

***Using the Net Promoter System Methodology
to Deliver Cultural Change in Retail
Organisations: Impacting both the Customer
and Employee Experience***

Andrew William Stephenson

A thesis submitted in partial fulfilment of the requirement of
Staffordshire University for the degree of Doctor of Business
Administration

October 2020

Abstract

This study investigates how the Net Promoter Score (NPS) can be developed into a trusted metric within an organisation and expanded into a wider “Net Promoter System” to measure and improve customer loyalty. The study examines how that expanded system is embedded into the culture of an organisation as part of a process of change. The study’s contribution arises from the discrepancy between the extensive corporate use of the NPS as a management tool, and the relatively small pool of academic literature on the subject, especially on its integration into culture.

The empirical material comprises a single holistic case study within a UK Furniture retailer conducted over several years. The research takes a pragmatic approach encompassing positivist and interpretivist approaches to this explanatory case study, which covers the development of the contextual NPS, the surveys that generate it, and its wide adoption and usage to change the operation of the company. Data analysed included all information generated from the NPS surveys, board meeting minutes, committee minutes, training courses, and semi-structured interviews and observations with employees across the organisation. The data was verified both through those meetings and in sessions with senior management to check understanding.

Findings from this thesis describe how it is possible to implement a version of NPS that is robust enough to be integrated wholly into corporate operations, including direct links to remuneration. The thesis suggests that it is the interplay between planned change, emergent change and the leaders and followers of an organisation that lead to the NPS both driving and becoming part of cultural change.

This thesis contributes not only to knowledge but also to practice, as a model is derived from the study to help practitioners to integrate the NPS into their organisational culture as part of a programme to improve customer loyalty.

(ii) Acknowledgements

It seems amazing to me now that the work behind this document started more than five years ago simply because it didn't seem possible to get answers to several business questions I had. I would hope that anyone encountering those same questions – about how to change a corporate culture, to one more focussed on customers – may find some answers within these pages.

Thanks, must go to my supervisor, Professor Geoff Pugh, who has invested too many hours and cups of tea to not get first mention! Dr Jana Fiserova, who was a constant source of guidance and motivation; Dr Tolu Olarewaju, whose sound advice improved the end product greatly; Ian Filby, a fabulous leader who was the one that would begin every conversation about Net Promoter Score with the question “how much value is this adding?”; and to Stuart Cross who worked with me in the early days to bring order to chaos with his clear coaching in the field of strategic planning.

Further thanks must also go to Chris Dimos, Ilona Anderson, Tom Dwyer, and everyone else who worked with me over the years covered by this study.

The final and most comprehensive thank you is reserved for Samantha Stephenson. Without her ongoing support and encouragement, it would simply not have been possible to bring this work to a conclusion.

(iii) Table of Contents

<i>Abstract</i>	<i>ii</i>
<i>(ii) Acknowledgements</i>	<i>iv</i>
<i>(iii) Table of Contents</i>	<i>v</i>
<i>(iv) Table of Figures</i>	<i>viii</i>
1.0 Introduction	1
1.1 Introduction	1
1.2 DFS Furniture and context of the study	1
1.2 Research Relevance	5
1.3 The Research: Aims and Theoretical Frameworks	6
1.4 Methodology	7
1.5 Contribution of the Study	8
1.6 Thesis Structure	9
1.7 Chapter Summary	10
2.0 Literature Review	11
2.1 Introduction of the Literature Review	11
2.2 Introduction to Net Promoter Score	13
2.3 Loyalty	18
2.4 Customer Satisfaction	28
2.4 Customer Experience	31
2.5 Net Promoter Score	36
2.6 Implementing NPS in a Retail Organisation	44
2.7 Organisational Culture & Organisational Change	51
2.7.1 Change Theory	52
2.7.2 Planned Change	52
2.7.3 Emergent Change	54
2.8 Managers and Reflection	60
2.9 Communicating an Organisational Change	61
2.10 Leadership and Followership	63
2.11 Communicate and Empower	69
2.12 Cultural Web	74
2.13 Conceptual Framework	79
2.14 Research Gap	80
2.15 Research Questions	81
2.16 Chapter Summary	82

3.0 Methodology	82
3.1 Introduction to Methodology	84
3.2 Research Design	86
3.2.1 Construct Validity	91
3.2.2 Internal Validity	95
3.2.3 External Validity	97
3.2.4 Reliability	99
3.3 Analysis of evidence	100
3.4 Chapter Summary	100
4.0 Implementation of NPS within DFS	102
4.1 Construction of the NPS system of measurement	102
4.2 Introducing NPS into DFS	103
4.3 The NPS Question	108
4.4 The Response Scale	111
4.5 Distribution of surveys	114
4.6 Data integrity	119
4.7 Delivery mechanism	123
4.8 Data collection improvement	123
4.9 Response Rate Increases	125
4.10 Coding of NPS responses	133
4.11 Overview of research findings on the NPS Methodology in DFS	133
4.11 Chapter Summary	135
5.0 Findings	137
5.1 NPS Usage within DFS	137
5.2 NPS Performance	144
5.3 Change of Culture	145
5.4 Chapter Summary	149
6.0 Discussion	150
6.1 Introduction	150
6.2 From NPS to a 'Trustworthy NPS' and to 'NPS Monitoring and Reporting'	150
6.3 Post Purchase Survey	161
6.4 Post Delivery Survey	169
6.5 Post Service	176
6.6 Established Customer (6 months post-ownership) survey	178
6.7 The 'Net Promoter System' and REACH	182
6.8 Emergent Change	190
6.9 The Cultural Web	195

6.9.1 Routines and Rituals	195
6.9.2 Stories and Myths	197
6.9.3 Symbols	199
6.9.4 Power Structures	201
6.9.5 Organisation Structure	202
6.9.6 Control Systems	204
6.9.7 The Paradigm	206
6.10 External Influence	207
6.11 Additional Case for Validity	208
6.12 Chapter Summary	211
7.0 Conclusion	212
7.1 Conclusion to the Research Questions	212
7.1.1 Research Question 1	213
7.1.2 Research Question 2	214
7.1.3 Research Question 3 – Revised Proposition	216
7.2 Conclusion to the overall Aims	218
7.3 Contributions	219
7.3.1 Empirical and Theoretical Contribution	219
7.3.2 Practitioner Contribution	221
7.4 Limitations of the Study	223
7.5 Potential for Future Research	224
7.6 Chapter Summary	225
<i>Appendix 1 – Data curated for analysis</i>	<i>226</i>
Semi – Structured Interview Questions	230
<i>Appendix 2 – Initial Quantitative Analysis at DFS</i>	<i>231</i>
Introduction	231
Ensuring the correct data is used	231
Statistical analysis	233
Conclusion	242
References	242
<i>Appendix 3 – Practitioner Model in Lookers plc</i>	<i>244</i>
Stage 1: Establishing reasons, culture and mapping	244
Stage 2: Determine measurement and where to measure	246
Stage 3: Create “always on” measurement	247
Stage 4: Build feedback system	252
Stage 5: Build training programme	253
Stage 6: Map customer data to business results	254
Stage 7: Link to remuneration	254
Stage 8: Integrate into marketing	255
Summary of Lookers Case	258

References	258
<i>Appendix 4 - What drives customer propensity to recommend a brand?</i>	260
<i>Appendix 5 - The Effect of The Net Promoter Score on Sales: A Study of a Retail Firm Using Customer and Store-Level Data</i>	281
<i>Appendix 6 – Full NPS Questionnaires – DFS 2016</i>	297
<i>Appendix 7 – NPS Coding and Analysis</i>	306
<i>Appendix 8 – Ethical Approval</i>	314
<i>References</i>	315

(iv) Table of Figures

<i>Figure 1 - The Net Promoter Score. Source: Bain & Company</i>	14
<i>Figure 2 - Conceptual Organisational Change Model. Source: Author</i>	18
<i>Figure 3 - Descriptions of Loyalty reproduced from Karunaratna and Kumara (2018)</i>	26
<i>Figure 4 – The Cultural Web. Source: Johnson and Scholes (1988)</i>	76
<i>Figure 5- Research Process for DFS Explanatory Case Study. Source: Author</i>	89
<i>Figure 6 - DFS Cultural Web 2010</i>	146
<i>Figure 7 - DFS Cultural Web 2016</i>	147
<i>Figure 8 - Conceptual Model highlighting NPS and Planned Change</i>	151
<i>Figure 9 - Conceptual Change Model highlighting Emergent Change, Leaders and Followers, and the Cultural Web</i>	190
<i>Figure 10 - Practitioner Model for NPS introduction derived from work in DFS</i>	209

1.0 Introduction

1.1 Introduction

The Net Promoter Score (NPS) and the 'Net Promoter System', which it has more recently been embedded into, is one of the most widely adopted systems in the world for managing customer feedback and improvement (Fitzgerald and Fitzgerald, 2017). The success of NPS and the unlocking of real value for a company is the “cultural shift to an intense focus on holding ourselves accountable to our customers” (Reichheld and Markey, 2011b, p261). The focus of this study is on this cultural change and how it is achieved at the organisational level, explained in a way which may offer insight for others wishing to undertake a similar cultural shift.

This introductory chapter sets out the reasons for this change journey being initiated in the studied company and sets the context for the research. This is then followed by the relevance of this research to others based on the gap in the literature. Overviews are then provided of the methodology, the aims and research questions to be studied, and how the findings are presented. Research work should clearly explain its contribution, and this is contained in Chapter 7. This introductory chapter concludes with the structure of this thesis.

1.2 DFS Furniture and context of the study

The company being studied within this thesis is DFS Furniture Limited (DFS), a subsidiary of DFS Furniture plc. The decision of the DFS board and senior management to implement the NPS and then to embed it within a process of cultural change is the starting point of this research.

DFS is the market leader in the c.£3bn UK upholstered furniture market. It was founded in Doncaster in 1969 by Lord Kirkham and, despite numerous ownership structures, he remained the principal shareholder and Chief Executive Officer (CEO) for the first 41 years of the company's existence.

Importantly, DFS Furniture plc (2014) highlights that DFS has a market lead in all five segments of the UK Upholstered Furniture Market with shares ranging from 21% to over 50% (DFS Furniture plc, 2015). The share of this market taken by DFS is larger than the next top four competitors combined and is three times larger than the number two operator. DFS has operating margins that are four times its average peer and double that of any other in the sector (DFS Furniture plc, 2015). DFS also dominates awareness in the sector. The group accounts for 57% of advertising across the entire Living and Dining Room Furniture sector and is the largest company within the market despite only operating within the upholstered portion of it (Mintel, 2017). Amongst consumers DFS has 75% spontaneous brand awareness compared to 29% for the next placed competitor (DFS Furniture plc, 2015).

The company was taken over in July 2010 by a private equity and management buy-out. As part of this takeover, the founder left the company and the senior management was changed, with a new Chairman, new CEO and other senior hires integrated into the existing senior management team. Upon completion of the takeover, a strategic review was conducted by Bain Consulting, with the aim of identifying ways in which the company's Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) could be doubled over a 5-year period. The furniture market within the UK has a very high marketing spend relative to others in

the retail industry (MacDonald, 2010) and operates to a cyclical promotional calendar. The high marketing cost, and ways of lowering this overhead while continuing to drive sales, was an area to be investigated.

To improve sales alongside diminishing marketing, the Bain team looked at customer loyalty within their analysis. The NPS methodology was used to compare the business to others operating within the furniture sector to establish the likelihood of customers returning to purchase. The NPS is a measurement introduced in a *Harvard Business Review* article, that claims a one-question method was not only the best way to predict 'loyalty' but was the best way of predicting growth in organisational profits (Reichheld, 2003). The NPS for an organisation is determined by asking customers one question: "Would you recommend Company X to your friends and colleagues?" It was believed by the incoming senior stakeholders that increasing this metric of customer loyalty would drive an increase in referrals and repeat business. These referrals and repeat business would not only drive like for like sales growth but allow a reduction in advertising spend to be implemented, therefore further increasing profitability.

The company under the previous management structure (prior to buy-out) operated with no customer insight function, so there is little internal data prior to that time to use for comparison. The focus of management in the preceding forty years of trading was to simply 'sell as many sofas as possible'. As there was a long gap between re-purchases of sofas, it was believed that new advertising would overcome any issues of quality of customer service that had occurred in a previous transaction.

The first exposure to NPS for members of the executive team came when Bain presented their survey results in 2010 as part of the strategic review. Each member of the team took in the content and was accepting of the findings at the organisation level. There was also an agreement from the team that there would need to be a change in the manner of interacting with customers in order to drive an increase in the NPS from respondents.

Several members of the senior management team were already familiar with NPS. This is not surprising as NPS has developed significant prominence in the business world. This included the home furnishing industry, although this was only a small sample in the US and Norwegian markets (Keiningham et al., 2007b).

As the management team were accepting of the need to drive customer loyalty and had been exposed to a recognised model for measuring it, there was little resistance to implementing an initial programme based on NPS, despite its academic challenges (described in Chapter 2), compared to what would have been the case for other models. The rationale for the acceptance by the management team can be taken from Fielding (2015) who believes that investors are increasingly looking to organisations to publish their NPS, as there is a belief that improved NPS leads to better growth. As the ultimate desire of the new ownership group was to exit ownership of the business in order to realise a return on their investment, having a measure familiar to investors was beneficial. Indeed DFS Furniture plc (2015) refers to the NPS in the Executive Summary and repeatedly throughout subsequent annual reports. However, it should be acknowledged that the executive team decided to

pursue this model in full knowledge that academic evidence supporting it was far from definitive.

Despite inconsistent academic support, there was a desire for DFS to deliver NPS in the most robust manner possible. In order to achieve this, the author, in the position of Group Human Resources Director, was tasked with building a robust measurement system for the company to be used in organisational culture change. As described in the methodology (Chapter 3), the potential conflict between this role within management and creating the most robust measure possible led to this NPS development being incorporated into the academic work that would form this thesis.

The business would be undertaking the initial stages of this change programme while undertaking the integration of a new management structure. As a formerly family owned business, there was a sense of 'pseudo-family' amongst many members of the team (Gottschalck, Guenther and Kellermanns, 2019). Within this setting, some long serving members of the organisation had closer links to the family-based senior management, creating in them a sense of leadership even where this would not be reflected on an organisation chart. These informal 'leaders' would have large numbers of people in the organisation looking for how they would respond to any change. Hence, the interaction between these leaders and followers would be a key factor in any change.

1.2 Research Relevance

Despite the practitioner interest in NPS, as demonstrated above, academic literature relating to the subject is relatively scarce (Bendle, Bagga and NastasoIU, 2019). The

NPS has expanded within the literature from the simple NPS measure of customer loyalty (Reichheld, 2003) into the 'Net Promoter System', a more holistic programme of activity intended to be adopted alongside the measure itself (Reichheld and Markey, 2011a). Bendle, Bagga and Nastasoïu (2019) highlight that successful adoption of NPS involves converting the score into actionable insights and being tackled as part of a cultural change within the organisation.

Where academic case studies that may guide practitioners in this task exist, none of them are within a Business-to-Consumer company (Ziegler and Peisl, 2020). While Keiningham *et al.*, (2007b) contained some research relating to the furniture market, this was considering the NPS metric in comparison to others and not in any way looking at the implementation or integration of such a metric at an organisational level.

The research gap that this thesis aims to fill regards the NPS being used simultaneously both as a management tool and instrument of change in the context of a large UK business in the Upholstered Furniture Retail sector.

1.3 The Research: Aims and Theoretical Frameworks

Derived from the above context, there are three distinct aims of this research. Firstly, to produce an academically rigorous implementation of a NPS measurement tool to be used in corporate change. Secondly, an analysis of how this NPS was used to drive a programme intended to deliver improved customer experience. Finally, to derive from this corporate change a theoretically informed model to guide similar change processes in other organisations.

The ambition to change was crafted amongst senior leaders. For it to be embedded within the organisation in order to maximise the chance of success, it had to be integrated into the culture of the organisation. The literature demonstrated that this should be in a way that is formally and informally connected across multiple layers of leadership and other employees through different interconnected facets of the culture. The cultural web is an appropriate model to use to create an understanding of this integration (Johnson and Scholes, 1988).

Todnem By (2005) describes the need for new and pragmatic models of change to improve the success of change projects of this nature. While the literature (both academic and practitioner) claims that NPS-based programmes work better as part of a defined cultural change programme, or as part of a Net Promoter 'System', there is no contextual academic literature on how best to achieve this. Yet this would be useful to practitioners seeking to drive performance within their organisations.

1.4 Methodology

It is important for the paradigm and the philosophical standpoint of a study to be established by a researcher, as this influences not only how the research is performed but also how the subject is perceived (Gray, 2018).

This research takes a pragmatic approach to generating a single, holistic case study within a significant sized organisation. The unit of analysis is DFS Furniture Limited. DFS Furniture Limited is a subsidiary within the DFS Group containing the UK retail, manufacturing, distribution, and head office functions relating to the chain trading under the DFS fascia. Other group companies and international markets are not

covered within this work. The case study analyses multiple sources of data in an explanation building manner following the contextual framework developed within the literature review and featuring regular confirmation with senior management to provide greater internal validity. As outlined in the methodology section, the pragmatic approach to research methodology adopted in this thesis incorporates a blend of positivist and interpretivist approaches throughout the study.

1.5 Contribution of the Study

This research work contributes to the overall understanding of the implementation and integration of NPS in a UK business-to-consumer sector, specifically the Upholstered Furniture Retail sector and therefore makes an empirical contribution.

This work also contributes by:

- the theoretical contribution of a conceptual organisation change model utilising the NPS;
- the contribution of a practitioner model for NPS implementation within a large-scale UK organisation, which is now utilised in other contexts; and
- the contribution to practice of the embedding of NPS into one large UK business-to-consumer organisation and subsequent implementation within another.

Additionally, the research reported in this thesis includes the NPS question format and survey methodology developed solely by the author for implementation at DFS. This methodology has been validated both (i) in practice as the foundation metric of corporate processes, decisions and changes and (ii) scientifically as the data

collection vehicle for two peer-reviewed British Academy of Management (BAM) conference papers (Fiserova *et al.*, 2017, 2018), one of which was awarded best full paper in the Marketing and Retail category of BAM 2018 (Management, 2018).

1.6 Thesis Structure

There are six chapters that follow this introductory chapter. These are as follows.

Chapter 2: Literature Review. This chapter reviews the relevant literature that exists within the theoretical frameworks of Customer Loyalty, the NPS and the Net Promoter System, Customer Satisfaction, Leadership and Followership, Cultural Change, and the Cultural Web. This helps to identify the knowledge gap that this study aims to fill. This is followed by a unified conceptual framework derived from the literature, which informs the research throughout this study.

Chapter 3: Methodology. The methodology chapter indicates the philosophical perspective of the researcher before outlining the research methods and process used within this case study of strategic and cultural change at DFS. It explains how this work contains two connected pieces of research and the connection between them.

Chapter 4: Implementation of NPS within DFS. This chapter presents the findings from and discussion of the first part of the research reported in this thesis. It explains the methodology and process used to develop the NPS question, the delivery of the NPS survey and how the metric became trustworthy within the organisation.

Chapters 5 and 6: Findings and Discussion. These chapters describe the findings seen in DFS between the start of the study and its conclusion. This is followed by explanatory analysis conducted within the conceptual framework earlier derived, in order to develop a practitioner-based framework that could be utilised in contextually similar change programmes. Chapter 5 concludes with a section on the implementation of that framework in an organisation in another sector as well as revisions to the model arising from that experience.

Chapter 7: Conclusion. The concluding chapter advances the contribution of this study to the field of NPS-based cultural change. The previous chapters are used as the platform to demonstrate the empirical, theoretical, and practical contributions. Finally, this section outlines where the practitioner work has already been utilised in other contexts and organisations and outlines further research opportunities.

1.7 Chapter Summary

This introduction chapter lays out the overall outline of this research, highlighting the business context that triggered its undertaking. This chapter further explains the relevance of the research, provides the aims and objectives of the study, and depicts the contributions ultimately delivered.

2.0 Literature Review

2.1 Introduction of the Literature Review

As outlined in the introduction many of the theoretical frameworks that would be used in this research were already in place as a result of organisational context and strategy. This notably included the (i) knowledge of NPS (Reichheld, 2003) and its grounding within a wider Net Promoter System (Reichheld and Markey, 2011a) and (ii) the use of cultural webs as a way of facilitating change within an organisation (Johnson and Scholes, 1988). However, the wider body of literature available to be used and its relevance to understanding the emergent changes developing alongside the planned change were not fully understood at the inception of the corporate change and research reported in this thesis.

Although the research was always grounded in the applicable theories highlighted above, other theoretical concepts were utilised as the change process developed. As this discovery of theory ran in parallel with elements of the change process, it would be difficult for future practitioners to establish the applicability of the work to their own organisation from a linear commentary on the change and relevant theory.

Therefore, the literature review here takes a narrative form. While this does not have the advantage of representing the interplay of theory and practice as they emerged, it allows a more easily communicated way for managers to assess the relationship with their own contextual situation. A narrative summary is a particularly suitable approach when reviews are not looking solely at the effectiveness of an intervention but also at the facilitators and barriers that may influence a successful implementation (Ridley, 2012).

This literature review therefore covers those elements that were identified during the research period as key parts of the process. These included:

- The Net Promoter Score and its location in a wider Net Promoter System.
- The study of 'Loyalty' and 'Satisfaction' leading to a concept of 'Customer Loyalty'.
- Change theories highlighting the difference between 'planned' and 'emergent' change in organisations.
- Communication of change and how that communication may be impacted by the concept of leadership and followership.
- The use of a 'cultural web' as a means of facilitating and understanding this change.

Key texts on the subject of NPS such as the seminal Reichheld works (Reichheld, 2003; Reichheld and Markey, 2011b) were identified during the initial stages of the research. The texts consulted during the implementation of the change process at DFS were recorded at the time and subsequently used to begin the process of this literature review. This bringing together of key texts is an established method of starting a literature review (Gray, 2018).

From these texts other key documents were identified using a snowball technique (Ridley, 2012). These were obtained using databases including Emerald, JSTOR and Wiley accessed via the University Library system. This was supplemented by information from Google Scholar, topical books within the Business and Management sections of Amazon.co.uk and Amazon.com, and through texts and publications identified in discussion with subject experts and practitioners throughout the course of the study.

This literature review concludes with the construction of a conceptual model linking and building on the theories within this chapter. At the conclusion of each section, how that section is related to the eventual model is highlighted.

2.2 Introduction to Net Promoter Score

In December 2003, a *Harvard Business Review* article claimed that a one-question method was not only the best way to predict 'loyalty' but was the best way of predicting growth in organisational profits (Reichheld, 2003). The 'Net Promoter Score' (NPS) for an organisation is determined by asking customers one question: "Would you recommend Company X to your friends and colleagues?" (Reichheld, 2003, p.4).

The work on 'Net Promoter Score' was expanded in 2011 to a wider concept of the 'Net Promoter System' (Reichheld and Markey, 2011a). This has the original NPS as its cornerstone but expanded it to include other activities. This is shown in Figure 1 and comprises:

- Sustained leadership commitment;
- A Reliable, Trusted Metric;
- Feedback, Learning and Improvement;
- Employees focused on loyalty; and
- Robust operational infrastructure.

The expanded 'system' is discussed further in this review. Embedded within this expanded 'system' remains the original metric.

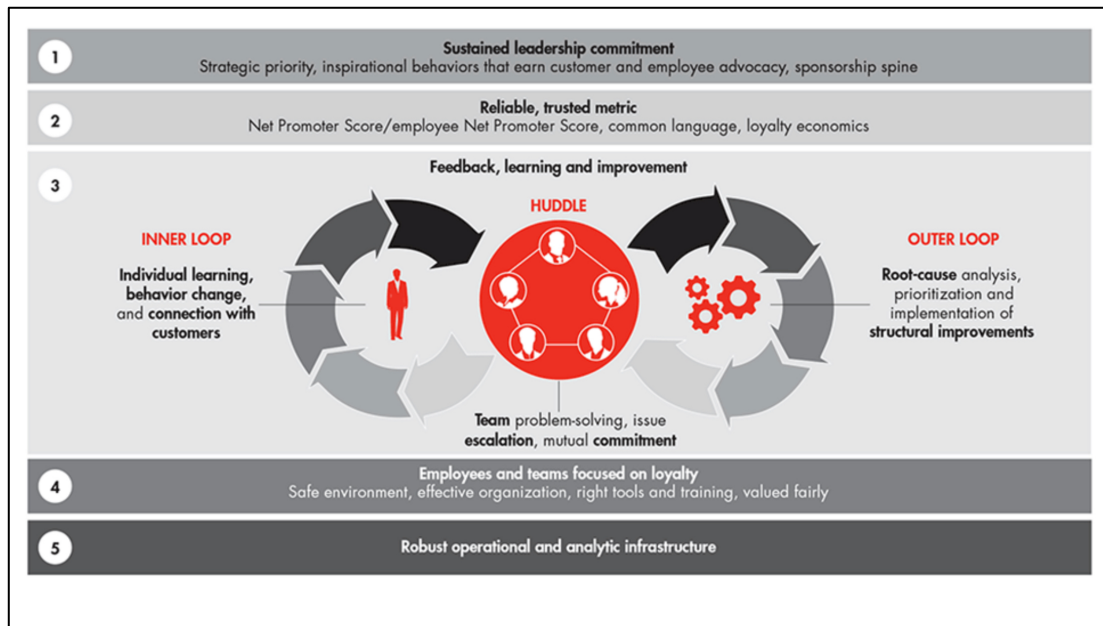


Figure 1 - The Net Promoter Score. Source: Bain & Company

The simplicity of the original NPS measurement allowed an industry to arise around the idea, and many major organisations now make use of the metric (Bendle, Bagga and Nastasoiu, 2019). There are numerous books and articles of practitioner literature concerning NPS (Owen and Brooks, 2009; Reichheld and Markey, 2011b; Fitzgerald and Fitzgerald, 2017) and specific consultancy is available (www.satmetrix.com).

To calculate the NPS, organisations ask customers the NPS question (Section 1.2) and their responses are captured on a scale from zero to ten. The respondents are then categorised into three groups. Those giving a score of zero to six are classified as 'detractors', seven and eight as 'passives', while nine and ten are 'promoters'. The Net Promoter Score is then determined by subtracting the percentage of detractors from the percentage of promoters. Reichheld (2003) claims knowing and improving this number to be the single most reliable indicator of a company's ability

to grow by representing the future actions of customers. Satmetrix (2013) quantified this by estimating that the NPS question correlated with actual customer behaviour 80% of the time. In support of Reichheld (2003), Satmetrix (2013) support the specific original wording for the NPS question. Despite this, variants of it are often used as alternatives (Fitzgerald and Fitzgerald, 2017) with each version claimed to be measuring the same loyalty construct.

Corporate executives are heavily focused upon managing loyalty to improve business performance. The creator of NPS, Fred Reichheld, was highlighting in 1996 that consumer loyalty had been declared dead by many experts. This was supported by data; average American companies were losing shareholders at a rate of 50% per year, employees at 25% per year and, crucially, customers at 30% per year (Reichheld, 1996). As a result of this, there has been an increase in management time focused on managing customers' attitudes about their experience with the aim of reducing this outflow from organisations (Mcmullan and Gilmore, 2008; Hayes, 2010).

This increased claim on management time was a response to executives realising that they must rebuild loyalty to their companies. If companies could therefore create a reliable way of measuring and managing their customer loyalty, then it should be possible to create tangible and measurable benefits for the organisation. This can come from customer retention, word of mouth advertising and a reduction in time and money focused on resolving issues (Reichheld & Markey 2011b). This benefit could be of particular use for companies with a wide portfolio of products or services. Loyal customers are likely to build a long-term relationship with a company and this

longevity has benefits to profitability as reported by Grayson and Ambler (1999) in their study of relationships within marketing services, finding that long-term customers were likely to expand their relationship within a product range and help generate increased profits as a result.

By measuring customers' lifetime spending, repeat purchases, annual spend and word of mouth advertising, large consulting firms such as Bain are working with major organisations to drive loyalty. They claim that this can be quantified by NPS in a way that can be tangibly reported by finance departments and, therefore, justify investment in the continued pursuit of loyalty. It is claimed that those companies that pursue this strategy and generate loyalty can outperform the market in which they compete and generate greater market share and profits (Reichheld & Markey 2011b).

Within this expanding loyalty space, NPS quickly gained popularity in many industries (for examples, see below – Section on the 'Net promoter Score'). Brandt (2007) summarises the reasons for this popularity as being fourfold: (i) the measure is very simple to calculate; (ii) it has face validity; (iii) it has intuitive appeal to managers and to other stakeholders; and finally (iv) it is a comparable metric that companies can include in reports (such as balanced scorecards).

Bendle, Bagga and Nastasoïu (2019) reviewed the quantity of academic work that had been produced in the field of NPS. They found that while the NPS is frequently utilised as a measure in many academic papers, studies of the NPS itself are limited. The team looked at a range of over 20 journals including all 6 marketing journals

listed on the FT50 list alongside major managerial journals including the *Harvard Business Review*, *Sloan Management Review* and *California Management Review*. They discovered that there are 61 articles that have been published containing reference to NPS. Of these articles, the researchers deemed that in 47 cases the mention of NPS was perfunctory leaving only 14 articles with a substantive focus on the subject. This is supported by Ziegler and Peisl (2020) who find that 511 articles within ProQuest reference Reichheld (2003) yet the number of articles in peer-reviewed sources with NPS in the title numbers less than twenty.

Despite the large volume of management interest and practitioner literature around the subject there appears to be limited interest from academics and, therefore, limited academic underpinning for the use of the NPS. The presented thesis contributes to closing this gap between the importance of the NPS in the business world and the limited scholarly interest by undertaking the first – to the author's knowledge – detailed academic study of a corporate change process guided by the NPS and a wider Net Promoter System.

In summary, between 2003 and 2019 the NPS grew rapidly from a concept into an industry supporting many of the largest companies in the world. This is driven in large part because of its simplicity and face validity. As described in the introduction, this growth and familiarity with NPS led to it being the metric of choice in DFS and the starting point for the corporate change analysed in this thesis. This starting point is depicted on the left-hand side of the conceptual model (Figure 2) as Box 1¹.

¹ The full conceptual model is described in Section 2.13

The Net Promoter Score is claimed to be a measure of loyalty. Therefore, before looking in more detail at the use of NPS and the 'Net Promoter System' it is shown in the following section how NPS evolved from the literature on loyalty.

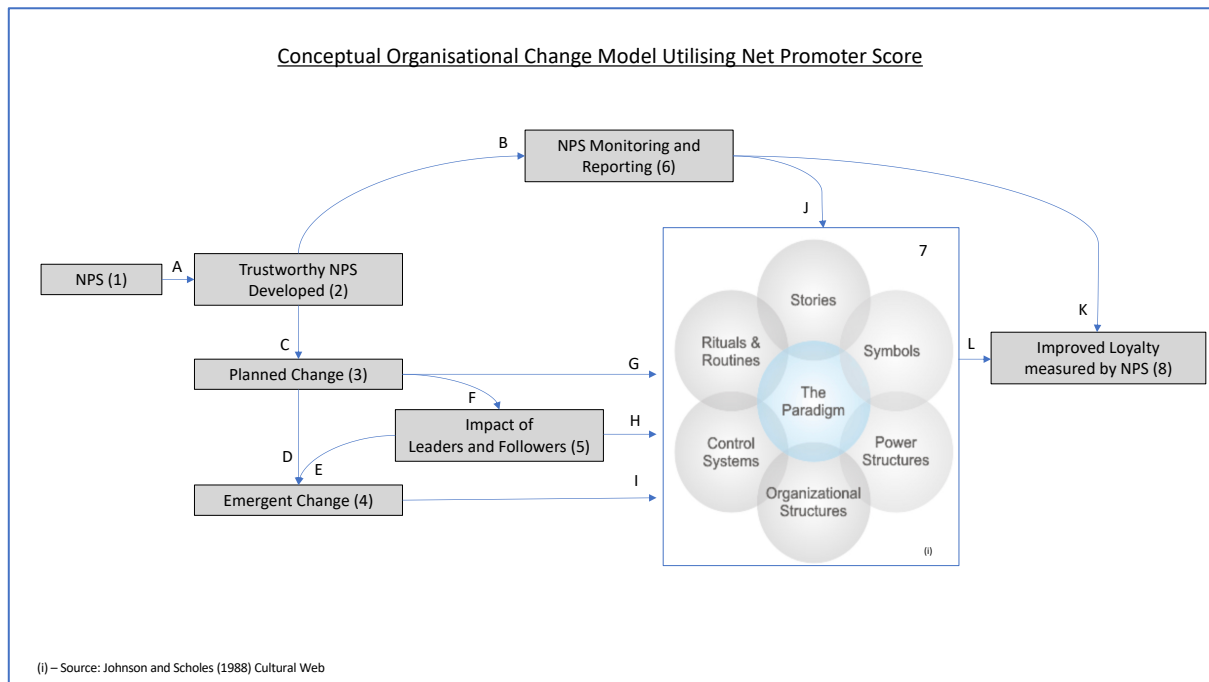


Figure 2 - Conceptual Organisational Change Model. Source: Author

2.3 Loyalty

In 1959 the *Journal of Marketing* carried an article that described a new way of determining buying decisions. Pessemier (1959) argued that it may be possible to understand customer behaviour and predict their reactions to price changes, product changes or even a change of promotion. Using staple products of the time such as toothpaste and cigarettes, Pessemier (1959) conducted experiments in simulated market conditions to predict what consumers would do in the real market. While acknowledging the flaws, such as the impact of observation itself, this led to a view that gaining this customer insight could better predict outcomes of changes and allow companies to test the limits of consumers' loyalty to their brand. Despite the

early development of this methodology, it continues to survive to this day in work such as focus groups and mystery shopping, which numerous businesses deliver to organisations daily. Indeed, this industry in market research was worth over £4bn in the UK by 2016 (Mallon, 2016), a spend deemed worthwhile by companies to understand this customer behaviour and use the information for competitive advantage.

Tucker (1964) aimed to improve understanding of this customer behaviour. He recognised that work prior to this point had involved existing brands and, therefore, that the loyalty in some ways was a function of how often that choice had been made previously. Tucker's work was different to previous studies in that it focused on products with no branding available such as bread or, where the branding was not visible, such as unpackaged cola. His work led not to a clear descriptor of what loyalty is but identified that loyalty was a conscious decision and made some key observations that would later be important in managing loyalty, including the following.

- Consumers can become brand loyal even when the only difference is the brand itself.
- Brand loyalty can be based on trivial and superficial differences.
- Consumers vary greatly in their susceptibility to loyalty.
- Brand loyalty and product preference are different factors but together are usually referred to as 'brand loyalty'.

Several authors attempted to define loyalty during this early period. Jacoby & Kyner (1973) described how these various pieces of work over the previous decades had been ambiguous, contradictory, and inconclusive. They conclude that loyalty research up to that point in time had failed to contribute in any significant way to the understanding of the decision-making processes of consumers. Jacoby & Kyner (1973) advanced a conceptual definition of brand loyalty. They described how six necessary and collective conditions outlined the description of loyalty. They explained how brand loyalty must be:

- 1- Biased (non-random)
- 2- Behavioural response (a purchase)
- 3- Expressed over time
- 4- By a decision-making unit
- 5- With respect to one or more alternative options
- 6- And is a function of a decision-making process

The number of definitions of brand loyalty increased over this period, with over 53 predominantly operational descriptions being cited in the literature by 1978 (Dick and Basu, 1994). The majority of these were behavioural based (predominantly a repurchase) and dominated until the 1970s. However, subsequently, approaches appeared that accounted for customer's attitudes, saying that actions other than a purchase also constituted loyalty (Bardauskaite, 2014). These attitudinal descriptions included Reichheld (2003) who had the premise that only a customer with a strong relationship would offer a referral.

These attitudinal traits are seen in Dick and Basu (1994) who presented a conceptual framework for 'Customer Loyalty'. This splits these elements into a framework that focused on the relationship between the attitudes towards an entity and the behaviour displayed. This entity element included the brand itself as well as the service, the store, and the vendor. Specifically, within this framework, the behaviour element is characterised by the repeat patronage of the customer.

Rowley (2005) sought to increase the understanding of loyalty and aimed to segment loyal customers into clear types, which offer some insight into drivers of these attitudes and repeat patronage. This work outlined four categories of loyalty.

- The first group is 'Captive'. These people have no choice as to which product or service to use, they are often neutral in feelings to the brand, and would need an intervention in order to consider and make a change. This intervention could be a new entrant into the market changing the options for the consumer.
- Second is a group described as 'convenience seekers'. This group is often associated with routine purchases; they usually have no attitude to the brand other than favouring those that offer easy convenient transactions. These people are usually very susceptible to other brands providing offers such as 'two for one'.
- The third group is those defined as 'contented'; this group evaluate each product or service on its own merits, but each interaction is seen as a chance for the brand to strengthen the relationship between the two parties. They have a positive relationship with the brand and, if questioned, will often support it. It would usually need a product failure or service delivery to make them move elsewhere.

- The final classification within Rowley (2005) are the 'committed'. These people barely consider other brands and are often prepared to add value to the brand by participating in unprompted customer-to-customer recommendation. They will often engage in positive word of mouth exchanges without any prompting. It would generally take repeated product failure, very poor product recovery arrangements or a completely new product from a competitor to move their loyalty.

Although the 'committed' loyal customer can move away, it is this group, with their low chance of moving and their unprompted promotion of the product and company, that executives are increasingly keen to create.

This 'commitment' can be understood further by looking at the work of Jones *et al.*, (2010). Jones describes three generalisations about commitment:

- People become committed to different things. It is possible for people to be committed to over 200 different things, which could be people, goals, pets, or groups.
- Affective commitment is when someone has a desire to remain in a relationship; normative commitment is a feeling of obligation to that relationship; while continuance commitment is a perception of sacrifice from ending a relationship.

- Different elements of commitment have different effects on outcomes.

Organisational Behaviour work identifies focal and discretionary responses to commitment. Repurchase behaviour is a focal element, whereby the continuing exchange relationship of goods and services could be considered commitment. Discretionary customer responses are those such as word of mouth advocacy and the willingness to pay more.

Increasing the loyalty of people within the 'committed' group would have the benefit of an increasing pool of people who both may repurchase and are advocates of the business or product. If this behaviour could be accurately understood, then this would represent a controllable way of increasing like for like sales from both repurchase and recommendation. This is what a NPS question is attempting to measure.

Akin and Assist (2012) explore whether this behavioural element of the decision found amongst 'committed' consumers is a conscious or non-conscious process. According to Dick and Basu's (1994) description, there is a clear point that repeated purchase patterns alone are not necessarily evidence of loyalty. This point is further expanded to highlight that those customers who chose to make purchases elsewhere may be being influenced by other factors such as marketing. The conclusions of this study are ambiguous: loyalty is a conscious decision; and, yet, where a customer shows no loyalty, this is due to an unconscious attitude.

This ambiguity of what loyalty is causes issues for practitioners who are tasked by executives with helping the organisation to improve customer loyalty. This lack of

clarity around how the decision to purchase is made can be highlighted and utilised by front-line management in order to shift the focus of performance within a business. For example, a management team may highlight that the customer really liked what we did (conscious loyalty) but was swayed away by other factors, marketing, convenience, price etc. (unconsciously). Within retail organisations this often manifests itself as sales and operational management teams taking credit for good business performance while blaming any failure to achieve budgets and targets on those central 'head office' functions that do not directly touch the customer. These elements link back to the Dick and Basu (1994) model in that these management or head office differences variously are elements of brand, service and store based loyalty.

The company that is to be studied within this research, DFS, is both a manufacturer and a retailer and, therefore, will face these conflicts. The products within the store are marketed under multiple product names, and a limited number of products within the range use licenced brands from outside the sector. However, in all cases, the product is both retailed and manufactured by the same company. This contributes to these differences of view between Head Office and other functions.

