

The Net Promoter Score (NPS) in Healthcare

Introduction

Net Promoter Score (NPS) is a valuable metric, and it has no doubt been adopted by many companies and industries. NPS is a simple, easy to use, and easily calculated metric that is intuitively associated with business health (Reichheld, Fredrick F. (2003), "The One Number You Need to Grow," *Harvard Business Review*, 81 (December), 46-54).



How is the NPS calculated?

NPS is calculated by asking your customers one question: "How likely is it that you would recommend [your company] to a friend or colleague?" The responses are scored on a zero to ten (11 point) scale, and customers are categorized as promoters (those you responded with a 9 or 10), passives (7 or 8), or detractors (0 to 6). NPS is then computed by subtracting the percent of detractors from the percent of promoters.

NPS has been shown, in several industries, to be a less-than-perfect metric that is inferior to customer satisfaction in predicting future business performance (see Morgan, Neil A. and Lopo Rego (2006), "The Value of Different Customer Satisfaction and Loyalty Metrics in Predicting Business Performance," *Marketing Science*, 25 (5), 426-439; and, Keiningham, Timothy L., Bruce Coolil, Tor Wallin Andreassen and Lerzan Aksoy (2007), "A Longitudinal Examination of Net Promoter and Firm Revenue Growth," *Journal of Marketing*, 71 (3), 39-51.) Nonetheless, while academics debate whether NPS is the best metric, it continues to be widely used by organizations across many industries.

The use of NPS in health care has some potential drawbacks which there is a need to be aware of. Several conditions in healthcare suggest that there is, at best, a weak correlation between stated intent and actual behaviour. If you are looking for repeat business or actual word-of-mouth, behavioural metrics of loyalty, you must consider that there are often long inter-purchase times in health care. That is, patients go long periods of time between health care encounters. This context allows time (and other mediators and moderators such as recurrences, other life events, and disability) to intervene between a [fading] memory and actual behaviour. Discovering a patient's INTENT does not always translate into BEHAVIOR.

One should be very careful of the reliability and validity of the data:

- Who is receiving the survey?
- How is it administered?
- Can you reliably reach the actual patient for the response, or are you capturing the often distorted or uninformed perspective of another individual?



DRG/health condition is a variable of which there is a need to be cognizant of, as certain disease states offer higher reliability and shorter inter-purchase times. For instance, stroke patients may not have the ability to answer the question reliably, while an otherwise healthy patient discharged with a cast for a bone fracture in their leg is better able to provide an informative view of your organization.

Some patients need to return frequently for health care while others are happy NOT to return in the near future.

Is the patient highly aware of what is being done, and do they have the expertise to recognize quality care (broadly defined)? Does the patient have the opportunity in between visits to discuss health care providers and experiences, or do they avoid these discussions? As an example, elderly patients in a peer community such as independent or assisted living have greater opportunity and incentive to discuss these matters, while relatively healthy younger adults have fewer opportunities and encounter incentives NOT to discuss such matters.

The bottom line

Expertise, experience, and circumstances of the patient really matters.

What this all suggests is that, to the disappointment of many who would love to collect only one question, it is best to collect multiple measures, including but not limited to NPS, satisfaction (ask specifically about satisfaction or being pleased), intent to return, intent to engage in positive word of mouth (WOM), and other relevant measures.

There is no "magic question" that distills a rather complex set of circumstances, perceptions, intentions, and behaviours into a one-line diagnostic. Much like the processes that arrive at a diagnosis in medicine, the health care manager must also look at multiple indicators of healthy customers.



About the Author

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