collect feedback at all, and of the firms that do, collecting feedback casually or informally in person was the most common (42% of firms). While casual feedback may seem better than not collecting feedback at all, it's actually where self-desirability biases come into play the most—where people aim to please more than they offer honest criticism. Casual feedback is also near impossible to measure and track over time."



What Impacts NPS?

Furthermore, the study took a look at the main things that impact NPS which included:

- Overall cost of services
- Ease of understanding case expectations
- Bedside manner or personality
- Responsiveness to email, phone, text
- Knowledge of the legal system and process
- Ease of getting information on case status
- Ease of getting questions answered
- Ease of accessing case documents
- Clarity on how costs are determined
- Ease of setting up appointments
- Ease of making payments
- Payment plan options
- Initial conversation with lawyers or legal staff

Each of these ways helps dictate ways you can improve your own NPS. The most important part of NPS is to convert your detractors and passives into promoters. Through changing and improving your

customer experience, you will be able to grow your firm with the promoters you create and encourage.

How Can You Increase Your Net Promoter Score with Case Status?

- ***Increase responsiveness through automated updates***

Save time while still creating a great experience for your customers. Case Status sends your clients automated updates that saves you from a phone call and helps them stay informed on the status of their case.

- ***Case expectations outlined in the app***

Clients expect to know what's going on with their case at all times. With Case Status they can open the mobile IOS or Android app at any point and see

exactly where they are and what's coming next in their case without needing to call.

- ***Automatically ask your clients to review you throughout the case***

Automatically collect and measure the happiness of each client through Net Promoter Score giving your firm the ability to assess client satisfaction, as well as offering each attorney a critical leverage point to focus on improving.

Try Case Status to increase your net promoter score today.



Citations

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