A property or merchandising team may feel that loyalty was created by the 'store', which could be its' location, the design elements within it, the materials used to create the environment or even the number of parking bays available. Conversely, the team within that store, whether managers, salespeople, administrators, or housekeepers, could feel that the 'store' was incidental. It is the 'service' that they provide within the unit – the atmosphere, information, and efficiency – that creates

loyalty. At the same time, Head Office teams, particularly marketing, product design and manufacture may feel that these are incidental. They could claim that the 'brand' they create through its logos, advertising, ranges, and quality are what drives loyalty and, in an extreme view, see that the stores are merely located in the most convenient sites to consumers with enough employees to facilitate inevitable purchases. Accordingly, an approach based around a single unified description of 'loyalty' such as NPS could help provide a more unified business approach.

Each of these concepts of loyalty – brand, vendor, service and store – have been studied as different perspectives due to their individual level of impact for practitioners (Karunaratna and Kumara, 2018) and collectively contribute to the concept of 'Customer Loyalty'. This is particularly relevant to the organisation within this study, as the brand, the store and the service are all presented under a single umbrella. Even in the limited cases where products are sourced from recognised brands and not built in the company's own factories, those brand labels are deleted, and the products are not available in any other retailer. Therefore, this all-encompassing concept of 'customer loyalty' is the most appropriate for this study creating a consensus view and helping to minimise conflict between head office and stores.

Karunaratna and Kumara's (2018) review of the literature around customer loyalty concludes that the topic is one that is of critical importance to business leaders in creating advantage. It also demonstrates how the definition of customer loyalty has evolved over time. Within their study they highlight key descriptions of loyalty as they

have appeared in the literature; these are shown in Figure 3.

View	Author/s
Loyalty is referred to as a biased behavioural response expressed over time by some decision-making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of the psychological [decision-making evaluative] process.	Jacoby & Chestnut (1978)
Loyalty is viewed as a measure of the attachment that a customer has to a brand.	Aaker (1991)
Loyalty is viewed as the strength of the relationship between an individual's relative attitude and repeat patronage.	Dick & Basu (1994)
Loyalty implies consistent repurchase of a brand, resulting from a positive affection of the consumer towards that brand.	Mellens et al., (1996)
Customer loyalty means an intended behaviour towards the product.	Andreassen & Lindestad (1998)
Building customer loyalty is not an easy task, because loyalty operates in a psychological and competitive context.	Chakrapani (1998)
Loyalty is a deeply held commitment to rebuy or re-patronise a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour.	Oliver (1999)
Customer loyalty refers to the purchase of products on a repeated and preferably exclusive basis, and recommendation of a specific product to friends and associates.	Giddens & Hofmann (2010)
Customer loyalty is about much more than repeat purchases; loyal customers talk favourably about the company and its offers through positive word-of-mouth communication with their family members, colleagues, and business partners.	Reichheld (2003)
Customer loyalty is repeated purchase of a particular product or service during a certain period of time.	Yi & Jeon (2003)
Loyalty means faithfulness which means unswerving devotion.	Nunes & Dreze (2006)
Customer loyalty is treated as a focal point of interest for marketing researchers and practitioners.	Russell-Bennett et al. (2007)
The customer loyalty concept has its roots in consumer behaviour theory and is something that consumers may exhibit towards brands, services or activities.	Boohene & Agyapong (2011)
Customer loyalty is a collection of attitudes aligned with a series of purchase behaviours that systematically favour one entity over competing entities.	Watson et al. (2015)

Figure 3 - Descriptions of Loyalty reproduced from Karunaratna and Kumara (2018)

When the descriptors in this table are reviewed in chronological order it is possible to see the change within the concept of loyalty as previously discussed. The table shows how the early concepts of Brand Loyalty (Jacoby and Kyner, 1973) – including the need to repurchase – evolve. At the point NPS joined the debate, Reichheld (2003) specifically argues that: “Customer Loyalty is about much more than repeat purchases” (Reichheld, 2003, p.3). The later descriptions in the table describe a mixture of these two points of view with both purchase behaviour and a collection of attitudes or behaviours displayed towards brands; in particular, these attitudes could include a willingness to recommend.

Practitioner literature offers a simple distinction between these two concepts: ‘Brand Loyalty’ being when a customer identifies with a brand; whereas ‘Customer Loyalty’ revolves around spending (AdRoll, 2019; Moveo, 2020).

The literature shows that 'Loyalty' is an ambiguous concept with many different meanings. It also shows that this loyalty can manifest itself in various ways, with an actual repeat purchase being only one possible measurement and a recommendation being another. In any case, a purchase itself may be caused by necessity and thus is not an actual loyalty response from the customer.

As the various management layers of an organisation may have differing views of what is being achieved, it is important to define what exactly is meant by loyalty within the research being carried out, and for this to be systematically included in both the research design and internal communication.

This is particularly relevant to the organisation being studied where all the products are manufactured, sold, and displayed within a store that all sit under the same 'brand' – DFS. The product also has a long replacement cycle so tracking a simple repurchase may not offer much insight.

In this context 'loyalty' is better defined with a view to the whole 'customer' journey, which will include their perceptions of brand, product, store, and service. Within DFS, and consistent with recent literature, the 'brand' is a key component of 'customer' loyalty rather than being a separate type of loyalty as it may be in a retailer containing multiple brands.

The simplicity of the NPS question (Section 1.2) can contribute to the communication of this concept of loyalty by being a consistent approach provided to all parts of the

business. The literature on loyalty is also clear that the concept is possible to be sustained over a period of time (as there may be a long gap to repurchase or recommendation) and the definition must therefore account for this.

In summary, for the purpose of this research the definition of loyalty I will use will be: 'The recorded intention of customers to recommend the company to others sustained over a period of time'. This sustained period element reflects that several parts of the company will interact with the customer at different times. This definition of loyalty is the output of the conceptual model (Figure 2) shown on the right-hand side, Box 8.

As several parts of the company will be involved in generating this 'loyalty', so many individuals will contribute to any change in this construct across the various customer experiences. These individuals will all cumulatively contribute to the overall customer experience, although in many cases they will only be capable of influencing their own potentially small part. This could be interpreted as a measurement of the customers 'satisfaction' with that part of the journey. It is important then to review what the literature can help us understand about the link between customer satisfaction and loyalty and whether the difference causes a challenge in monitoring this loyalty definition.

2.4 Customer Satisfaction

The author's definition of loyalty as 'the recorded intention of customers to recommend the company to others sustained over time' means that the company will have several interactions with the customer over a measured period. Each of these

interactions may be with a different part of the organisation. From the perspective of each team they may see they are aiming to make the customer satisfied with their part of the journey. This does not seem an unreasonable position to take as Szwarc (2005) describes a large number of corporate measurement tools deployed over many years that seek to measure the 'satisfaction' of customers following interactions with employees and products. Oliver (1999) describes customer satisfaction as the consumer sensing pleasure rather than displeasure from the consumption of a product or service and also describes how frequent or cumulative periods of satisfaction are required to help create loyalty. This is supported by Jones and Sasser (1995) who highlight that customer satisfaction is a key component of securing customer loyalty and Bowen and Chen McCain (2015) verify a relationship between these two elements while highlighting that this relationship is asymmetric, with one not neatly leading to the other.

Owen & Brooks (2009) are very clear on the difference between satisfaction and loyalty. They claim that satisfaction was a sensible measure in the post-war period but has limited value in the more modern global market. They highlight that loyalty is a measure of the overall relationship with an organisation, differing from a satisfaction measure that may reflect short-term impact from short-term issues such as product failings. They argue that a customer may remain loyal if the customer values the way a company handles that kind of situation.

This view conflicts with the work of Hayes (2010). Hayes looked at four commonly asked questions within work on customer loyalty and satisfaction.

- How satisfied are you with Company ABC?

- How likely are you to recommend Company ABC to friends/colleagues?
- How likely are you to continue purchasing the same product and/or service from Company ABC?
- If you were selecting a (company) for the first time, how likely is it you would choose Company ABC?

Hayes used a scale of 1 to 10 for the first question and then a 0 to 10 scale for the other questions in much the same way as the simplistic NPS methodology. There were over 1000 responses from customers within a range of industries and the work showed that the correlation between the responses in each case were .90 or higher. The conclusion of this work was that whether questions of satisfaction or loyalty were asked, the responses were measuring the same underlying construct.

Although Hayes demonstrates that even though the questions themselves generated a correlated response from the respondents this does not necessarily show a link between satisfaction and loyalty. It could more accurately demonstrate that it is possible to use a 'loyalty' worded question at a point in a customer's journey with a company to measure 'satisfaction' and vice-versa. In order to manage the concept, then practitioners would need to understand when to utilise the question as well as the wording of it in the best manner to provide timely feedback that could be analysed and acted upon. This view is challenged again by Hyken (2016) who concludes that loyalty questions must be asked at a point in time that measures a relationship not a transaction. Fitzgerald and Fitzgerald (2017) connects both elements, claiming that various versions of the NPS question can be used and that the question can be used across both 'relationship' and 'transactional' surveys.

While there are differences in the interpretation of any link between satisfaction and loyalty, the key element is that there is support in the literature for the use of the same question at differing points of the customer journey. There would be interpretation on the part of the customer that would need discussing in the building of the research; however, this may allow the NPS question to be used to measure the underlying construct 'over a period of time' in a manner that was explicable to differing teams within an organisation.

This concept of the same NPS question being utilised for different points of the journey and measuring both 'satisfaction' and 'loyalty' is displayed within the conceptual model (Figure 2) as Box 6, being developed from a trustworthy metric (Arrow B) whilst the link from these measurements to the definition of loyalty and ultimately its improvement is shown as Arrow K.

Satisfaction, attitudinal loyalty, and a single construct being reviewed over time are all elements within the field of 'Customer Experience', which is now discussed.

2.4 Customer Experience

Jain et al. (2017) describe the increasing body of academic literature on the topic of 'customer experience'. They describe how the customer experience literature shows broad agreement that customer experience is essential to deliver benefits across customer satisfaction, loyalty and, ultimately, 'word of mouth' recommendations.

Berry et al. (2002) explain that customer experience is something that can be managed within an organisation. In order to manage the process, an understanding of the customer journey and its various touchpoints is required. Most studies then

apply a scientific approach in order to measure the effectiveness of interactions at these key points (Jain, Aagja and Bagdare, 2017).

The stages of the customer journey and, therefore, the points at which customer experience occur, vary according to the individual business and product or service being consumed. Despite this, there are broad categories proposed within the literature (O 'loughlin, Szmigin and Turnbull, 2004). These are 'pre-purchase', 'purchase', and 'post-purchase'. While there are these three distinct stages of the 'customer experience', it is those companies that are able to design and deliver a consistent and 'total' experience that deliver superior value over time (Berry, Carbone and Haeckel, 2002).

Customer experience is regarded as a subjective phenomenon (Jain, Aagja and Bagdare, 2017) and measurement of it has proven difficult due to the lack of a clearly constructed definition. Where measurement has occurred, it uses a variety of different customer responses including satisfaction, purchase intention, and recommendation. This is further explored by Maklan et al. (2017) who describe how customer experience is often described so holistically that it excludes almost nothing. Due to this wide description, it is of little use to those who have to deliver 'experience' and change in many organisations, usually the line management.

In contrast to this Johnston & Clark (2008) do provide a description of 'customer experience'. They describe how the operation provides a service through a series of processes. The customer then has a perception of the outcomes that is a combination of the received service and the 'experience', which are the elements

that are, in effect, 'co-created' with the customer. This would include areas such as a sales conversation where both parties are required in order to complete the process. Having identified this part of the customer journey as being the 'experience', then Johnston & Kong (2011) expand on this work in order to build a road map of how to improve that experience. This model has four stages:

- 1 – Planning and setting the direction;
- 2 – Researching and changing the mindset;
- 3- Development through involvement; and
- 4 – Implementation and changing the mindset.

While this study produced a model that companies can use to map the overall process of managing their customer experience programme, this work has limitations identified by the authors themselves. The methodology of the study was not based on a system or score that could be replicated. Across the four organisations that were tracked, the measurement of customers' outcomes was assessed only by focus groups and interviews.

In contrast, the NPS claims to provide a consistent measurement that could be applied across the stages of a customer experience and then analysed. This could give interpretation of the specific interactions between customer and organisation and give clear insight that could be used to action changes and improvements within the company. These interactions will likely include physical conversations between customers and employees, which, while often represented in descriptions of a customer journey, are not often measured consistently. This system could then be embedded into the organisation so that, rather than being a way of measuring a 'change' in isolation, it could be used as an 'always on' method of gaining insight into

the customer experience. This is supported by Florea et al. (2018) who conclude that NPS would be most useful if applied at specific times, such as every month or week.

If there were a measurement system that was 'always on', then it would be able to track the impact of time on the levels of a customer's loyalty. McMullan & Gilmore (2008) conducted a study into the UK Passenger Ferry market, which identified that loyalty diminished over time. The study identified this by conducting questionnaires with a significant portion of customers who had used the service and then following up via focus groups several months later. The idea of levels of loyalty diminishing was self-reported by the participants.

Using Net Promoter at multiple points within the customer journey would give a consistent scoring system that could measure loyalty levels and allow comparisons to be taken over a period to see if this 'loyalty' was being maintained.

There is some guidance as to where to place these points within the journey. Maklan et al. (2017) described a case study of The Royal Bank of Scotland (RBS) and how they improved their customer experience. They explained that due to the economic pressures of the 2008 banking crisis, RBS were unable to follow the normal path of building a measurement system irrespective of cost. Instead, RBS built a measurement system using their own understanding of the customer journey and measurement techniques that were already in place. In the view of the authors, this resulted in a system that had a more comprehensive capability than the majority found in either academic or practitioner literature. Taking the O'loughlin et al. (2004) starting point of pre-purchase, purchase and post-purchase, and then taking input

from management and executives to establish how these are best represented in a typical interaction with a customer, would therefore give a blended position between academic and practitioner understanding within that organisation.

It should then be possible to map the measurement points along this journey in order to give critical management insight to improve and help engender loyalty in more customers. These measurement points likely already exist and have a corresponding mechanism in place to collect data. In order to effectively track customers' attitudes over time, and then take actions from the data, would require consistent measurement that was simple to communicate to a wide range of stakeholders, including critically the front-line management.

The criticism of customer experience being something so ambiguous as to be unmeasurable, (Maklan et al., 2017) could be addressed by linking the clear descriptors of measurement points with the elements of 'pre-purchase', 'purchase' and 'post-purchase' already discussed from the literature.

The author's definition of loyalty provided in section 2.3 was "the recorded intention of customers to recommend the company to others sustained over time". For this research it will be accepted that some measurement points on this customer journey will incorporate satisfaction into the underlying construct that is being measured, in line with the literature above. The element of 'over time' will be delivered by asking the NPS question at the various stages in the customer journey. This combined set of measurement will be the 'Customer Experience' that is sought to be measured, managed, and ultimately improved within the organisation to drive loyalty. Arrow C in

the conceptual model (Figure 2) represents where management take this desired customer experience across the stages of the customer journey and develop it into a change plan.

The literature has taken us to a clear descriptor of ultimately how loyalty can be defined and articulated within the research – i.e., as willingness to recommend the company sustained across the various stages of the customer journey. It is important now to consider (i) whether this is likely to gain the buy-in of those seeking change within the organisation and (ii) whether the NPS question can help solve the challenges of initiating and managing change throughout the organisation.

2.5 Net Promoter Score

As described in section 2.2, the original Reichheld (2003) version of NPS is a clear 'recommendation' question and if a recommendation were actually to occur then this would be a form of 'word of mouth' advocacy. Huete-Alcocer (2017) describe how numerous studies have identified that 'word of mouth' is one of the oldest mediums for sharing opinions and that it is the most likely to influence consumer behaviour. This is due to the high reliability and credibility associated with family and friends. Despite this, Haenlein & Libai (2017) highlight that only a minority of executives believe it is possible to measure in any way the return-on-investment of any word-of-mouth-based loyalty programmes, describing them as a 'riddle'. This work highlights many different variants of word-of-mouth measurement and shows the variations across them all. All these variants, however, share a commonality, an idea that it is a 'programme' or 'campaign', something like a single piece of marketing and not

something that could be woven into the business as part of the usual operations of the company.

The NPS literature has been based on using customers' answers that they are 'likely to recommend' as a measure of them being loyal (Reichheld and Markey, 2011b) and that this may – amongst other things – lead to repurchase. This may have a benefit in product categories with a high frequency of purchases but is unlikely to be the case in product categories with long replacement cycles (typically measured in years, e.g. cars, houses or sofas). For these industries, then, the value of NPS may well be derived if recommendations are made that influence new customers to interact with the company. Whilst this phenomenon is clearer to see with long replacement product cycles, it may also be occurring within frequent purchases (such as groceries). Whether through repeat purchase or recommendation, there is clearly a possibility that NPS could add value as part of the defined goal to manage customer experience and ultimately loyalty.

This view is clearly shared by many executives. Reichheld & Markey (2011b) highlight some of the impact that the Net Promoter System has had within major organisations. By 2011, over 3000 executives had attended Net Promoter based conferences. Over 1000 executives had enrolled in and completed a three-day classroom-based certification process to pass them as competent in usage of the Net Promoter System. The list of organisations using Net Promoter as listed by Reichheld & Markey (2011b) includes Apple, American Express, Philips, GE, Rackspace, Facebook and Lego. The list demonstrates that NPS is being used by major global organisations across multiple territories and in many varied sectors.

Indeed, Safdar and Pacheco (2019) describe corporate America as being obsessed with the NPS.

Creamer (2006) states how NPS is being used to kill or tweak product categories, to determine the pay of key executives, and to report the views of customers to managers and stakeholders. It was also shown that investors were starting to have companies' NPS reported to them.

Many authors claim that businesses with high NPS perform well (Reichheld, 2003; Owen and Brooks, 2009; Hayes, 2010; Reichheld and Markey, 2011b; Fitzgerald and Fitzgerald, 2017). Whilst there are challenges to the causal effects of this link, which will be explored later, this linkage may well be one of the reasons that the NPS has been so well regarded by corporate businesses.

The logic within NPS is that by indicating that they will recommend a brand, customers are indicating a propensity to continue to use that company or service. This meets the Rowley (2005) description of customers who are demonstrating both an attitudinal and behavioural positivity towards the brand and is consistent with the author's definition of loyalty being "the recorded intention of customers to recommend the company to others sustained over time".

Despite NPS meeting these criteria and achieving major take up within corporate organisations there have been many critics of the approach. The original NPS study (Reichheld, 2003) started in 2001 and included data on over four hundred companies. These were spread over a dozen industries and were used as the basis

to claim that the metric was a superior growth predictor than others. Although over four hundred companies were studied, the actual analysis was limited to only fifty. The reason for this reduction was that only companies that met a 'certain criteria' were included. These criteria were simply explained as being those companies within targeted industries (Reichheld & Markey 2011b).

Keiningham et al. (2007b) calculate from the available figures in Reichheld (2003) that the number of sampled companies within each industry would be an average of 3.6, highlighting that as well as being selective with the chosen data the sample sizes were very small. This element of selecting industries is further criticised by Fou (2009) who points out that NPS can only be of use relative to other organisations within the same industry. This is because there are many areas where recommendation is unlikely, such as toilet paper and toothpaste. At the other end, there are products that evoke an emotional response – such as fashion – and therefore lend themselves more to recommendations.

Fou (2009) further explains that it is difficult to take actions on NPS as it is entirely possible to achieve the same score from many different compositions. As an example, a NPS of +20 could come from 20 promoters, 80 passives and no detractors. It could equally be achieved by 60, 0 and 40 (for calculation explanation, see section 2.2). In these cases, the make-up of loyalty to the organisation could be expected to be very different. This observation builds on the comments of Brandt (2007) who had showed that, beyond the total NPS, attention to the individual component – 'detractors', 'passives' and 'promoters' – could lead to differing priorities being identified within an organisation. For example, it is not clear whether

a company should focus on increasing the number of promoters, or on reducing the number of detractors. However, if the original (Reichheld, 2003) study is accurate, then it is simply the total number that matters and, therefore, companies could choose to focus on either of these elements.

Keiningham et al. (2007b) explored the empirical evidence for the claim that NPS was a better predictor of growth, when comparing it to an alternative - the American Customer Satisfaction Measurement (ACSI) – finding that NPS performed more poorly than ACSI in two of the three industries they tested. This leads to their conclusion that NPS is not the best predictor of growth. Reichheld (2006) claimed that a team at Bain consulting had looked at the correlation between growth and customer satisfaction (such as ACSI) and found that there was not a link. Yet Keiningham et al. (2007b) claim this is in conflict with the findings of several papers. These include, for example, Aksoy et al. (2008) which finds that firms with a better ACSI score than others also performed significantly better in terms of market returns.

In 2013 a study was conducted that attempted to move the investigation of NPS from the macro level to the micro level to establish whether this could provide a clearer view of what was happening; the work covered the banking, hairdressing and mobile phone sectors (Leisen Pollack & Alexandrov, 2013). This study concluded that previous studies had taken the individual word of mouth recommendations and rolled them into a high-level view of the business that potentially 'lost' the view of those individual customers. The study conducted aimed to take the individual customers of companies and see if there was a relationship between them answering whether they would recommend a company and whether they could recall making a

recommendation to others. While this study clearly aims to fill a gap, it relies on the recollection of the respondents. These respondents also were sourced from within a student population, which is unlikely to be representative of the organisation's entire customer base. Leisen Pollack & Alexandrov (2013) conclude that in order to build on their research it would be necessary for a study to measure further the link between recommendations and actual growth over time. They also recommend a larger study group in order to provide managers with a greater understanding as to how to interpret and improve the scores once they have received them.

Marsden et al. (2005) focused the NPS debate specifically on the United Kingdom, studying banks, car manufacturers, mobile phone networks and supermarkets. It was suggested that cultural differences by country may influence the impact of NPS. The study aimed to show whether the Bain result had been a fluke based on the specific time period (1999-2002) or the geographic market (the USA). The paper claimed that word of mouth impact on the buyer is undisputable and sought to establish the benefits of Reichheld's method of monetising this word of mouth by testing it on UK specific companies.

Marsden et al. (2005) asked the NPS question as to whether a person 'would recommend' their current provider across a range of businesses but then, in addition, asked whether they 'had recommended' them. Their results were based on the 'had recommended' question responses rather than the responses to the NPS style 'would recommend'. This had the impact of making the study a measure of actual recommendation rather than the possibility of recommendation. The satisfaction of the consumer was established by asking how satisfied they were with the brand.

Both – i.e., actual recommendations and satisfaction scores – were found to be correlated with predicting business growth. The overall NPS (or, more accurately, their ‘had recommended’ proxy for NPS) across the UK was summarised as +3.2 on a scale extending from -100 to +100. In other words, in general, UK companies had slightly more promoters than detractors (where 0 would equate to an equal number of promoters and detractors). This may therefore mean that NPS comparisons across countries may need to account for a different base score to be comparable with each other. Fitzgerald and Fitzgerald (2017) does explore this issue explaining that scores should be adjusted based upon the country. Marsden et al. (2005) completed a UK study which concluded that a 7-point increase in NPS correlated with a 1% growth in profit. It further concluded that reducing negative word of mouth by 2% can produce a further 1% growth. Korneta (2018) studied the impact of NPS in transportation companies, comparing the EBITDA of these companies with their published NPS. The conclusion did not find evidence of overall EBITDA growth but did find some correlation with other financial metrics (such as return on equity). The conclusion of the study was that the NPS needed to be used in a portfolio of metrics and not on its own. A more definitive conclusion on the utility of NPS was found by Zaki et al. (2016) who reported that NPS was not a good measure of loyalty. Their study used data analysis to compare actual purchasing behaviour and found that NPS was not a good predictor of customer behaviour. This study however is aligned to a behavioural view of loyalty, not reflecting the attitudinal perspective seen in much recent literature (Section 2.3).

In each these studies, the differing views of NPS, and whether it adds value or not, are not supported by measures using the same consistent measurement

methodology. This raises challenges, concerning how the question is asked; when it is asked; to whom it is asked; and over what period it is asked. Any programme designed to improve customer experience by measuring the recorded intentions of customers to recommend the company to others sustained over time will need to address each of these points within its methodology.

Owen & Brooks (2009) studied the growth of companies that had a high NPS, and this gives an insight into the type of programme that may yield results. They identified that while NPS was the metric that was being measured, those organisations delivering growth were following several consistent actions with the data. These businesses were:

- Aligning the organisation and managing change;
- Designing a roadmap for the business;
- Ensuring that the data is trustworthy;
- Determining the root cause of promoters and detractors;
- 'Closing the loop' with customers; and
- Setting targets for improvements.

Many of these elements were later incorporated into the expansion of NPS.

Reichheld & Markey (2011a) describe the 'Net Promoter System'. This expands the original logic of the one question that predicts growth and describes how NPS works best as part of a key management system including leadership, trusted metric, ongoing feedback and learning, a focus on loyalty and robust operational infrastructure (Fitzgerald and Fitzgerald, 2017; Bain & Company, 2018).

This expanded 'system' covers another criticism of NPS. Mitchell (2008) points out that while NPS tells a business how it performed after an event, it fails to tell them why they did or did not perform well. This expanded view of NPS within the 'Net Promoter System' addresses this point. While Reichheld (2003) claims that the NPS is the one 'number' you need to grow, the expanded literature adds a key qualitative element. The official training body for NPS, Satmetrix, and the wider Net Promoter System established by Reichheld and Markey (2011b) recommends a follow up question such as: "Why are you giving this score?" (Satmetrix, 2013, p. 106). It is this follow up question that would provide actionable insight to the organisation and could be fed into a process to manage the customer experience.

As discussed above there are differing views on the value of NPS and, indeed, on how to conduct a study of it. The literature has expanded to include complementary measures around the original NPS question to improve its value. However, the implementation of these "Net Promoter Systems" encounters further challenges in practice.

2.6 Implementing NPS in a Retail Organisation

Previous studies have recognised that measurement of the component parts of customer experience within a retailer is required and yet studies have not focused on this area (Bagdare and Jain, 2013).

While agreement on a definition of overall 'customer experience' within retail does not exist, there is recognition that the experience is different between those organisations whose processes involve salespeople who 'sell' the product (an

‘active’ retailer, such as sofa sales) and those who offer a passive experience (where a customer generally selects themselves, such as supermarkets). Improving customer experience in an active retailer needs to take account of the impact of the salespeople employed in that environment.

The reason for the salesperson’s impact on the customer can be caused by several factors, including tangible elements such as training and knowledge or alternatively by their perceptions of their environment. As an example, a salesperson’s attitude can increasingly, in times of multi-channel environments, be impacted by ‘showrooming’ (Rapp *et al.*, 2015). This occurs when a customer merely uses the retail store as an environment for evaluating products but is likely to complete a purchase online. In this case, the salesperson delivers a poorer experience formed from a lack of motivation and a perceived decrease in job security. Where customers’ experiences are to be measured ‘over time’ within a multi-channel environment, any programme of improving customer experience must consider this phenomenon.

Eger & Mičík (2017) conducted a study that looked at the various interactions between customers and organisations on a reported NPS, and specifically the elements occurring within the retail store. Their work used mystery shoppers within a Czech ‘active’ retail organisation to establish the parts of the interaction that influenced both a satisfaction measure and the NPS. They identified that the environment of the store would have an impact but that the interaction with the salesperson would be a key determinate in the answering of the NPS question. A key area recognised was that where employees failed to ask enough questions

about the customers' needs and wishes this would impact on the overall satisfaction and loyalty.

The Eger & Mičík (2017) study is useful in that it identifies clearly that major parts of the interactions with organisations happen in bricks and mortar stores and not just via the e-commerce channel. This is important as a majority of DFS transactions occur in-store rather than online. It also identifies at least one key actionable area that organisations can improve in order to drive results, namely the asking of sufficient questions. It does, however, have areas of significant limitation. The results were derived from mystery shoppers not from people who were genuinely interacting with the organisation. This is likely to lead to subjective bias, as the shoppers were briefed on the areas that they should look for. This included breaking the sale down into four distinct parts: introduction; identification of needs; offer; and conclusion. The best practice guide for NPS (Satmetrix, 2013) explains that the NPS question should be the first thing delivered before exploring any other topics such as these, to ensure that there is no impact on the initial NPS score.

Given the findings of this study, and the earlier acceptance of at least one additional question entailed by moving to a 'Net Promoter System', then it would be sensible to include questions around these known salesperson-based interactions and the elements that are known to impact customers' experiences in any research. This also reinforces the earlier point that the literature is inconsistent around exactly how, when and to whom the NPS question should be asked.

As these additional questions will likely highlight specific interactions within the response, consideration will need to be given to the possibility of salespeople gaming the system. Fitzgerald (2017) motivates a criticism of NPS being 'gamed' frequently with multiple examples of how to inflate the scores of a survey. This is particularly prevalent in businesses with high transaction values (such as cars or sofas). As described in the previous section, as part of a programme to change customer experience the data will need to be trustworthy (Owen and Brooks, 2009). Therefore, any research questionnaire and its collection method will need to address each of the examples of gaming.

The NPS practitioner website "Customer Strategy.NET" provides a summary of the ways NPS surveys can be gamed or manipulated by individuals within an organisation (Fitzgerald, 2017). For NPS surveys specifically relating to a transaction, these are:

- ask customers if they are happy and then invite them to take a survey;
- remove contact details of those you know to be unhappy;
- replace customer contact details with your own; and
- tell the customer that your pay and job security depend on the score.

Where a company has a wider Net Promoter System and may ask other questions, or indeed ask a NPS type question at other points along the customer journey rather than just the transaction stage, the following gaming techniques are common.

- Don't conduct surveys where the product involved has known issues.
- Only ask friends to take the survey.
- Exclude everyone from the survey who has made some form of complaint.

- Exclude everyone who does not have the latest version of a product.
- Lower the response rate either by failing to personalise the survey, making no commitment to do anything with the response, using a language that is not local, or using a generic mailbox.
- Provide an entry to win a competition. Customers are unlikely to believe they can win when providing a negative review.

Each of these methods of gaming the scores must be comprehensively tackled in the data collection methodology if the output is to be deemed trustworthy.

Beyond this concept of gaming, the Eger and Mičík (2017) study has given insight into how the impact of salespeople needs to be factored into the research. However, it should be noted that they conducted their work by using a single 'wave' of shopping. This means that while the data is generated by certain actions, it cannot be certain whether these are systematically reflective of the organisations involved or if they simply reflect the conditions at that moment. While specific issues of gaming will be addressed in the design of the research, the emerging idea from the literature of collecting the data at multiple points in a customers' journey would limit the opportunities for gaming, as customers would have more than one opportunity to provide feedback. The Haenlein and Libai (2017) work on word of mouth research programmes also advocates a 'multiple wave' approach in order to obtain best value from the work. A 'single wave' approach will only highlight actions in that wave, whereas a multiple wave approach will highlight issues that reoccur and are cumulative. This further adds to the reasoning in support of the NPS question being asked at multiple points in time.

While there are criticisms of NPS, these are either weaknesses within the design of NPS, quantitative studies that state it does not work, or papers highlighting that far from being the, 'one number you need' it requires additional questions (Ziegler and Peisl, 2020). Accordingly, it will be important to tackle these in the design of the research in a systematic manner. Despite this, there is considerable interest in and adoption of the measure amongst management. This has clearly expanded within the literature from the simple NPS measure (Reichheld, 2003) into the 'Net Promoter System', a more holistic programme of activity intended to be adopted alongside the measure itself (Reichheld and Markey, 2011b). Indeed Bendle, Bagga and Nastasoïu (2019) conclude that successful adoption of the NPS involves converting the score into actionable insights and being implemented as part of a cultural change within the organisation.

There are only limited case studies involving NPS: one within a single Not for Profit organisation (Burnham and Wong 2018); one comparing a group of restaurants (Florea et al., 2018); and one in a business-to-business context within a training company (Ziegler and Peisl, 2020). The cases conclude that NPS can be helpful to organisations wishing to understand more about their customers (Burnham and Wong, 2018; Florea et al., 2018; Ziegler and Peisl, 2020). These papers each describe the implementation of NPS into their respective sectors. However, while all find that the tool is useful, none claim to have fully integrated it into the culture of the organisation. Indeed, Burnham and Wong (2018) explained that while NPS did instil a stronger focus on customers it did not impact the lower levels of the organisation. The degree of impact on organisational change they do find is represented by Arrow

J on Figure 2, the conceptual model. In conclusion Burnham and Wong (2018) find several factors that prevented NPS having greater impact:

- Other performance metrics undermined attention to NPS;
- Reliance on central analysis prevented lower levels of employee's understanding how to use the data;
- Limited rewards and no punishments were connected to the programme;
- Factors outside the control of local teams undermined the value of the benchmark to them;
- Low response rates did not allow local level results to be shown; and
- A complex organisation structure undermined change.

These factors would need to be considered in implementing a NPS programme in order to maximise benefits of any cultural change programme being developed.

The literature has led to a place where there is clearly an opportunity to develop a programme that would deliver improved customer experience measured by NPS.

The literature above regarding the development of a trustworthy NPS is depicted in Arrow A (the work to build the trustworthy NPS) and Box 2 (the metric itself) shown on the conceptual framework (Figure 2).

For the best chance of success, this programme would need to be integrated into the culture of the business through a process of change. This would give the greatest chance of the change programme delivering its goal and would minimise the chance of friction between different parts of the organisation with potentially different

interpretations of 'customer loyalty'. The next section will therefore look at organisational culture and, specifically, change.

2.7 Organisational Culture & Organisational Change

If the organisation's aim of improving the overall customer experience is to generate increasing revenues, then this means that the organisation must create a degree of internal change. This change will need to impact across the business and clearly be reliant on management at multiple levels. Therefore, it is useful to see where the literature can inform this process.

As outlined in the introduction to the literature review, the strategy of the company to become more customer focused led into the change programme described in this thesis, which required a change to the culture of the business. The concept of using a cultural web was known to the key executives at that time, and a desire to create a planned change to a more customer-focused model was intended. As the change programme progressed and became part of the academic work contained in this thesis, other theoretical concepts were utilised to understand what was happening and inform decisions.

The next section explores the key areas of change and culture theory that were utilised in the investigation. Collectively, these will build into the conceptual framework (Figure 2) to be used when describing both the process and the results of the investigation in later chapters.

2.7.1 Change Theory

The topics of management, change and corresponding theoretical models can be seen to be connected as far back as the early work of Lewin (1951), who introduced the concept of 'planned change' (Myers, Hulks and Wiggins, 2012). Lewin (1951) distinguished change that is planned from change that just seems to happen, introduced the idea that the change could be managed, and focused research on the conditions required for individuals and groups to change.

This research will start from a position of management wanting to and intending to create a change across the organisation to deliver an improved 'customer experience' with NPS as a key component. Due to the size and complexity of the organisation, unintended consequences and unanticipated challenges may occur on this journey. This section of the literature review therefore looks at the literature around both planned and emergent change. Yet change does not always come from leaders; all individuals transform their experiences into learning and change organisations (Altman, 1998). In addition, therefore, the author deems it useful to review the concept of leadership and followership in a change programme. Finally, the review links these elements into an integrated approach to changing the culture of the business.

2.7.2 Planned Change

Ford et al. (2008) describe the 'planned change' process, explaining that managers use interventions to construct, deconstruct, and reconstruct organisational realities. Myers et al. (2012) further builds on the link between change and plans by drawing connections between the accepted practices of business planning in large to medium

organisations and the interventions undertaken by management in order to achieve the objectives they have set themselves.

The link between change and management has appeared in management literature from the 1950s to the present day, and Lewin himself stated that "there is nothing so practical as a good theory" (Lewin, 1951, p.169) so it could be assumed that the utility of these theories was not in contention. However, Thomas (2003) raised the issue that too much attention was being given to management theory, as the volume of material increased at an ever faster pace not allowing contextual factors to be accounted for. This was further built on by Hambrick (2007) who raises the concern that management is becoming too consumed with the very theories that should help them and that introducing a concept (such as NPS) may be received as distracting.

The very concept of 'Management' is now a global phenomenon (Kirkpatrick, Ackroyd and Walker, 2005) with convincing evidence that managerialism is on the agenda not only in the Western nations but also in Asia and Africa (Hague, 1999) and that this is leading organisations to feel the need to improve the capability of this group. The development of management is big business, with employers facing an imperative to enhance management capability due to the changing nature of work (Bolden, 2007). Mole (2000) makes a distinction between the notions of management training, development, and education. While the focus of training, he argues, is the employee's current job, and the focus of education is the employee's future job, he states that the focus of development is the organisation. This increased focus on the development of management may therefore be contributing

to the ongoing nature of change within organisations by forcing managers to plan change for the organisation as part of their own development.

Depending on their level of management, managers who are responsible for change may be looking at small groups or changes affecting the whole organisation. Conger & Kanungo (1988) argues that planned change as described by Lewin is unsuitable when applied to the whole organisation. This is because such change is discontinuous; and, moreover, the groups involved in the change are disconnected from the decision and, therefore, see the change as no more than a top-down imposition. Instead, Burnes (2009) suggests that the concept of planned change is applicable mostly to incremental changes. Several small incremental changes can be connected, and the small groups described by Lewin can be engaged in each element of the process with an aim to drive engagement in these groups. Small incremental changes (each with a degree of measured success) can then be linked together into a low scale but continuous organisational change. A description of change in this manner was described as logical incrementalism (Quinn, 1980).

The nature of this research will be holistic, across the whole organisation. If it is correct that planned change is not an appropriate approach at the whole organisational level, then this may not be appropriate for this thesis. Accordingly, the alternative concept of emergent change could be considered.

2.7.3 Emergent Change

Emergent change theory recognises that organisational change is not a linear process or driven by an isolated event. It is further described as having sensitivity to

local issues and being able to exploit tacit knowledge within the organisation (Passmore, 2016). This is consistent with Dawson (2002) who describes how the environment affects an organisation in so many ways that decisions need constant refining and, as such, some organisations are moving away from strategic long-term planning, because they perceive the inevitability of other events emerging and altering their course.

Myers et al. (2012) explores emergent change through three distinct lenses: the readiness for the change; renewal; and complexity theory. Within readiness to change, the role of the manager is to communicate the long-term intention of the organisation to his/her employees and to encourage them to look for opportunities to move in that direction. Boxall & Purcell (2011) further break down this readiness to change into responsiveness and agility. To achieve responsiveness managers must be looking to create flexibility with the workforce to match predictable needs such as seasonal demands. This differs from agility, which maintains and protects critical elements of the workforce while being able to change technology or products faster than others.

Renewal is based on the idea of an ecosystem explored by Hurst (2002) who proposed that rational planned actions for change were not sufficient when complex dilemmas were faced. In the way a forest grows in bursts and sometimes faces destruction, he described how an organisation must sometimes cause destruction of its own environment to survive. An example being the music industry signing deals with internet companies, which damaged their existing model of sales while creating a new market to sustain the industry.

A third lens for looking at emergent change is complexity theory. Griffin (2001) suggests that organisations are social objects and not physical ones. Therefore, the organisation is not an entity but a series of processes between people from which patterns emerge. The need to look for these patterns means paying attention to the interactions of people, often by observing small groups within a business area. Once patterns have been identified, they can be disturbed. In order to achieve this disturbance a degree of diversity must be added into a group. Griffin & Stacey (2005) state that complexity theorists believe when enough difference is added to a group, anxiety occurs, which creates new thinking and therefore change. This is often created in organisations by the introduction of a new CEO into the senior team. However, this change of CEO does not create differences in the day-to-day relationships of people within the organisation. It is only possible to create change at an organisational level by also disrupting groups at all levels and encouraging those within to express their views. Myers et al. (2012) then describes how, if this disruption is instigated at multiple levels, people will begin to self-organise.

Alvesson & Deetz (2000) talk about the relationships of power. However, this model of change highlights that, despite the mix of conflict and co-operation happening amongst players with differing degrees of power, people will overall adapt and find ways of working together. This view of change accepts that organisations are complex, and that management should be creating shared values and vision, but that people should not be wholly directed as to how to get there. They believe change managers should (i) create diversity to stimulate growth, but not enough to destabilise key groups, and (ii) manage performance but not enough to stifle new thinking.

