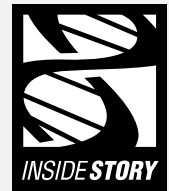
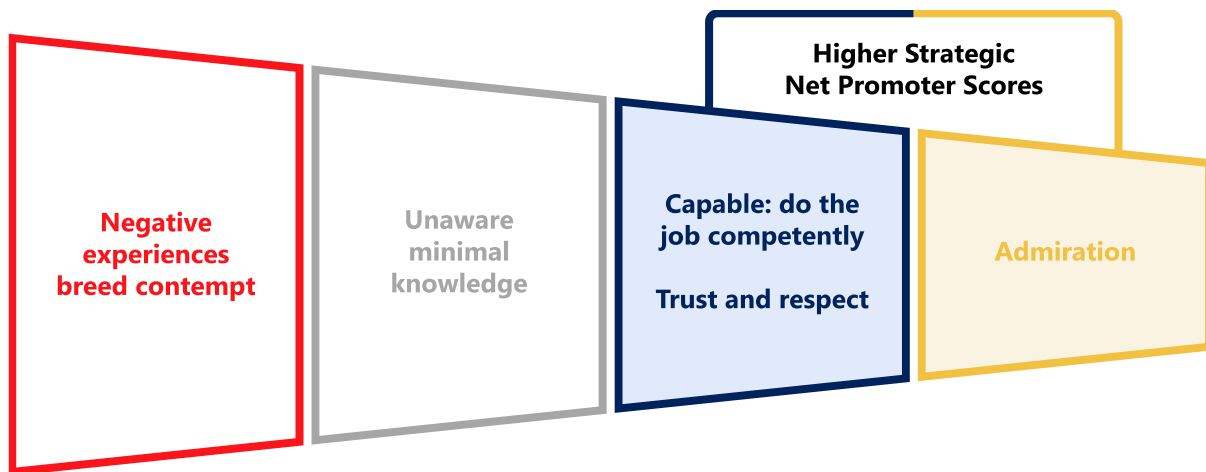


# The Four Steps to a Higher Strategic Net Promoter Score and a Stronger Reputation



There are, of course, many different ways to increase a Net Promoter Score. Tracking advocacy and corporate reputation since 1999, we have observed four steps characterising a range of businesses.



**STEP 1**

**Eliminating service failure risks (drivers of negative Net Promoter Scores), poor value for money perceptions, and avoiding ethical breaches**

Customer service delivery failures are poisonous for the Net Promoter and Corporate Reputation ratings. One observation is that positive scores are less likely to be built by delighting the customer but rather by eliminating service failures, especially repeated failures.

There are plenty of examples of service failures that thrash the Net Promoter Score in telecoms, utilities, and beyond.

Recall ‘Voda fail’ driven by a network crash in 2009 because the company reportedly wasn’t keeping up with surging demand. Similarly, Telstra’s high-profile outages around 2016/17 reportedly did some damage. Fortunately, organisations can and do come back from these depths, as both organisations have demonstrated by plugging the operational gaps and making sure service failures don’t recur.

Selling contracts to vulnerable people and unethical sales practices can also harm but will likely be forgotten unless repeated. However, one-off events like the Australia Post’s CEO’s watch purchases will rarely have sustained negative impacts and sometimes have no impact at all. Prices increases and a worsening letter/parcel delivery track record will do more harm.

Ethical breaches of trust like James Hardie’s asbestos breaches caused James Hardie’s reputation to decline sharply, entering negative territory and staying low for years because their actions impacted people in the worst possible way – their health and safety. Further, compensation responses were seen to be inadequate. Contrition coupled with making decisive and quick responses are critical.

While there was criticism of NAB’s responses to the Hayne Royal Commission, both the Chairman and CEO’s exit has made any impact short term. Making such sacrifices is a common yet practical response to such crises.

## STEP 2

### Building market presence – growing awareness and salience through relevant investments in advertising and media

*Moving from 'detractor' to passive' status can happen through simply elevating your public profile through advertising and social media, increasing your ratings almost regardless of its content or whether ads and posts are viewed.*

Sheer salient awareness (as opposed to the feeling of being a total stranger) gets your company on the first rung of having a positive corporate reputation entitling it to a degree of stature that is a critical underpinning of a good reputation and 'promoter' status. We are not talking about brand awareness (ever heard of) though that matters too. We are talking about salient awareness or mental availability, meaning that a company or brand is well known, visible, active, and current.

Advertising and social media presence build familiarity. With salient awareness comes familiarity and a sense of comfort and liking. Familiar brands are also perceived to be more popular.

According to our research, building salient awareness helps move companies and brands into the weak 'passive' rather than 'detractor' status. A movement to 'passive' status can happen by simply elevating your public profile through advertising and social media activity. Advertising and social media investments can increase your Net Promoter Score almost regardless of their content or whether ads and posts are viewed. There is neuroscientific evidence that brand name registration in peripheral awareness matters (called the 'peripheral route of persuasion'). (A proviso for increases in advocacy is, of course, that the brand or company does not have negative baggage.)

Test how likely you would recommend on a scale of 0 to 10 a brand or company rarely in the media or with word of mouth like Minties (not advertised for some time) or Suez (hardly known to the general public) against a company with a consistent or increasing presence like Kit Kat and CSL. Of course, advertising and social media activity is not always needed for salient awareness to impact. Think about Zoom, for example. Not very many people had ever heard of Zoom before word of mouth started, and its presence in the news increased during 2020. In the early stages of its emerging salience, the company will have started its journey to 'passive' status. Next, Zoom consolidated higher Net Promoter Scores with increasing users and with other factors coming into play.

