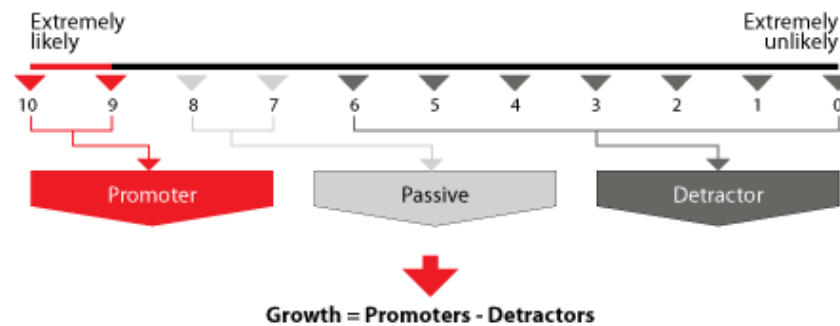


NET PROMOTER EXPLANATION

Net Promoter® Score was developed by loyalty expert Frederick Reichheld of Bain & Company and Satmetrix Systems through rigorous data analysis on a longitudinal basis. It is best known as a customer loyalty metric, but it is actually much more. It is a strong indicator of an organization's performance and growth. In research studies around the world, word of mouth is widely acknowledged as the most effective and trusted marketing channel. However, the reality is that few organizations know how to optimally leverage word of month for their brand.

The Net Promoter Score (NPS) starts with the most important question you could ever ask your customers or constituents - **"How likely is it that you would recommend [Company here] to a friend or colleague?"** Participants answer on a scale between 0-10, and based on their response they are categorized into one of three groups: Detractors, Passively Satisfieds or Promoters.



Adapted from Engaged Marketing's 2009 Loyalty Report

Promoters: Promoters are a result of an organization exceeding their customer's expectations and truly impressing them. This group of customers is likely to buy from you again, and will be less costly to serve.

Passively Satisfied: They occur as a result of merely satisfying customers. When customers are just satisfied they will stay with you only until a better offer comes along.

Detractors: Detractors are created when organizations don't even meet their customer's expectations. Detractors are less likely to buy from you again, typically cost more to serve and typically spread 80 -90% of negative word of mouth.

The **percentage** of Promoters less Detractors yields the NPS score.

The NPS question is based upon the premise that loyal, not satisfied, customers are the ones who drive profitable growth – growth that is based upon word of mouth advertising. As such net promoter offers actionable measures that tie directly to the economics of growth.

By understanding the voice of the customer and its categorizations, the NSP score can give structure for the development of growth-focused programs and incentives, as well as provide a benchmark for industry comparison. This approach, particularly when combined with driving questions based on any company's value proposition, provides guidance for the development of strategic, systematic actions at the staff, unit and company levels.