Burnes (2009) explains that managers must have an in-depth understanding of the organisation, its structures, strategies, people and culture in order to identify those factors that might act as facilitators or barriers to change. Myers, Hulks and Wiggins (2012) build on this contribution to understanding the organisation by defining it as being in two distinct parts. There is the 'formal' organisation, which contains the hierarchy, structure, official communications, job roles, management responsibilities and processes that make the organisation operate. This element, however, is not as large as the 'informal' organisation. This informal element contains networks, friendships, rivalries, meeting places, commitments, beliefs, convictions, thoughts, and emotions. These elements together can be components of the organisational culture.

There have been many approaches to define and study culture (Rollinson and Broadfield, 2002; Ashkanasy, Wilderom and Peterson, 2011; Myers, Hulks and Wiggins, 2012; Schein, 2016). The definitions have culture as a 'soft aspect' of the organisation (Rollinson and Broadfield, 2002) generally either focused on how people think about things within the organisation or the way people behave when doing things. Handy (1993) offers four types of culture, while concluding that a culture cannot be defined as it needs to be perceived or felt. If culture is indeed about perception, then the way it is perceived would impact on cultural change.

Meyerson and Martin (1987) discuss three different ways of thinking about and actioning cultural change. Their first version is 'integration', where the culture is something that is produced centrally, controlled by top management, and then shared across the organisation. This type of integrated culture assumes a degree of

consistency and consensus across the culture members and focusses on leadership as the creators of that culture (Schein, 2016).

The second form of culture is 'differentiation', with a focus on the diversity and inconsistencies that are present across the organisation. Rollinson and Broadfield (2002) highlight that while a culture is often described as a corporate-wide phenomenon, the nature of culture means that it is focused on individual feelings and experience. Meyerson and Martin (1987) describe how this can lead to non-leader sources of culture as a directly opposite view to the 'integration' approach. When looking through the differentiated lens of cultural change, changes are likely to be incremental due to the impact of any sub-cultures within the organisation and individual interpretations of the nature of the change. Sub-cultures can form where distinct business areas, or even elements caused by differing powers of leaders – discussed earlier – create differing views from those within the wider organisation.

The third way of looking at cultural change is 'ambiguity' according to Meyerson and Martin (1987). They explain that, in this view of culture, those within the organisation have few or no shared values and that the culture is a dynamically evolving way of doing things.

While there are clearly multiple ways of looking at both change and culture, for the research reported in this thesis it is important to find one that is consistent with the aim of delivering improved customer experience. If NPS is to be the recording method of improved customer experience then the idea that NPS represents the experience of the customer, and that improving it will enhance business

performance, needs to be a belief shared throughout the organisation. This belief will be defined by the senior management of the company and communicated downwards. This study, therefore, is aligned to the Meyerson and Martin (1987) 'integration' view of culture, with the 'top-down' planned change depicted by Box 3 on the conceptual model (Figure 2). However, the literature has shown that even when the change is planned, some emergent change will occur naturally, conditioned by non-leader sources as allowed for by the differentiation perspective of culture. This is represented by Arrow D, leading to Box 4 on the model.

The appropriateness of this integrated view of culture is supported by both the definition of culture by Schein (2016), who describes the assumptions and beliefs being shared by members of the organisation, and the view of Kotter (2012), who describes how culture has to be one of the first things to change in order to make progress in wider organisational change. There are alternatives to this view of culture change being a necessary early step. Rollinson and Broadfield (2002, p.593) describe how it is possible to "take advantage of existing culture". This is an attempt to reinforce existing values and beliefs, framing the organisation change around this position. The methodology section will explain why this approach is not appropriate in this work.

For this research to have a clear definition of culture so that the integration of the customer experience may be measured, it is important to look, first, both at how managers may receive the information being provided to them, and at how the integrated "belief" that NPS drives performance may be communicated into the

organisation to drive change. Once this is established then this can provide guidance on how to measure that cultural change.

2.8 Managers and Reflection

The idea that NPS is a representation of improved customer experience, and that its improvement will enhance the business, is a theory. If managers are to utilise any theoretical model, then they must be able to look at the links between the different theories that are available to them and the reality of what is happening to them and their organisation.

Burgoyne & Reynolds (1997) declare that theories best contribute to performance when linked to reflective practice. This idea of reflective practice is not new, with theory at the core of learning being mentioned as far back as Dewey (1910). Within Dewey's work the emphasis is on learners as individuals, as is the case in the prominent text of Schön (1983). Conversely, Vince (2002) describes reflection as taking place in groups, and acting as an organising process, rather than as the work of a reflective practitioner.

Sandelands (1990) stated that theory can influence the outcome of practice simply by being available. The practitioners involved in the change may cause the theory to be self-fulfilling by being influenced as they make decisions to take a path that creates the predicted outcomes. This could also be possible retrospectively, with outcomes that occurred being attributed to a theoretical model. Boud et al. (2006) describes how reflection often occurs through chats and informal gathering. It would therefore seem possible that if one of the group members were to be familiar with a

theory then they might lead the group to see the events that have occurred through that lens.

This shows that if the definition of NPS is sufficiently defined that, when managers reflect, they conclude that it is likely to drive performance, then the nature of this 'theory' being communicated may start to contribute to the change. Understanding how to communicate this change into the organisation is therefore crucial.

2.9 Communicating an Organisational Change

Todnem By (2005) explains that the dominant framework for understanding organisational change was that of Lewin (1951) who argues that change is a three stage process: firstly unfreezing current behaviour; then moving to a new behaviour; and, finally, refreezing the new behaviour. Lewin's model has been criticised for using a small sample and being based on the assumption that organisations can act upon constant conditions (Barnard and Stoll, 2010) as in the planned change discussed earlier. This critique points towards the emergent change view, which maintains that rapid change cannot be managed by the senior team from the top down.

Kanter et al. (1992) attempt to define a sequence of events that organisations should take in order to increase the chances of a successful change. The first stage of this is to analyse the organisation and its need to change. Along with the Kanter et al. (1992) model, Luecke (2003) describes a similar model and Kotter (1996) produces an eight-stage process for successful organisational transformation.

Within this process, Kotter (2012) describes the start point as 'Creating a Vision'. It is explained that when creating this vision, it often comes from one individual.

Consistent with the integrated view of culture change, this view is encouraged by Radcliffe (2012) who believes that the leader must first decide what they want to achieve in their future before they can engage anybody. Kotter (2012, p.82) further describes how attendees at sessions when hearing this type of vision "probably wished they were back home in two feet of snow". Kotter's (1996) model couples the creation of vision with the creation of a guiding coalition amongst the most senior leaders to start the process of communication.

Kotter (1996) next moves onto the need to empower broad-based action within the organisation. Myers et al. (2012) explains that it is common to view the leaders as being the few individuals with the power, vision and charisma to change things within an organisation. Gronn (2000) described this as the 'power of one'. However, later work (Kellerman, 2007) has started to recognise the more significant role played by those further down the organisation. Bradford & Burke (2005) describe a deliberate version of change that seeks to involve the organisation's employees as 'facilitated change'. These approaches often include the concepts of team-performance, cross functional working and the development of shared values seen within the integrated cultural change model. This facilitated change aims to address a criticism by Dunphy (2000) who shows that excluding employees who are well informed about a sector from developing change doesn't make sense and that their input to creating an integrated set of beliefs is crucial.

When establishing a new theory in the organisation, the urgency of the message delivery and the method of communication are important (Kotter, 1996). Drucker (1999) explains that communication is often about managing the energy of those around you. This managing of energy is built on in Radcliffe (2012) who describes how managing this energy can define both actions and priorities.

Sections 2.8 and 2.9 show that the action of planning the change and starting to communicate it will lead to changes in the culture, this process is shown as Arrow G on the conceptual model (Figure 2).

Several authors (Peters and Waterman, 1982; Kanter, Stein and Jick, 1992; Ford, Ford and D'Amelia, 2008) distinguish between those who identified the need, and then developed and designed the strategy, from those who ultimately needed to make it happen. Following the communication of change, Kotter (1996) describes how it is necessary to anchor these new approaches into the business and then to generate short-term wins. This allows both the leaders and others to see progress being made. Generating visible 'wins' to leaders is complicated when the business is large and, therefore, there are multiple levels of leadership and subsequently multiple views of what constitutes a 'win'. Accordingly, the next section discusses the literature on Leadership and Followership, which can help us understand how this can be factored into cultural change.

2.10 Leadership and Followership

Baker (2007) highlighted that leadership can no longer be studied without acknowledging the existence of followers who are more than subordinates, as they

themselves are leaders of others. This was expanded to stating that leaders can only exist if there are followers, and followership can only be created in social and relationship interactions between people (Binney et al, 2012; Fairhurst and Uhl-Bien, 2012).

Fineman (2000) concluded that leaders and followers are interdependent due to being bound by a complex emotional web. Ricketson (2008) produced a study exploring the relationship of leadership styles and dimensions of 'courageous followership'. This study and those prior to it show that it is difficult to consider the construction of leadership or followership without each other. Grint (1997) considered that it is an enigma as to whether the leader is pulling the followers or being pushed. If a business could create engagement within its followers, then it is conceivably possible to push the leaders towards a new strategy or culture.

The interactions between leaders and followers may have changed since the concept was introduced by Kelley (1992). A leader is no longer the keeper of the knowledge (Kellerman, 2008) in an organisation, as the general employee base all have access to large amounts of information via technology. According to Kellerman (2008) the result is that followers simply ignore, discount, or even circumvent the leader in many instances. Linking this to the previous element of communicating the theory of the NPS, this may especially be true if they do not believe that the theory works.

Given this flow of information, a follower must be bold to follow a leader. As referred to above, Ricketson (2008) describes 'courageous' followership. Chaleff (2009)

defines a courageous follower in terms of five characteristics; being able to: assume responsibility; serve; challenge; participate in transformation; and take moral action. Winston (2018) describes leadership as being about relationships and this supports the view of Chaleff (2009) and Kellerman (2008) who believed that in order to generate courageous followership then mutual trust must exist between leader and follower.

Offerman & Scuderi (2007) discuss this idea and identify that followers are increasingly deployed as leaders by organisations. Oshry (2007) explores this by describing how employees can be 'tops, middles or bottoms'. This describes how they feel in relationship to a change programme. The same individual could feel like the highest part of a change that is aimed at their team and therefore be a 'top'; they could also be impacted as part of a group and be a 'middle'; or they could feel it is coming from very senior leadership and they are a 'bottom'.

Within an organisation-wide change programme, many people could simultaneously be cast in multiple roles. A leadership and followership approach to the change will acknowledge this variation and attempt to compensate and maximise the effectiveness of this opportunity rather than seeing it as an issue. This planning should concentrate most fully on the 'middles' as according to Sims (2003), who had studied 'middle' management and discovered that these people can often feel under pressure due to the need to explain a change programme both to their subordinates, the 'bottoms', and to their leaders, the 'tops'. Creating a clear way from the lower parts of the organisation to the main leaders could prevent pressure on this key group.

Avolio et al. (2009) explores the moral actions taken by courageous followers. These actions require trust in the leadership, as it is defined as taking an action that may lead to a threat to self. Garf (2014) points out that retailers don't like change, and it is therefore inevitable that there will be many barriers to change within the organisation. If a change agenda is to be pursued that engages followers at all levels, there will be occasions where these followers are challenging the status quo of a 'leader' who has not yet fully bought into the vision or beliefs from senior leadership as much as they have. This will require their courageous follower action but will also require a mechanism so that the leadership of the organisation can identify this behaviour and support it as required.

Conger & Kanungo (1988) believed that leadership could be utilised to encourage followers' moral courage by a leader serving and delivering a confident version of a vision or belief. If leaders exhibit the moral courage that they wish to engender in their followers then it is possible to influence the behaviours of the followers. Groves & LaRocca (2011) also reached the same conclusion around how this could be deployed. It would therefore appear feasible, in a large group of employees, for the senior team to role model behaviour, disseminate this through the group, and generate a base of followers right through the organisation. This is also important as, given that many employees will be both leader and follower, the behaviours must be consistent. There is a correlation between leader and follower behaviour. This was identified by Brown & Mitchell (2010) who conducted a study into the similarities of leader and follower behaviour. While correlation should not be confused with causality, it is possible to reinforce the earlier view of the self-fulfilling prophecy of a belief itself being communicated and, therefore, driving change. This could be

generated with clear communication and consistency coming from the senior leadership, which could generate followership behaviour lower in the organisation. This may then be translated further down the organisation in the case of that person having a team or may be reflected upwards onto mid-level management where the person is more junior.

Giving people a message to follow, and allowing them to do so, will also be influenced by the level of engagement that the individual has with the business. Kellerman (2008) proposed a typology of followers, highlighting that those who tag along are different than those driving change. Kellerman (2008) has five distinct types of followers: Isolates; Bystanders; Participants; Activists; and Diehards. 'Isolates' care little about what is going on within the organisation. They passively support the status quo. This could lead to 'resistance to change'. 'Bystanders' observe but don't join in, they can sometimes be persuaded to engage. 'Participants' are engaged but may or may not support the actual leader. 'Activists' feel strongly and act according to their feelings. They can be highly supportive of the leaders or can oppose them if they believe they are not supporting the organisation. 'Diehards' are willing to endanger their own position in the service of their beliefs; a whistleblower would be an example of this. If change is to be integrated through the business, then the plan must look at how these types of followers are engaged by the planned process. Groups of these types of followers may also be key points where a more emergent version of change could occur. This may need an intervention to ensure the organisation remains in line with the initial change aim. This change emerging from the actions of leaders and followers is represented by Arrow E in the conceptual model (Figure 2).

This area of the literature shows that if leadership and followership is to be harnessed in an organisation, a clear vision and belief needs to be delivered and communicated across the business. The belief that NPS is, indeed, 'the one number you need to grow', and that it could accurately provide a measure of customer experience, could be this belief that is fed into the culture in an integrated manner. For this to work the premise must be believable to engender trust across the various layers of leaders and followers.

Van Maanen & Kunda (1989) describes life within an organisation as a process of emotional management; and Humphrey (2002) identifies leadership as being intrinsically emotional. It follows that emotional intelligence is a part of the development between leader and followers. In turn, co-operation, trust and flexibility are key components of emotional intelligence (Deci and Ryan, 2000). Hence, emotional intelligence is a crucial resource to be deployed in creating a consistent culture in an integrated manner.

Relationships are a key concept in effective leadership (Winston, 2018) and there is a key relationship between a leader and their followers. Goleman (2000) includes relationship management as one of four components of emotional intelligence, alongside self-awareness, self-management, and social awareness. Having a strategic intent that is authentic, trustworthy, and built on co-operation will allow leaders to work with their teams within a set of guidelines allowing these leadership traits to flourish. Working within these traits and helping the leadership to develop these areas should lead to better relationships between leaders and followers and the greater integration of any change into the culture.

This social awareness could be developed by increasing social interactions. Lopes et al. (2003) studied the correlation between social interactions leading to developing relationships and emotional intelligence. While a company cannot seek to engineer relationships in order to facilitate the communication of a change strategy, it can create a better environment for relationships between the key players to develop. This would allow the informal elements of an organisation, as described by Myers, Hulks and Wiggins (2012) to effectively be given the “airtime” to discuss any new concepts.

The behaviour of leaders and followers during change is represented by Box 5 on the conceptual model, these behaviours coming as a reaction to the communication of the planned change as depicted by Arrow F. The improved interactions between leaders and followers creating a change to the organisational culture directly, is then illustrated by Arrow H in the conceptual model (Figure 2).

It has been shown how the impact of leaders and followers will create a degree of emergent change into the planned change. Communication is a key part of change, managing the message of those aspects that ‘emerge’ is as important as for those that were planned.

2.11 Communicate and Empower

While the core approach to change is ‘planned’ and ‘integrated’, the literature on leadership and followership has shown that ‘ambiguity’ and ‘differentiation’ may occur following the impact of leaders and followers. The company may wish to gain some control by managing these ‘emerging’ messages. This can be aided by

making the leadership of the change 'participative'. As far back as Sashkin (1976) participative leadership was identified as being highly motivating to followers due to the feeling of being involved in the decision-making process. Huang et al. (2010) looked at participative leadership styles and identified that a high level of emotional intelligence was required within the leadership population in order to deliver trust in followers and, therefore, results. This links back to the earlier works (Section 2.10) on how high emotional intelligence is needed to drive follower behaviour.

Carson et al. (2007) identify empowerment as being an area within shared leadership and participative leadership. Koopman & Wierdsma (1998) describe how shared leadership is the opposite of traditional command and control hierarchical leadership styles, in that participants must have the ability to interpret situations. In order to give people the ability to interpret a situation using NPS, the integrated cultural message – in this case, that NPS ultimately drives performance – must be strong to the point of being narrative.

Solouki (2017) describes the importance of narratives within organisational change. It is important that managers can believe in their contribution to the organisation moving forward, even if the detail of their contribution is vague or tenuous. This echoes the view of Macleod & Clarke (2009), which, in their report for the UK government, highlighted that 'Strategic Narrative' was one of four drivers for engaging a workforce and, therefore, for improving performance and change within an organisation.

This narrative must fulfil several criteria. It is possible that a change journey of customer experience as measured by NPS over time could sit across these elements. The narrative needs to be (Macleod and Clarke, 2009):

- Strategic – this is described as ‘structured and pithy’; it should be something that can easily be communicated. It is here that the simplicity of NPS with the idea of turning customers into ‘promoters’ is simple and can be used across the organisation.
- Compelling – the narrative must show how every person can make an impact. This is where the customer journey is mapped across multiple touchpoints in such a way that factors in the structure of employees so that it should be possible for everyone to see where, exactly, they can influence the NPS and, therefore, be part of the journey.
- Authentic – this needs to be something that every person needs to believe and live. It needs to be in a language that can be used across every member of the team. This is another example of where the simplicity of NPS, whilst causing many questions around its academic validity, could have significant benefits as a compelling and simple message for employees.
- Provided – the narrative needs to be always on. If not given the correct information, employees will fill the void with stories that are not necessarily the ones that leaders wish them to follow. If the message can be a simple one of permanent improvement and this can be quantified in a way that people can see

– a measure that is within their control – then they will engage more with it. This must also apply to all levels of leadership and employees. This also ties in with the finding that the narrative must be ‘visible’ across an organisation and this is something that is built into the expanded Net Promoter System. Reichheld & Markey (2011b) describe how successful users of the system have a score that is generated ‘week in, week out’, using the same methodology to ensure consistency.

- Finally, the narrative must be ‘Empowering’. It is important that people do not feel micro-managed. Here one of the earlier criticisms of NPS becomes an advantage. Because a score can be made up of several different facets, it is entirely possible for local management to decide how they wish to go about improving the score. Far from being the disadvantage, shown in Section 2.5, that management may focus on different areas, when viewed through the different lens of employee engagement that becomes empowering. One manager may seek to improve a score of +20 by driving forward ‘promoters’. Another may choose to focus on reducing ‘detractors’. Both may have the same impact on the overall score and because both were the ‘idea’ of the individual manager or team, they will have been pursued more vigorously than a simple ‘one size fits all’ instruction from senior leadership.

In order to help drive both change and performance, these concepts of leadership, followership, empowerment, and narrative sit within the field of employee engagement. There is not a definitive definition of employee engagement, despite it being widely used within the management community since the 1980’s (Hobel,

2006). Kwon and Kim (2020) do provide a definition, including that employees' engagement will impact their beliefs and behaviours. As previously, beliefs and behaviours are a key part of the informal organisation and the interactions between leaders and followers. Engagement therefore, will have a key impact on the outcome of initiatives to change organisational culture.

Simpson (2009) studied the literature around employee engagement and described how clarity of expectations, feelings of contribution, a sense of belonging and feelings of growth and progression were key antecedents of engagement. Each of these elements will be impacted by each interaction and experience that employees participate in within the business. Whilst this research did not take a focused look at 'engagement' as part of a defined programme of cultural change, it does suggest the importance of ensuring that any narrative message around NPS is factored into a multitude of employee experiences.

The literature has shown that whilst it is comparatively easy for the view to be taken that this research will be conducted within an 'integrated' view of culture change, a range of other factors must be considered. Whilst higher management may set out the overarching belief and vision for the cultural change, there will be alternative interpretations within the 'informal' organisation. These will likely be of relevance to the authenticity and believability of the concept that NPS is an accurate measure of customer experience that can improve business performance.

For these alternative interpretations not to be incorporated into the possible sub-cultures of an 'ambiguous' or 'differentiated' approach, there will be a requirement to

'manage' this communication across multiple employee experiences. This communication flow from the emergent change process into the company culture is illustrated by Arrow I on the conceptual model (Figure 2).

The conceptual model now has multiple strands of communication flowing into the culture of the organisation (Arrows G, H & I). How this is altering the culture is a key understanding that is required by management.

2.12 Cultural Web

Defining organisational culture as a web is an established practice in the study of organisations (Pattinson, 2015) and is one that proves useful as a base in cultural change (Hill and McNulty, 1998).

A cultural web is particularly relevant to this research. Whilst it is sometimes difficult to assess the user satisfaction with this approach, generally management report that the tool is highly applicable to making sense of culture in an organisation. It is also highlighted that one of the key strengths of a cultural web is applicability across different levels of an organisation (Hughes, 2007). McLean (2013) describes how the approach of utilising cultural webs is appropriate for leaders within organisations as part of culture change. This is supported by Hughes (2007) who finds that a criticism of cultural webs is their tendency to be best suited to use by senior management in change programmes. However, in the context of the present research, far from being a relevant criticism this is rather supportive of using a cultural web within an 'integrated' approach to culture change with its focus on senior management leadership. The cultural web was introduced to define the layers of

attitudes, shared assumptions and values across an organisation (Johnson & Scholes, 1988). Schein (2016) explains that culture is created in 'layers', of which some are observable, some are attitudinal, and others are the underlying assumptions. These shared assumptions are key to understanding actions within the organisation and have been defined by Johnson and Scholes (1988) in a number of distinct categories that bond organisational actions together as the 'cultural web'. As described in the introduction to the literature review, the Johnson and Scholes version of the cultural web was already familiar to key members of senior management. As an 'integrated' approach to change has been shown to need 'top down' buy in, and the importance of 'leaders' to influence their 'followers' has been established, then a model to which buy-in need not be established in advance is a considerable advantage. This model is commonly used in both practitioner and academic studies as a way of describing culture. With the literature establishing the appropriateness of using a 'web', and with the benefit of management familiarity with the Johnson and Scholes version, this was deemed most appropriate for the study by the author. The Johnson and Scholes (1988) cultural web is depicted in Figure 4.

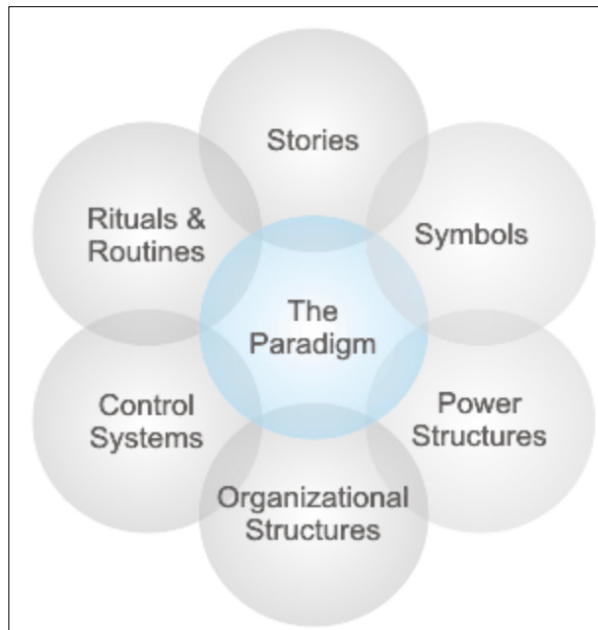


Figure 4 – The Cultural Web. Source: Johnson and Scholes (1988)

Whilst the model has been criticised as a simplistic tool (Cooper et al., 2018), it is also found to be a sophisticated model for bringing together views of culture that are often dispersed in the literature (McDonald and Foster, 2013). Furthermore McDonald and Foster (2013) find that the tool is particularly suitable for organisations that need to account for geographical locations in their understanding of culture.

This cultural web is made up of seven interconnected parts (Johnson and Scholes, 1988).

- Routines are made up of the behaviours that people within the organisation use with each other and with those outside the organisation. Together, these could be described as ‘the way we do things around here’.
- Stories are told by members of the organisation to each other. They highlight to outsiders and new employees the organisational history through its important

people and events. Typically, these stories involve success, failure, heroes, and villains. The stories can be managed using corporate newsletters, intranets, and forums to shape the culture, although informal, local 'legend' stories may exist. The earlier literature on strategic narrative would be particularly helpful in using NPS as the frame for corporate stories.

- Symbols include offices, logos, clothes, cars, and tools. It can also include the language and terminology within an organisation. Changes of physical aspects of the work environment and changes in the behaviours and language of senior leaders can be powerful symbols of cultural change.
- Power Structures are the most powerful organisational groupings and are often associated with core assumptions and beliefs. These groups are not necessarily formalised but may be groups of people with similar mindsets or agendas. Transforming the mindset of a powerful group may reduce resistance to change across the wider organisation. These groups may likely be constructed from the different facets of 'follower' described earlier in this literature view and, indeed, it was the emergence of these groups within the change programme at DFS that led to the study of the leadership and followership literature.
- Control Systems include the measurements, remuneration, reward, and recognition systems within an organisation. It is often stated that 'what gets measured get done', and clear expectations are an integral part of managing performance. A shared understanding of what is expected is essential to drive business success alongside ensuring that the associated rewards are appropriate (Kashef *et al.*, 2012). NPS as a simple metric could be integrated into these elements to impact the culture.

- Organisational Structure may reflect power structures or may more likely be associated with processes that exist within the company. The earlier literature extensively looked at the relationships within the structure creating people as both leaders and followers, and attention needs to be paid to this element in any cultural change process.
- Finally, the 'paradigm' is those elements that reinforce the behaviours observed in other elements of the web. It represents the unquestioned assumptions within the organisation that may include 'why' the business operates. A programme using NPS (or indeed any metric) to drive customer experience would need to embed belief and trust in the metric alongside the desire to improve customer experience within this paradigm.

A descriptive version of the cultural web is very useful to an organisation undergoing a process of change. McLean (2013) explains that leaders need to understand their culture in order to facilitate change, they must also be mindful during this process that they can only control the message they introduce into the various elements of the web. How the message is interpreted is ultimately influenced by the people within the organisation and the existing structure.

The cultural web can be summarised as being a tool that can facilitate culture being descriptive (and, therefore, understandable, and manageable), appropriate across multiple levels of an organisation, and best suited to a change driven by senior management. This, therefore, makes a cultural web highly appropriate (i) for monitoring the cultural change driven by introducing NPS within an organisation and (ii) for viewing how the employee experiences created as part of that change impact

the culture of the organisation. The cultural web within this research is depicted by Box 7 within the conceptual model (Figure 2). The culture itself then directly influences the improved loyalty measured by NPS (Box 8). This influence is denoted by Line L in the model.

2.13 Conceptual Framework

Various theoretical constructs have been examined within the literature review. From these, the following conceptual framework (Figure 2) has been developed to address the organisational culture change programme studied in this thesis and its intention to increase Customer Loyalty utilising a version of the Net Promoter System to monitor and improve the Customer Experience.

- Customer Loyalty is a concept that can be managed and improved
 - o A construct that can be measured by the NPS (Box 1, Figure 2) and developed into a trustworthy metric (Arrow A, Box 2, Figure 2).
 - o It can be reported and monitored in the form of the NPS (Box 6, Figure 2).
 - o This reporting and monitoring of NPS can influence culture (Arrow J, Figure 2).
 - o Culture change and the monitoring and reporting of NPS will contribute to improving customer loyalty as measured by the NPS (Lines K and L, Box 8, Figure 2).

- Cultural Change within the organisation
 - A planned approach to improve customer experience incorporating the 'Net Promoter System' can be built with a Trustworthy NPS (Arrow C, Box 3, Figure 2).
 - The implementation of this planned change will lead to emergent change, both directly, and through the interaction with leadership and followership dynamics (Arrows D, E, F, Boxes 4 and 5, Figure 2).
 - The Planned Change, Emergent Change and actions of Leaders and Followers will each impact organisational culture (Arrows G, H, and I, Figure 2).
 - Organisational Culture can be described and monitored as a web (Box 7, Figure 2).
 - Customer Experience and Improved Loyalty as measured by NPS will be impacted by the cultural web (Arrow L, Box 8, Figure 2).

2.14 Research Gap

Conducting the literature review has revealed that studies into the development and use of NPS within organisational change are limited (Bendle, Bagga and NastasoIU, 2019; Ziegler and Peisl, 2020). Where NPS has been studied it has been criticised for using limited sample sizes (Keiningham et al., 2007a) and for failing to provide actionable insights (Brandt, 2007; Fou, 2009). Although the NPS is utilised in many industries (Owen and Brooks, 2009; Reichheld and Markey, 2011b; Fitzgerald and Fitzgerald, 2017), it is argued that insight gained may only be of use within the same industry as the company studied (Fou, 2009). Studies that have grounded NPS in individual businesses have covered sectors including cars and supermarkets

(Marsden et al. 2005), banking and phones (Leisen Pollack & Alexandrov, 2013), electronic goods, household goods and drug stores (Eger & Mičák 2017) and within the restaurant sector (Florea et al., 2018). One study did include furniture purchases (Keiningham et al., 2007b); however, this was not in the UK or the upholstered furniture sector. Specifically on the *implementation* of NPS, one case study has been published within the charity sector (Burnham and Wong, 2018), and one within a business-to-business setting (Ziegler and Peisl, 2020), but no case study on the implementation of NPS in any business to consumer setting has been published (Ziegler and Peisl, 2020).

An established way of actioning organisational change is in an integrated manner with the desired culture controlled by senior management (Meyerson and Martin, 1987). It is also established that defining organisational culture is a useful method of understanding culture change (Hill and McNulty, 1998; Pattinson, 2015). While studies on these subjects are numerous, there are no studies – to the author’s knowledge – using NPS as the management tool used in this change. The research gap that this thesis aims to fill regards NPS being used simultaneously both as an instrument of change and as an ongoing management tool, designed to improve customer experience, in the context of a large UK Upholstered furniture retailer. The findings can be generalised to other retail businesses with similar characteristics.

2.15 Research Questions

Aligned with the aims outlined in Section 1.3, this research will address three research questions, developed with reference to the literature in this Chapter, and being posed within the management community.

- How best to build the NPS question, any associated follow up questions, and the delivery methodology to ensure that the data is sufficiently robust and trustworthy to measure improvements across the multiple interactions that make up the whole customer experience?
- How can the data from the questionnaire be delivered in a robust and trusted way, so that it can be analysed and integrated into a management change programme that impacts – and proceeds by way of impacting – each area of the cultural web, and is useable across the entire organisation in delivering change?
- From the process in this case, is it possible to derive a model of NPS-based cultural change that can be utilised in other organisations that wish to improve their customer experience?

2.16 Chapter Summary

This chapter has reviewed relevant literature within the theoretical frameworks of Customer Loyalty, the NPS and the Net Promoter System, Customer Satisfaction, Leadership and Followership, Cultural Change, and the Cultural Web.

The knowledge gap that this study aims to fill is clearly identified. A unified conceptual framework, derived from the literature, which informs the research

throughout this study, is developed and finally the research questions are presented. The following chapter will address the methodology utilised within this study.

3.0 Methodology

3.1 Introduction to Methodology

Galliers (1991) identifies fourteen different research methodologies highlighting the many ways that could be deployed to examine what is happening within an organisation. The author was employed by DFS as part of the senior leadership team, the choice of a case study was therefore a given. A case study grounded in the organisation in which the researcher works is a common approach for reasons of practicality (Saunders and Lewis, 2012). The introduction outlined how the author was tasked with the development of NPS within the company and how the need to apply academic rigour led to the development of this research.

Having decided to enrich the work with an academic perspective then the approach to that research needed to be considered. Approaches to research can be referred to as 'paradigms'. A paradigm is defined as "the basic belief system or worldview that guides the investigator" (Guba and Lincoln, 1994, p.105). It is important for this paradigm and the philosophical standpoint to be established by a researcher, as this influences both how the research is performed but also how the subject is perceived (Gray, 2018). There is often conflict between competing scientific worldviews, characterised as 'positivist' and 'interpretivist'. Indeed it is suggested that, within this paradigm debate, the positions are incompatible with each other (Teddlie and Tashakkori, 2009). However, taking this position greatly limits the freedom of a researcher to working within methodologies. In contrast, in this thesis the author has found it more productive to work between methodologies.

This thesis contains two connected pieces of research that are critical to the discussion: namely, the development of the NPS question and the measures taken to ensure its validity as a trustworthy metric; and the development and interpretation of the associated Net Promoter System and its integration into culture. The author does not subscribe to a single philosophical position in either of these component parts. In the first part of the research, the author works within a positivist perspective on the NPS, that it is a “concrete and unchangeable reality” (Rahman, 2016, p.102). The author seeks to ensure that the measurement system captures this reality fully, seeking to resolve the methodological issues arising from the implementation of the NPS raised in the literature (Section 2.6). In doing so, however, this first part also includes interpretivist approaches, to ensure that this data is acceptable for use within the organisation (an example being the work on sample sizes discussed in Section 4.2). The second part of the research also utilises multiple paradigms. The author seeks to “holistically understand the human experience” (Rahman, 2016, p.104) therefore taking an interpretative perspective, whilst simultaneously including positivist direct observations. The overall work therefore necessarily takes a ‘pragmatic’ approach to research design throughout this thesis.

A ‘pragmatic’ approach to methodology allows “pluralistic approaches to derive knowledge about the problem” (Cresswell, 2003, p.12), in preference to a more classical position of subscribing to a single tradition. ‘Pragmatism’ has seen a recent revival, in part because, from this perspective, research paradigms need not remain separate but can be combined within the research design (Gray, 2018). A pragmatic approach to research is not committed to any one philosophy or reality, with the

researcher free to choose the methods, techniques and procedures best suited to the needs and purpose of that moment (Cresswell, 2003).

3.2 Research Design

The case study methodology was suitable owing to the exploratory nature of the research. Yin (2018) explains that case studies provide an in-depth, relatively unstructured, approach to developing frameworks and theories. He finds them to be a suitable empirical method to investigate a contemporary phenomenon in depth, and within its real-world context, where the boundaries between phenomenon and context are not clearly evident. Moreover, according to Yin (2018), case studies can either be positivist or interpretivist in approach, depending on the views of the researcher involved.

Within the context of the case study, the analysing of evidence and ultimately its presentation are conducted in an “explanation building” manner, “the steps of which are not well documented” (Yin, 2018, p.179). However, this approach usually involves a series of iterations. Generally, this follows a pattern of:

- Making an initial exploratory position.
- Comparing the data against a proposition.
- Revising the statement or proposition.
- Comparing other details from the case against this revision.
- Repeating this process as required.

Given that (Yin, 2018) provides a general framework rather than being prescriptive about this pattern, it is possible to adapt this approach to suit the needs of the

research. Within this research an ongoing version of the Yin (2018) model is utilised each week. This specific and ongoing 'explanation building' approach taken within the case is described below.

Explanatory programmes have a common notion of theory as explanation, emphasising the nature of causal relationships, identifying what comes first and the timing of such events (Cornelissen, 2017), following which the relationships and their explanations are refined as the study continues (Yin, 2018).

Cornelissen (2017) describes different methods of reporting the results of explanatory case studies. These can be concrete in nature (including thick descriptions and narratives) or abstract (with descriptions of patterns and hypothesising), advocating a pluralistic technique containing both elements. The large volume of data, the multiple years of the case, and the lived experience of the author, allows the descriptive findings in the thesis to follow this pluralistic approach.

To generate the explanation from the case the specific data analysis followed a fixed process involving several steps, repeated frequently over a five-year period, designed to aid this explanation building approach. This process is that adapted from Yin (2018) and entailed the following steps.

1. The curation of each week's evidence and reports as described in Section 3.2.1. (Arrows A, Box 1, 5 and 6, Figure 5).
2. Weekly analysis of the curated evidence by the author in two distinct processes.

a) Changes to NPS performance were deductively linked to other data sources available (e.g., Store Team X's NPS has increased because of a Training Course) (Arrows B, Box 2a, Figure 5).

b) Information and facts within source documents were inductively coded to the segments of the Cultural Web (e.g., Confidence in Leadership is increasing within the employee engagement survey, because of regular reporting on the plan and NPS and, therefore, represents a change within the 'Routines' section of the cultural web) (Arrows B, Box 2b, Figure 5). The individual pieces of information collectively comprising the evidence base are contained in one or more of the 65 documentary sources listed – with their respective item codes – in Appendix 1. The coding process consisted of relating individual facts or pieces of information (with its source identified by an item of code) to one or more components of the cultural web. Appendix 1 gives a detailed example of the coding process. This coding process is nested within the broader research process shown in Figure 5.

3. Once per month the analysed data – using data from (a) and (b) – formed propositions which were presented in a conversation with the relevant Director(s), store teams or other stakeholders to further refine the findings (Arrows C, Box 3, Figure 5).
4. Further data was awaited to assess the findings (usually the following months' reports or specific follow-up discussions) (Arrows E, Box 4, Figure 5).
5. Following 3 & 4 being repeated as many times as necessary, the statement would be included for discussion with senior management through inclusion within a board pack. This discussion may have been for the purpose of noting,

for a decision to be made (e.g., training could be accelerated), or simply to ensure that all stakeholders are informed of the findings (Arrow F, Figure 5).

This finalises revisions to any proposition presented.

6. The board discussion would support or disagree with the finding(s) presented, and this would then be recorded in the minutes of that meeting creating a formal company view.
7. The output of this board discussion would create the action that led to the next stage of change. This could be through several activities including communication, change of policy or physical product changes. This would also form part of the next set of curated evidence (Arrow G, Figure 5).

This rigorous process is aligned to Yin's (2018) description of explanation building and ensured that the author conducted the research as a distinct yet parallel set of activities to those actions required in his capacity as part of the management team.

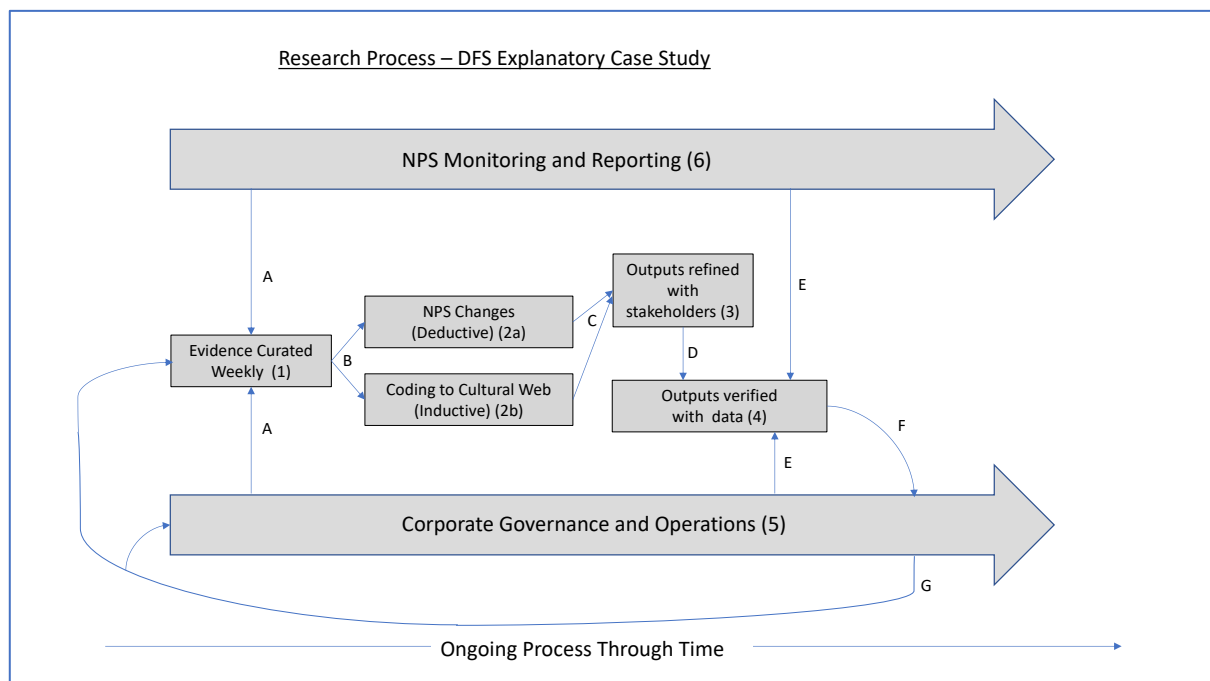


Figure 5- Research Process for DFS Explanatory Case Study. Source: Author

Drake & Heath (2011) describe the difficulty for professionals undertaking doctoral research, as they must reconcile the differences between what is expected in academic research with what is required for the management of organisations. Leonard (2001) draws distinctions between academic, applied, and activist research. These differences are relevant in showing how different settings for research can lead to tensions between the practical purpose of the research and the independence of the results. Leonard (2001) further points out that finding the 'truth' can be secondary to being fit for the intended purpose when management are involved in research.