Salient awareness alone is not sufficient to gain high Net Promoter Scores. A start point towards the next step of increasing the level of 'promoters' is to build a better sense of what you do as well as what you stand for.

## STEP 3

### Building confidence through reliability, building trust in future actions, and growing respect based on past actions

*Reliability provides the basis for developing respect and building brand trust in your future actions. Our research indicates that reliable delivery is also the basis for recruiting more 'passives' (rather than 'detractors') and therefore is one of the critical steps in increasing your Net Promoter Score.*

People are likely to express their reason for rating you 7 to 8 on the classic 11 point recommendation scale (that is the basis for the NPS) as having reliable products and services at a fair price. Being reliable is about being perceived as meeting core customer expectations, being consistent in your delivery, and delivering value for money.

Reliability is essentially about convincing people you deliver the overall Job to Be Done (Clayton Christensen 2016). Each company or brand has a core job to be done for customers in product/service categories served and certain critical circumstances which define success and non success.

For example:

- Qantas or Virgin Australia: getting people from A to B on time in acceptable comfort for a price customers are prepared to pay for the brand offering.
- Telstra, Vodafone, or Optus mobile: providing the voice and data customers need whenever required, at a fair price.

Moderate ratings on the classic 11 recommendation point scale (7s or 8s) rely on identifying the core deliverable or 'job' that you have to do at a minimum. This customer outcome is also a basis on which higher ratings (9s or 10s) rely. There is no point delighting the customer or offering more than the basic job if reliable basic job delivery is not perceived to be in place.

Reliable delivery of the core job to be done is, however, easier said than done as Vodafone and Telstra will testify with the fragility of networks and almost inevitable outages.

When inevitable service failures happen, brands can, in our experience, recover quickly by:

- Minimising delivery failures, through reducing failure frequency,
- Setting expectations upfront about what will happen if a problem occurs, and
- By managing perceptions during any such a failure: rectifying the problem in a time frame that meets customer expectations, providing ongoing customer updates and, alleviating customer pain even if this is at a high financial cost to the organisation in the short term.

Consistent and effective job delivery is critical and will become a brand's track record over time, underpinning your baseline reputation by creating brand trust in future actions through past actions.

#### STEP 4

### Achieving admiration through innovations that transform people's lives and that provide thought leadership

*At Inside Story, our observation is that Brands that generate high strategic Net Promoter Scores are brands that evoke emotion. The emotion engendered by brands is beyond trust, respect, or excellent customer service alone. They are admired brands.*

According to influential stakeholders (like the media, opinion leaders, and corporate partners), admired brands have superior growth prospects, are well managed, and are often more innovative. People feel they know what the company stands for.

It is, however, the emotional aspect that differentiates them. Admired brands/companies with the highest Net Promoter Scores have something extra that makes them special. In brand terms, they have a persona often described as charismatic, attractive, or impressive. Their CEOs can sometimes seem to have a Midas touch.

Some of our observations are that admired companies are likely to:

- **Embody success** making people look up to them. Take Macquarie Bank, coined the millionaires factory. There have been some low points (the GFC), but the bank has the glow of success and a dose of the Midas touch and is also an Australian success story with a global presence (our next point).

- Generate **pride** through activating a sense of personal identification with the brand as Australians. For example, national airlines are often amongst the most admired brands. Qantas (the spirit of Australia) is still an admired brand despite a change of fortunes.
- Deliver **innovations that transform people's lives** like the Cochlear and the bionic ear. Cochlear is an admired Australian company with a successful global business and a high share price. Notably, Cochlear is also an Australian success story here in Australia that some may feel a part of (see point 2 above).
- Provide **thought leadership** that paints a picture of a positive and sometimes exciting future. When coupled with business success, this is a compelling proposition. Take Tesla, which represents successful innovation in electric cars, space travel, and energy, etc.
- They are **more likeable** than other companies. Sometimes likability alone makes the difference to a highly admired company versus another company also capable, trusted but not liked. Take the car category. People feel good about their cars, even giving them pet names. Positive product category feelings may be one factor behind people's admiration for Toyota along with its long-term leadership role in car manufacturing and consistent marketing ('oh what a feeling') for over 30 years.
- Deliver a **superior customer experience**. Emirates is one of the elite admired brands because of its reputation for an exceptional in-flight experience. Like hotels such as Ritz-Carlton, leisure and travel are among the few categories where a superior customer service can underpin a high strategic Net Promoter Score. Otherwise, customer service in our experience plays a primary role as a driver of 'detraction.'
- Have a **clearly articulated strategy or proposition** that is consistent over time. Consistency means that people feel they know what their company/brand stands for through effective leadership or consistent marketing. For a time, NAB former chief Andrew Thorburn was a very effective spokesperson, building expectations of the bank until his position became untenable. With a clear strategy message from Matt Comyn (the CEO of CBA), now known as 'magic Matt' by stakeholders, the bank looks to be on track to rekindle former glories targeting global leadership in digital innovation.

One word on ethics. Admired brands with the highest Net Promoter Scores are very susceptible to perceived ethical breaches. Scandals and negative ethical actions

bring down companies that ride high, quickly destroying business value. Take James Hardie back when the asbestos scandal hit. The company went from icon to anathema within weeks. It has taken many years and significant restitution to rebuild some of this company's standing.

A high Net Promoter Score comes from having a balanced scorecard: strong corporate capability perceptions based on a perception of success in all things, significantly if this success promises to transform people's lives through innovation and is based on thought leadership that shines a light on the future.

**Inside Story has been tracking reputations since 1999, pioneering reputation measurement in Australia with a validated system or metrics backed by qualitative insight.**

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