

Closing the Loop –

An NPS® Guide

Introduction

The Net Promoter System® is a proven surveying method for quickly and efficiently obtaining customer feedback online, evaluating it and deriving action for your own company from this analysis.

It was developed in 2003 by American business strategist Fred Reichheld and consulting firm Bain & Company. The system consists of the three levels: “Listen”, “Understand”, and “Act”.

In the first step, “Listen”, companies ask their customers about their customer experience and collect feedback along the touchpoints in the customer journey. In the second step, “Understand”—the Net Promoter Scores and customer comments are analysed. The final and decisive step—“Act”—is about closing the feedback loop to the customer by means of “Closing the Loop” measures. These can include appropriate marketing activities as well as reactive and proactive customer service and other measures.



In this white paper, we explain what is important in the successful “Closing the Loop” process, what measures can be taken in practice, and how this is related to sustainable customer loyalty.

Why “Closing the Loop”?

Closing the feedback loop offers many benefits and can pursue different goals. Companies that successfully use “Closing the Loop” measures:



Show Their Customers That They Care

Customers take the time to answer the NPS question. Hand on heart—who likes to do that? Customers, however low, should be valued for their efforts. This is achieved, for example, by automatically sending “thank you” emails with which one thanks the customers for their time and feedback.



Uncover Underlying Causes of Problems

The Net Promoter System is not only about raising the Net Promoter Score, but also about analyzing the customer comments that go with it. This is where valuable information hides, which can reveal even deeper problems such as technical glitches, bugs, or poorly trained customer service personnel.



Identify Reasons for Customer Churn

The reasons why customers leave can vary. Nevertheless, the reasons should be fixed. To succeed here, the reasons for migration must first be known. Are the prices too high? Is the product quality too poor? Was the purchase process too complicated? All this can be learned by analysing the comments and using appropriate “Closing the Loop” measures.



Use Promoters for Marketing and Reviews

Promoters are already enthusiastic fans of the company and convinced of product or service. Why not use this to your advantage? Thanks to NPS, promoters are quickly identified. The appropriate “Closing the Loop” measures also motivate them to publish their positive experiences on review portals, share their opinions on social media, or help with product development.



Win Back Detractors Successfully

Detractors are dissatisfied because they have been disappointed in their expectations. The Net Promoter System and the "Closing the Loop" processes help you to respond quickly, purposefully, and, if necessary, automatically to these and their complaints. In this way, tailor-made recovery measures can be initiated without delay. Often the most loyal customers hide in recovered detractors.



Analyse and Improve the Customer Experience

How well the Net Promoter Score performs depends primarily on each customer's individual customer experience. The Net Promoter System and "Closing the Loop" processes make it possible to illuminate and improve them along the customer journey in the long term. This makes customers happy and rapidly improves NPS.



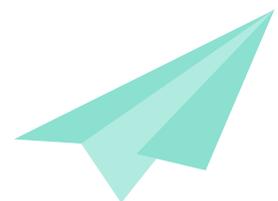
Increase Customer Loyalty Sustainably

Customer feedback should not only be used to identify problems and reasons for churn, but also to address them. If customer feedback is not only simply collected, but also used to derive actions to improve products and processes according to feedback, customer loyalty is sustainably increased.



Optimise Future "Closing the Loop" Processes

If customers recognise that their feedback actually drives change and makes improvements, they are more likely to provide feedback in the future. According to statistics, the chance of customers answering the next NPS query is about 25% higher, if the feedback loop has been closed.



What is Important in “Closing the Loop”?

If companies have successfully collected and analyzed customer feedback, the insights gained must be translated into actions. Successful customer loyalty can only be established if the feedback loop is properly closed. The following basic principles must be observed.

Basic principle 1:

Define and Measure KPIs

The success of activities and strategies in a company is measured by the results. This should also be the case when considering and analysing the “Closing the Loop” process. To do this, KPIs must be defined and evaluated over time. Depending on the “Closing the Loop” measures implemented, for example, these could be:

- ✓ **Future response rates for the NPS query**
- ✓ **The development of the Net Promoter Score over time**
- ✓ **Increase in successfully implemented up- and cross-selling campaigns**
- ✓ **Number of detractors recovered**
- ✓ **Number of reviews and referrals received from promoters**
- ✓ **Increase in the repurchase rate**

Basic principle 2:

Act Quickly and Logically

Every company loses customers. In most cases, however, this can be avoided by reacting quickly to the negative feedback. Most buyers are aware that they are not the only customers of the company. All the more you can impress them and win them back if you treat them that way. For example, NPS alerts are useful for making this possible, which informing responsible employees in real time whenever negative feedback is received.

However, it is important not only to act quickly, but also logically from a customer perspective. Each request is individual and needs appropriate solutions. This can be a personal call from customer service or an automated email with a coupon code. Which is the right measure and communication channel should result from the form of the customer feedback received and naturally fit into the customer experience.

Successful customer retention can only be built if the feedback loop is closed appropriately.

Studies have shown that feedback loops that are successfully closed within 48 hours result in a 12% higher customer retention.



Some companies set even higher standards by taking "Closing the Loop" measures within 24 hours or even 6 hours.

Basic principle 3:

Pay Attention to and Use All Your Customers

Addressing all your customers at the same time is one of the biggest challenges in customer loyalty. If you focus only on a specific type of customer, you run the risk of not discovering all the issues or neglecting other customers. Many methods can be used to address the majority of customers. Automated emails, text modules, templates, and call scripts help to efficiently manage the workload in the relevant departments.