While these challenges are acknowledged, there is an advantage in place with the research being conducted by someone who is also an employee. Gill & Johnson (2010) highlight that managers generally view researchers as remote from the organisation. This is less likely to occur when the researcher is known to the managers involved and may help strengthen their view of the outcomes.

Being a senior employee, forming part of the lived experience of the organisation being studied – and, therefore, by default, having unfettered access to information and processes inaccessible to an external researcher – is deemed by the author to produce more benefits than disadvantages. Indeed, in this case, the beginning of the journey that ultimately led to this thesis was the concern to ensure that academic rigour was maintained during the journey and that management necessity did not drive decisions blindly. This leads logically to a single and holistic case where the researcher has access to sensitive or, indeed, otherwise secret information (Gray, 2018). However, it must be acknowledged that there are several criticisms of this

approach. The most common is the inter-related issue of methodological rigour, researcher subjectivity and validity (Willis, 2014). Gray (2018) describes four areas to specifically consider:

- construct validity;
- internal validity;
- external validity; and
- reliability.

The following discusses how each of these concerns is to be addressed within this research.

3.2.1 Construct Validity

Construct Validity is particularly challenging for case study research, as there are often criticisms of the subjective judgements taken in many studies (Yin, 2018), effectively questioning to what extent the study investigates what it claims to investigate (Gray, 2018). In the present research, construct validity is supported by the conceptual framework defined in Section 2.13. If customer loyalty is a construct that can be measured over time, at multiple touchpoints, then that score itself becomes a key indicator of the impact of a change to the culture. Because the score itself could be influenced by other factors, additional data can be used to ensure its validity. This can include documentation available within the organisation, interviews with employees, customers or suppliers and observations of activities within the organisation (Gray, 2018). Construct validity can be improved by the use of multiple sources of evidence in a process of triangulation, covering documentation, archival records, interviews, direct observations, participant observations and physical

artefacts (Yin, 2018). Accordingly, while the NPS gives a metric frame of reference, other evidence will necessarily be used to assess its validity.

The empirical work underpinning this thesis was conducted during the period when the author was employed within DFS. Appendix 1 (henceforth A1) lists all the documents curated through this study.

- A1: 1-34 represent the operational information produced by the NPS questionnaire developed in this study. Each one is a formal report automatically sent to company management weekly or monthly (depending on the subject).
- A1: 35-42 were produced for the different governance structures within DFS. Each pack contains summaries of NPS information (sourced from 1-34) relevant to its' audience. These packs also contain the minutes of the previous month's pack, which records the conversation and any decisions around all subjects including those covered by this study.
- A1: 43 contains the NPS data as explained to external investors following agreement with the Executive Committee and plc Board.
- A1: 44-48 are the training materials produced for the planned NPS change, induction course and apprenticeships. These materials include slides, training notes and workbooks. All materials were signed off by the relevant department directors. Item 47 is the feedback forms collected from every employee who completed these training courses.

- A1: 49 is the annual feedback results of the DFS employee engagement survey. This is independently conducted by Best Companies (an independent provider who produce the Best Companies list for the Sunday Times). The data received is anonymised but can be searched by location, and key trends were shown with verbatim comments.
- A1: 50 is the annual audit report produced by UK Top Employers (an independent body who accredit HR best practice globally). These audits confirm which HR practices are in place within DFS and compare them to benchmarks of other high ranked organisations. Physical on-site audits confirm that activities are taking place.
- A1: 51-57 include the materials produced at all DFS Conferences. Each conference is attended by all managers within the company, the highest-ranking salesperson from each store, all award winners and representatives of all other departments and positions in the group. Total attendance is in excess of 350 employees. The materials include transcripts of all speeches, video and PowerPoint presentations produced and feedback collected from all delegates (video and written). The material from the conference is reproduced for use at Conference Roadshows. These smaller events (typically 12-16 per year) bring all employees together to see the conference content and discuss in open plenary. Feedback is collected from all employees attending. Additionally, the researcher attended at least half of these events each year allowing observation of hundreds of employees and notes to be taken.

- A1: 58 are the notes from the 121 meetings the author held each month with the other 15 members of the Operational Board (this group covers all members of other executive committees, e.g. the CEO would be on the plc Board, the Strategy Board, and the Operations Board). While these would generally cover the interaction between that director's department and HR (the author's responsibility) there were semi-structured questions covered in each session around the NPS project. This interview schedule is reproduced at the end of Appendix 1.
- A1: 59 represents the notes taken from the wide range of informal meetings that occurred during duties. This includes guided conversations with front-line teams on store visits, discussions with delegates on training courses, meetings with visitors to head office, discussions with teams on factory visits and informal conversations with other members of management. Over the course of the period 2011-2016, the discussions would generally include the questions from the semi-structured question set in Appendix 1 and the answers were recorded in a notebook at the end of each day. This process resulted in more than 300 sets of interview notes. These notes are how the lived experiences of the author are captured, with observations taken in real time and validated in the same way as other evidence.
- A1: 60 is the report conducted by the DFS marketing department in conjunction with external agencies to demonstrate the segmentation of the

‘UK Upholstered Furniture Market’. The report highlights market share within those segments.

- A1: 61-62 are the ratings produced by independent websites Glassdoor and Indeed.com. These sites collate employee feedback around working at companies and publish this on the internet. Scores were collected and recorded monthly.
- A1: 63-65 are the annual entries into those external award ceremonies where NPS (or company processes associated with it) are submitted to the award judges. These entries contain confidential information, which was provided under Non-Disclosure Agreements.

All internal references relating to these documents are referenced henceforth in the format (DFS AXX, YYYY) where XX refers to the report number and YYYY to the year of the report, as detailed in Appendix 1.

3.2.2 Internal Validity

Internal validity relates to the validity of inferences about X’s relationship with Y within a studied sample where the research consists of a single case or small number of cases (Gerring, 2017). It has been explained in the discussion of construct validity that multiple sources of evidence were utilised. Furthermore, given that the case study was constructed over a period of several years, then advantage can be taken of the fact that much of this evidence was formally produced (such as board minutes and reports) and time coded.

Triangulating these multiple sources of evidence with the underpinning theories contained from the defined theoretical framework can support the internal validity of the study (Gray, 2018). This procedure of comparing evidence to the underlying theoretical statement, supporting with evidence, revising, and comparing this view is consistent with an 'Explanation Building' approach (Yin, 2018). In-line with the pragmatic philosophy of this thesis, explanation building is partly deductive (based on the proposition at the start of the study created from the literature) and partly inductive (based on the data from the case study) (Yin, 2018).

In addition to triangulating data, checking with participants regarding observer interpretations made can be a key provider of internal validity (Burns, 2000). Where data from the multiple sources has been distilled into a visual descriptor of the cultural web, this was then shared with senior management. It was demonstrated in the literature review (Section 2.12) that cultural webs are utilised by senior management in change programmes. Hence, sharing gives participants the opportunity to challenge any findings made. In addition, many of the data sources themselves were primarily available to other members of the management population (and indeed the wider company) throughout the study. Findings from the NPS question, its associated system, board minutes, conference proceedings etc. were available to be assessed, challenged, and confirmed throughout the period. Given that these documents necessarily existed over a number of years, they form part of the 'long-term' observations, another successful method for improving validity (Burns, 2000).

Validation by management particularly enhances evidence provided from the lived experience of the researcher. Lived experience is deemed both useful and intuitive in research, however rarely is clarification provided as to its' meaning (McIntosh and Wright, 2019). As described in the previous section, for the purpose of this research, 'lived experience' is represented by the notes captured during meetings reflecting observations by the author related to that meeting or interview. A criticism of lived experience is that any views are limited "to the unique individuality of the self of the researcher" (McIntosh and Wright, 2019, p. 457). Within this study this risk is mitigated, as any views taken from those observations were continuously subjected to the same internal validity process as all other evidence.

While there can be criticisms of the results derived from case studies, these can be mitigated by a further study in another organisation. Section 6.11 takes the model ultimately derived from this single case study research and applies it in an alternative organisation with the differences in application in that case summarised. Here it is enough to state that this additional frame of reference helps to assess the external validity of this case.

3.2.3 External Validity

In order to qualify as a case study, an attempt must be made to generalise beyond the chosen case to a larger population (Gerring, 2017). It is argued that a single case study is no basis for placing faith in the findings (Saunders and Lewis, 2012). As is the case with internal validity the, albeit more limited, study within an alternative organisation provides some evidence that the findings of the present study are applicable in a different organisational setting. In this case, I both derive a change model from the particular case of DFS and demonstrate how this model was

subsequently applied to guide a similar change process by Lookers, another leading retailer in the UK. Together, the model and its application in another context – one with many similarities but also some important differences – provides an indication of external validity.

External validity is also contributed to by the scale of DFS within its market (as shown in the introduction, section 1.2). With this level of size and dominance across sales, profit, marketing, and awareness, it is reasonable to assume that DFS represents the whole upholstered furniture industry.

External Validity can also be improved if supported by elements of the literature (Gray, 2018). The conceptual framework (Figure 2) for this thesis established that customer loyalty was a measurable construct. The definition of customer loyalty established within the literature review referenced the fact that DFS is at once the retailer, the manufacturer, and the brand itself. Taking this definition of customer loyalty to be the case, it is plausible to assume applicability to other organisations where the scenario is similar. While pure-play retailers such as supermarkets would not meet this description, various organisations operate retail channels that do, and these exist in diverse sectors. These include technology (Apple, Microsoft), clothing (Hollister, Primark), fitness (Nike, Peloton), fuel (Shell, Esso) or coffee (Starbucks, Costa), each of which have a vertically integrated operation including retail.

With these combined factors of a suitably large organisation, referencing back to the conceptual framework, and a small referencing further study, the author is confident

of a degree of external applicability and validity to the information contained within this study.

3.2.4 Reliability

In reality the opportunity to repeat a case study rarely occurs, so the opportunity to test 'reliability' is limited (Yin, 2018). Conditions for reliability are met if the findings and conclusions of one researcher could be replicated by another doing the same case study (Gray, 2018).

To improve reliability, others should be able to audit the source of data utilised (Burns, 2000). The sources of data are shown in Appendix 1. Many of these documents are formal in nature: board and committee minutes, for example, are subject to the auditing standards of any major plc. Therefore, while they are not available to an external researcher to check, it would be possible for any future researcher given access to the organisation to confirm the content of such documents. Indeed, the very nature of much of this information passing into the public domain (e.g., via annual reports) supports its reliability.

The author is conscious that case study design is often challenged because of low external validity and the absence of inferential statistics (Burns, 2000). Couple this with the literature (highlighted earlier) maintaining that NPS may not always be trustworthy, and the opportunity to challenge this study is clear. It is therefore important that the underlying NPS question and system utilised is strongly developed, being valid and rigorous. Indeed, this principle not only supports this thesis but is central to the research questions being asked within it. Therefore, the

construction of these elements and findings from that process, are covered in depth within a dedicated chapter that immediately follows this one (Chapter 4).

3.3 Analysis of evidence

The multiple reports generated from the NPS surveys were a fundamental part of DFS operations throughout the time of this study. Within this research all reports generated from the Net Promoter System, in use throughout the organisation, were collated by the author. These reports, along with all other potential evidence outlined in Appendix 1, were personally curated by the author. Physical copies of each document were stored securely within the Head Office of the company involved. Each piece of evidence was chronologically ordered and coded to a relevant section of the 'cultural web' as described in the literature review (Section 2.12). This data was then analysed in line with the 'explanation building' type of pattern matching (Yin, 2018). Particular attention was paid to the time sequencing of these events and prominence was given to items that could be verified externally (press releases etc.). The causal explanations themselves formed part of presentations within the board room, as a member of which the author formed part of the lived experience of the study. Guided by theory, the findings of this research were ultimately defined into presentations, typically including propositions, which were socialised with members of management (including a visual representation of the cultural web) on an ongoing basis. The overall research process of this thesis is represented in Figure 5.

3.4 Chapter Summary

This research takes a pragmatic approach, containing both positivist and interpretivist approaches as necessary, to generate a single, holistic case study

within a major UK organisation. This case study analyses multiple sources of data in an 'explanation building manner', reflecting both the conceptual framework developed earlier and regular checking with senior management to provide greater internal validity. Integral to this approach is the research underpinning the NPS and the associated data capture infrastructure, which was conducted within the organisation and described in the following chapter.

This approach leads to the derivation of a practitioner model for the implementation of NPS into the culture of a business for the purpose of driving performance. In order to further test validity, a much smaller study was subsequently undertaken in another business. This is a refining, validity testing view and does not therefore form part of a 'multiple' case study, being there more to test key findings as is consistent with the literature on validating case studies. Following the discussion of the implementation of NPS, then subsequent chapters present the wider findings and discussions of the integration of the NPS into the cultural web.

4.0 Implementation of NPS within DFS

As outlined in Section 3.1 this overall work contains two connected pieces of research. This chapter presents the findings and discusses the first part of this, the development of the NPS question and the measures taken to ensure its validity as a trustworthy metric. This is presented separately to the findings and discussion of the development of the 'Net Promoter System' and its integration into culture (Chapters 5 and 6) as the author deems this work to be distinct, and a necessary foundation for the second part of the research.

4.1 Construction of the NPS system of measurement

As the conceptual framework (Figure 2) of this thesis shows that 'Customer Loyalty' is to be measured by a 'Trustworthy NPS' (Box 2), the development of this measure is critical. Consideration is given to removing the gaming techniques commonly found when NPS is adopted, described in Section 2.6, and to ensuring management are accepting of the reported scores. The approach to this work is derived both from the academic literature and contextual information. This section now describes the development of the NPS question for DFS and its delivery method. Specifically, this section covers:

- Introducing NPS into DFS;
- The Structure of the NPS Question;
- The Response Scale;
- The Distribution of Surveys;
- The Data Integrity and Improvements to the System; and
- The Coding of the NPS Data.

4.2 Introducing NPS into DFS

DFS plc contains several sub brands (including Sofa Workshop and Dwell), which form part of the wider market. The core of the retail estate is formed by DFS Furniture Limited. This entity, as described in the introduction (Section 1.2), is the company that leads the market within the UK across all segments of the Upholstered Furniture Market. It is also the part of the company that builds, markets and retails products under a single brand, integral to the description of loyalty defined in the literature review (Section 2.3). It is the performance of this entity that the NPS was used to help improve during the period of this case study.

Reichheld (2003) linked NPS to the profitability of the whole organisation and, therefore, it may be reasonable to assume this would be a key measure for management. However, as the company was transitioning from private ownership to a plc, the overall profitability was impacted by areas beyond the realms of customer loyalty. Financing costs are a significant portion of the amendments to the profit and loss account, as are the 'levers of growth' described in DFS Furniture plc (2015).

Therefore, a measure of sales volume is likely to be a better indicator of loyalty than profitability. The sofa market is sensitive to 'price points'. Margin investment is used to hold prices at popular points (£399, £499, £599 etc.). Therefore, within the industry, sales volume is a relatively stable indicator of like for like growth over time.

For the hypothesis of NPS driving growth to stand true, and be accepted by management, a changing NPS must be positively reflected in changes to sales growth. Reichheld (2003) claimed a causal link, although this has been disputed by

Keiningham et al. (2007a). The original study had an incorrect position on temporal precedence. The growth being attributed to the NPS was from the same period as the Net Promoter information. It is therefore not possible that one could have caused the other, as they were occurring simultaneously. Accordingly, the methodology to be deployed must be conducted over a sufficiently long period to allow growth to be attributed accurately to the customer loyalty being displayed. If the impact were to be measured by repeat purchase, then this would need to be measured over many years due to the long replacement life cycle of the product. Conversely, if recommendation was causing sales growth by stimulating other sales, then this would be demonstrable over a shorter period. In either case, it was known in advance that several years' worth of data was likely to be necessary.

NPS was first introduced to management through a survey conducted by Bain Consulting during a strategic review of DFS Furniture Limited. Yet, while management was prepared to agree with the findings of Bain's initial conclusions on the need to improve customer service, they were unable to agree on the proposed action to resolve issues.

Conversations with each member of the executive led to the discovery that the issue was the number of respondents in the Bain survey. Bain had drawn their conclusion from 1996 respondents, which – although a significant sample to represent the market – did not convince the executive team. This was merely the subjective perspective that, whatever the mathematical information said, the team did not 'believe' that such a low number of responses would be accurate. They would need to see a far greater response rate, even if statistically this would take the data

collection into a position of diminishing returns. This would be where the increased precision being gained in the data was not commensurate with the required cost of achieving the increased sample size.

In order to gain internal buy-in to the results, a methodology involving far more respondents than required for statistical validity would be desirable. It was important for the author to establish the number of responses required for internal management to be 'comfortable' with the sample size (meeting their threshold of validity), this being over and above any statistically valid amount.

While it would be acceptable for the author to increase the number of responses by spending more money, this would potentially create a commercial consideration. Would it be justified spending more money than required for a statistically valid response in order to satisfy the needs of individuals, even if the data added no new insight? The final methodology used significantly greater responses for differing reasons and, therefore, this ethical consideration was not in the end factored in.

While the author solely constructed the NPS question and survey through the process described in this chapter, the developed survey was part of the wider management information within the company. In order to maintain a degree of professional distance, and for reasons of practicality, an external company was used to collect the primary data from these surveys. This was important as, when a third party is used to collect data, customers will tend to respond in a less biased manner (Ecoconsultancy, 2015), thereby adding to the credibility of the information.

Using an external research agency also had practical benefits in time and efficiency, which offset the increased costs of having a larger than statistically necessary sample. While there is a cost involved in setting up a research framework with the external party, once it is established, the available resources (both technology and people) would allow for faster progress. Indeed, this progressed considerably quicker than it would have done had it been necessary to recruit a research team internally and train them or to migrate other tasks from existing internal personnel. This speed of implementation was important to establishing the measure within the organisation as shown in the literature review (Section 2.9).

As a plc operating within the consumer retail section, reputation is of considerable importance. Damage to reputation can be crippling to service companies. It is estimated that up to 80% of brand value comes from intangible assets such as brand equity, intellectual capital and customer goodwill (Eccles, Newquist and Schatz, 2007). Therefore, if research were to cause issues for customers, then the consequences could be significant.

While there can be no complete assurance of avoiding issues with reputation, the chances are mitigated by operating according to established best practices. The Market Research Society is the world's largest such society and its members have played a significant role in research for over 60 years. This organisation operates a binding code of conduct over its members (MRS, 2015). By aligning with a research company that operates this code, it was possible to establish the use of both best practice and compliance with the Data Protection Act 1998. This safeguard considerably minimised the risk of ethical issues occurring.

The surveys themselves were to be based on the methodology outlined by Reichheld (2003) and refined in Owen & Brooks (2009), Reichheld & Markey (2011b) and Satmetrix (2013). As well as forming part of this body of research, the NPS construct in DFS was a key part of the planned change programme. Therefore, the questionnaire had to be designed to help management establish three key 'shared views'. These being:

1. NPS could be delivered in a way that created a robust and ethically sound methodology for capturing the view of customer loyalty;
2. Establishing in the minds of management a 'shared belief' that a causal link exists between the measured NPS score and the achieved growth in sales (by transaction and value) of the location; and
3. NPS could be widely utilised across the organisation.

The design of the NPS question and the related follow up questions to support a wider Net Promoter system was informed by the literature. The intention was to ensure that the NPS questionnaire was built in a way that would support the outcome goals for management.

Jones & Sasser (1995) highlight that customer surveys can be a rich source of information for measuring responses across multiple locations and periods, providing that a consistent framework is used. This is important as the different store locations

around the UK were to be assessed. The survey data would be used by the management of the organisation to assess levels of service in different locations.

Early use by management was important, as Godfrey (1993) criticises many surveys for failing to build in intelligent follow up and meaningful investigations. As the results from these NPS surveys were deemed integral to the organisation's strategy, the process received significant buy-in from senior management ensuring that follow up was applied.

4.3 The NPS Question

Gallup (1947, p.385) stated that "too much attention has been directed towards sample design and too little toward question design". Fred Reichheld's (2003) study with Satmetrix was aimed at discovering which 'question' had the best chance of predicting organisational growth.

As previously stated, according to Reichheld (2003, p. 4) the top ranking question in predicting growth across industries is: "How likely are you to recommend (company X) to a friend or colleague?" Despite this, it is shown in the literature review that variations of the NPS question have come into existence over time. Therefore, it is useful to look in detail at the construct of the question.

Suessbrick et al. (2000) discussed how people interpret the wordings of questions in different ways and therefore it is important to clarify what is being asked for to avoid interpretation. Following the principle of this research, the NPS question would need to include clarifying information on its first element; 'recommendation'.

The dictionary definition of recommendation is "a suggestion or proposal as to the best course of action" (OUP Oxford, 2010). The distinction between 'suggestion' or 'proposal' is important to understand if we are seeking to establish whether customers would 'suggest' to their friends that they purchase from the company (in effect an unprompted recommendation); or whether when asked they would 'propose' a course of action (a solicited review).

NPS in its proposed format does not clearly ask the customer whether the question is asking if you would advise people 'unprompted' to recommend the company or whether it means that if asked for an opinion they would provide it. As a sofa is a discretionary purchase (a non-essential household purchase), this is highly relevant. As discussed in Section 1.2 DFS is the market leader, internal information (DFS A38, 2016) shows that most people within the market for a sofa would visit a DFS store anyway. Therefore, the value of a 'recommendation' to someone already in the market is not as powerful as a recommendation to someone who was not distinctly in the market but may be influenced to make a discretionary purchase.

Resolution of this issue could have been achieved by including a clarifying statement. This could have taken the form, "recommendation is where you would, without prompting during conversation, highlight the service you received in a DFS store". It was decided not to include this statement, instead allowing the customer to make their own interpretation of recommend. Whilst some forms of recommendation were deemed more useful than others, either scenario would represent an attitudinal indicator of loyalty. This is consistent with the literature in Section 2.3 and therefore

the author took the view this clarification statement would be an unnecessary distraction for the customer.

The DFS question is modified from the original NPS question with the addition of the word 'family'. Foddy (1994) discusses the importance of the individual words within a statement, and previous internal research has shown that repeat purchases were often within family groups (DFS A37, 2011). As it was conceivable that the original question could be limited to 'friends and colleagues', and that the respondent may not interpret family members as friends, the decision was taken to include this additional word. The DFS Question utilised in the survey is, therefore, "how likely are you to recommend dfs² to friends, family and colleagues?".

In addition to this change, management decided to add the phrase, "Thinking about your overall customer experience" (DFS A39, 2011). This was designed to guide the customer to comment specifically on their personal experience and not perceptions of the brand from other sources, such as the media.

The question, at 18 words, is slightly longer than the guidance defined by Brislin (1986) who specifies that questions should not exceed 16 words for simplicity. It is however within the maximum number defined by Oppenheim (1998), who cites the same reason of simplicity but suggests 20 words as appropriate. The author was happy that being in this range was a simple construct, following a discussion with other members of the DFS team (DFS A59, 2011).

² DFS is stylised in lower case for customer communications to match the company brand image and logo.

Keeping the question short and making it familiar to people who have received other similar surveys ensures simplicity of design. This principle of making the question simple and therefore accessible to a wide range of recipients is supported by Brace (2004) who emphasises the importance of question design so that the question may 'tune in' to the language of respondents that are diverse in terms of gender and age, as well as level of education, occupation and income.

4.4 The Response Scale

The NPS system as described by Satmetrix (2013) should have responses scored on a scale of 0 to 10. This was designed so that the scale was intuitive to customers when they assign grades and to employees when they are interpreting the results and taking action (Reichheld & Markey, 2011b), a further point to this was that external stakeholders such as investors, regulators and journalists, could grasp the basic messages without needing detailed guidance (Reichheld & Markey, 2011b). These limited remarks, however, represent the full extent of the explanation included in the original paper. This limited methodological explanation has not been elaborated in Reichheld's further work. Rather, the researcher reiterates the previously stated points and settled on a simple zero-to-ten scale (Reichheld 2003). As there is limited information on this NPS scale it is helpful to look at other academic work on 'Likert' scales.

A number of authors have looked at the number of response options available in customer surveys. Foddy (1994) argues that the optimal number of response scales is related to the question and that where respondents are being asked for an absolute judgement then shorter scales (typically 5 points) are appropriate but where

an abstract judgement is sought then a longer scale (from 7 to 9 responses) is appropriate.

Brace (2004) states that these 5 and 7 point scales are the most commonly used, and as far back as Cronbach (1951) it was stated that the 7 point scale was more reliable. Rodgers et al. (1992) supports the use of longer scales; having conducted research into scales from two to ten responses it was found that the validity increased slightly for each additional response option.

Alwin (1992) conducted research comparing these common 7 point scales with an 11 point scale (as used by NPS) and does support it as a sensible choice, showing that 11 point scales had consistently higher reliability and validity coefficients with a lower invalidity coefficient. Fitzgerald et al. (2011) also found that an 11-point scale is valid in cross-national studies, which supports the global usage of the NPS system.

The literature on these scales then moves into differences on whether the offered scale should contain an odd or an even number of responses. Much of this literature is summarised by Lietz (2010) who concludes that scales should contain between five and eight response options. The decision hinges on whether to include a 'middle' option that allows respondents not to commit themselves to a decision in their opinion or attitude. Lietz (2010) explains that several studies have shown the middle option to attract between 6% and 23% of responses when offered.

The data of these 'middle' area scores are impacted by the processing of data within the NPS calculation. The scores are 'collapsed' into three distinct categories:

‘promoters’; ‘detractors’; and ‘passives’. Reichheld (2003) stated that these were ‘logical’ clusters, offering no further explanation in this paper. This has the impact of reducing the responses to three categories. This is consistent with the work of Jacoby & Matell (1971) who, following research into rating formats, suggested that data collected within a survey could be collapsed into dichotomous or trichotomous measures, which would not lead to any deleterious effects in reliability or validity. This does provide a historic suggestion that it is justified to collect data with a wide scale and then retrospectively collapse the results.

It is however speculated by Brandt (2007) that, rather than asking for responses on an eleven-point scale and converting to three questions, it might be simpler to ask customers if they are a ‘promoter’, ‘detractor’ or ‘passive’. This would need though an explanation of what each word means, thereby removing the simplicity of the original method. Based on this information, the decision was made to implement the 11 point, 0 to 10 scale exactly as described by Satmetrix (2013).

The construct of the question and the response scale were approved by the DFS senior management team prior to going into use. While individual members of the group asked questions of the researcher as to whether the information was ‘right’ and were interested in the rigour applied in the selection, the wider group were simply comfortable with the premise of the metric (DFS A35, 2011).

4.5 Distribution of surveys

Having received confirmation from senior management then a trial survey was developed to be sent to customers (DFS A37, 2011; DFS A38, 2011). This trial survey was established to test the validity and reliability of the survey question and mechanism. This survey included the NPS question as defined above and a single follow up question, “Why did you give this score”? This question was derived from the literature (Section 2.5) in order to give a degree of insight into the reasoning for the NPS given. There was no discussion of a wider Net Promoter System at this initial stage. The trial period ran for a period six months and then was expanded. Improvements and enhancements following the trial are covered later in this document (Section 4.8).

The survey was sent via email to customers at three distinct points over the first few months from their purchase. The first was a selection of customers who had purchased the product (the Post-Purchase survey) but not yet had it delivered (as all products are made to order, this period can be between two and twelve weeks from the point of transaction). A second group was those who had received the new product within the previous week (the Post-Delivery survey); and the final group was those who had received a product within the previous six months (the Established Customer survey).

This six-month period had been chosen to give a period reasonably beyond the point of the initial interaction. Anderson (1994) shows that overall customer feedback not immediately linked to an initial transaction is a greater indicator of a firm’s past, current and future performance than one that is clearly linked solely to a transaction.

As internal management information shows that customers who need to contact DFS about a transaction will do so within the first three weeks in 98% of cases (DFS A35, 2011), the period was enough to be outside of this window.

These groups were also selected as described by the Reichheld & Markey (2011b) criteria that the information generated should be reliable, timely and actionable. As described earlier, DFS is vertically integrated; it owns its own manufacturing, retail, and distribution channels. For the results of data to be timely and actionable, then attributing it to the different stages of the customer journey was to highlight which part of the business had impacted the score. The results are therefore actionable as they can be attributed to the function that last interacted with that customer. These stages are a contextual interpretation of the concept of stages seen in the literature review (Section 2.4).

One of the criticisms of NPS is that while it tells a business how it performed after an event it fails to tell why they did or did not do badly (Mitchell, 2008). However, having the NPS question delivered at multiple points in the customer's journey allowed the business to consistently see the impact of any interactions that employees have had throughout the journey.

Further demographic questions may often be required by researchers in order to conduct additional analysis on the data. However, as every customer served by DFS provides an address and work details for part of their order, many insights into different customer types are possible without the need for additional questions to be included. Further to this, c.70% of respondents (being DFS customers) would have

purchased the goods on interest free credit leading to considerably more demographic information being available (such as income, address, and marital status) (DFS A37, 2011).

Lin (1997) highlights the differing ways in which the population could be segmented to gain insights, including areas such as purchase frequency and purchase price. Within DFS this was more easily achieved than it may be in other contexts. All customer records have a unique identifier, which is the order number. Because the company is vertically integrated, this number is used across all parts of the system including retail, manufacturing, distribution, and finance. By setting up the NPS surveys to use this same identifier, it was possible to cross reference the score to any other metric within the company's systems. This enabled information such as which teams physically made the products, which van crews delivered it, the finance house that was used, and the date and time of day of the order to be available to management from the very early stages of the first trial.

As stated earlier, in order to meet management's requirement of 'reliability', it was decided for the purpose of this research to partner a dedicated research company to deliver the surveys to consumers, to independently control the flow of data, and to report back to DFS. A competitive tender process was run in which six companies offered their services. It was important that the provider met the requirements of market research guidelines (such as the ability for customers to opt out of the surveys – (DFS A11, 2011)) and had achieved ISO 27001, ensuring that the data

protection of the customers was maintained.³ Various members of senior management were involved in this process in order to further add to the internal validity of the decision.

Having a partner company with considerable experience in delivering surveys also allowed the company to pass the process of graphic design to this third party. Lin (1997) points out that information on question layout and graphic design is often missing from methodology discussions. The company has a strict set of brand guidelines covering areas such as colour palette, logo use and sizes and rules on language and fonts. This is to ensure that the tone of voice and interaction with the company remains consistent through all channels. Once the survey design was completed this was signed off for compliance by the marketing function within the organisation (DFS A35, 2011).

During the trial, the surveys remained live for an indeterminate length of time and it became clear that some people who received the survey "post-purchase" had waited until later to fill in the questionnaire. This caused situations where customers would fill out a Post-Purchase survey with very specific comments about a delivery or a service issue. This subsequently caused quality concerns with verbatim responses, where they were not logically connected to the point of the customer journey they seemed to be related to. For the trial, the aims were to test (i) whether the questionnaire methodology worked and (ii) whether there was an indicative link between NPS and Sales to the satisfaction of management. Therefore, as only the

³ Guidelines were those in place during 2011, prior to implementation of the General Data Protection Regulation (GDPR) which changed this requirement to an 'opt-in'.

result of the NPS question was required, to fulfil the above objectives of the trial, and this was effectively the same for each survey, this timing was not a problem for the trial. However, following the trial, the surveys were amended so that it would not be possible to complete a survey if a subsequent one had been distributed.

The email addresses for the trial were captured by salespeople at the point of order as part of the usual data capture procedure and, therefore, no additional IT development work was required (DFS A26, 2010). These email addresses had previously been captured for more than 12 months as part of a process to make contacting customers for the purpose of delivery simpler. These customers had also been asked as to whether their information could be used for research purposes, even though there was no immediate use for this when introduced (DFS A34, 2010).

Stores typically captured c.80% of email addresses from customers (DFS A35, 2011), and each store was monitored weekly to ensure that their data remained within an acceptable range either side of this value. Historically, this was set simply for internal purposes at a range of 75%-90%, with the expectation that scores below 75% indicate that the store was not asking enough people (potentially to save time in the ordering process). At the opposite end, where figures of 90% were being achieved, this signalled the possibility of salespeople inputting incorrect or false details. As demonstrated in the literature review (Section 2.6) this could be part of attempts to 'game' the results. Therefore, additional rules needed to be developed to mitigate this risk to the satisfaction of senior management.

4.6 Data integrity

For the purpose of the trial, several checks were initiated on the email addresses being collected from customers. This included a format check on the email addresses (does the format match acceptable rules), a dual entry check looking for repeating email addresses (potentially a friend of the salesperson or other contacts), and a check for known email addresses (including staff and company ones). This resulted in 2% of the addresses being rendered unusable and re-training implemented for those employees who served the customers (DFS A39, 2011).

Beyond the initial trial, further work was conducted in order to establish what a normal level of email capture is (including elements such as known email penetration) as well as a piece of work to compare the group who are not providing email addresses to the remainder of the population to ensure that they are typical. The results were within ranges deemed acceptable to management, i.e. positive scores were still positive and negative scores still negative. This was achieved by telephone or text message (where 99.9% capture of details is achieved), a very small number checked by post (DFS A35, 2011). This checked for the phenomenon described by Parker & McCrohan (1983) who explain that some distribution channels for research may be more appealing to some members of the sample than others, thereby causing the results to be non-representative of the whole population.

Email addresses were taken from the database of store data and transferred securely to the research partner in batches each day. This secure batch transfer worked for the trial. However, the full programme subsequently required the development of an Application Programming Interface (API) link to transfer the

information automatically and allow a timely pass through to the customer due to volume of data being unsuitable for a single daily upload. This increased costs and, therefore, wasn't completed until some early indication of success was achieved in order to justify the investment (DFS A37, 2011).

The trial data was selected from a consecutive list of customer orders within each store location that contained a mix of people from different parts of the customer journey and had a completed email address. There is some debate (Fowler, 1993) as to whether these consecutive groups of customers can be deemed a random sample, and this issue would have needed further investigation if this methodology had been rolled out fully. However, this was only adopted for the trial and was subsequently changed. From the point of full roll out, all customers were surveyed, and Section 4.9 describes how checks were made on the representative nature of those who responded.

The original Reichheld (2003) paper on NPS and also a subsequent study by The Listening Company along with the London School of Economics (Keiningham *et al.*, 2007b) can be criticised on grounds of temporal precedence, the cause and effect not being the correct way around. In contrast, the trial data used within DFS allowed a direct comparison between customer feedback and the increase in sales by store following that period. This provided a good insight and did not suffer from the problem levelled at the original research.

This multiple survey approach that this study embraces also allows the criticism of many survey methodologies by Oliver (1981) to be broadly dealt with, in that

traditional methodologies frequently relate to a specific transaction. While the multiple surveys in this study would still be initiated by a particular transaction, there was a large gap between the earlier (post-purchase) and the later (established customer) survey, thereby allowing other factors (such as brand) to be considered. It was also possible to check that movements in the survey scores were demonstrating correlation with other brand tracking measures being conducted at a group or at a whole of market level, thus aiding internal validity (DFS A60, 2011).

Lin (1997) explains that the meeting of customers' needs is a key responsibility of management. Therefore, it is important that the information regarding the achieved scores was passed to management in a timely fashion for them to act. This tallies with Reichheld & Markey (2011b) and a key part of their 'Net Promoter System', highlighting that companies who 'close the loop', and therefore feedback to individual locations, and indeed to customers who may have particular issues highlighted by the survey process, are the ones who succeed.

Dilman (1978) and Dilman & Moore (1983) point out that feedback surveys must evolve to be successful. Therefore, following the trial, feedback was obtained from executive management, store management and a small telephone survey of customers who had received the email survey to ascertain their views. This point is also made by Lin (1997) who believes that customers should be involved in the construction of survey instruments to maximise their impact

Following this review of the trial, management requested that surveys be continued, and that the data be provided in a weekly highlights report for them. Store

management requested timely access to the data and were enthused by the perceived transparent nature of the results. They were motivated by their ability to effectively position themselves in a league table of customer satisfaction, and intrinsically believed (without being shown any supporting data) that a good score would lead to increased sales. Unlike many initiatives undertaken by the company, whatever data had been shared with managers was promptly acted upon and feedback was shared across the whole store team (DFS A35, 2011; DFS A58, 2011).

Customers were very positive in general but wished to have confirmation that their feedback had been received and that action had been taken. Therefore, management requested that an option be added to future surveys asking if a specific call back was required; therefore, these could then take priority. This was actioned (DFS A35, 2011).

Having reviewed the feedback above management made two further requests, firstly to understand if the NPS was linking to sales, and secondly what information was available regarding the key drivers of the NPS. Following this request an initial statistical analysis was made. From this, sufficient evidence was available to senior management for them to conclude both that NPS represented a realistic opportunity to track the satisfaction and loyalty of customers, and that it 'may' predict future growth. The statistical analysis conducted by the author in order to establish this view is contained within Appendix 2. The success of this (with hindsight rudimentary analysis) convinced the board to support the rapid expansion from NPS and a single follow up question, to a more complete 'Net Promoter System' (See Section 2.5).

This Net Promoter System included an expanded version of the NPS questionnaire. The nature of the expansion to the questionnaire contributed greatly to the wide integration of the system into the culture of the organisation as described in the conceptual model (Figure 2). The development of this question set is therefore covered within the discussion chapter of this thesis (Chapter 6).

4.7 Delivery mechanism

The trial demonstrated that an email delivery system was able to collect large quantities of data at an acceptable cost and the decision was taken to move to surveying all customers (DFS A37, 2011). Despite now sending surveys to more customers, refinements were made to the system in order to ensure that response rates increased as well. This increase in response was desired both to improve the predictive power of the results but, more importantly, to ensure validity as perceived by employees within the stores from a vastly greater actual number of respondents. This would be important where recognition and reward were linked to the NPS and where performance management techniques were to be used with employees whose score did not meet minimum standards. This is discussed in Chapter 6. It became evident after the trial that enhancements were needed to the rigour of data collection, and an increase in response rate was required to ensure the system could deliver the robustness expected.

4.8 Data collection improvement

In the trial, email had provided enough responses to be accepted as the primary delivery mechanism at a low cost. This was therefore retained for moving forward

into roll-out. The trial had put in place some basic checks on the validity of email addresses designed to prevent salespeople 'gaming' the system. Wherever customer surveys are implemented then employees seek to improve the score they receive from those customers. While this can be through improved behaviour, it can also be by choosing which customers get to feedback. This may be as simple as a cashier on a till highlighting the survey when there has been no queue yet failing to mention it entirely when times were busy. The methods implemented by the author to limit this are now explained.

The trial had prevented employees sending emails to their own email address or that of the store. Checks had also been put in place to prevent multiple surveys being sent to the same email address, i.e., one set up purely for the purpose of cheating the system. Several salespeople simply did not capture the email address where they had perceived themselves to have given poor service. DFS reported a league table of email collection rates, to ensure people were simply not capturing any address at all. This was not sensitive enough to identify deliberate manipulation of the surveys by the salesperson involved (DFS A39, 2011).

To remove this risk, a checking mechanism was put in place on the validity of the email surveys. For those customers who did not have an email address, a simple NPS only questionnaire was delivered by text message. The single survey question was exactly the same as used in the full survey set. The question was delivered from a short code number, which ensured that it appeared to the customer as being from "DFS". There was no follow up question to establish the reasons for the score. This method was considerably more costly than the main survey. Delivering via email

incurs a cost of a fraction of a penny for distribution and no cost for the collection of the response. Text, in comparison, costs several pence for each send and the same for each receive. Across a survey of tens of thousands of responses, this can become very costly. The aim of this survey was simply to compare the scores of those customers with no email address with those with an email address. If the two scores were a considerable range apart (for example, a positive NPS overall but negative from those with no emails), it would highlight the potential of the salesperson missing out the email on sales where they had delivered poor service. These people could then be targeted either by manager observation or, if required, by a specific mystery shop activity (DFS A29, 2011). The additional cost was agreed to ensure the data was not being influenced by salesperson behaviour (DFS A35, 2011)

For the small number of customers where neither an email address nor a mobile phone number was captured, a random sampling check was conducted. This sample was then telephoned to complete the same check as otherwise completed by text messages. Neither of these data points were included in NPS reporting (as they did not contain the remainder of the question set); they were simply to maintain integrity.

4.9 Response Rate Increases

In order to improve the data, two elements potentially affecting response rates were examined. The first of these was the timing of the survey. For the trial, email addresses were captured and then transferred to the research agency. At the end of each week, questionnaires were distributed in batches to the customers. This had the effect of some customers receiving their survey very quickly after their purchase

(or delivery or service) while some customers may have waited nearly a week. If NPS does diminish over time, then this would add a margin of error into the survey results. This bias would always exist as the customer had the option of when to fill the survey in, but the bias was being exaggerated by this action. In order to amend this, several changes were made.

1. Transactions were fed to the research agency via an automated link every 15 minutes. Initially these automatically triggered a survey. In some cases, this meant customers were getting surveys before they had even left the store. For the Post-Purchase survey, this proved to be very useful to operational teams. Where customers were unhappy, issues could sometimes be rectified while still physically in the vicinity. For others they could be contacted very quickly after providing a detractor score, and any issue, actual or perceived, could be resolved (DFS A58, 2012).
2. For the post-delivery survey, the emails were held and delivered in the evening on the day following delivery. This was designed where possible to capture the customer while sitting on the new product. This timing was also used for the Established Customer survey. This timing generated increases in the response rate for both surveys (DFS A1, 2012).

While the changes on timing increased response rates from the trial to roll out, there was a desire to increase them further. Many research companies recommend offering inducements to customers in order to encourage them to complete the survey. In many instances, this takes the form of a discount on a future purchase.

Given the long replacement cycle of the DFS product, this was not deemed a viable option (DFS A39, 2012). A common alternative is to offer the customer the opportunity to win something within a prize draw in return for completing the survey.

This was trialled in one region to understand the impact that it would have on responses. The trial region did record a noticeable upturn in responses with around 5% more than the rest of the estate, what was unexpected was that these stores also saw an improvement in their NPS score. Changing the region to a different one delivered the same result, the surveys with a competition attached saw an increase in both response rate and NPS (DFS A1, 2012).

This leads to the hypothesis that customers are more inclined to provide a positive response to the survey when they believe they may win a prize. This is likely to be because, even though the prize draw was independently drawn by a third party, customers clearly believed that the company would not want a winner who had given poor feedback. This phenomenon is worthy of further study, looking at whether the level of prizes influences the end NPS. This is not, however, considered further in this thesis, which is concerned more with the macro implementation of the system.

This skewing of the score via incentive was not acceptable to management given the desire to genuinely understand and influence the state of customer experience within the organisation (DFS A37, 2012). In order to boost the response rate but not skew the NPS score, an alternative form of incentive was sought. It was decided to look at charitable donations. The customer would be told that a donation would be made to a charity if they completed a survey. Implementing this system saw response rates

increase above those that had been achieved with a prize draw and with no noticeable impact on the scores being delivered (DFS A1, 2012). A customer is inclined to complete the survey to give the money to charity but, as there is no personal inducement, the desire to create a positive impression no longer exists and an honest approach is taken.

Over the course of multiple weeks, several charity partners were used to see if one specific charity generated a larger return in responses than another. There were clear differences. Industry charities had very little impact, local charities had impact only in a small region, and while the major charities (Cancer, Heart Disease etc.) fared well they did not get near to the response rate of the highest performer. The best rate of return came from a partnership with the Duke of Edinburgh Award Scheme (DofE). This charity raises money to allow all of those who would like to participate in the scheme the chance to complete extra-curricular activities. These include learning a skill, volunteering, and an outdoor expedition. Adding the DofE inducement into surveys – and taking it away – proved a consistent uplift in the response rate across all surveys (DFS A1, 2012). Again, it would be entirely possible to design a more complete research project on this phenomenon alone; however, this thesis is not focused on the impact of charitable donations on survey completion. It is the belief of management that there is a resonance between DFS advertising (which at the time concentrated on British Design, British Heritage and British Manufacturing) and the Royal image portrayed by the charity. This is likely to lead to a resonance with the customer group, which, coupled with the fact that DofE is not a charity that is frequently asking for money, inclines the customer to invest a small amount of their time to secure the donation (DFS A37, 2012). The donation amount

was also not known to the customer. The invite simply states that a donation would be made to the DofE. Again, a further study could be to understand whether the value of the donation impacted the responses. This information could be important to a business. In a system using text message surveying and sampling of customers, it is entirely plausible that the cost of the charity donation (which may be tax efficient for a corporation) would be considerably less than increasing the volume of surveys to reach the required number of responses.

These changes to timings and the addition of the donation meant that the response rates ended considerably above those achieved in the trial period. The post-purchase survey has consistently achieved responses in the range of fifteen to twenty per cent of customers. Post-Delivery and Post-Service were achieving eight to ten per cent and even the Established Customer Survey was achieving three to five per cent (DFS A1, 2016; DFS A4, 2016). This volume of surveys meant that every month observations in the tens of thousands were being recorded. Hence, any decisions taken within the business were informed by a reliable and comprehensive data set.

Section 4.6 highlighted an issue from the trial. It could not be certain that the customers being surveyed were representative of the customer base. With the survey distributed to all customers and improvements to response rate, this risk was mitigated. However, a large response is not necessarily representative, so it was necessary to look at the types of customer responses to the surveys and establish that they were in line with all customers. This was conducted by looking at the products purchased and finance versus non finance sales. It was also possible to

look at the volume of surveys by day to ensure it was reflective of the trading pattern. The response rates were broadly reflective of the customer base in all areas and therefore accepted as a meaningful representation of the estate (DFS A37, 2012). A more detailed statistical analysis of the data could have been undertaken; however, given that all stakeholders agreed that the data matched the operational results of the business, this was not undertaken.

While some members of management suggested agreeing with the customer in advance the number of surveys they would accept, this option was discounted once the activities discussed in this section achieved enhanced response rates to a suitable level (DFS A39, 2012). Moreover, agreeing with the customers several surveys might have caused an issue, as the customer could interpret this as several communications with them as opposed to surveys. If they then, for example, received a marketing email during the period, they may feel the organisation had misled them. In another organisation, where response rates cannot be lifted to a suitable level, this strategy might be worth pursuing.

The actions described above coupled with the longitudinal nature of the surveys ensured that all gaming techniques summarised in the literature (Section 2.6) were eliminated in DFS. A summary of these issues and resolutions is shown in Table 1.

Table 1 – Gaming Techniques for NPS and the DFS Resolution

GAMING TECHNIQUE	RESOLUTION
Ask customers if they are happy and then invite them to take a survey	All customers invited, triggered by an event (sale/delivery etc.) in the system. No local ability to remove events. Missing email data checked by reference to text, landline, or post if necessary.
Remove contact details of those you know to be unhappy	All customers invited, triggered by an event (sale/delivery etc.) in the system. No local ability to remove events. Missing email data checked by reference to text, landline, or post if necessary.
Replace customer contact details with your own	Automated checks to look for repeat email addresses and for known patterns (such as employee or store names). Random follow ups centrally conducted.
Tell your customer that your pay and job security depend on the score	Comparison of data between Post-Purchase, Post-Delivery and Established Customer survey shows this. Large variations in score highlight potential for this, verified by mystery shopping. Action taken with individuals found to be doing this.
Don't conduct surveys where the product involved has known issues	All customers invited, triggered by an event (sale/delivery etc.) in the system. No local ability to remove events. Missing email data checked by reference to text, landline, or post if necessary.
Only ask friends to take the survey	Automated checks to look for repeat email addresses and for known patterns (such as employee or store names). Random follow ups centrally conducted

Exclude everyone from the survey who has made some sort of complaint	All customers invited, triggered by an event (sale/delivery etc) in the system. No local ability to remove events. Missing email data checked by reference to text, landline, or post if necessary.
Exclude everyone who does not have the latest version of a product	All customers invited, triggered by an event (sale/delivery etc) in the system. No local ability to remove events. Established Customer survey and product cycle mean people within the survey will have seen new products advertised
Fail to Personalise the survey	All known details, name, product etc. are pre-populated.
Make no commitment to do anything with the response	Commitment to resolve issues in survey. Tick box option for customers to indicate if they specifically want a response to their query.
Use a language that is not local	All surveys delivered in language of store (UK, Spain, Netherlands etc.)
Use a generic mailbox	Email from the survey company with a specific address to each store. Emails are monitored so responses can be generated.
Provide an entry to win a competition	Charity donation irrespective of score received.

4.10 Coding of NPS responses

The NPS surveys generated large amounts of data to be analysed. Management considered utilising an existing code frame taken from complaints procedures that existed. However, this was not deemed appropriate, as it would have led to pre-determined solutions being utilised. The coding of data was done manually, initially during the trial by the author, reviewing all responses, categorising as deemed appropriate and then refining with input from other specialist team members. This created a code frame, which formed the basis of the DFS Monthly Customer Experience Pack – contained within the Operations Board Pack (DFS A35, 2012). What is critical is that the coding was inductively designed from the customer verbatim comments, with revision from management, and allowed management to drive performance from the actionable reports created. By linking to other data readily available in the organisation, the information could be distilled and used at all levels of management. This code frame was subsequently applied to all channels of communication in the business, including compliments, complaints, and social media feedback (DFS A37, 2013). The code frame and an example of the analysis presented each month to management is shown in Appendix 7.

4.11 Overview of research findings on the NPS Methodology in DFS

DFS implemented a NPS Questionnaire as part of the senior management's desire to change the culture of the organisation. The design of this component of the wider case study is fundamental to the discussion that follows. The nature of the design described above shows how the NPS was formulated with reference to the conceptual framework (Figure 2) and the relevant literature. Beyond this, each part

of the methodological development was discussed, confirmed, and ultimately sanctioned for use by senior management. In line with the approach taken to this whole thesis, the development of the NPS within DFS took a pragmatic approach. While starting with a positivist position, the construction of a reliable metric, the development frequently involved an interpretivist approach to ensure management engagement.

The framing of the NPS questions and the wider additional survey questions were the sole work of the author, other than where contributions (such as requests for questions to be considered) were made (these are covered in the discussion section).

Significant detail is given on the methodology of this component as the data generated from it (forming the customer experience pack within DFS Board Meetings) is key to the remainder of the case study. Where explanation building is used within the discussion, comprising multiple data sources, in most cases those other sources (whether a discussion, presentation, board pack etc.) will have been initiated by the information generated from these surveys.

The importance of the validity and reliability of these data sources within the case study therefore cannot be overstated. Additional results from analysing the data generated by the NPS and other survey responses lie beyond the scope of this thesis and required considerably more time, and indeed expertise, than possessed by the author of the present study. However, the data generated from the surveys created by the work outlined above (both the NPS question and the coded qualitative

data derived from it) supported further analysis of both practitioner and academic interest, which attests to the robustness of the data capture instruments and process. The data were worked upon by a team comprising the author of this thesis, members of the supervisory team and a PhD candidate. This joint work resulted in two papers presented at successive conferences of the British Academy of Management. Paper one, Fiserova *et al.*, (2017) investigates the relationship between those elements identified in the coded responses and the NPS question itself, and is reproduced in full in Appendix 4. Paper two, Fiserova *et al.*, (2018) constitutes a deep statistical analysis of the impact of NPS within DFS on sales growth. This second paper was awarded Best Paper in the field of Marketing and Retail in 2018 (Management, 2018), and was subsequently highlighted in Fitzgerald (2019) as key to practitioners. Paper 2 is reproduced in full in Appendix 5.

While these papers do not form part of this thesis for the purpose of findings or discussion, they contribute evidentially to the validity and reliability of a core piece of evidence, generated solely for this study and subsequently utilised in those papers.

The final evidence sources within the wider case study are underpinned heavily by either the evidence from these surveys directly, or by derivative items. This robust data set is represented by Box 6, Figure 5.

4.11 Chapter Summary

This chapter has explained the methodology and process used to develop the NPS question utilised within DFS, the subsequent delivery of that survey and how the

metric became a trustworthy information source within the organisation. The following chapter will present the findings of the overall Case Study.

5.0 Findings

This section presents the findings from the second part of this research (as described in Section 3.1), the development of a 'Net Promoter System' in DFS and its integration into the cultural web of that organisation. The case study being undertaken within DFS Furniture Limited between 2010 to 2016. The findings are presented within the themes from the conceptual framework derived from the literature review and with reference to the identified research questions detailed in Section 1.3. This chapter is therefore structured as follows:

- Section 5.1 describes the comprehensive usage of the NPS within DFS, relating to the trustworthy nature of NPS and its usage for monitoring and reporting within the conceptual model (Boxes 1, 2 and 6 of Figure 2).
- Section 5.2 outlines the improvements in the NPS achieved across the period of the research (Box 8, Figure 2).
- Section 5.3 describes the changes to the cultural web of the organisation that occurred over the period of the research (Box 7, Figure 2).

The reporting, performance, and integration of the NPS is comprehensive within DFS, evidence of which is presented here. The process elements of the conceptual model (planned change, emergent change and the impact of leaders and followers) are analysed in the discussion chapter (Chapter 6).

5.1 NPS Usage within DFS

As described in the introduction, NPS was introduced into DFS following a strategic review of the business in 2010. While many members of management were familiar with the concept at that point, the measurement did not exist in any operational

context within the organisation. By 2016, the NPS, as derived within the Chapter 4 of this thesis, was the 'de facto' measure of 'Customer Loyalty' in operation across the organisation, existing across both formal and informal management practice and measurement at all points within the business.

NPS by 2016 was a fundamental part of all corporate governance and reporting. This includes the following:

- A monthly report from the CEO to the plc board on NPS scores from the post-purchase, post-delivery, and established customer surveys as part of the board pack (DFS A38, 2016).
- A standing agenda item (with associated 30-page report) at the Executive Committee monthly meeting to discuss all NPS measures and any actions to improve scores at national or local level. This is Agenda item 1 at these meetings (DFS A36, 2016).
- A "Customer Experience" report within the monthly Operations Board pack, comprising NPS data for all surveys, reported down to individual salesperson and product levels, supplemented with additional data from the Customer Complaints team and commentary on NPS performance from the Retail Director and field teams (DFS A35, 2016).
- The NPS is utilised within 'Remuneration Committee' meetings at plc level. The Established Customer NPS directly leads to a 20% element of C-Suite Executives' Bonuses, and so is discussed and challenged in the same way as financial metrics. The NPS from all surveys is considered as part of the wider remuneration discussion when looking at salary levels (DFS A38, 2016; DFS A40, 2016).

- The NPS score and associated 'Post-Purchase' survey is utilised by the 'Risk Committee' specifically to provide customers' self-reported views on the sale of regulated products. Along with other specific measures, this data is provided to finance companies and the regulator as part of transparency (DFS A41, 2016).
- The NPS is included alongside financials in all corporate communications via the 'Regulatory News Service' (RNS), the formal reporting mechanism for plc companies. The NPS is stated in the same way as financials with reference to the previous period's performance and specifies which survey is being utilised (this is generally the established customer survey) (DFS A38, 2016).
- The NPS determines a significant portion of remuneration for most employees. The quantum varies across the organisation but can reach as high as c.50% of On-Target Earnings (OTE) for salespeople. Exceptions to having a NPS component to pay are very limited, almost entirely comprising retail housekeeping employees, fixed term contract and seasonal employees (DFS A38, 2016; DFS A40, 2016).

In addition to these processes, procedures and reports utilised within the governance of the organisation, it is found that NPS and the wider information from surveys and the 'Net Promoter System' are fundamental parts of the operation, including the following:

- The understanding, application, and management of the NPS and wider customer experience being included in all training courses operated by the company, including induction; management training; apprenticeships;

qualifications; and product training (DFS A44, 2016; DFS A45, 2016; DFS A47, 2016; DFS A48, 2016; DFS A50, 2016).

- Management briefings (generally held daily) incorporate NPS scores as part of the performance section alongside financials. This is either in a real time daily update (e.g., for retail store teams, delivery teams or manufacturing teams) or as part of the wider company performance update (e.g. Finance, Human Resources, Photo Studio) (DFS A58, 2016).
- NPS being utilised in supplier management. This includes understanding where NPS is impacted by changes to product components; comparing third-party logistics companies to in-house; evaluating improvements from training courses; tracking changes to User Experience (UX) elements on the website; and evaluating store merchandising improvements or monitoring local marketing changes (DFS A20, 2016; DFS A22, 2016; DFS A24, 2016; DFS A25, 2016; DFS A35, 2016).
- The NPS is visible in all company locations. The NPS score is displayed in real time on digital screens in the company's reception areas and in call centres. Reports with current performance exist in employee areas of all stores, distribution centres, factories, and training centres; and the reports from all NPS surveys are available in real time to all field-based employees via a web portal (DFS A58, 2016; DFS A65, 2016).
- All company recognition and performance reports have a NPS element. For example, an award for selling the most of a certain product could only be won by a team or individual who had an 'acceptable' NPS. An acceptable NPS being greater than the company average at that time (DFS, A54, 2016; DFS A55, 2016).

- Every internal presenter at the key DFS conference incorporates NPS into their presentation, with the vast majority using metrics to highlight elements of their key messaging (DFS A54, 2016; DFS A55, 2016).

This integration of NPS into DFS means that the NPS score is treated as trustworthy and as absolute as the financial metrics that are provided from the finance systems. Due to the major integration into remuneration, governance, and reporting across the organisation, almost all individuals, groups and teams have an interest. This leads to high levels of internal scrutiny being placed on the results.

The elements outlined in Section 4.9 to mitigate those ‘gaming’ methods identified in the literature were developed in consultation with management. This development took place before the metric was fully integrated into the business and significantly before there was a discussion of linking to remuneration, let alone an actual link. The link to salary did not occur until there was consensus that the metric was accurate (DFS A35, 2013).

There is still acknowledgement that errors can occur and, therefore, an appeals process exists within the organisation. The quantitative and qualitative data from each survey is available to the store or department that it relates to and employees will routinely review and read these. This is both to seek insights to improve performance but also to check that they recognise the feedback and score being given. The appeals process gives an opportunity to correct any ‘clear and obvious’ errors in the data. This is generally limited to customers who have given universally positive feedback yet given a score of zero (and then can be assumed to have mis-

read the scoring mechanism). To provide balance, the research company collecting the data look for the converse effect. By 2016, appeals to the score were very limited in nature, any systemic causes of errors (such as the possibility of reporting on the wrong store) having been designed out of the system (DFS A39, 2016).

By 2016 NPS was a key part of the language within DFS. Its usage could be described as interchangeable with 'Customer Loyalty', 'Customer Experience', and 'Customer Satisfaction'. However, it would be more appropriate not to describe their usage within DFS as 'interchangeable'; rather, it would be more accurate to say that NPS has come to mean all of these things within the organisation (DFS A35, 2016). While the literature review highlighted that academics may distinguish these constructs, internally within the organisation it is fair to say that anything designed to improve something with an impact on customers will be discussed within the context of its 'impact on the NPS' (DFS A35, 2016; DFS A64, 2016).

Whilst the NPS is found to be utilised interchangeably for all the theoretical descriptors above, in employees' perceptions, NPS is not always describing the exact same thing. While the differing surveys form part of a wider 'Net Promoter System', and subsequent research reported by Fiserova *et al.*, (2017) corroborated the management view that these were related, employees do not generally have a collective view of NPS. The descriptor of the 'NPS' by individuals almost exclusively relates to the survey most closely associated with their role. A delivery driver and a salesperson could both have a conversation about NPS, although their frame of reference is different. The salesperson would generally be talking about the post-purchase score whereas the driver would be referring to the post-delivery score. To

this end, NPS has become a consistent descriptor and narrative within the organisation, and in all cases is taken to be a measure of improving the loyalty and experience of customers. Yet the measure being discussed is not always universally understood. The measure is consistent in its methodology, calculation, and reporting, and is thus accurately a 'NPS'. However, it is reporting on different points of the customer journey and, consequently, which survey takes prominence changes across different groups of employees.

Differing subjective perceptions of the NPS were related to wider emergent changes. It is found that usage of the NPS not only exists within the formal lines of 'management' but also distinctly within emergent sub-groups that had not formally existed within the organisation. Examples of 'leaders' and 'sub-groups' developing outside of formal lines were common across the company, with junior Head Office employees seeking to provide contribution to NPS from their department and high performing employees (e.g., most generative salespeople or fastest sewing machinists) keen to demonstrate that they could perform at this level while delivering or contributing to high NPS (DFS A59, 2016). The emergence of such informal 'leaders' and sub-groups had some important and unforeseen consequences. For example, interactions between existing and new employees within the same team changed fundamentally during the studied period, with existing employees (particularly amongst salespeople and drivers) taking on the roles of 'leaders' to improve NPS. This is a complete change to 2010, when existing employees would be hostile to new entrants. This is discussed in the next chapter (Section 6.9.1).

5.2 NPS Performance

It is shown in the previous section that NPS is integrated into the operation of the business and is taken by employees (from board level to front line) to be an accurate and useful measure of customer loyalty albeit with varying subjective perceptions.

It is important to therefore look at the performance of NPS across the time period of this study. NPS was measured post-purchase, post-delivery and with established customers. At all these points the NPS can be seen to improve across the measured period. As NPS was not a stable construct when first introduced (with work on sample sizes, anti-gaming techniques etc. not fully developed) it is not possible to identify an exact start point. However senior management would align with the performance improvement described below with the following improvements over the five years 2012-2016;

- Post-Purchase NPS from +12 to +80;
- Post-Delivery NPS from -10 to +60; and
- Established Customers NPS from +11 to +30.

These scores are derived from in excess of 4 million data points across the multiple surveys over the 5-year period (DFS A36, 2016).

There were corresponding improvements across all divisions, regions, and units of the company. Within the post-purchase survey (the highest quantity of survey data collected) it is seen that the lowest performing store in 2016 is significantly in excess of the company average performance in 2012 (DFS A13, 2016; DFS A18, 2016).

Across a timeline of NPS from each survey, it is possible to plot various interactions taken by the management team. Changes to product design, the roll out of training courses, the introduction of NPS related pay can all be observed as distinct moments within the timeline providing step changes in performance. These are noticeable against a background of general improvements (DFS A15, 2016). At the micro level, it is possible to see the impact of initiatives in stores and departments showing up in the data. Indeed, as discussed in Chapter 6, movements in the NPS were critical when deciding whether to roll out initiatives following trials.

5.3 Change of Culture

Having established NPS as the measure that would be used to manage improvements in customer loyalty across the business, a change programme was developed during 2011. This decision was taken following the limited quantitative analysis done on the trial NPS data (as referred to in Chapter 4 and contained in Appendix 2).

The change programme was known as 'REACH'. The development of this programme is discussed in Chapter 6. This programme was primarily constructed of a training programme that all employees attended, and then key process and product initiatives to aid the improvements in scores.

This change programme was initially managed by a dedicated 'Voice of the Customer' committee, tasked with improving NPS. The outcomes of this were reported monthly both to the board of the company but also to the private equity owner directly (DFS A38, 2014). This programme was observed by a member of the

private equity company's portfolio support team to ensure it was receiving enough focus. By the end of this study this committee no longer operated, due to the deep integration of NPS into all elements of the organisation. 'REACH' remained in use within the company as a core part of induction training and refresher training for employees (DFS A45, 2016).

The impact of 'REACH' (and indeed NPS) can be observed in the changes to the Cultural Web from 2010 compared to that of 2016. No elements of the cultural web agreed with senior management in 2010 contain positive reference to customer experience or loyalty, as shown in Figure 6.



Figure 6 - DFS Cultural Web 2010

By 2016 the various facets of ‘NPS’ – ‘Customer Experience’, ‘Customer Satisfaction’ and ‘Customer Loyalty’ – exist within each section of the web shown in Figure 7. This will be explored further in Chapter 6. But it is important to state here that while some introductions to the web – e.g., “Getting on is all about NPS” (shown in the Organisational Structure of Figure 7) – can clearly be linked to intentional parts of the programme (in this case linking reward, recognition, pay and promotions to NPS) other parts are not. ‘Stories’ about how to improve NPS, and ‘Symbols’ such as NPS being visible in all locations, were never a part of any planned change programme but ‘emerged’ from the journey in a manner consistent with the literature review (Section 2.7.3).

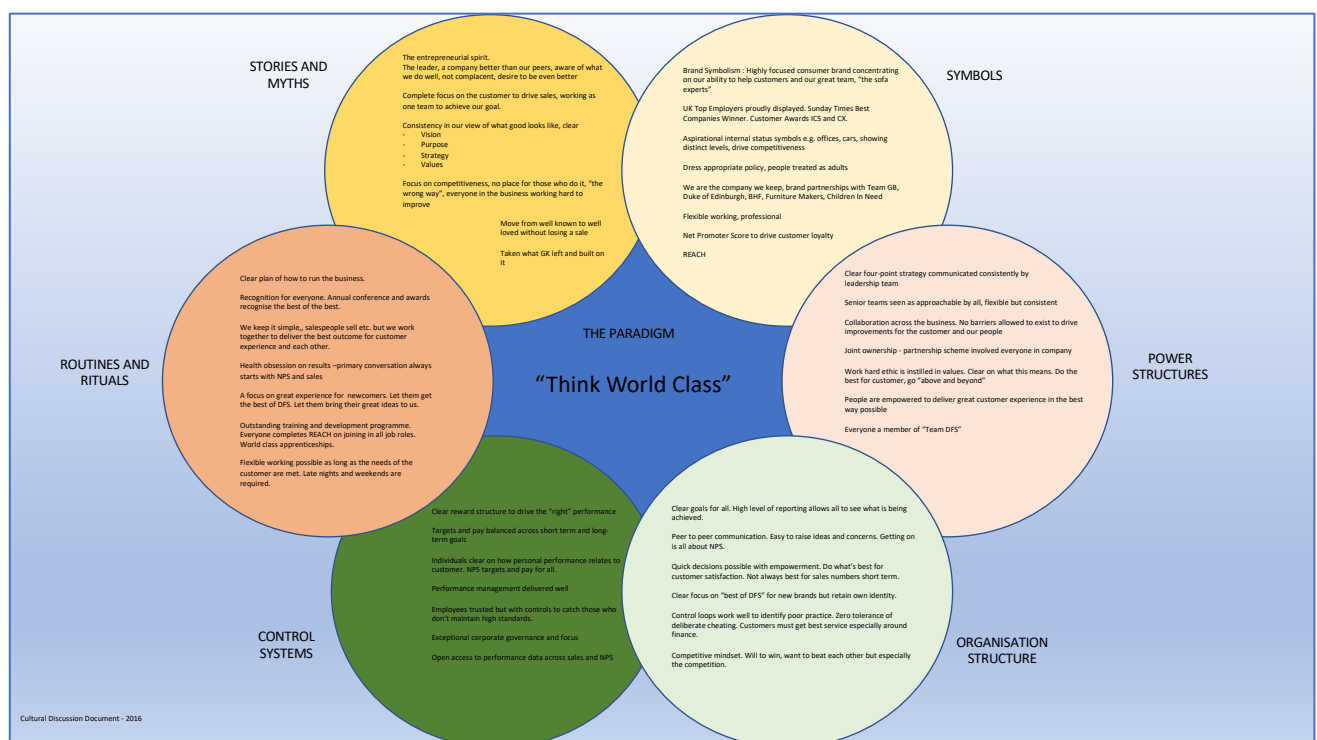


Figure 7 - DFS Cultural Web 2016

The conceptual framework derived for this work (Figure 2) highlighted that Customer Loyalty (as measured by NPS) can be impacted by all elements of the cultural web.

The findings support a more symbiotic relationship. Customer Experience is impacted by changing elements within the web, yet the reverse is also seen to be true. The improving customer experience (as measured by NPS) correlated with improvements in Employee Engagement (as measured by Sunday Times Surveys and the Top Employers Institute) and reductions in Employee Turnover (DFS A39, 2016; DFS A49, 2016; DFS A50, 2016). While there were undoubtedly some HR initiatives aimed at these factors, they were minor in comparison to 'REACH' and the focus on NPS. Further study (beyond the scope of this thesis) would be required to shed more light on this phenomenon although two key points are made here:

- NPS and 'Customer Loyalty' appear frequently in the verbatim comments of employee engagement surveys across the group. These are generally within the positive comments and are across all categories of employee. Crucially they are seen in comments from 'First Line Managers', those people who are both 'leader' and 'follower' in the organisation (DFS A49, 2016).
- Given that pay bands, terms and conditions, working conditions etc. did not improve to a point that can explain the dramatic improvement in engagement and turnover, it was therefore accepted by management that the NPS focus was critical (DFS A36, 2016).

Across the change programme and across the evolved cultural web, the NPS is the consistent narrative that forms the underpinning of change within the organisation. Although the paradigm within the centre of the web does not reference NPS directly, the interpretation of that paradigm is taken by most employees to include 'improve NPS' (DFS A56, 2016; DFS A59, 2016). That increases in NPS leads to improvements in performance of the business, is a 'shared belief' across the

organisation demonstrated in the formal operating and reporting procedures of the company but also in informal interactions.

5.4 Chapter Summary

This chapter has described the findings seen in DFS between the start of the study and its conclusion. It finds that the NPS was an accepted measure of Customer Loyalty within DFS at the end of the research period, was fundamental to the operation of the business, and had become evident across the cultural web. This evolution is now explored in the following chapter.

6.0 Discussion

6.1 Introduction

The previous chapter highlighted the key findings within DFS within the conceptual framework and with reference to the research questions in section 1.3. In line with the 'explanation' building approach described in the methodology chapter, this section now discusses how DFS moved along the journey to a deeply rooted NPS.

The chapter then has a section – as outlined in the methodology – that serves as a check on the findings by describing a scaled down, confirmatory case within an alternative company based on the findings of this study. A wider discussion of that work is found within Appendix 3, not forming part of this thesis but highlighting the comprehensive nature of the confirmatory work, which greatly enhances, in the author's view, the validity of this study. This leads into the concluding chapter, which outlines the contribution of this body of work.

6.2 From NPS to a 'Trustworthy NPS' and to 'NPS Monitoring and Reporting'

This section describes the journey from NPS, to a Trustworthy NPS, and then to the plan for change first envisaged, as highlighted by the blue box marked on the left-hand side of the conceptual framework (Figure 8). This plan incorporated all elements of the Net Promoter System as described within the literature review (Figure 1) as part of a Net Promoter System fit for purpose in DFS.

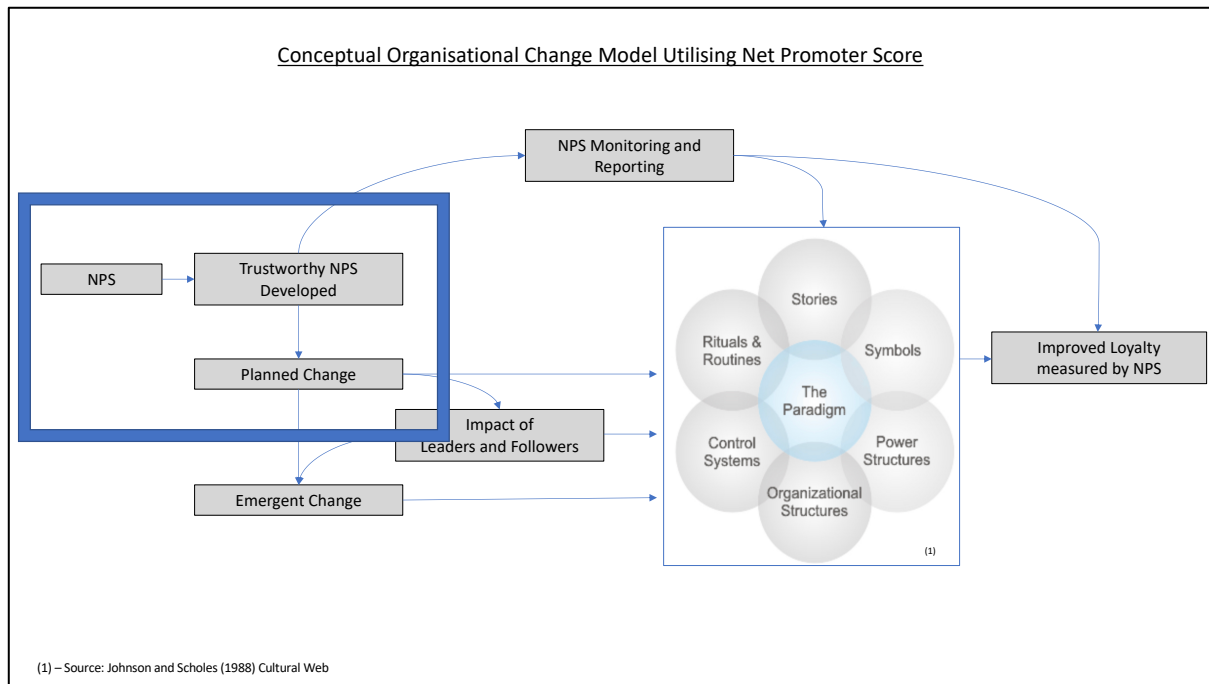


Figure 8 - Conceptual Model highlighting NPS and Planned Change

When DFS was acquired by Advent International and a management buy-out in 2010, it was believed by many employees that a lack of change was part of the success. Internal questionnaires to management not involved in the buy-out revealed that the most common answer to the question “how can we make the business better?” was to “keep doing the same thing” (DFS A38, 2010; DFS A59, 2010). This preference for lack of change was reflected in management documentation produced in 2015, which described the 2006-2010 period as “stable private ownership” (DFS A43, 2015). In contrast, the private equity majority owners had a business plan that required significant increases in revenues and profits and was clear that an optimised version of the historic business model could not yield the required results. Therefore, change was essential.

Several initial planning meetings of the new board were held in late 2010 to discuss how the organisation may best be aligned behind the new strategy that would be

initiated. These initial discussions fit with the idea of a planned change as described by Lewin (1951). Lewin's model has been criticised for using a small sample and being based on the assumption that organisations can act upon constant conditions that can be planned for (Barnard and Stoll, 2010). This critique has led to the development of the emergent approach, which maintains that rapid change cannot be managed by the senior team from the top down. Yet, at this early point, it was intended to produce a clear top-down plan.

The change from individual, entrepreneurial ownership to a combined sense of management control with the change of ownership (referred to in the introduction) led to a plan in which the NPS was integral to move the business to one more focused on customers.

Burnes (2009) explains that managers must have an in-depth understanding of the organisation, its structures, strategies, people, and culture in order to identify the factors that might act as facilitators or barriers to change. Within DFS it was possible to give managers a view of structures, historic strategies and people that was easy to agree on. Giving a consistent understanding of culture proved more difficult, as each member of the team would articulate their view differently. In order to produce a more consistent view, a model was requested. The Johnson & Scholes (1988) model was familiar to several members of the team and, therefore, a session was facilitated to complete a cultural web using this model (DFS A58, 2010; DFS A59, 2010). This document was then used by management as a reference point for the starting position on culture and, hence, to monitor over the period of change which parts had altered, and which elements had been retained.

As described in the literature view (Section 2.9) a change can be driven by a vision. Kotter (2012) explains that when creating a vision, it often comes from one individual. This view is encouraged by Radcliffe (2012) who believes that the leader must first decide what they want to achieve in their future before they can engage anybody. A similar approach was taken by DFS. The incoming CEO provided a descriptor of his vision, with details of how each section could be implemented, which was distributed to each member of the executive. The executive members were then brought together for a two-day off-site workshop to focus on this vision and attach current ways of working to it, thus identifying the gaps. This was the first time DFS had undertaken this kind of exercise. On top of this, sessions were held with directors where employees were invited to have discussions and to raise any ideas and concerns that they might have. The results of these conversations were collated and presented back to the senior team (DFS A58, 2010; DFS A59, 2010).

Kotter (2012, p.82) further describes how attendees “probably wished they were back home in two feet of snow”. This was the view of several of the DFS team who, having been long-serving members of the former management team, felt that they were ‘being aligned’ rather than being part of this vision (DFS A58, 2011). Despite the negative view taken at the time, it was later deemed to have been a necessary, useful, and timely part of the journey (DFS A58, 2013) supporting the literature seen in Section 2.9.

Kotter's (1996) model divides the creation of vision and the creation of a guiding coalition. However, within DFS these occurred as a single stage at the same time. While the new members of the team felt they were inputting, existing members did

not. This could be explained by the work of Oreg (2003) who developed the “resistance to change (RTC) scale”. He developed the concept of a relationship between peoples’ RTC scores and their behavioural resistance to organisational change, manifesting itself, in this case, as resistance even to developing the vision. Because of the team being built of two distinct groupings as described in the introduction (new hires and existing team), it may have been better to have spent more time looking at the ‘separate from the past’ element of Kotter’s (1996) model. This element was broadly missed, because the new CEO, having been new himself, did not feel a necessity to distinguish new from old and thus created issues that could have been avoided.

Given that many of the employees in the organisation were long serving – over 50% had more than 5 years’ service (DFS A39, 2010) – the workforce could be deemed to be very well informed of the context and market in which the organisation operates. These employees therefore had a strong view of what may, or may not, improve performance, the shared beliefs (the paradigm of the cultural web) shown in Figure 6 being well established. There were clear initial challenges to changing this view.

Firstly, there was a degree of distrust around the new management team’s ability to take the company forward; and, secondly, that many of the control systems in place would make it difficult for any changes at a local level to occur. Managers simply did not have the power to be able to make decisions in line with the philosophy of looking after customers, nor did they have a framework to work within. The existing metrics of sales figures and customer complaints did not provide a compelling

framework for the assessment or management of improving customer loyalty. The initial cultural web shows how the company did have an 'obsession' with targets and with being competitive (Figure 6). NPS as a 'metric', therefore, had appeal to the team as it was a simple score that could be measured, targeted, and competed on by different teams. Given that NPS had been introduced by Bain, it was taken by the team as a legitimate and acceptable measure leading to the trial. The improvements to the NPS score and the collection of the data that led to it were covered previously in Chapter 4.

Meeting notes indicate that there was much debate about the strategic vision and whether customer loyalty was important or not (given the long product replacement cycle and significant advertising) (DFS A35, 2010; DFS A58, 2010). Despite this, and despite the literature highlighting discrepancies in the description of loyalty, there was no debate about whether NPS was the correct metric. The only insistence from management, universally, was that the metric must be based on far more customers than Bain had initially used. To quote one executive: "2000 customers doesn't prove anything" (DFS A59, 2010). Despite the Haenlein and Libai (2017) assertion that executives do not see the value in word-of-mouth programmes, the team highlighted that customers telling their friends about their sofa "was no bad thing", "assuming it is well made" (DFS A58, 2010).

Following this acceptance of NPS and the trial (Section 4.5) there was development between that initial trial and a full roll-out of the measurement system. Management had been convinced of the value of the NPS metric by the rudimentary quantitative work discussed in Chapter 4 and shown in Appendix 2. The quantitative work

contained in that analysis used a 'combined NPS', with the results of all surveys added together in one data set. As the system rolled out, the data was utilised longitudinally. There was major collaborative work between departments contributing to the expanded NPS survey questions, which would ultimately allow the wider 'Net Promoter System' described in the literature review (Figure 1) to exist within DFS.