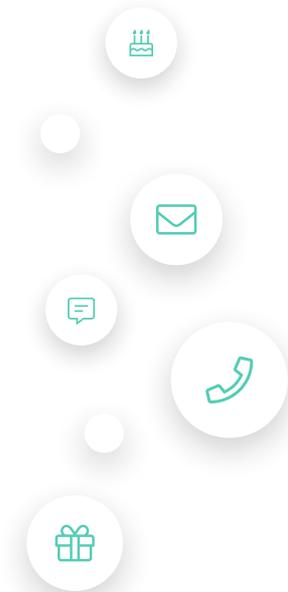
Newsletters, in which the result from the customer feedback obtained is presented, are also a form of feedback to the majority of customers. In addition, they motivate previously reluctant customers to participate in the feedback process in the future and to contribute to innovations and changes themselves.

Basic principle 4:

Strategy Renewal

If the first fires are extinguished for a short time and detractors are satisfied, the next step is to learn lessons from the feedback. In order to keep customers in the long term, sources of error must be corrected. This can only be achieved if one rethinks and renews one's strategy at regular intervals. If you work consistently with the Net Promoter System, all operational problems can be solved after two to three years.

However, the feedback loop will only be successfully closed if companies are also willing to address both structural and strategic issues.

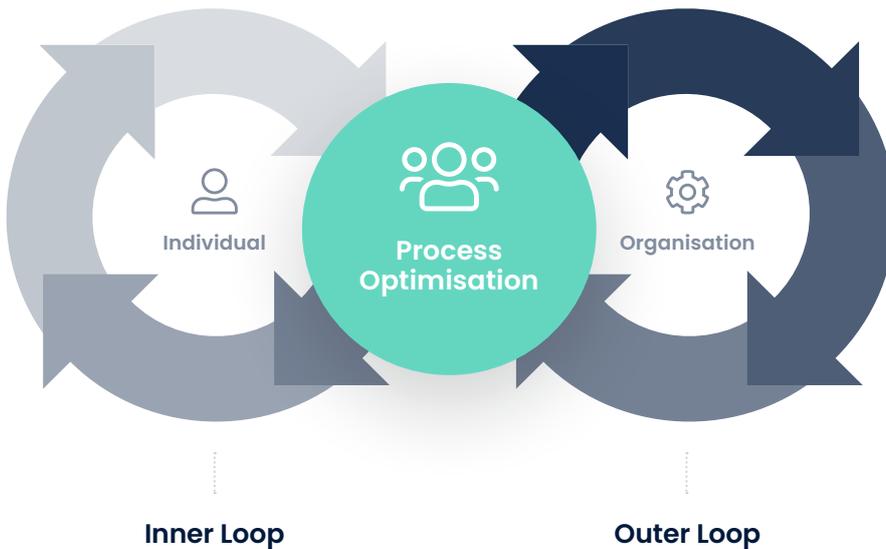


If you do not show your customers progress on structural and strategic issues, they lose confidence in your program and your ability to solve operational problems.



Inner & Outer Loops: Driving Change through "Closing the Loop"

One speaks of the feedback loop, one distinguishes between the so-called inner and outer feedback loops.



As the name suggests, "Closing the loop" measures drive different changes depending on the feedback loop targeted.

Inner Loop:

When closing the inner loop, the focus is on the learning of the individual, responsible employee. This is about closing the feedback loop for both employees and customers. The aim is to change behavior and to promote the connection to customers by focusing on the individual customer experience.

Outer Loop:

The outer loop, on the other hand, focuses on structural changes that are implemented by the company as such and not by the individual employee. In particular, the underlying causes of customer feedback are to be analysed in these "Closing the loop" processes and necessary problem solutions and process changes are then prioritised on the basis of these analyses.

Depending on the feedback loop targeted, "Closing the loop" measures drive different changes.

What Are the Measures to Close the Feedback Loop?

On the following page we have compiled a few of the most common measures to close the feedback loop to both employees and customers.



Possible “Closing the loop” actions:

- ✓ Live feed monitors in the office for feedback transparency
- ✓ Clear dashboards for quick feedback analysis
- ✓ NPS as API in the individual company departments
- ✓ NPS coaching as a means of internal customer centering
- ✓ Forwarding of promoters to evaluation portals
- ✓ Call-back measures through customer service for detractors
- ✓ Newsletters that address changes based on feedback
- ✓ Real-time feedback notifications via alerts & webhooks
- ✓ Granular evaluation of comments by topic
- ✓ Regular, automated email reporting to stakeholders
- ✓ Automatic thank you or apology messages to customers
- ✓ Linking NPS and referral programs
- ✓ Use of a voucher program for customer recovery

Net Promoter System and "Closing the Loop" with zenloop

zenloop offers customised NPS surveys for every point of contact.

This guarantees the highest response rates and actionable feedback to increase customer retention. Our software identifies relevant trends and customer segments. Important data points and comments are analysed automatically. In this way, "Closing the loop" measures can be derived and implemented in a targeted manner. Our many automated actions make it easier to close the feedback loop and turn companies into real customer experience champions.



More information needed?

Our experts are happy to help and are available with a free consultation around zenloop and the Net Promoter System.