In addition to the trial three surveys, which were deemed valid to move forwards with, a fourth was added to measure the feedback of those customers taking a repair. This change was initiated by senior management, as it was felt important in ensuring that the entire business, including the post sales elements, were aligned to the NPS (DFS A35, 2011). Several members of management had by this point been provided with copies of "The Ultimate Question 2.0" (Reichheld and Markey, 2011b) by Bain consultants, and were seeking to input to the process of moving to a wider 'system' from just the NPS.

During this period there is evidence of reflection from the management team, particularly those who had felt 'aligned'. The written descriptor elements of board reports started to reference the trial NPS at store level even before any formal report at group level was delivered (DFS A35, 2011). There were also examples of people 'gaming' the system during the trial, in some cases leading to the developments (shown in methodology, Section 4.9) that ultimately reduced this. The 'gaming' occurred even when the NPS was just a concept being considered for introduction and before any possibility of pay, reward or sanction was considered. This confirms the concept in the literature (Section 2.8) that the theory itself being communicated leads to change.

The questionnaires used during the trial reflected considerable emphasis on getting the NPS question to be delivered correctly, in its wording and the surrounding presentation. The NPS score was deemed the most important element of the survey and it was important that this was captured in all cases. Therefore, at management request, the electronic distribution of the survey was built into two stages. The NPS score would be captured in all cases and provided to the company as part of the overall score. Therefore, if a customer answered no more than the first question their view would be included. The remaining questions would then be presented to the customer. This ensured there was no loss of NPS responses even where someone did not provide explanations (DFS A12, 2011). This contributed to increasing the number of respondents, identified by management as key to the trustworthy nature of NPS.

Within any large established business, the senior management team represent multiple stakeholder groups and departments who would like to gain insight from customers. These stakeholders were introduced to NPS and felt they could benefit from information gleaned from the surveys. Within DFS this included:

- HR, who wanted to know the impact individuals and their training had on the customer experience;
- Marketing, who wanted to establish whether brand or promotional marketing influenced the customer experience;
- Finance, who wanted to ensure that regulatory required elements were being delivered in a compliant and friendly manner;

- Property, to decide whether or not the store size, layout and facilities contributed to customer experience; and
- Procurement, who wanted to know whether or not the product being on display influenced the experience or whether the web could compensate.

There were also many other areas of the business that would like an input. This had the potential to create a questionnaire that is large and takes a considerable time to complete. Several tests were conducted to establish how many questions could be included within the survey in order to provide the optimum balance between completion rates and data. It became clear that the number of questions was not as important as the time it took to complete. In order to maximise the response rate from those who started the survey, two things proved to be critical. There needed to be a clear indication on the screen as to how long was remaining to complete the survey. It needed to be apparent to customers that completion was not a long way away. It was also important that the total time taken was around five minutes or less (DFS A1, 2010). Adding more free answer questions gave more detailed responses but slowed the time taken and potentially damaged the response rate. The final questionnaire, therefore, needed to be a blend of free questions to gain insight and multiple-choice questions where speed was of the essence and the answers tightly defined.

To ensure that the questionnaire was kept timely for customers, a solid principle was established. No question would be asked where the answer could be established by existing methods within the organisation or from the data that would be delivered without a specific question. Many examples can be found where customers are

asked for information in surveys that already is known. Surveys from Virgin Trains that have been generated by the booking of a service online will start with a section on which train you boarded and from which station. The booking is generated online, the ticket is sent to an app and the app is scanned at the station and checked electronically on the train. Therefore, with greater integration in the back office functions the company would know prior to sending the survey which train was booked, which station the journey started from, which barrier the customer passed through and which carriage and seat the customer was seating in. In McDonalds the option exists to complete a survey in return for discounts. A code is generated on the receipt which can be typed into a website to start a survey. The survey then asks for further information that is already contained on the receipt. Again, it should be possible to build the survey trigger code to allow access to information about which restaurant and meal were taken, the time of the order and, by linking the kiosks to the order system, even how long the meal took. These are examples where it is likely the organisation deemed that the level of IT work required to join up those systems is too complex when the customer could simply be asked in a few seconds. In contrast, the view within DFS was that the company would remove all barriers to customers completing the survey, and we would not be asking for information that we already knew (DFS A65, 2015) therefore increasing the chance of response and also the accuracy of the data.

The DFS “retail” system that would provide the link to the survey company (for the purpose of generating the survey) already contains vast information about any individual order.⁴ The system would already have information on the store, the

⁴ ‘retail’ is the internal name of the propriety customer management software used within the company

salesperson, the product, the method of payment and the estimated date of delivery. No element of the questionnaire was to require a customer to provide any of this information. This would ensure the customer's time would be limited to those items that were unknown. This considerably improved validity in the minds of internal teams (DFS A59, 2011). It was impossible for customers to misreport key information. They could not report on the wrong store visit, or the wrong product, or misidentify the salesperson. All this data was pre-populated, leading to significant reductions in appeals between the trial and the full roll out. Appeals during the trial period were placed on more than 10% of the received surveys and half of these related to claims that the customer had recalled information incorrectly. With all this data pre-populated these appeals diminished to zero for complaints of this nature (DFS A12, 2010; DFS A12, 2012). The development of and investment in IT were crucial, as it dramatically limited the scope for any data to be deemed 'wrong' by virtue of the customer not filling it in correctly.

With the concept established that questions would elicit only information not known already from customers, significant work was carried out on developing the questionnaires. Stakeholders with relevance to each questionnaire from across the group were brought together to debate and input into the design of the question set. The ultimate final entry into the questionnaire for the initial phases was controlled by the author in the capacity of 'owning the NPS process'. The full questionnaire set is contained in Appendix 6. The collaborative design process forms a key component of the conclusion to this thesis and the answer to the research questions and therefore is explored in detail in the following sections (6.3, 6.4, 6.5 and 6.6).

6.3 Post-Purchase Survey

The first survey within the suite was the Post-Purchase one. Front line sales teams were included in the group building the questionnaire, comprising those who the trial had shown to have good and poor performance on NPS. The group was thus deliberately designed to include those people with a good NPS and poor sales and conversely poor NPS and good sales. This group comprised 16 people from across the country brought together at Head Office (DFS A39, 2011).

The group immediately focused on the customer's first impression. Specifically, the question was asked:

- “How satisfied were you with the service you received from the DFS team when you entered the store?”.

Sales based companies have long discussed the correct timing to engage with the customer. The DFS training in place at the time of the roll out was designed to encourage sales teams to greet a customer at the point they arrived in store but then to leave them alone until they requested assistance or were leaving the store. Should they leave the store, there was to be a simple interaction to establish if they had been able to find what they needed. This question was designed from the inputs of employees based on established practice. Subsequent analysis of the results collected would establish this to be a key driver of NPS in DFS (Fiserova et al., 2017).

A follow up was designed to find out the view from customers of this process and check compliance with the above procedure. Customers had a free text box once they had chosen an option, so their responses could be analysed. This approach

was taken following a debate. Many questionnaires specifically ask customers how long it was before they were approached. Retail training guides typically suggest under two minutes as being an acceptable length of time. The DFS questionnaire was designed so as not to provide any suggestion to the customer as to the desired answer. Customers could make their own judgement, and by default, this means that salespeople would be empowered to make their own judgement as well. By adopting the free text approach, the questionnaire was in this question (and would do so in many subsequent ones) designed to support the “Feedback, Learning and Development” element of the “Net Promoter System” (Figure 1) and also support empowerment, shown in the literature to be important (Section 2.11).

A question was then established from an analysis of product returns within the organisation. Whilst a sofa that is hand built to order will inherently be prone to having some faults, a major issue for consumers is around the size of the product (DFS A35, 2011; DFS A33, 2014). When displayed in a showroom, which frequently is in the region of twenty thousand square feet, the product can look considerably smaller than it is. Customers therefore tend to overestimate the size of their room, and order products that are too big or order too many pieces for their home. While the product dimensions are displayed clearly on each ticket, it is generally more successful if the salesperson engages in a conversation around the products the customer has now and how they fit. This question was designed to ensure that this process was being undertaken. Its link to the NPS question would then be able to show if this was being done in a skilful ‘interested in the customer’ way or as a process simply to be followed. Improving the score to this question both lowered complaints, and improved the NPS (DFS A1, 2011; DFS A35, 2011).

It is also important to the organisation that the key elements of the product are explained. Many elements within a sofa are a trade-off between comfort and durability or maintenance level. It is therefore crucial to know that the customer has received all the information they require in order to sensibly make their decision. Linking this to the NPS would enable the organisation to establish whether this was being done as part of a conversation and linking to complaints would help identify those individual salespeople who are not managing to get the required information to the customer. A set of questions therefore occurred at this point in the survey asking about these key elements. Those salespeople invited into the group who had 'good' performance were particularly keen on these questions. Their view was that poor salespeople rush and miss this information (DFS A59, 2011). As a complaint is often handled by whoever is available when a customer gets back in touch, 'good' salespeople felt they were unnecessarily distracted from selling by the consequences of poor salespeople's actions. Within employee engagement surveys, there were often comments from employees wanting to receive some form of commission compensation for times where they were resolving issues not of their making. While any commission for a refunded sale would ultimately be recovered from the person who made it, this did not do anything for somebody else losing selling time from being involved (DFS A49, 2012). Later employee engagement surveys within this study have no mention of this concern (DFS A49, 2014; DFS A49, 2015). While it is possible some people may believe changes to pay schemes reduced this complaint, the components of pay that would be impacted by resolving other salespeople's complaints did not change. Therefore, this phenomenon would still be occurring had this question not been included, this provides a clear link

between the design of the NPS surveys and a measurable factor of employee engagement.

A block of questions was then developed covering services and regulated products such as guarantees. Services are a key part of the proposition at DFS. All products within the store are available on Interest Free Credit, which enables customers to trade up the range (DFS A37, 2011). This is likely to make products available to customers that best match their needs but may have been outside their initial price range. The credit proposition is provided by third party finance companies, generally the corporate arms of major banks. This is a commercial proposition with DFS proposing the customer and the finance company making the decision to lend or not. DFS must balance the ideal of providing finance to a customer, enabling them to make a bigger and more suitable purchase for their needs, with the financial capability of the customer to repay (DFS A41, 2011). While the finance company is ultimately deciding on acceptance for each individual, DFS must monitor the overall rates of proposals it provides and ensure that its customers are treated fairly. This is an area that falls under the regulatory governance of the Financial Conduct Authority (FCA). The FCA are tasked with ensuring that companies offering finance provide good customer outcomes.

Product protection is also offered. This gives the customer the opportunity to extend and enhance the standard guarantee that is offered with the product. The way in which this operates varies dependent on the construction and materials used within the product. Many fabric covered sofas can be sprayed with a protection that provides a barrier helping to repel items that may fall onto the sofa. For products that

cannot be sprayed (usually leather based) then the cover provides a warranty against claim. While this protection is not a regulated product, the sale of it is; it therefore also falls under the remit of the FCA.

As part of its commitment to providing good customer outcomes and demonstrating this to both finance partners and the regulator, a specific section on this area forms part of the survey. Historically the finance companies would conduct a small number of customer surveys with those they had lent to. The distribution of finance is performed on a commercial model and not all finance companies provide coverage to all stores. The finance companies also use their own survey methodology and questionnaires, which do not follow a consistent pattern. This means that it is not possible to provide a complete overview of satisfaction within the estate from responses to finance companies surveys alone. In order to improve this situation, DFS, in common with many similar organisations, would conduct mystery shopping activities (DFS A35, 2010). However, this proves problematic, because, in order to assess the process for a regulated sale, the customer must complete the sale including the finance. As a finance order leaves a trace on the customer's credit file, this is not something that is repeatable at scale for the organisation. It is possible to input the mystery shopper's details into the system and get it to hold the customer and not propose to the finance house. However, this would be immediately noticeable to the salesperson and would reveal the mystery shopper, meaning each shopper could only conduct one brief. This would make the exercise extremely costly, as mystery shopping is generally conducted in waves to bring efficiency.

Allowing actual customers to self-report on whether they thought each of the regulated products and the free alternative (in this case the standard guarantee) had been accurately explained generated a powerful data set to be available to the regulator if required. While this must be in conjunction with other robust financial data on the actual outcome provided to the customer, this nonetheless adds to the overall picture (DFS A41, 2011). Making the NPS survey available to every customer meant that the company had pro-actively questioned all customers on their view of regulated products and whether they felt that these had been presented in enough detail. Linking this to the NPS question also provided a unique insight. Not only would the customer's view of the regulated product specifically be taken, but also it would be possible to see how the understanding of this regulation linked to a customer's view of the whole experience. In demonstrating to the regulator that customers' satisfaction around this specific element was taken seriously, this created a totally comprehensive system that is far beyond any previous monitoring regimes when combined with hard financial metrics. This element was critical to the finance part of the organisation and, for the first time, had them talking in a language familiar to and consistent with the front-line sales teams. As this was introduced, it was noticeable that the results from the DFS survey indicated a lower level of satisfaction with the sales of these products than had been seen in the finance company data (DFS A41, 2011). Most finance companies were operating on a simple, 'are you satisfied' type question, conducted by telephone several weeks beyond the transaction. The DFS survey was taking a more immediate view. Discussions with customers indicated that their answer to the finance company was generally about the product, while the answer to DFS was indeed about 'how' the product was sold. This enabled improvements to be developed that ultimately raised scores in this

category. Much of the explanatory element of a finance sale was replaced with a video played to customers. Evaluation sheets from training had often shown how difficult salespeople found it to remember the large amount of information required and ultimately, they complained about it (DFS A47, 2011). This had led to the introduction of scripts to read. The replacement with video meant salespeople did not need to remember the information, and it was delivered enthusiastically each time rather than being read out. These changes saw an improvement to employee engagement scores amongst new salespeople (who had far less technical information to learn) and improvements to the overall NPS (DFS A1, 2011; DFS A49, 2011) linking the employee experience with NPS.

While all the previous questions were related to the process of purchasing, even if taken through a lens of customer experience, the next set firmly concentrated on the individual salesperson and their ability to bring the brand to life. The potential impact of a salesperson on NPS scores and loyalty has been shown in the literature review (Section 2.6).

Customers were asked to rate Friendliness, Passion and Knowledge; these being concepts defined as being important by the sales teams themselves. These descriptions originated in historic sales training and the management view that the personality of the salesperson as well as their ability to explain the product sufficiently would increase the customer's experience to drive sales. Within this section was also the question most requested by store management:

- How satisfied were you with the manner in which the sales advisor asked for your order? – i.e., asked if you would like to proceed / make a purchase

This was designed to establish whether the customer had been asked for the order. Sales training in many companies covers ways of 'closing a deal'. Despite this, internal mystery shopping consistently demonstrated that customers would not be asked for the order (DFS A29, 2010). This was even though it had been shown to salespeople many times that customers would complete the order far more often when persuaded to do so. This question was to allow management to have a more comprehensive data set than ever before on how many times salespeople were asking. Crucially though, it would provide the first data set on what the customer thought of this process and how it linked to their overall experience by linking to the NPS. Analysis of the detractor comments for this question showed that customers were disappointed when they found the product they wanted and were not asked for the order. Some people complained they had made a second visit and "could have done this the first time" (DFS A1, 2012; DFS A6, 2012) or were disappointed as they had to complete the transaction on the website. This information that many customers were more satisfied when asked if they wanted to buy was shared across sales teams in briefings. This score improved and a further consequence was seen in employee engagement surveys. Complaints about needing to 'pressure' customers dropped following the introduction of this information (DFS A49, 2013). The sales process had not changed, nor the need to ask for the order. While the introduction of NPS itself may have led to reduced pressure selling, it seems this new insight had a direct effect impacting the employee experience and the NPS (DFS A35, 2013; DFS A61, 2013).

This section was concluded by an opportunity for the customer to explain whether any individual had exceeded the expectations they had prior to entering the store:

- Has any dfs employee gone over and above / exceeded your expectations?

This question was requested both by the Marketing function and by Human Resources. Marketing were interested to know whether the instances of expectations being exceeded diminished when brand marketing was conducted as opposed to promotion marketing. This and the impact of it on NPS would enable campaign decisions to be taken with a new level of insight. HR wanted to understand whether an individual had delivered an above expectation service, as this could be built into incentive schemes or even be the basis of immediate recognition. This led to improvements in the efficiency of both departments, being able to reduce expenditure on activities making limited difference (DFS A35, 2013).

While the NPS question gave an indication as to whether the customer would recommend the organisation, the final question gave the organisation the option to 'socialise' this recommendation on their behalf. This could be achieved via platforms such as Trust Pilot or Feefo. The question allowed the customer to choose the format of how the comments could be attributed and to give permission for them to be used in the public domain. This is incredibly useful for marketing, as part of an 'actual' word of mouth referral scheme rather than just as the proxy for word of mouth intended in the original concept and design (DFS A35, 2011; DFS A10, 2015).

6.4 Post-Delivery Survey

The construction of the Post-Delivery survey followed the same broad format as the Post-Purchase one. It was believed at inception that this survey would be the most critical to the overall NPS, as the general management view at this time was that the final touchpoint would leave a legacy to the customer (DFS A40, 2011). Ultimately,

however, this was proven to be incorrect (DFS A35, 2016). The first question was again the NPS one in the now standardised DFS format and followed by an open response. Again, DFS would be able to capture the NPS score if no other part of the survey was completed. Despite the view from management that this was important, and considerable focus from management historically on deliveries being done well, the survey initially showed a negative NPS with many customers requesting contact to resolve an issue (DFS A1, 2011; DFS A9, 2011). There was great desire to understand more fully why this occurred, and tension was created between departments with retail teams highlighting in employee engagement surveys a view that the delivery teams were “letting them down” (DFS A49, 2012).

To try and answer this, a question deliberately looked back to the time the customer had ordered the product.

- When YOU visited dfs to choose and order your sofa, how satisfied were you with the service?

This allowed for an understanding to be gained as to whether NPS diminished in the period between the product being ordered and being delivered. It would not be surprising if some negativity were reported; indeed, a familiar concept to retail practitioners is ‘buyer’s remorse’, giving rise to a period in which someone wishes they had not purchased the product. The period between purchase and delivery within DFS is typically around four to six weeks. It can, however, for certain products be a period of twelve to fourteen weeks from order. The data demonstrated that the shorter the gap between purchase and delivery the more the NPS was retained (DFS A1, 2011; DFS A4, 2011). This information may lead to a conclusion that

stocking products for immediate delivery was desirable; however, this poses challenges in the sofa industry.

DFS is a 'made to order' business, deliberately staying away from stocking models to appeal to certain customer groups. Sofa companies that stock goods have generally performed poorly financially as the products are large, difficult to store and prone to changes in fashion. This can lead to large volumes of unneeded inventory being stored and utilising cash reserves in a discretionary purchase market (DFS A37, 2011). In order to increase speed of delivery while retaining a made to order model, an option is to move manufacturing from non-UK locations to the UK. Typically, the majority of DFS production was conducted overseas. However, DFS owns five UK factories and so could increase domestic manufacturing by increasing the number of shifts worked. The cost of manufacturing in the UK is higher, although distribution costs are lower. This decision was historically based primarily on costs, favouring a higher mix of overseas production. The new information, shown by the diminishing NPS, provided a new insight that previously was not considered. Clearly the management of the UK Factory operations (operated as a separate profit and loss account) were keen to increase the scale of their operation (DFS A35, 2012). NPS now gave a new dimension to this debate and the strategic management of the supply chain. Following this information, the production of several key lines was moved from Europe to the UK. Making this decision to move some popular high-volume lines to UK manufacturing did create a higher cost of production but improved both NPS and employee engagement, therefore being a decision management was prepared to make (DFS A4, 2013; DFS A49, 2013).

The Post-Delivery survey was the first of the set to use conditional questioning. If the customer gave a poor response to the previous question, then they would see a question asking for a qualitative response to give a reason allowing greater insight to be captured in the spirit of a 'Net Promoter System'. In the event of the score being good, management deemed that no new insight could be gained from understanding why and, therefore, the aim was to keep the questionnaire short and remain within the optimal timing for completion (as per Section 6.2).

DFS owns its distribution channel itself acting as a full logistics company. Historically, this operated an all-day Monday to Friday service with a limited offering on Saturday mornings. However, this approach had no underpinning customer insight as to how this fit in with the contemporary world. Management were keen to ask customers what they thought. The question was designed to not lead the customer, simply asking if they were satisfied with this historic option they had been given.

- How satisfied were you with the convenience of the delivery time you were given?

The customer did not need to reconfirm the slot they had as the company already knew this. If they were satisfied, then they would see no other options. In the event they were unhappy then the conditional questioning would explore three further areas. These addressed how they could have been made more satisfied. It may not be the slot but the communication of it that was the problem. The customer would then be given a prompted choice of options around delivery time across all seven days. There was a belief within management that, in the age of internet companies offering great flexibility in delivery slots, customers would desire a greater degree of

choice around weekend and evening deliveries. Finally, the customer was asked if they would have paid a premium for the slot they had selected. While general management were keen to offer wider delivery hours, the push back from logistics would always be around cost. This question was designed to understand whether customers would bridge that gap. Ultimately customer insight led to a place where greater delivery options were allowed (with more evening options) but not to the extent envisaged by management (there was no customer desire for weekend deliveries) (DFS A42, 2013; DFS A59. 2014). Despite management being convinced that customers would pay more (rolling out was discussed in multiple board meetings based on feedback from individual customer letters) (DFS A37, 2014; DFS A38, 2014) the customer demand simply did not support the premise (DFS A4, 2014). Having this question averted a potentially expensive restructure that would have delivered limited incremental improvement. Yet, management remain convinced that this is something customers in-store would say they wanted, even though customers who had experienced the full journey did not concur (DFS A37, 2016). Trust generated in the integrity of the NPS led to a place where this data is considered in decision making with considerably higher credence than was accorded to the 'anecdotal' evidence prevalent historically.

A group of questions followed that concentrated on the specific performance of the delivery team within the organisation. These were similarly constructed to the salespeople version. The views of best practice from the management team and crews internally assessed as 'good' were turned into questions to establish (i) whether those instructions were being complied with as well as, for the first time, (ii) understanding of whether those best practice beliefs did translate into the NPS

score. These questions included the politeness of the team, the care the team took, how the furniture was left in the room, and whether the team tidied up. Delivery in DFS is a paid for service (while customers have the option of collecting a product this is rarely taken, given the size of the product and the specialist skill involved in moving it into a room). Although the products are designed to enable delivery to tight spaces (such as modern houses) by having features such as removable arms, delivery is an option that almost every customer takes up (DFS A4, 2016). Given that the customer has paid a sizeable cost for the service, then it is important it is delivered to a high standard. This set of questions enabled the performance of individual crews to be measured for the first time. Across the country, the number of deliveries that were achieved by crews varied greatly (DFS A19, 2011). Many of these differences can be explained by geography (for example, Scottish rural deliveries being far less numerous than English metropolitan ones due to distance). Yet, within stores and geographies, where it would be expected that the numbers could and should be similar, variations were actually great, from as low as 6 deliveries a day through to 12 and occasionally above (DFS A19, 2011). Management within logistics teams felt this was, mostly, due to the difference in time taken by teams over the customer care elements. This could be explaining how reclining mechanisms work or demonstrating care advice (DFS A59, 2011). The NPS questionnaire data demonstrated quickly that this explanation was simply not correct. There were teams achieving high levels of NPS while installing large numbers of units, and teams doing very few who had low scores (DFS A4, 2011). The whole viewpoint of senior management within logistics changed and effort was applied to understanding these differences (DFS A35, 2011). This involved training, monitoring of good teams to develop best practice, and the monitoring of vehicles to understand

exactly where they were on a journey (DFS A46, 2012; DFS A35, 2012). Ultimately both the Chairman and CEO decided to spend time with successful teams over busy Christmas delivery periods to directly observe how some were more successful than others (DFS A58, 2013).

Delivery is the first opportunity for the customer to see the product they have ordered in their own home. As previously stated, the product size can be surprising to customers, and this will have an impact on the NPS (DFS A4, 2011; DFS A9, 2011). More important is the fact that with a product that is hand built to order it will not be one hundred per cent identical to the one that they had seen in the showroom. Practical issues may be scar marks or colour mismatch on leather products or stitching issues on fabric. Working with the merchandising and procurement departments, it was established that the three key areas of focus would be: Build Quality; Appearance; and Comfort. These three areas would give an initial impression of the product as soon as it was delivered. This information developed into a system whereby this information is routinely transmitted to all suppliers (DFS A23, 2012). Information could be broken down by manufacturing unit, production track and even to individual upholsterers. Of considerable interest was the consistency of leather finishes supplied by tanneries; improvements in this area greatly reduced the number of detractor comments that would appear over time (DFS A7, 2012; DFS A8, 2012). Within sales teams, this appears in evidence from exit interviews (DFS A39, 2012). Early in the study, product returns leading to the refund of a product, and therefore the clawback of commission for the salesperson, were a frequent factor in these exit interviews for sales staff. This commentary diminished with the new approach and, while retail employees still make comments

about certain factories, this quality control as a factor in leaving the business had been eradicated by the end of the study (DFS A39, 2015).

The survey finished with the same elements as the post-purchase one, both looking for those who had exceeded expectations and requesting permission to use the data for marketing.

6.5 Post-Service

This NPS survey (an additional survey above the original trial, making four in total) had been added to bring the service teams into line with having a NPS measure. It is delivered only to those who report a fault requiring the company to visit their home to rectify.

Unfortunately, products do go wrong. This is particularly relevant for a product that is hand made to order. The prevailing view of management under the former ownership was that if the product goes wrong, and the rectification is one of 'heroic recovery', then the customer may be even more inclined to be loyal to the company than in a scenario without an issue (DFS A58, 2010). However, this was no more than a management view. Introducing a survey specifically allowed this to be tested and ensured that the highly trained upholstery team would also be linked into the world of the NPS.

The survey again started with the NPS question, and then moved on to how well the customer was satisfied with the service they had received. As it is reasonable to assume that customers who have a problem will start from a low base, it was

anticipated that this would be a lower value than that arising from the other surveys. This assumption was verified by the NPS, which, as with deliveries, proved in the beginning to be negative (DFS A12, 2011; DFS A13, 2011). While a key focus would be improving product quality so that a repair visit would not be needed, there was also an effort to improve the score where a repair was an unfortunate necessity.

Key improvements to the company's service were achieved by looking at the connection between previous NPS scores (from the post-purchase and post-delivery surveys) then comparing them to the answer to the question in this service survey:

- Were you satisfied with the convenience of the service visit time?

Where customers had given 'promoter scores' in the previous questions, they would generally be satisfied with the convenience of the service visit (DFS A39, 2011). This was true even if the customer had a wait in excess of the company target of three days. This allowed the introduction of a type of dynamic booking, which prioritised the availability of service upholsterers to those previously being 'detractors' and where the reputational damage potential would be greater from a longer wait. This change saw improvements in the NPS for this service survey, but also saw a reduction in escalated complaints received in customer services around the time for a repair (DFS A35, 2013).

The customers were also questioned about the upholsterer's presentation.

Historically there had been issues around upholsterers not wearing a uniform or having markings from dyes, fabric, and other chemicals on them (DFS A39, 2011).

This allows a check to take place while understanding whether it did make a difference to the NPS, allowing the company to decide on whether to adopt a uniform

policy. Uniforms and branded vehicles were regularly discussed in board conversations with some team members in favour, others against (DFS A35, 2012). Also, requests for a uniform would frequently appear in employee engagement surveys from a small number of employees (DFS A49, 2012). When groups were asked during training courses the view was always mixed (DFS A47, 2012). While this question did not directly question the customer about a uniform being introduced, it did indicate that customers overall were happy with the presentation of their service team. This information was communicated to teams and saw a reduction in this comment appearing in engagement surveys (DFS A49, 2014). Where issues were identified from this question, they were typically down to individuals who could then be managed appropriately. Once again, data from NPS surveys was directly impacting employee engagement and experience, this also saved company costs on unnecessary uniform and liveried vehicles.

6.6 Established Customer (6 months post-ownership) survey

As discussed in the literature review, the NPS was initially based on the relationship with a customer not specifically at the point of a transaction. The established customer survey was created to be conducted during the life of the product and, therefore, is a relationship NPS question rather than a transactional one. It is this NPS that is now established in the company and is reported alongside financial results to investors (DFS Furniture plc, 2020). At the start of the research, it was the element least understood by teams (DFS A58, 2010). The prevailing view was still that once the customer had purchased, if there was a fault it would be fixed, and if not, they would come back in several years. Despite this reservation, the newer members of the senior management were keen to understand what people thought

after they have lived with the product. The survey was developed with input from members across the group but who appeared less interested in this survey than others. The conversation took a shorter amount of time and while this may be because some questions were simply repeats of the previous questions, the more likely reason is that many members of the group expressed the view that this survey did not particularly impact them (DFS A59, 2011). Front line teams felt the post-purchase and post-delivery surveys were more relevant to their roles.

The survey starts with the standard DFS NPS question in the same format as previous surveys. It then asks simple satisfaction questions about the experience in the store and of the delivery. These questions provide an opportunity for two pieces of information that changed management's view and led to the survey taking on increased importance. They can be used for the customers who only filled in this survey as a way of checking their view of the previous two stages. More importantly, it provides a longitudinal view of customers who have filled in one or two of the previous stages of the survey. This allowed analysis of how their view has changed over time and which elements of the service most influenced this established NPS (DFS A15, 2011). Moreover, it highlighted areas where parts of the service genuinely had been 'let down' or alternatively 'supported' by other people within the customer journey and group. Perceptions of teams deliberately working against each other were either diminished or supported, with consequent improvements in the teamwork elements of employee engagement surveys (DFS A49, 2012; DFS A49, 2014), as this data was understood, or the behaviour was improved through training or management intervention (DFS A39, 2013; DFS A46, 2013).

This survey also included a question around whether the customer had needed to call into DFS for any reason prior to this point. This question theoretically should not have been necessary, as calls into DFS stores are recorded against the same customer record as the NPS surveys. However, it was revealed by the operations team that, in some cases, stores were not capturing details (potentially to improve their first-time fix rate) or the system did not capture the details (DFS A59, 2011). This may have been because the customer had contacted the driver's mobile phone that had been used to inform them of an imminent delivery. They could alternatively have used a medium such as Twitter, which will have been answered but may not be correctly attributed to a customer record. This question ensured that all responses were captured to allow an understanding of the impact of customer follow up visits on the NPS.

The established customer questionnaire built on the one used in the trial. While the trial took considerable time to ensure the NPS question was constructed in an academically robust way, this now widened the work to include a more holistic question set. The collection of questions was established collaboratively to ensure that all functions of the business gained the insights that they were looking for. However, rather than creating a bloated survey, the philosophy of ensuring that only unknowns were asked, thereby limiting claims on customers' time, ensured a questionnaire that had internal validity and a high chance of successfully producing results useful to the business.

The very process of developing all the DFS NPS questionnaires had been a collaborative one. As each meeting progressed, various groups were bringing to the

table ways in which they could use the resulting data. Sometimes, elements were highlighted by teams to 'catch out' other departments, sometimes to highlight things they already believed they were doing well. Whatever the motivations, through a combination of front-line teams and other stakeholders working together, a series of questions was developed that everyone agreed would create useful insights for all (DFS A35, 2011).

The literature review (Section 2.7.3) highlighted that a shared belief in NPS representing the experience of the customer, and then sharing this belief throughout the organisation, would be beneficial. This was being demonstrated here. The belief in NPS had started with senior management, consistent with an integrated change approach, and had been supported by some quantifiable data from the trial. This data and the desire to enhance the information from the surveys brought together a group of individuals to build the questionnaires. Their feedback from the session showed that they themselves bought into the concept and that they subsequently started to informally share with others (DFS A59, 2011). As senior management visited stores, they would report that they had interacted with team members who had heard that significant improvements were being made "to NPS" (DFS A58, 2011). While in reality these team members meant improvements to the survey methodology, the colloquial discussion was that the measure was being made robust.

The additional questions themselves did not change the construct of the NPS question. However, the incremental improvements in delivery, coupled with the insights gained from utilising the data from other questions to gain insight to the

NPS, led to those involved in its development being convinced of its value. This took DFS from having an NPS to having a 'Trustworthy NPS Developed' as described in the conceptual model (Figure 2).

6.7 The 'Net Promoter System' and REACH

With the establishment of the questionnaire set, there was a desire amongst management to create the planned change of the company. This outline of this plan was drawn up by senior management, consistent with the 'integrated' view of change seen in the literature.

Many of the potential uses of NPS derived data were established during the design of the questionnaire. However, these were now formalised into a plan. This journey had now taken around a year, and when compared to the 'Net Promoter System' seen in the literature (Figure 1) had covered the first two stages. The leadership had been committed for a year to the development of the programme, investing time and money in its development, which demonstrated 'Sustained Leadership Commitment'. It has been established in the previous section that the metric had become a reliable, trusted metric, at least with a wide range of stakeholders if not yet across the whole organisation. Focus, therefore, was placed on 'Feedback, Learning and Development' and creating an environment where 'Employees and teams focused on loyalty', these being elements seen within a 'Net Promoter System' (Figure 1).

The initial plan was divided into two key workstreams:

- Training; and
- Analytics.

A tender process was conducted in 2012 in order to find a training provider who could help sales teams “improve their NPS and relationships with customers” (DFS A37, 2012). A full procurement procedure was undertaken before the final two providers were selected. The lead consultant of these providers then spent time in the field with the North and South Retail Directors meeting their teams. This was deemed integral to maintaining buy-in from these senior stakeholders (DFS A58, 2012).

Following the appointment of the chosen provider, a course was designed. The course lead was a former lecturer in Management and Organisational Development from Oxford Brookes University who worked with the internal Learning and Development team to create the training (DFS A35, 2012). The programme was to be underpinned by a simple acronym designed to bring to life the philosophy behind improving NPS. It was designed to extend the shared belief mentality that ‘NPS works’ into ‘NPS works, and here is how’ (DFS A44, 2012).

The result of this exercise was the development of ‘REACH’. Reach is an acronym for the way DFS customers were to be treated.

- ‘Relationship’ – build one with the customer; be focused on them not just on a transactional interaction.
- ‘Establish’ their needs – ensure you know exactly what the customer wants and needs.

- 'Advise and Reassure' – provide information to allow the customer to make an informed choice. Check details with them to make sure they get the best solution for them.
- 'Conclude' – If you have jointly found the right solution for the customer then offer them the chance to buy it now.
- End on a 'High' – make sure the customer is delighted with the experience and knows what will happen next.

The REACH model gave individuals within the organisation a framework within which they could make decisions designed to optimise customer service whilst not putting at risk the operational controls that were in place. It was decided that every employee in the business should be trained on REACH. As REACH only provides a framework, and not a detailed process, it would be necessary for every employee to establish their own way of boosting the NPS. While some employees described this as “being given a destination but no map” (DFS A47, 2011), the majority found it empowering. Feedback scores for the courses were consistently high (DFS A47, 2011).

Following a short trial, where NPS scores were seen to go up instantly (at post-purchase and post-delivery stages) (DFS A1, 2011; DFS A4, 2011; DFS A16, 2011) it was agreed that all employees would go through the programme. This represented a significant investment in the hundreds of thousands of pounds (DFS A35, 2012), and created the largest training programme ever undertaken by the company. Yet this training decision was taken without waiting for the results of the Established Customer survey. Interestingly, while the Established Customer by the end of this

research is of key importance in management decision-making and reporting, at this stage it was not considered.

Concern was raised in the Operations Board that the benefits of REACH were clear, but that even with significant investment it would take a year to train every individual (DFS A35, 2011). This could be an even greater period due to employee turnover, particularly in sales. Following a long debate, it was decided that to rapidly communicate the new strategic narrative to the teams across the business, a conference would be held prior to the individual REACH workshops starting (a further investment of several hundred thousand pounds). This conference would invite over three hundred of the company's management population to a central venue. All members of the newly formed executive team would present, so that the Kotter's (1996) "guiding coalition" for change would be visible to all of these employees (DFS A51, 2011).

Following the communication of change, Kotter (1996) describes how it is necessary to anchor these new approaches into the business and then to generate short-term wins. With the conclusion of the conference, it was explained to employees that the company would be taking every employee through a course. Prior to the 'all employee' course, a specific one was developed for managers. This course was designed to give the full details of the new strategy, take their input into how it may be best implemented with their teams but, crucially, to give them the necessary skills to coach their teams on the new ways of working, reinforcing the message at all points.

REACH was subsequently rolled out in sequential order to all senior management, general and store managers, all other management, sales teams, administrators, warehouse teams, delivery teams, head office functions, and manufacturing employees. The full roll out of REACH took around 18 months. During this time, it is clear to see an improvement in the Net Promoter Score from each store as their team completed the training. The consensus view from those completing the course was that it was their 'mindset' that changed, not that they developed any skills (DFS A47, 2012). Essentially, they were describing the buy in to a 'shared belief' that improvements to NPS would prove beneficial to them, this shared belief being integral to the paradigm at the centre of the cultural web (section 2.12).

As REACH was being developed, the analytics of the NPS were being established. The research company selected to collect the surveys was asked to produce reports highlighting the key data coming from the surveys. This was designed to provide the information that had been discussed in the meetings to develop the questions. While each function had the information, they requested that they were also provided with the full report. Every department could see how every other one was performing (DFS A16, 2016; DFS A17, 2016). This was a new level of transparency in the group; prior to this point, divisions could not even see the sales performance of others within the group. These reports were not only provided to each department but were also the main agenda item at a newly formed 'Voice of the Customer' meeting. This meeting, chaired by the CEO, discussed how improvements could be made to the NPS (DFS A58, 2011).

An early meeting of this committee created insights and actions that firmly established the metric and insight as important, increasing the emphasis on the Established Customer survey. It had been highlighted that there was a large increase in detractors between delivery and the Established Customer survey, particularly in certain divisions (DFS A12, 2011). The operational teams had established that these were stores selling large quantities of sofas with 'blown fibre' interiors. This is a product well designed for comfort yet requiring a high level of maintenance from the customer (they must 'plump' the cushions daily). Historic complaints about this product, due to the sofa 'flattening', caused by customers not maintaining it, had led to very specific product training and the customer being required to sign a document saying that they understood that the product must be "plumped and turned daily" (DFS A45, 2010). With the introduction of this signature, and limited complaints, the company had assumed the problem fixed. Conversely, the NPS data was showing that these customers were unhappy but did not complain (DFS A9, 2011). Service Managers were requested to contact customers who had provided detractor scores and ask if they could help. During these calls (and subsequent repair visits) customers identified that they realised the product had become defective because they had not maintained it, therefore did not complain, yet also were dissatisfied. Many expressed to the service manager that they would not buy another DFS sofa (DFS A58, 2011).

This insight itself would most likely have embedded the utility of NPS in senior managers minds, but the solution did this even more so. Customers purchasing these sofa designs were given the option of changing the interior. This would effectively add a more hardwearing, less comfortable filling but, crucially, one that

required no maintenance. This filling cost more money. Senior leaders and product designers concurred that they would not have considered offering a less comfortable product at a higher price in these ranges at all (DFS A58, 2012). However, with customer data from NPS, and by giving customers the choice they wanted, sales increased, and the proportion of detractors went down. In the literature review (Section 2.5) it was discussed how NPS could be used to change product categories; this was now happening in DFS.

The business now had a clear plan of training, communication, and analytics to create change, and it was necessary to anchor this into the business. The company was well-practiced at using performance metrics and measures and now Customer Loyalty had been quantified into a number, NPS, accepted by all. Operational teams embraced the change rather than battled against it, as they would have admitted they would have done for a more qualitative measure. With a targeted number and corresponding league tables, 'winners' could be created, which was the language of the operational business at the time (DFS A17, 2013; DFS A18, 2013).

The literature highlighted how short-term wins could be used to anchor change (Section 2.9). Incentive schemes were changed or introduced in order that these short-term wins could be achieved. For example, sales awards were adapted to be subject to a minimum NPS for prizes to be awarded. Following the November conference launch of the strategy, a competition was introduced starting from December to provide financial rewards to those demonstrating actions that were supportive of the new customer focused ways of working (DFS A32, 2011; DFS A51, 2011).

The operations team took information from the new system and turned these into updates that were communicated out to the remainder of the company, so that the message of change was reinforced on a weekly basis (DFS A2, 2013; DFS A3, 2013; DFS A8, 2013; DFS A14, 2013; DFS A21, 2013; DFS A31, 2013). Kanter's (1992) element of separating from the past was also reinforced here, with the removal of several existing reward schemes that supported behaviours no longer conducive to the strategic goals (DFS A39, 2011).

At this point in the journey of DFS, with a trustworthy NPS developed and the planned change underway, a review comparing what was in place at DFS with the generic 'Net Promoter System' (Figure 1) would find that all the components were in place and these aspects had changed some elements of the cultural web (DFS A37, 2013). Clearly the reports from the NPS surveys were a type of 'Control System' and the use of them was establishing 'Routines'. However, these changes to the Cultural Web were small and incomplete and, therefore, not yet capable of achieving the full extent of the desired corporate change.

A practitioner taking this limited approach could implement the 'Net Promoter System' in full, ticking the boxes of compliance with its best practice rules. Yet, they may see only limited changes to culture and, therefore, correspondingly limited changes in the organisation. If sustainability were the goal, and long-lasting cultural change were the desired outcome, then further work would be needed to complete this integration of the 'Net Promoter System' with the Cultural Web. In DFS it was the subsequent interactions between leaders, followers and the emergent elements of

change that accelerated this shift in culture, impacted all aspects of the 'web' and, thereby, led to the desired outcomes.

6.8 Emergent Change

This section describes the elements of the DFS journey that were impacted by leaders and followers, aspects of emergent change, and integrations into the cultural web. The corresponding section of the model is shown by the blue box depicted in the centre of Figure 9.

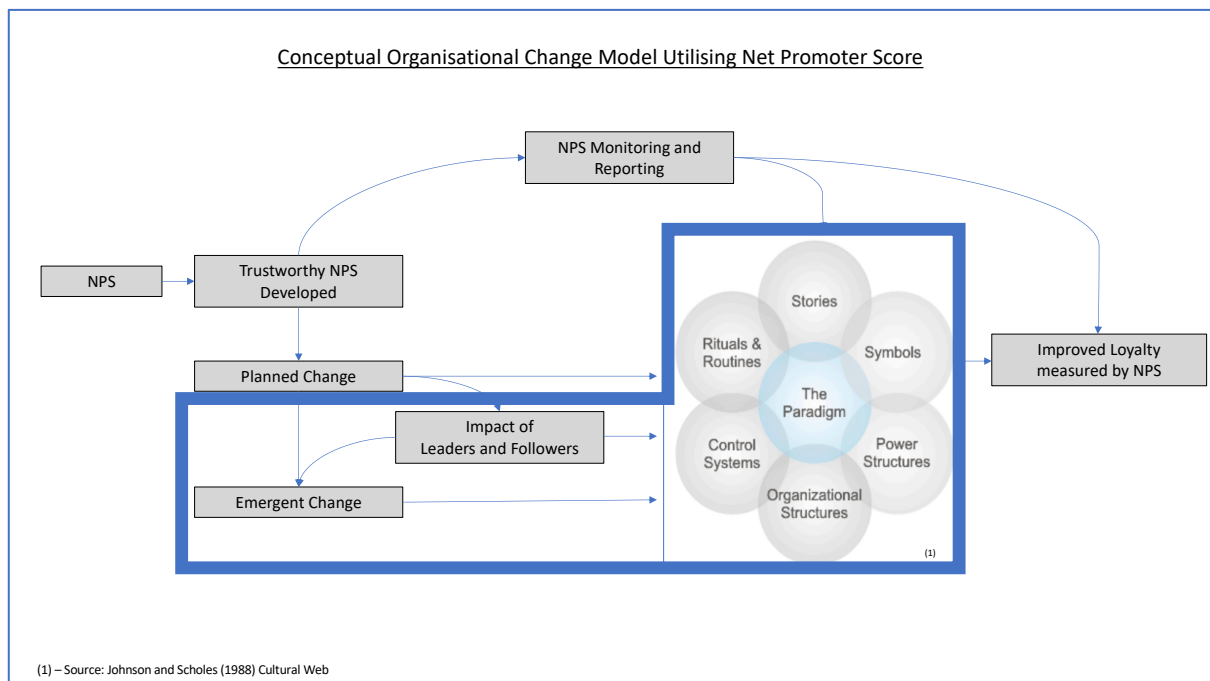


Figure 9 - Conceptual Change Model highlighting Emergent Change, Leaders and Followers, and the Cultural Web

Within DFS it was clear to the Board that the managers of individual business units would be fundamental to ensure the change happened. There was discrepancy from early in the journey between differing groups within the senior management team. Long serving members of the team were keen for every detail of the plan to be defined and managers 'briefed' accordingly. Several people were concerned that store managers would "go off and define their own versions of REACH" (DFS A57,

2011; DFS A58, 2011) if they heard initial summary information at the opening conference and would not wait for the subsequent workshops described earlier. Conversely, new members of the team, and those developing the programme, felt that this could be useful as they would bring learnings to the workshops and could contribute far more greatly than if they knew nothing.

This links to the concept of empowerment described in the literature and also to the concept of job crafting described by Wrzesniewski & Dutton (2001), who explain that incremental change becomes possible when people are given space within parts of their job description. This is further supported by Darnton (2008) who recommends that the most effective way for policy makers to develop and deliver change that lasts is to allow the audience to learn by doing as they go through the desired change. DFS management were, for the first time, being given clear guidance on the direction while being allowed to contribute and define specifics as they went along.

By the time of the second DFS conference (12 months after the first), this concept had been expanded by design. NPS measurement was in place and stores were receiving regular reports on it. There was acceptance amongst all senior management that NPS would drive sales, yet a growing view that the differences in store and individual performance were not something that could be accounted for by how well people followed the training (DFS A52, 2012). This second conference established break out groups (of around 30 managers, salespeople, and administrators each). These groups produced best practice guidelines, things not to do documents, and established where minimum standards should be set for each of the differing NPS surveys (DFS A52, 2012). Both Retail Operations Directors

confirmed that the minimum standards set for NPS by this diverse group of employees were far in excess of the ones that they would have been comfortable setting (DFS A58, 2012). Each of these NPS targets were achieved within six months (DFS A38, 2013).

Despite the increasing prevalence of the NPS, and the conversations around NPS that were occurring by the time of this second conference, it was still not something being given the same level of focus by all managers. This particularly applied to those people who the literature described as ‘middles’ (Section 2.10). There were regional and store managers who were focused on NPS; however, many felt that concentrating on NPS would damage sales in the short-term. While the long-term view was universal that a good NPS would lead to increased ‘loyalty’ and repeat business, there were those who felt that concentrating on the experience not the sale would be damaging in the short-term (DFS A58, 2012). A commonly expressed view was that “the competition isn’t doing this stuff, they will just get the sale” (DFS A59, 2013). This view was challenged by conducting a limited number of mystery shops on competitors to determine the level of customer focus in competing stores (DFS A30, 2013). While the methodology is not consistent, this activity showed a lower NPS albeit not low enough to conclude the competition were not considering customer service at all (DFS A58, 2013). The view that “sales at all costs” was still the primary goal was being generated by a combination of long-standing beliefs that “the simple focus is why we are the best” (DFS A59, 2012) but also by sales governing the variable element of pay. Yet, at this time, there was nonetheless evidence of “courageous followers” appearing, as described in the literature (Section 2.10).

Several store managers began to tackle local issues that were causing poor NPS. These issues included poor performance from long standing members of their store teams, many of whom had connections back to the original family owners and, therefore, had not previously been tackled. These actions ultimately led to scenarios where people were directly challenging the view of their 'leader', who was asking them to focus on short-term sales goals or to ignore situations where well-connected employees were delivering high volumes of sales but with very poor NPS (DFS A59, 2013). For some this caused significant personal difficulty, as many of the company's performance management and disciplinary processes were triggered by falls in sales performance. No mitigation existed for this being caused by a huge focus on achieving better customer service outcomes. Some managers took actions that dramatically improved their post-purchase NPS, which would ultimately enhance their other NPS metrics and, therefore, profitability, but nonetheless ended up being disciplined (DFS A39, 2013). Some of these put personal calls into senior management to explain what was happening. This led to further debate in the board room that would ultimately see a rebalancing between the metrics utilised for performance management, equally weighting the value of NPS and Sales (DFS A35, 2013).

'Courageous followers' also began to appear amongst salespeople, as several of their number began to use company events to describe how they were improving NPS (consistent with the social awareness element of the 'leadership and followership' literature, Section 2.10) (DFS A57, 2012; DFS A57, 2013; DFS A59, 2013). The activities they would describe often included going to far greater lengths to provide customers with details of differing products and completing in depth

demonstrations of the various advantages and disadvantages of alternate materials. These actions, while completely sensible to improve the customer experience, were at complete odds with the highly scripted, less-is-more approach in historic company training (DFS A45, 2010). Once some of those utilising these NPS optimising techniques began to include the highest performing salespeople in some stores, then more and more started to do so. This eventually led to sales training being completely re-designed to encourage these techniques, with an increase in NPS noted as this training progressed (DFS A1, 2013; DFS A46, 2013).

As NPS increasingly became integrated via training and reporting it appeared with greater frequency in the responses to employee engagement survey questions (DFS A49, 2012). This often was to highlight the perceived discrepancy between the importance across the business of NPS but the lack of direct reward relating to it.

Amongst senior and middle management there were large numbers of individuals who were opposed to changing the pay structures, despite being engaged fully with NPS (DFS A58, 2013). Nonetheless, there came to be a level of increasing pressure from employees to align reward with goals (DFS A58, 2013). Several versions of remuneration were trialled (DFS A39, 2013). However, amongst all the trials the data being generated from the NPS surveys was not questioned by participants. The data was deemed so trustworthy that it was as accepted as sales information. The changes to the pay structures were significant (being a redesign of salary, not an increase) and therefore required consultation with many employees (DFS A39, 2014). Across these consultations, issues with the scheme were raised, although these were in relation to targets and pro-rating for part timers. Having not been

questioned in the trials, the integrity of the NPS data was also not challenged in formal consultations (DFS A39, 2014).

This change to pay was the most visible element of emergent change. It was not in the management plan, and many members of management admitted they would have never considered it but were ultimately glad that it was implemented (DFS A59, 2015).

6.9 The Cultural Web

This section describes the elements of the cultural web, explaining the cultural changes resulting from the introduction of the NPS, and contributing to the process of corporate change. In this section each component part of the cultural web (Figure 4) is discussed.

6.9.1 Routines and Rituals

The changes caused by the introduction of NPS, and by the 'courageous followers' it was creating (described in the previous section), were challenging established but informal concentrations of control in existence across DFS. The controlling style of the organisation was particularly prevalent where new starters joined stores in sales roles. Despite all salespeople being equal contractually, it was a convention that those with more than two years' service were referred to as "senior sales" (DFS A58, 2010). This effectively was a form of leadership not sanctioned by any policy but in place across the entire company. Yet, far from being helpful or guiding to new starters, these informal 'leaders' historically aimed for the opposite effect. The competitive nature of the long-standing individual commission structure meant that

new starters were seen not as a help but were rather seen as there to 'dilute' the available earnings pot. New starters therefore did not receive a great welcome into the company. A traditional ritual was one of 'negging out'. This is where the existing sales team would attempt to deliver negative comments all day to the new starters. They would try and explain that people wouldn't earn as much as they thought, and how the job wouldn't lead anywhere. They would also fail to share information so that customers would be less likely to buy from the newer people who didn't have the same level of product knowledge as everyone else (DFS A59, 2012; DFS A59, 2013).

With the change to team based NPS commission, these new starters immediately impacted everybody's pay if they didn't give great service. This dilution of the NPS element of pay was more impactful than the level of sales that a new person could take away from the rest of the team. Therefore, new starters were now taken care of by the existing team and had a far more supportive and effective induction process (DFS A47, 2014; DFS A59, 2014; DFS A49, 2014).

Other areas of the business were also impacted. The NPS was to become the component that determined bonuses for delivery teams. The teams were given a set of bands that determined the level of payment up to £250 per month. Teams had a period of four months in order to reach the bands, therefore ensuring it was possible for every person to start on the highest payment (DFS A35, 2014). Two teams in a Scottish store were discussing how to improve their NPS. One team suggested that once they had removed all the packaging (a service included in the delivery fee) they would go beyond this and ask the customer for a vacuum cleaner. They would then

clean up any remnants of polystyrene or fabric that otherwise would be left behind. The other team believed that this was a poor idea as it would add a considerable amount of time to each delivery making them late back. Despite this both teams arrived back at store at broadly the same time. The crew were challenged about how they clearly had not followed through with their idea. However, it transpires that customers did not want the crew to clean up, as the part of the house under the sofa often is not cleaned frequently. Therefore, on asking for a vacuum, the customer would politely refuse. In general, customers did though think that this was fantastic service by the teams and not only gave higher NPS scores but also offered tips on many occasions to the crew. This story of how to achieve better scores and get offered tips quickly spread informally across DFS delivery teams. Despite not being a company policy to offer to vacuum the customers' homes, it now frequently happens and is a routine that simply exists within the organisation (DFS A54, 2014).

6.9.2 Stories and Myths

The most important observation of the stories section of the DFS cultural web (Figure 6) at the start of the change process wasn't the elements it had highlighted; rather, it was the fact that a key element of any successful retail company was not shown within it. There was nothing around customers being key to the stories within DFS. This section was dominated by 'sales' and the narrative of being a 'winner' and 'leader'. Because the NPS allowed customer service to become a metric, it was possible for NPS-based initiatives to work into the system.

In contrast, by 2016 the stories within DFS were often around customers. Every DFS conference focused heavily on the necessity of providing great customer service

and, in all cases, NPS was the measurement by which success could be measured (DFS A55, 2015). Conversations, both on and off stage, would often hear individuals describing how they had contributed to the companies increasing the NPS. These stories, and the presentations within conference, interchangeably connected the NPS to 'Customer Loyalty', 'Customer Satisfaction' and 'Customer Experience' (DFS A55, 2015, DFS A56, 2015, DFS A57, 2016), supporting the position established in the literature that within DFS these constructs were interconnected (Section 2.4). Given that some of these individuals were from small stores, or head office departments, then in a purely statistical sense their contribution would be very difficult to measure. Yet their sharing of such experiences was important for cultural change, as suggested in the literature where it was explained that even vague or tenuous links from managers to a change programme help drive the change (Section 2.11). In this example it was not only managers seeing links from their contribution to the overall company performance but more junior employees as well (DFS A57, 2015; DFS A59, 2016).

A particularly prominent story is from the year that the rules changed in the annual DFS Awards. DFS traditionally had a major prize for the three highest grossing salespeople within each year. Those salespeople who had won these awards had a 'legendary' status within the company and would be consistently discussed and highlighted both formally and informally. Once NPS was introduced comprehensively, and in order to reinforce the idea of being customer centric, a change was made. The top awards would now go to the three highest grossing salespeople, only if their NPS score was individually above the company average. In the first year of this change the entire top 5 were ruled out due to these new criteria.

This created a test of character for the management team who were under pressure from operations not to upset the 'top' sellers. However, the policy remained, and the award went to the person who 'only' had the 6th highest grossing sales. Of those above who had been ruled out, three decided to leave, effectively admitting that they could not deliver a high volume of sales without giving poor customer service. The remaining members of the group stayed with the company and the following year achieved the accolade having amended their behaviours to deliver better service. This was a visible sign of sales at all cost no longer being recognised as acceptable, and of the company's willingness to let seemingly 'top' performers leave. Following this, there was a brief jump in labour turnover as many store top performers realised that other reward schemes would be likely to be changed and they did not feel they could balance sales and service effectively (DFS A32, 2012; DFS A39, 2012).

Over time this change was supported further by adding an additional category to the awards that created an equal level prize for the salesperson with the highest NPS score. In this case, at least the company average level of sales was required (DFS A53, 2013). Through these different elements, the NPS became woven into the stories and myths of the company, thereby replacing the complete focus on sales while retaining the competitive and leadership traits.

6.9.3 Symbols

The highly focused advertising-driven external image and the non-existent employer brand were both replaced with an ambition to be "a world class British business" (as shown in the centre of Figure 7). With improved reward based on customer satisfaction, greater training through the REACH programme to support satisfaction,

and greater empowerment from the singular goal of raising the NPS, DFS was able to win several employee awards. DFS was recognised as one of the UK's Top Employers, and this award along with its associated trophy and logo became a powerful symbol within the company (DFS A50, 2014; DFS A63, 2014; DFS A64, 2014). Employees genuinely felt connected to the company's mission, which was more appealing to the general employee than simply 'sell more sofas' (DFS A49, 2013; DFS A59, 2014). There was also a considerable sense of everyone working together, because so many pay elements were now linked to a single metric rather than to individual sales; this emergent change being identifiable within employee engagement survey results (DFS A49, 2015). People were comfortable with the differentials between various employees (accepting that different roles attract different pay) but were happy as everyone worked together due to a single metric driving performance (even though the differing surveys created different versions of this singular metric). This sense of happiness was eventually confirmed by the company entering the Sunday Times Top 25 Big Companies to work for, based on its employee feedback levels (DFS A49, 2015).

The NPS programme itself also achieved recognition in the form of an Institute of Customer Satisfaction award for best Customer Service Strategy in the UK (DFS A65, 2015). This award provided a powerful symbol that the company was on a track that was validated by external bodies. The trophy sat in reception at DFS Head Office as a visible symbol of the focus on customers.

At a more local level, noticeboards showing NPS performance were given far more prominence in the store than those relating to sales had been historically. In many

cases, these performance charts were in areas visible to customers (DFS A59, 2015). While it had often been deemed inappropriate to allow customers to see sales performance, there was deemed no issue with proclaiming the goal of giving great service. This eventually evolved to the point that in the company's flagship store in London a giant heart was fitted during a refit (DFS A59, 2015). Affixed to the heart were examples of great customer feedback collected by the store.

6.9.4 Power Structures

As described across this chapter, change was being generated from all levels within DFS. This was consistent across differing business units and divisions. While it is of course possible that these changes would have occurred within the change of ownership anyway, NPS was integral to most elements of identifiable change. Distinctions between 'old' and 'new' employees from boardroom to front line, changed and dissipated. While intrinsic knowledge was still important from a product perspective, historic views of how to maximise sales were replaced with how to "maximise sales whilst achieving good NPS" (DFS A58, 2015). New starters from other companies would often comment that a metric of customer experience (often NPS) was in place in companies they had come from, yet they had not seen it as being as influential or as integrated as it was in DFS (DFS A47, 2015).

This integration links back to the literature on strategic narrative. The NPS (and by default REACH) were in place across the organisation. The raising of NPS was in almost all communications, both formal and informal. In those cases, the distilled version of the narrative of NPS was:

- Strategic – improved NPS helps sales and customer loyalty;

- Compelling – every employee understanding how they contribute to the NPS;
- Authentic – no member of the team being excluded from having a way of influencing NPS;
- Provided – the NPS, symbols of it and conversations about it existed every day for every employee, whether in a store, an office, a factory or a delivery van; and
- Empowering – communication around NPS had many ‘tips’ to improve the score but (other than around regulated products) never ‘rules’ on how to achieve this. It was left to teams to improve their scores in the way they best felt appropriate.

This strategic narrative changes the dynamics within the power structures across the organisation. In many cases the self-organisation described in the literature (Section 2.8) occurred at store or delivery team level with management becoming much more supportive rather than instructional.

6.9.5 Organisation Structure

The organisation structure segment of the cultural web highlighted several areas where the programme of introducing NPS led to major changes. Historically, there had been examples of where non-compliance with governance structures were without consequence and, instead, that there were informal lines of influence. Many individuals believed that certain stores or managers could “get away with things” if they were popular with operational management (DFS A59, 2011).

The NPS led the way in creating complete transparency across the business. The company wished to 'close the loop' on those occasions where poor service was delivered. Whilst, at first, there were high numbers of detractors and the company was happy for their reduction to be locally managed as improvements came, there was a desire for central visibility. For each detractor score that was received, the company's customer complaints system would automatically open a case. The store manager would be required to enter the system and explain what they had done in order to ensure that the customer was now satisfied. Managers were empowered to contact the customer however they wished but must type into the system what they had done for the customer as well as within the store to ensure that no repeat was possible (DFS A27, 2014).

While it should be obvious that managers calling customers who were unhappy would help improve service, this was revolutionary. Managers became far more empathetic towards customers who were unhappy (remembering these customers were nowhere near unhappy enough that they would have complained). They were also far more able to advise and coach salespeople on what to do in order to avoid such situations. This allowed salespeople to achieve higher NPS and thus earn more. Historic barriers between salespeople and managers collapsed quickly, allowing better performance across the business (DFS A59, 2015).

It should also be acknowledged that managers were keen to reduce the number of detractor scores, simply to avoid the need to call customers and fill in a record within the system. While this avoidance technique wasn't an intentional element of the plan, it did contribute to improved NPS scores (DFS A59, 2015).

As with all elements of the programme, the integrity and validity of the data was key. Therefore, the central head office customer services team would randomly sample a small number of customers whose record had been closed to ensure that the resolution that had been entered by the manager had indeed occurred (DFS A28, 2015; DFS A35, 2015). Unfortunately, cases were uncovered initially where the case had simply been closed. A zero-tolerance approach was taken, and these managers were subjected to the company's disciplinary processes (DFS A39, 2015).

In addition to managers and employees working more closely with each other, this was seen more generally at an organisational level. The joint development of the survey questions pulled together members of teams that had not previously worked collaboratively. Also, actions to improve NPS scores often involved teams working together, thereby creating greater levels of interaction and co-operation (DFS A59, 2016).

6.9.6 Control Systems

Performance management is a key element of management responsibility in all organisations and one that often managers are uncomfortable with (Solomon, 2016). Within DFS, the open nature of NPS reporting coupled with the new reward structures revolutionised performance management. In many cases it was transferred informally away from management to the store teams themselves.

Reward based on the NPS was group based in most cases and included cross department elements (for example, delivery, administration, and sales). While the score that was driving reward was a group one, clearly it was made up of individual

contributions. All these individual contribution scores were available for everyone to see within the various league tables and information that was available. Due to this, the teams themselves began to highlight those people who were not achieving the required standards and began to coach them. Where this coaching failed to help, team members would put pressure on poor performers (DFS A59, 2014). While managers needed to ensure this was being done legally and respectfully, it is important to remember that this was pressure to deliver great customer service not to hit financial targets. Under this pressure, poor performers generally improved or decided to leave. The need for formal performance management diminished greatly and a new team ethic replaced it (DFS A59, 2016).

A similar phenomenon occurred within the telesales call centres, although more by design. The commission scheme designed for the stores wouldn't work within the call centre environment, for various reasons, so a different way of implementing NPS was used. Salespeople did still have an NPS element in their pay, but it was much smaller. The more powerful effect of NPS here was its use to prioritise calls. The NPS league tables were linked electronically into the call routing system. When an inbound call came into the centre, the system would look for which available salesperson had the highest NPS score. It is to this agent that the call would arrive, therefore increasing their opportunity to sell. While the site was more than busy enough to ensure that nobody could receive no calls, there was a significant difference between call volumes dependent on NPS. Those who provided customers with the most satisfactory experience were able to achieve more sales (DFS A37, 2014).

This system again aided performance management. Salespeople who were poor at service found their levels of earnings controlled by limited opportunity. In turn, many of these people simply moved to other jobs before the management team needed to manage the issue. As previously stated, labour turnover increased as these changes were integrated into the company and many salespeople with limited customer focus left (DFS A39, 2014). However, as the stronger team ethic, greater focus on customers, clear goals and other elements fully took hold, labour turnover decreased. For the financial year ending 2016, DFS achieved <16% labour turnover (DFS A38, 2016), a figure that is extremely low for a retail company. Indeed the reported rate for the sector in 2017 was 25% (Unum, 2017).

6.9.7 The Paradigm

When initially producing the DFS cultural web (Figure 6), it was very quick for management to agree that the phrase, “sell as many sofas as you can” represented the historic paradigm of the business (DFS A59, 2010). It was much more nuanced in later years. The later version (Figure 7) has “world class company” at its centre (incidentally, also the title of a later DFS conference). There was debate about whether NPS, or REACH, or a customer statement should be the view. The phrase, “a happy customer comes back” was favoured by the retail director and epitomises the belief in the NPS. Being “World Class” was part of the company’s strategic plan, and people felt that the NPS and the wider Net Promotor System were being delivered in a world class way. Beyond this, it had contributed to making other things world class: both the customer experience itself, as demonstrated by the NPS; and the wider employee experience, with a new sense of shared focus (DFS A36, 2016).

The NPS integrated into every element of the cultural web of DFS. It did not replace everything but changed each section in a noticeable way (Figure 7). By having a map, it is possible to protect the elements that people think crucially important to the culture of the business while integrating the new elements across the culture. DFS integrated NPS into its culture and delivered on improving customer loyalty (as measured by NPS) by delivering the initial planned change. Beyond this, by introducing the NPS within a wider Net Promotor System, DFS empowered people across the business, allowing leadership and followership to drive incremental, emergent changes in addition to the plan thus embedding NPS into the culture. One director at the end of the research period commented: "I don't know how we'd ever remove this even if we wanted to" (DFS A36, 2016).

6.10 External Influence

As well as being integrated across the culture of the business internally, NPS impacted the external communications and positioning of the company. By the time of the company's floatation to the London Stock Exchange, NPS was well integrated. The robustness of the measurement and validity of the scoring allowed NPS to feature within the prospectus for the sale of the company (DFS Furniture plc, 2015). It was also used within presentations to analysts and brokers as part of the floatation. To this day, DFS reports its NPS scores within its announcements to the stock market, ensuring that those reporting on and investing in the company have a solid overview of its customer loyalty (DFS Furniture plc, 2020).

As NPS matured within DFS and the vast majority of feedback was positive, then customers were given an additional option at the conclusion of the survey. They

were given the opportunity to have the survey detail forwarded to an external review platform (Trustpilot). This applied irrespective of the customers reported NPS and therefore created an easy opportunity for dissatisfied customers to make their feelings public. The balance of surveys was positive and therefore the option was given to all customers. The Trustpilot score for DFS moved broadly upwards alongside NPS. This provided a good external reference to the improving customer experience in store and was eventually incorporated into marketing (DFS A10, 2016).

6.11 Additional Case for Validity

As described in the Methodology Chapter, following the research period in DFS, the author had the opportunity during 2016 to implement a similar 'Net Promoter System' with a different organisation – Lookers plc. This study followed the same methodology as the DFS research. Appendix 3 contains an explanatory analysis of the implementation in Lookers plc, one of the UK's largest listed automotive retailers. This study was conducted over the three-year period 2016 to 2018. Given the long replacement cycles of sofas and cars and this second piece of activity not spanning the full length of that cycle, it is not presented as a second case within the thesis. It does, however, add a degree of validity to the research already reported.

Practitioners at DFS were keen that if they needed to replicate the work, they would have a 'check list' to follow (DFS A35, 2016). The model shown below in Figure 10 was therefore produced by the author following discussions and revisions with DFS senior management in order to help others who wished to take a similar journey. This model was subsequently applied as the "planned" element of the project

conducted at Lookers plc. This model allowed the process of implementing the NPS and the 'Net Promoter System' to occur much quicker than it had in DFS. In some ways this limited the opportunity for emergent change to occur and thus potentially damaged the integration into culture. Therefore, this model should be regarded as a 'practitioner model' to implement NPS and a version of the 'Net Promoter System' quickly, or as a complement to the Bain Model (Figure 1).

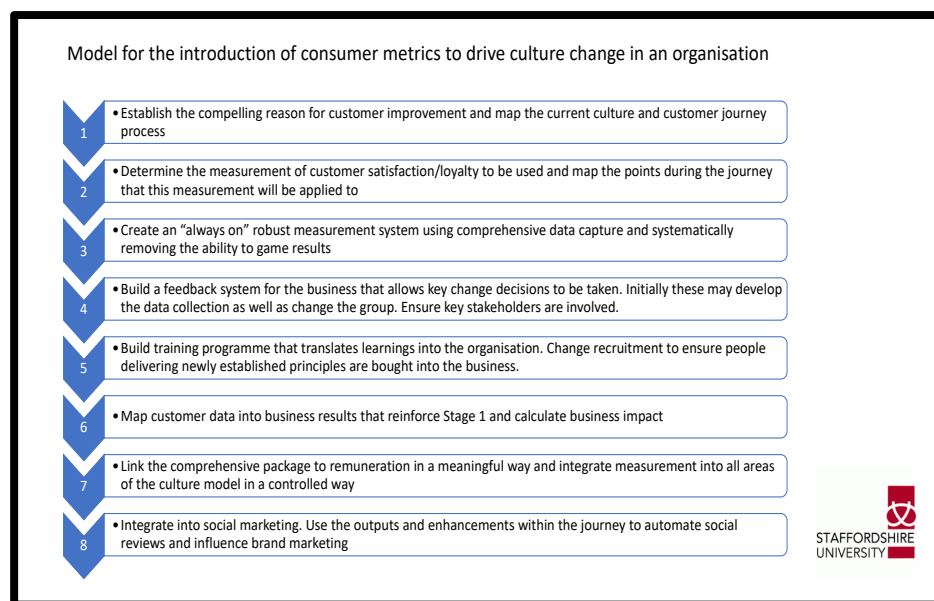


Figure 10 - Practitioner Model for NPS introduction derived from work in DFS

The key findings of this validating case are:

- The NPS metric and survey could be deployed in the same longitudinal manner, and be developed into a trusted metric quickly, by using cross-functional teams to build the surveys in a different business.
- Gaming could again be eliminated by the significant automation of surveys and providing the survey to all customers.

- The 'Net Promoter System' can be implemented and made operational quickly when the senior team believe in the metric, and when cross-functional teams generate the survey content.
- The implementation of the plan and the development of the trusted metric on its own does impact some elements of the cultural web.
- The full cultural web is not impacted without
 - the management and development of emergent changes, and
 - the identification of and intervention with those who are 'leaders', even if not on the organisation structure.

It is conceivable that a longer time period may see the implemented 'Net Promoter System' within Lookers permeate more of the cultural web. However, due to following the DFS model, Lookers had the system fully implemented within one year. DFS saw significantly more integration into culture over the following 2 years (2013-2014) than was seen in Lookers (2017-2018) (Figure 7). The primary difference between the two was the lack of desire from senior management at Lookers to explore anything 'not on the plan'. A study over a longer period would be required to confirm these findings. However, it would appear to support the conceptual model of this thesis.

The initial conceptual model itself (Figure 2) is better placed to be a model for implementing cultural change utilising NPS than the Practitioner Model (Figure 10) or a 'Net Promoter System' alone and would be better being considered by senior management teams. Its key differences in comparison with the generic 'Net Promoter System' are:

- a clearer focus on observing and managing 'emergent' change;
- the identification and utility of leaders and followers; and
- the observation of the wider culture through a tool such as the Cultural Web.

6.12 Chapter Summary

This chapter describes an explanatory analysis, conducted within the conceptual framework earlier derived, leading to the development of a practitioner-based framework that could be utilised in contextually similar change programmes. It also highlights the findings from a validity second case.

Following the explanations of change discussed in this chapter, some amendments are proposed to the conceptual model (Figure 2) that was derived from the literature. This, along with the implications for other researchers and practitioners and the answers to the research questions are now brought together in the concluding chapter

7.0 Conclusion

This chapter presents the conclusion of this thesis by outlining the main findings and contribution to knowledge. Specifically, this chapter reflects on how the NPS can be used within an organisation to contribute to the change of culture at the whole organisation level, thereby addressing the aims and answering the research questions raised in Chapter 1. The theoretical, empirical, and practical contributions are then presented followed by limitations and opportunities for further study.

Consistent with an 'Explanation Building' approach, this conclusion to the research questions has been established by comparing evidence on the relevant theoretical constructs derived from the literature, evaluating further evidence, revising, and then reviewing this position. In line with the pragmatic philosophy of this thesis, the explanation building was conducted in both a deductive (based on the propositions at the start of the study created from the literature) and an inductive (based on the data from the case study) manner.

7.1 Conclusion to the Research Questions

The aim of this section is to summarise the main findings of this thesis based on the research questions. It should be noted that although it was the aim to address the research questions within the thesis chapters, direct answers to the questions were not provided. This section answers each question specifically and sequentially.

7.1.1 Research Question 1

How best to build the NPS question, any associated follow up questions, and delivery methodology to ensure that the data is sufficiently robust and trustworthy to measure improvements across the multiple interactions that make up the whole customer experience?

This thesis finds that the NPS question should be delivered in close alignment to the best practice literature already in place (Satmetrix, 2013). The NPS should be the primary focus of the questionnaire and the question should be grounded in the organisational context. The exact wording of the question should be agreed with senior management, early agreement should also be made with this group as to the clear definition of loyalty within the organisation (Chapter 4).

Where possible, surveys should be longitudinal to allow for the full 'customer experience' to be measured, and to identify key moments, individuals or processes. In addition to longitudinal analysis, this allows versions of NPS to be created for different groups of employees, thereby ensuring that all feel connected to the goal, while keeping the core relationship goal in place, this being the Established Customer survey for DFS (Chapter 4).

Statistical work should be carried out early so that management see tangible improvements in business performance being linked to NPS. While comprehensive statistical analysis may take large volumes of data, and therefore not be immediately possible, indicative work can be carried out quickly, particularly around transaction-based surveys (Chapter 6).

The questionnaire should be rigorously developed so that each department within the organisation can utilise the data in an appropriate and productive manner. This planning stage should be an opportunity to suggest improvements and to establish cross-functional solutions for improving the NPS (Chapter 6).

Survey delivery should be designed to deliberately trap out techniques commonly used for 'gaming'. This will generally mean (i) the automation of large parts of the data and delivery, so that individuals do not have the opportunity to influence those being captured, and (ii) adopting processes to look for patterns of familiar data (Chapter 4).

7.1.2 Research Question 2

How can the data from the questionnaire be delivered in a robust and trusted way, so that it can be analysed and integrated into a management change programme that impacts each area of the cultural web and is useable across the entire organisation in delivering change?

As in Research Question 1, the development of the questionnaire in a cross-functional manner is crucial. This allows teams to have a vested interest in the score and be confident of why questions were worded in certain ways. All departments should be included, even where the logic for their inclusion is not initially seen. In many cases, those departments themselves will offer up the way in which they can influence the metric (Chapter 6).

Focus should be placed on the volume of data driven by both the survey population size and the response rate. To ensure response rate increases, changes to the

timing of survey delivery and charity inducements may yield greater results than the company normally achieves. The volume of survey responses should be extended beyond a point that provides statistically valid information. Increased volume and response rate may only marginally improve the predictive power of the results but, importantly, may ensure that the validity of the metric is perceived by employees across the company (Chapter 4).

The company and its leaders should focus not only on the components of the planned change they put in place but also concentrate on changes that emerge and foster their wider adoption. While the 'Net Promoter System' highlights the analysis and implementation of 'Structural Improvements', this may not sufficiently focus on those seemingly small elements, like symbols or processes, that are usually not documented. These form key elements of the employee experience and significant parts of the culture, the capture of these should be facilitated. Key in this is the recognition of leaders and followers not embedded in the organisation structure, who to a degree become the 'influencers' within the business. These should be identified, given access to key stakeholders and information, and allowed to impact the development of emerging change in an empowered way (Chapter 6).

Utilising a model such as the cultural web to track these less tangible parts of the programme gives management an opportunity to review and influence the nature of how the change is embedding. A standard project tracker may show progress against milestones and complete the delivery of a programme but may not see the cultural dimension (Chapter 5).

Allowing widespread access to the data and giving employees the opportunity to appeal any discrepancies creates an openness that leads to trust. Creating informal social opportunities for the subject to be discussed as well as the more formal 'huddles' suggested by the 'Net Promoter System' creates opportunities for challenges to occur across the organisation. Where these informal opportunities give access to senior management the impact on organisational change can be greater (Chapter 6).

7.1.3 Research Question 3

From the process in this case, is it possible to derive a model of NPS based cultural change that can be utilised in other organisations that wish to improve their customer experience?

The conceptual model initially developed in relation to the literature review is a good visual guide for senior management to see the interactions between the different theories and frameworks used in this work (Figure 2).

Management can utilise the practitioner model (Figure 10) in order to implement a Net Promoter System quickly and effectively. However, utilising the conceptual model (Figure 2) as a management tool *in conjunction with* the practitioner model provides focus for the company leadership on the need to maintain their plan whilst simultaneously monitoring for emerging changes. It is the author's belief that the research process as described in the methodology (Chapter 3) was more than a research tool. The methodical approach to collating evidence of change across the company and then providing this information to management (through the formal

governance processes and committees of the company) created a virtuous circle. Changes that were desired were approved and allowed to continue, while those deemed to have poor outcomes were highlighted and stopped. This leads to the conclusion of this thesis. Consistent with the Yin (2018) approach, a revised model of change is now shown in Figure 11. This takes the conceptual model of Figure 2 and includes within it the revisions from the case, made according to the process outlined in Figure 5. The left-hand side of this figure represents the elements of the initial overarching conceptual model derived from the literature (Figure 2), these elements interact in the centre of the model with the research process described in Chapter 3 (Figure 5). Both processes feed into the culture of the organisation, shown on the right-hand side of Figure 11. This cultural change ultimately helps to bring about corporate change and improved Customer Experience and Customer Loyalty, measured by the NPS (bottom right on Figure 11).

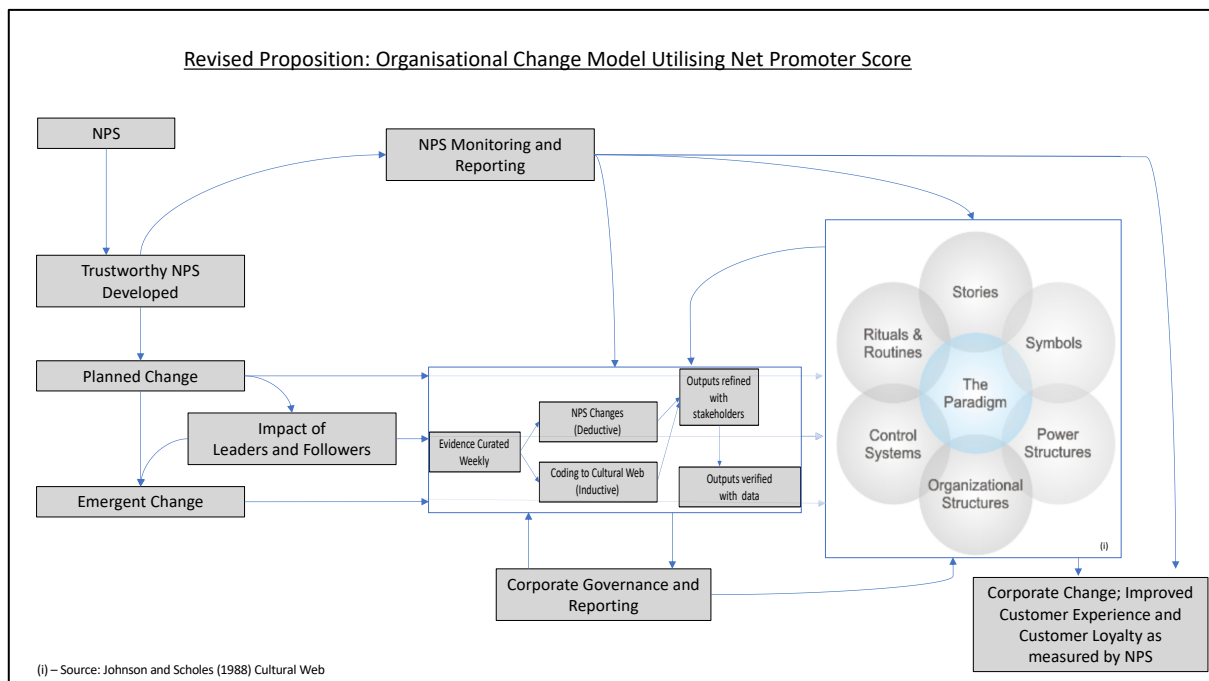


Figure 11 – Revised and Enriched Organisational Change Model Utilising NPS. Source: Author

Conducting an ongoing process to identify and understand the interplay between planned change, emergent change and leadership and followership with a comprehensive and trusted NPS allows a business to integrate customer loyalty into its culture. That process must be integrated into the day-to-day management of the company. The models within this thesis can be followed by others to achieve this goal. The validity work within Lookers plc demonstrated that it is possible to adopt a 'Net Promoter System' without using this model and solely using the practitioner model (Figure 10). That approach may save time and money, but at the cost of foregoing the potential benefits of emergent change and a complete cultural transformation.

7.2 Conclusion to the overall Aims

The overall aims of this study were:

- to produce an academically rigorous implementation of a NPS measurement tool to be used in corporate change;
- to analyse how this NPS was used to drive a programme intended to deliver improved customer experience; and
- to derive from this corporate change a theoretically informed model to guide similar change processes in other organisations.

This study has revealed that it is possible to produce a NPS question, expanded questionnaire and survey methodology that generates data in a rigorous manner.

This study highlights how the measure was accepted and utilised by corporate

leadership. Furthermore, the use of the data it generated in two peer-reviewed conference papers support the achievement of this aim.

The research work described in this thesis has demonstrated that the NPS metric built within DFS improved at all stages measured across the company as part of its corporate change programme. Moreover, the impact of that corporate change is visible in all elements of the cultural web. Finally, this thesis produces two models of how companies may improve customer loyalty measured by the NPS: (i) a model of the interaction between the NPS, Change (both planned and emergent), Leadership and Followership and the cultural web (utilising a structured research process to aid the integration into culture), and (ii) a more limited practitioner model of how to initiate the NPS itself.

7.3 Contributions

This research work contributes to the understanding of how NPS can be introduced into an organisation in a way that produces a trustworthy metric integrated into the organisation's culture.

7.3.1 Empirical and Theoretical Contribution

This study provides a contribution to the field of knowledge of NPS and organisational change within the retail sector. The development of the NPS, the wider questionnaires, and the business practices and change processes associated with it have been studied using an explanatory case study. This study places considerably more focus on the construct of the NPS itself than is prevalent in the existing academic literature. Accordingly, the evidence advanced in this study begins

by documenting the NPS metric and the construction of its delivery system. Thereafter, on this platform, the study reports new empirical findings on the incorporation of the NPS into a 'Net Promoter System', and – especially by way of 'before and after' comparisons of the cultural web – establishes that the NPS can be embedded into the culture of an organisation as an effective way to bring about corporate change. Moreover, the empirical findings also show that, at least in the case of DFS, the NPS was not simply another metric added to the range that companies have available to them. Instead, via its impact on the organisation's culture, the NPS was an effective means of bringing about change through two channels: as (i) an effective means of initiating and monitoring planned change; and as (ii) an effective means of promoting emergent changes within an associated interaction between 'leadership and followership'. Accordingly, this thesis makes an empirical contribution to the limited literature that is available about NPS as a means of promoting corporate change, clearly differentiated by being located within the retail sector. Moreover, this case study was conducted over several years, allowing the data from the NPS to show improvements in business performance that can be quantified. Because this study uses multiple data sources over an extended period, the combination of a wide evidence base and an extended longitudinal dimension enables considerably greater analytic depth than the limited references in most NPS papers (often the NPS and a single business performance metric).

This work also provides a theoretical contribution by virtue of the conceptual model (Figure 2) developed with reference to the literature review and utilised in the study. It further offers a second, enhanced model (Figure 11) proposing that the research process itself can assist in the cultural integration of NPS-based change, delivering

clear actionable insight. Academic literature is limited in regard to the integration of NPS into culture, despite practitioner literature deeming this to be important (Bendle, Bagga and Nastasoïu, 2019; Ziegler and Peisl, 2020). The models developed in this thesis would thus be useful to those looking to understand how NPS can be integrated into culture, highlighting that a change plan alone is not enough to create deep integration into the culture of an organisation.

7.3.2 Practitioner Contribution

This work contributes to the field of practice. The nature of the study itself, and the central part the author played within it, means that a large part of the contribution is the integration of NPS into the culture of DFS Furniture. This integration is sustained, with DFS continuing to report their NPS alongside their business results. Other parts of the wider DFS group, including operations in Spain, the Netherlands and Ireland, have implemented the NPS along with other channels such as the retailers Dwell and Sofa Workshop utilising the methodology developed in this work.

Additionally, the research reported by this thesis informed the introduction of NPS into another listed business, Lookers plc. Although full integration into the culture could not be demonstrated for that business at the time of writing, the underlying robustness of the metrics and survey data give management that option.

The model derived for practitioner use (Figure 10) gives those tasked with introducing NPS into a business a route to do so swiftly. Although it is best utilised alongside the final change model (Figure 11) to integrate culture change, its utility to

implement the NPS metric and questionnaires into operation has value in its own right.

The work has gained attention as it has been progressed. The author has been asked to present summaries of the work and its models at various business events.

These have been well respected events and conferences, including:

- Engage Magazine Customer Experience Summit 2015;
- Chartered Institute of Personnel and Development (CIPD) Annual Conference and Exhibition 2019;
- Kantar Automotive Customer Experience Summit 2018; and
- KPMG Reward Conference 2016.

The strategy around NPS at DFS itself was awarded Best Customer Experience Strategy by the Institute of Customer Experience 2015 and the programme of work outlined within this thesis led to the author being awarded Chief Human Resources Officer (CHRO) of the Year 2017 for Europe, Middle East and Africa (EMEA) by “HRO Today” Magazine. This award was specifically for innovation, the innovation being seen to be HR leading an organisation change programme intrinsically linked to Customer Experience. The author was also appointed to the Customer Experience Committee of Her Majesty’s Revenue and Customs (HMRC), in large part due to the insights gleaned from this research. The models developed within this thesis have been utilised in presentations by the HR team at HMRC as part of their change programmes. In addition to this, the national body of Citizens Advice for England and Wales (where the author is a trustee) used the work described in this thesis as an input into their development of a ‘client journey’ function. This new area

of the organisation is focused on improving interactions for users of the service and followed many of the processes described in this document, including longitudinal measurements of experience using a single metric and its integration into culture.

7.4 Limitations of the Study

This study clearly offers models that are appropriate within the Upholstered Furniture sector. This is demonstrated not only by the implementation in DFS Furniture in the UK but, subsequently, by implementation in its overseas operations and alternative trading brands. The work in Lookers plc further tested this external validity by conducting the programme in a differing industry, and this shows supportive results. These companies are both 'business to consumer' and share other similarities despite selling very different products. Both organisations sell products under a single brand (retailer and product being the same), are high value considered purchases, sold by salespeople, usually purchased on credit and with a product delivered a considerable time after purchase. This has the advantage that for both organisations the customers' contact details are always known, and there is reason for the customer to maintain a relationship with the company during the elongated purchase cycle.

Nonetheless, the applicability may be challenged for the wider business to consumer context. Many retailers sell multiple products; therefore, understanding whether loyalty is to the brand being sold, the product itself or the retailer presents a much more complicated challenge than in this case. For many retailers the person conducting the transaction is not known. Although this is improved through loyalty cards and apps, it is not possible for surveys to be automated in most retailers in the

way they are in the case considered in this thesis. However, applicability may still be possible for those retailers who, through loyalty data, apps or even simply collected emails at the till, subsequently use surveys that ask the customer for large amounts of data. Following the methodology in this thesis may improve their information.

While DFS expanded NPS usage into non-UK locations, these were all within Western Europe. Further studies would be needed to establish the applicability of this work in other locations and cultures.

Many more traditional retailers have a version of NPS in place within their organisations. It may be possible for their NPS to be perceived as trustworthy within their business, even though they utilise differing survey techniques and volumes than this study implemented. These retailers may challenge (or even not be able to afford or justify) the significant expenditure undertaken by DFS to develop and implement the robust system (with its academic rigour) described in this work. However, for these retailers the model for integrating the NPS into culture may still be of value.

7.5 Potential for Future Research

The NPS continues to be of major interest to practitioners within business. Further studies could be developed to continue this work in those business to consumer companies who have less insight into their customers at point of purchase. It would be particularly insightful to utilise the NPS longitudinally across multiple purchase transactions from a single customer, alongside an 'established customer' survey. This would represent an adaption of the multiple stage questionnaire model deployed in DFS allowing much of the insight and integration developed here to be

used in a more generalised retail setting. This would also allow the cultural integration model to be tested in this setting.

7.6 Chapter Summary

This thesis has investigated the use of the NPS in delivering cultural change in a retail organisation. During this process there was considerable impact on both the customer and employee experience. The main findings suggest that integral to building the NPS in a trustworthy, useful manner across the organisation is large scale cross-functional working from early in the development. The metric should be built robustly, with validity based as much on perception as statistics. Beyond this, the metric and programme will only become integrated into culture if emergent changes are focused on and encouraged as well as any management plan.

Appendix 1 – Data curated for analysis

This appendix details the code frame applied to those reports and sources that were curated for the purpose of conducting this research. The first part of the coding framework is shown in two sections. Items 1 – 34 are those reports produced using the results of the NPS surveys. This is followed by items 35-65, the other documentation utilised in the research stage. The second part of the coding framework, essentially the descriptive elements of the cultural web, is then shown. Finally, the semi-structured questions utilised in all 121 meetings and observations are recorded.

References to this evidence used within this thesis take the format DFS AXX, YYYY where “XX” represents the report number from the table in this appendix. “YYYY” denotes the year of the report. For reasons of corporate confidentiality, the specific date of meetings and decisions are not shown in this document. These were however utilised in the analysis. Therefore, as an example - DFS A35, 2011 – would represent the 12 Operations Board meetings held in the year 2011. Within the author’s database – stored on premises with the primary evidence – the specific date is recorded.

Coding Framework Part One

Reports produced from DFS NPS Survey - All documents from 2011-2016

Report Number	
1	Post Purchase & Established Customer Report
2	Year to Date Scores by Month
3	Internet Sales response rates and NPS by salesperson
4	Post Delivery combined metric reports
5	Post Purchase combined metric reports
6	Salesperson Post Purchase combined metric report
7	YTD (calendar YTD) Post Purchase salesperson report
8	Weekly Post Purchase Salesperson reports
9	Established Customer - Would like to be contacted report
10	Trust Pilot weekly report
11	CACI Unsubscribes Upload
12	Voice of Customer report for Strategy Board & Retail Operation's
13	KPI Document for Ops Board
14	Post Purchase and Internet Sales Interest Free Credit Reports
15	Rolling NPS graph
16	Monthly Scores Stores vs Web
17	NPS League Reports
18	NPS Top and Bottom Store Teams
19	Administration Team report
20	Softline Manufacturer Report
21	Internet Sales Mid-month extracts
22	Alexandrium Product Analysis
23	DFS Production Quality dashboard & customer comments
24	Northern, Berkeley and Lincoln EC Bottom 5 Report
25	Northern, Berkeley and Lincoln build/quality report
26	Email Open/Click through rate Report
27	Closed Loop reporting presentation overview
28	Closed Loop reporting completed/assigned manager actions
29	Mystery Shop reports
30	Competitor Mystery Shopping
31	Service manager report
32	Award entry reports / graphs
33	Exclusive brands / premier range analysis
34	Store Audit dashboard

Other Reports / Notes

Report Number	
35	DFS Operations Board Pack
36	DFS Executive Committee Meeting Minutes
37	DFS Strategy Board Pack
38	DFS plc Board Pack
39	HR Leadership Team Meetings
40	Remuneration Committee Minutes
41	Audit Committee Minutes
42	Trading Meeting Minutes
43	Investor Day Presentations
44	REACH Training Materials
45	DFS Induction Pack
46	Customer Service NVQ2 and NVQ3 Materials
47	DFS Training Evaluation Reports
48	Apprenticeship Scheme Training Materials
49	Best Companies Employee Engagement Survey Results
50	UK Top Employers Audit Findings Report

Communications and Other	
51	DFS 2011 Conference Transcripts
52	DFS 2012 Above and Beyond Conference Transcripts
53	DFS 2013 Everything to play for Conference Transcripts
54	DFS 2014 World Class Company Conference Transcripts
55	DFS 2015 Will to Win Conference Transcripts
56	2011-2015 Conference Feedback surveys
57	Conference Roadshow Transcripts and Meeting Notes
58	121 Meetings with Exec and Ops Directors
59	Semi-Structured Interviews and Notes
60	Market Segmentation Report
61	Indeed Review Ratings
62	Glassdoor Review Ratings
63	HR Excellence Awards Entries
64	Best Business Awards Entries
65	Institute Customer Service Awards Entries

The items within the table refer to complete reports and other documents. Each coded item may contain multiple lines of evidence from within the item. For example,

a conference transcript would contain the individual speeches of several directors and the various facts and ideas contained within the speech. As described in the methodology chapter, these various strands of evidence were used within the case study to pattern match in an explanatory manner through discussions with management teams.

The coding flow is from individual pieces of evidence contained within items (Coding Framework Part One) to the various components of the cultural web (Coding Framework Part Two). Hence, analysis of changes in each component of the cultural web is supported by evidence that – in every case – is linked to its source in a particular item.

Coding Framework Part Two

A	Stories and Myths
B	Symbols
C	Routines and Rituals
D	Power Structures
E	Control Structures
F	Organisational Structures

Where sufficient evidence had been gathered in an area of the cultural web to suggest that the area had changed, this would be proposed to management following the process shown in Figure 5 and further described in Sections 3.2 and 3.3.

Semi – Structured Interview Questions

These questions were used at the end of each formal business 121 meeting to update the research. The questions were also used as the format for recording observations and informal discussions which are included within Item code 59 above.

1. How is NPS/REACH performing in your area/store/division?
(Discuss Results and Usage of)
(Discuss Differences between survey stages within stores)
2. Are you receiving the information you need?
(What could be improved?)
(Do you receive the information in a timely way? Company portal vs Sent reports)
3. How are your team/employees reacting or changing to the system?
(Refer to changes from previous meeting)
4. What do WE need to do more / less of?
5. What do YOU need to do more / less of?
6. How do you think NPS/REACH is impacting sales?

Appendix 2 – Initial Quantitative Analysis at DFS

Introduction

Following the trial of NPS discussed in the methodology chapter a large volume of data was generated. Management were pleased with the initial insights that were generated, especially around actionable insight for individual stores.

Despite management support as a new initiative, the programme needed to demonstrate return on investment in order to be funded beyond a trial period, there was also further investment needed to improve the processes and rigour of data cleanliness for a full trial. This document describes the initial statistical analysis that was conducted by the author following the trial in order to generate a business case and allow movement to the full programme.

Both the methodology and statistical analysis used within these early trials were merely of the standard required to reach the benchmark of convincing management that more study was valid. By the time of a full roll out, the quantitative study had expanded to include a much greater level of academic rigour. This ultimately became a joint piece of work with members of the DBA supervisory team resulting in two peer-reviewed conference papers (Fiserova *et al.*, 2017, 2018).

Ensuring the correct data is used

This trial period coincided with a period of new store opening and, as such, several of the initial locations were impacted by the effect of cannibalisation of their sales

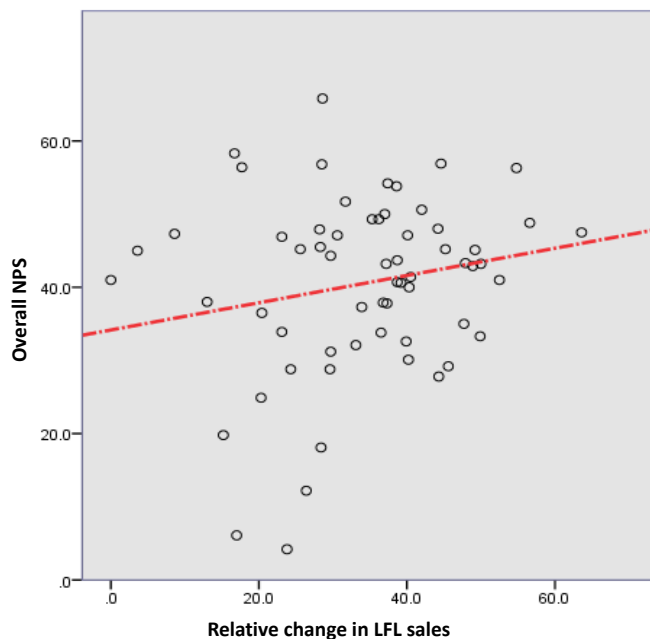
from new locations within the network. As the business operates a "made to order" delivery system then the location of every customer is plotted and can determine which store they have (or were most likely to have) purchased from in the past. This means that it is possible to accurately determine which stores are "clean" and have comparable data for the purpose of tracking sales growth.

Stores were also removed from the trial when they had a sales change of +/- 45%, as these are significant outliers and can be explained by exceptional local activity (road closures, refits etc). A final cut was made, so that only stores with a minimum of 20 responses were counted so that a reasonable number of customer feedback points was included. This left a store base for the trial data of 61 stores with a wide geographic spread across the UK.

As the trial used relatively low volumes of responses, a "combined" NPS was used. This is where the answer to the NPS question was taken irrespective of which point in the customer journey was provided from. Further research in the future may look at whether the point in the cycle at which the question is asked alters the strength of the correlation with sales performance.⁵ This may impact the data in several ways. There is a problem of people simply not having an accurate memory of events as time passes (Foddy, 1994). This may mean that the accuracy of those surveys sent nearer to the time of the purchase are more relevant than those sent 6 months after delivery (in some cases 9 months after purchase).

⁵ This additional research was not covered within the scope of this document as the length of time required to collect the required data was too great to be included.

Correlation



The Pearson correlation value for the relationship between overall NPS and LFL sales uplift is **0.197**

The scale runs from -1 to +1, with any positive number indicating that there is a positive relationship between the two variables (i.e. as one goes up, so does the other)

Looking at the 61 stores plotted the adjacent scatter graph, while there are a number of 'outliers' that do not follow this model precisely, the line of best fit shows a noticeable upward movement. This further illustrates the general relationship between overall NPS and LFL sales

Figure A11 - Pearson correlation of initial results

The NPS score produced for each location and the like for like sales growth in these locations are both numerical values that can be ranked and measured. Saunders & Lewis (2012, p.181) discusses that where the “strength of the relationship between two variables” for numerical data is to be correlated, the Pearson correlation coefficient is appropriate.

The Pearson correlation value for the relationship between "overall" NPS and Like for Like (LFL) sales uplift was 0.197. While this figure is very weak (and well below

the correlation of 0.484 achieved by the 2003 LSE study using industry data (Keiningham *et al.*, 2007b) it did show a positive correlation. Given the internal support for pushing the programme this very limited positive link may have been enough. However, a more compelling case was sought by further interrogating the data.

Looking at the 61 stores on the scatter graph, whilst there were several outliers that did not follow this model, the line of best fit showed a noticeable upward movement. This indicated the general relationship between NPS and LFL sales. To refine this preliminary analysis, sampling theory was used. By assuming that responses to the survey were random – i.e. not systematically biased towards one or other group of respondents (e.g. by socio-economic status – response rates can be associated with margins of error for descriptive statistics (such as means and standard deviations). For example, in round terms, a sample of 100 and a desired confidence level of 95% yields a margin of error of $\pm 10\%$, a sample of 400 yields $\pm 5\%$, and 1000 yields $\pm 3\%$ (the formula for relating sample size to the corresponding margin of error can be found in Saunders and Lewis (2012). Margins of error for each of the stores and areas were recorded in the Figure A2 in the column headed Confidence (Conf.).

When looking at margins of error, then it is typical in social and business research to accept $\pm 5\%$. The calculation was based on the data sample (Survey count $n=75883$).

Significance / margin of error

When looking at margins of error, we would typically look for a 'confidence' level of 5% or lower to demonstrate that any data is significant. The calculation is based on the data sample as a proportion of the overall customer population. In this case, we have used the total number of e-mails sent out as the overall population

When applying a 95% confidence interval, the figures in the columns labelled 'Conf' show the confidence levels for each of the Stores and Areas based on the above

For example, the 6.88% against Bristol demonstrates that we can be 95% confident that any findings for Bristol will be accurate to within +/- 6.88%

At an Area level, 7 of the 10 Areas have confidence levels below the 5% threshold, meaning findings at this level, for these 7 Areas will be slightly more significant

At a National level, the confidence level is 1.24%, meaning that we can have confidence in any national results – however, this is more relevant for the e-survey responses and findings

In summary, the findings at a store level are varied in terms of how much confidence we can have in them, but the vast majority have a margin of error below +/- 15% and over half have a margin of error below +/- 10%

The overall findings are therefore very useable but must be treated with caution when looking at certain individual stores...

LFL / NEW / LFL	Store Code	Name	Surveys Sent	Survey Count	Resp Rate	Conf
LFL	41	Bristol	2548	188	7.4%	6.88%
LFL	46	Enfield	2652	181	7.1%	7.02%
LFL	69	Glasgow	2312	163	7.1%	7.40%
LFL	91	Southampton	1745	144	8.3%	7.82%
LFL	59	Basildon	1789	144	8.0%	7.83%
LFL	61	Belfast	1949	138	7.1%	8.04%
LFL	60	Maldstone	1770	136	7.7%	8.08%
LFL	29	Sunderland	1280	123	9.6%	8.40%
LFL	63	Stevensage	1869	125	6.7%	8.47%
LFL	68	Tunbridge Wells	1956	117	11.1%	8.55%
LFL	28	Nottingham	1374	118	8.6%	8.62%
LFL	31	Northwich	1195	120	8.3%	8.65%
LFL	76	Vale of Glamour	1125	111	9.9%	8.83%
LFL	54	Paigley	1575	113	7.2%	8.89%
LFL	86	Spoke	1871	112	6.0%	8.89%
LFL	47	Piccolle	1318	110	8.3%	8.95%
LFL	8	Darley Dale	1030	107	10.4%	8.97%
LFL	72	Farnborough	1191	108	9.1%	9.09%
LFL	11	Droitwich	1109	106	9.6%	9.08%
LFL	32	Swindon	1109	106	9.6%	9.08%
LFL	49	Hove	1854	109	6.0%	9.18%
LFL	38	Milton Keynes	1888	108	6.4%	9.19%
LFL	30	Colchester	1446	106	7.3%	9.17%
LFL	95	Edinburgh	1467	105	7.2%	9.22%
LFL	15	Cannock	1255	102	8.1%	9.30%
LFL	3	Hull	334	96	10.2%	9.48%
LFL	25	Gainshead	1460	98	6.8%	9.59%
LFL	64	Watford	1312	96	7.3%	9.63%
LFL	43	Warrington	1467	96	6.5%	9.67%
LFL	45	Birmingham	1235	96	7.7%	9.69%
LFL	58	Romford	1630	96	5.9%	9.71%
LFL	18	B.S.E.	1088	93	8.6%	9.72%
LFL	34	Pewterborough	1386	94	6.8%	9.76%
LFL	13	Northampton	1236	92	7.4%	9.83%
LFL	74	Cambridge	1247	91	7.3%	9.86%
LFL	23	Aberdeen	1177	89	7.6%	10.00%
LFL	24	Coventry	981	87	8.9%	10.04%
LFL	57	Swansea	960	86	9.0%	10.04%
LFL	73	Evesham	1092	87	8.0%	10.08%
LFL	5	Vetherby	888	80	9.0%	10.46%
LFL	63	Bolton	1194	81	6.8%	10.52%
LFL	27	Darlington	1005	80	8.0%	10.52%
LFL	19	Manchester	1208	81	6.7%	10.52%
LFL	16	Hatfield	1207	79	6.5%	10.74%
LFL	60	Taunton	857	76	8.9%	10.82%
LFL	10	Messham	771	73	9.5%	10.82%
LFL	23	Oldham	1024	74	7.2%	10.86%
LFL	44	Leicester	1074	73	6.8%	11.08%
LFL	25	Plymouth	1144	73	6.4%	11.10%
LFL	26	Chesham	912	71	8.1%	11.21%
LFL	40	Reading	931	71	7.2%	11.21%
LFL	14	Shrewsbury	718	67	9.3%	11.41%
LFL	70	Cardiff	1003	68	6.7%	11.49%
LFL	20	Barnby	872	67	7.7%	11.51%
LFL	75	Derby	759	62	8.2%	13.19%
LFL	62	Berkton	1160	45	4.2%	13.71%
LFL	79	Inverness	575	37	6.4%	15.60%
LFL	17	King Lynn	666	33	5.0%	16.64%
LFL	9	Darley Dale DIN	238	26	10.9%	18.18%
LFL	6	Vetherby DIN	264	24	9.1%	19.10%
LFL	7	Carroll DIN	208	20	9.6%	20.88%

Area	Surveys Sent	Survey Count	Resp Rate	Conf
	13509	1085	7.9%	2.88%
	14720	1010	6.9%	2.98%
	9079	760	8.4%	3.40%
	9078	645	7.1%	3.72%
	8350	619	7.4%	3.79%
	6576	546	8.3%	4.02%
	7771	523	6.7%	4.14%
	4237	350	8.3%	5.02%
	2303	167	7.3%	7.30%
	710	70	9.9%	11.13%



Figure A12 - Margin of error (Area Manager names removed for confidentiality)

A 5% margin of error was applied as the threshold as an indicator of quality: 5% or lower being acceptable; above 5% unacceptable. Accordingly, at an area level (a group of stores reporting to the same Area Manager), 7 of the 10 areas had a margin of error below the 5% threshold, meaning it could be reasonably confident in the findings at this level for these 7. Likewise, at a National Level, with a margin of error of $\pm 1.24\%$. However, the trial data for stores varied greatly in terms of how much confidence could be held in them, although the vast majority had a margin of error below $\pm 15\%$ and over half had a margin of error below $\pm 10\%$. I used the 5% threshold to identify and remove outliers from the correlation analysis.

Of the 10 main outliers in terms of correlation, 6 had a margin of error of greater than 10% due to the small samples that were obtained during the trial period. This offered some explanation as to why they may not have followed the same general pattern.

Removing these from the database would have clearly improved the strength of correlation but would have potentially skewed the findings artificially.

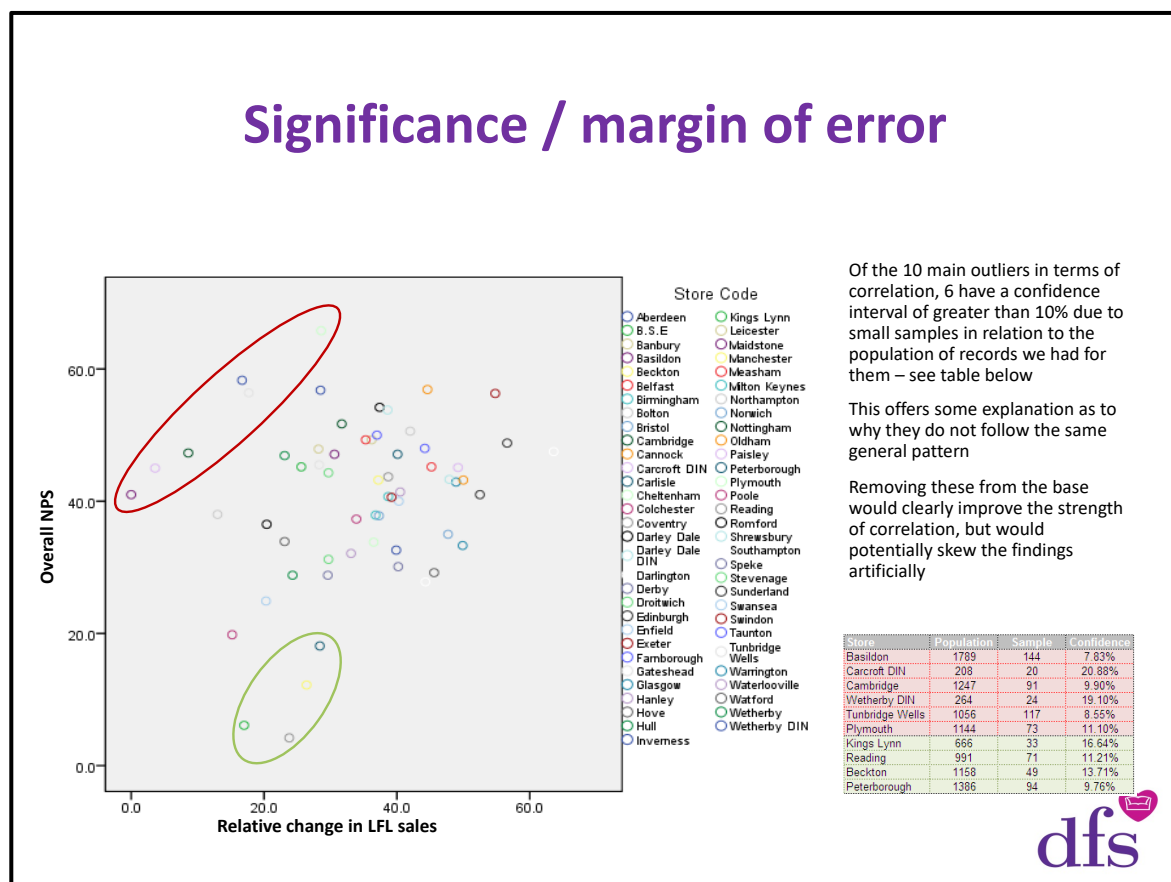


Figure A3 - Removal of outliers

At an initial view, the Area data appeared to show there was no clear link between overall NPS and LFL sales performance. However, when the 3 areas in which there is less confidence were removed, the relationship became more evident.

As the correlation, whilst positive, was low it would not be expected that these figures would match up exactly. However, it appeared that there was a drop-off in sales when NPS fell below 40. This would possibly have indicated that negative customer experience drove sales down more so than positive experiences lifted them up. In any case, it was a reasonable hypothesis that increasing NPS amongst those at the lower end of the scale would result in a performance uplift in LFL sales.

Significance / margin of error

Area	Surveys Sent	Survey Count	Resp Rate	Conf	Ave. Overall NPS	Average sales movement
	710	70	9.9%	11.13%	52.4%	-1.90%
	8350	619	7.4%	3.79%	48.1%	19.20%
	4237	350	8.3%	5.02%	45.7%	10.20%
	9078	645	7.1%	3.72%	44.6%	20.90%
	6576	546	8.3%	4.02%	44.1%	17.85%
	9079	760	8.4%	3.40%	43.6%	27.02%
	7771	523	6.7%	4.14%	40.8%	20.60%
	13509	1065	7.9%	2.88%	36.8%	8.92%
	14720	1010	6.9%	2.98%	32.1%	1.60%
	2303	167	7.3%	7.30%	16.7%	13.20%

First glance at the Area data would indicate that there is no clear link between overall NPS and LFL sales performance. However, when the 3 Areas in which we have less confidence are removed, the relationship becomes more evident

We have already seen that the correlation, whilst positive, is low, so would not expect these figures to match up exactly. It is clear though, that there is a drop off when overall NPS falls below 40%

This would seem to indicate that negative customer experiences drive sales down slightly more so than positive experiences drive them up. In any case, it is sensible to conclude that an uplift in overall NPS amongst those at the lower end of the scale would result in an uplift in LFL sales performance



Figure A13 - Area data on significance - Area Managers names removed for confidentiality

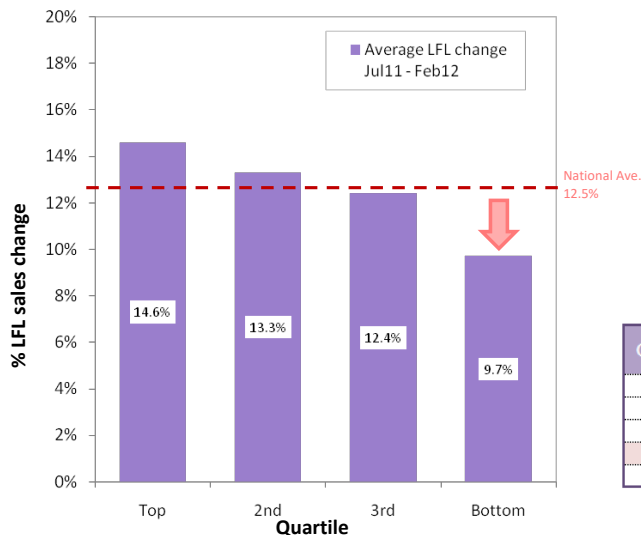
There was a correlation between overall NPS and sales, but confidence levels varied by individual store. Therefore, it is sensible to look at the data by NPS quartile. This increases the sample size per group and provides more meaningful and reliable findings). When looking at quartiles using the stores in Figure A3 there appeared to be a positive relationship between NPS quartile and sales uplift. (Figure A5 compares the top and bottom quartiles with the overall mean.)

When comparing the top NPS quartile with the rest of the sample these stores were 5.3% more likely to have seen an uplift in LFL sales. Looking purely at the top quartile compared to the bottom the difference was even greater at 7.5%.

The bottom NPS quartile was the only group of stores to show a significant dip below the overall average. The cut off for this group in terms of NPS was 33.33 and below. This reinforced the earlier view that low levels of customer scoring had a greater relationship with negative sales than high levels of satisfaction had with positive sales.

Quartile Analysis

There is a correlation between overall NPS and sales, but confidence levels vary by individual store, the most effective way to look at the data is by quartile (as it increases the sample size per group and will provide more reliable/meaningful findings)



Looking at the quartiles, based on ranking by overall NPS, it is clear that a link exists

The bottom quartile are the only group of stores to show a significant dip below the overall average - the cut off point in terms of overall NPS for this quartile was 33.33% and below

It seems that low levels of customer satisfaction (and thus NPS) negatively impact sales slightly more so than high levels of satisfaction positively impact them

Quartile	Ave. NPS	Ave. LFL change Jul11 - Feb12	Difference vs. Overall	NPS Range
Top	53.4%	14.6%	2.1%	47.9% - 65.8%
2nd	45.3%	13.3%	0.8%	43.2% - 47.5%
3rd	38.5%	12.4%	-0.1%	33.8% - 42.9%
Bottom	23.9%	9.7%	-2.8%	4.2% - 33.3%
Overall	40.5%	12.5%	0.0%	4.2% - 65.8%

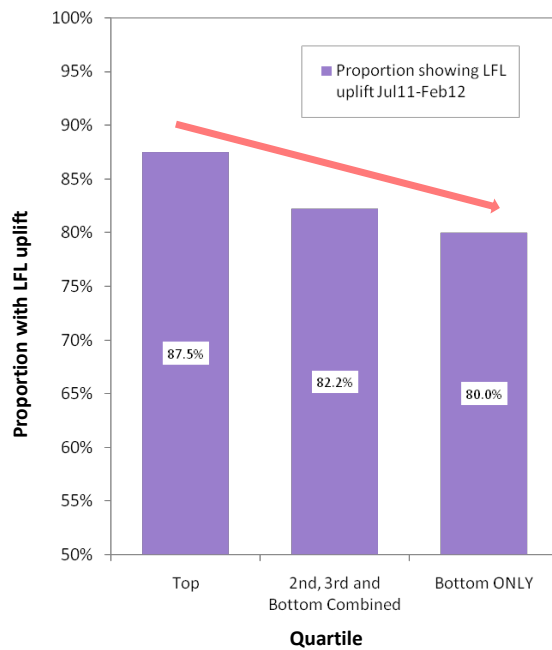


Figure A14 - NPS Quartiles and Lfl uplift

Figure A6 displays another way of looking at these quartiles, by examining the likelihood of a store showing improvement in LFL sales depending on which NPS quartile the store appeared in. The fact there is a difference and it scaled down in this way further suggested a link between NPS and LFL sales performance.

At the end of the trial stage, the quartile data and findings appeared to be the most compelling evidence of a positive link between NPS and sales, being more

Quartile Analysis



A final way to look at this through the quartiles is to examine the likelihood of a store showing improvement in LFL sales depending upon which NPS quartile it appears in

When comparing the top quartile with the rest of the sample, these stores are 5.3% more likely to have seen an uplift in LFL sales

Looking purely at the top quartile vs. the bottom, the difference is even greater at 7.5%

The fact there is a difference, and that it scales down in this way, is a further indication of the link between overall NPS and LFL sales performance

The quartile data and findings are arguably the most compelling at this stage, as they will be more robust than the individual Store or Area data while being more meaningful than just the overall national correlation figure



Figure A15 - likelihood of a store showing improvement in Like for Like sales depending on NPS quartile

robust than individual store or area data while showing more meaning than the national coefficient.

In order to improve the robustness of the data and to bring each store location to the 5% threshold, Figure A7 showed the increase in number of sent emails that would have been required in order to achieve the desired results. A 300% increase in the size of the sample would have achieved the required outcome assuming the same percentage of respondents were to complete the questionnaire.

Sampling

The sample could clearly be more robust. In order to bring each store down to around the 5% confidence level, the below tables show the approximate number of e-mails we would have needed to send out over the same 8 month period*

Overall, this represents a 300% increase .

We would like to increase our sampling in order to ensure results are consistently robust at individual store level.

Store	Surveys Sent	Survey Received	Response Rate	Conf	Sample for Sig	Target send
Bristol	2548	188	7.4%	6.9%	334	4527
Enfield	2552	181	7.1%	7.0%	334	4709
Glasgow	2312	163	7.1%	7.4%	326	4624
Southampton	1745	144	8.3%	7.8%	315	3817
Basildon	1789	144	8.0%	7.8%	316	3926
Belfast	1948	138	7.1%	8.0%	321	4531
Maidstone	1770	136	7.7%	8.1%	316	4113
Sunderland	1280	123	9.6%	8.4%	296	3080
Stevenage	1868	125	6.7%	8.5%	319	4767
Tunbridge Wells	1056	117	11.1%	8.6%	282	2545
Nottingham	1374	116	8.6%	8.6%	300	3493
Norwich	1915	120	6.3%	8.7%	320	5107
Waterlooville	1125	111	9.9%	8.8%	287	2909
Paisley	1575	113	7.2%	8.9%	309	4307
Speke	1671	113	6.8%	8.9%	313	4629
Poole	1318	110	8.3%	9.0%	298	3571
Darley Dale	1030	107	10.4%	9.0%	280	2695
Farnborough	1191	108	9.1%	9.0%	291	3209
Droitwich	1109	106	9.6%	9.1%	286	2992
Swindon	1109	106	9.6%	9.1%	286	2992
Hove	1594	109	6.8%	9.1%	310	4533
Milton Keynes	1688	108	6.4%	9.1%	313	4892
Colchester	1446	106	7.3%	9.2%	304	4147
Edinburgh	1467	105	7.2%	9.2%	305	4261
Cannock	1255	102	8.1%	9.3%	294	3617
Hull	934	96	10.3%	9.5%	272	2646
Gateshead	1460	99	6.8%	9.5%	304	4483
Watford	1312	96	7.3%	9.6%	297	4059
Warrington	1467	96	6.5%	9.7%	305	4661
Birmingham	1326	95	7.2%	9.7%	298	4159
Romford	1630	96	5.9%	9.7%	311	5281
B.S.E	1085	93	8.6%	9.7%	284	3313
Peterborough	1386	94	6.8%	9.8%	301	4438
Northampton	1235	92	7.4%	9.8%	293	3933
Cambridge	1247	91	7.3%	9.9%	294	4029

* Based on the response rates we have seen by store over this period

Store	Surveys Sent	Survey Received	Response Rate	Conf	Sample for Sig	Target send
Aberdeen	1201	89	7.4%	10.0%	291	3927
Coventry	981	87	8.9%	10.0%	276	3112
Swansea	1600	90	5.6%	10.0%	310	5511
Exeter	1092	87	8.0%	10.1%	284	3565
Wetherby	888	80	9.0%	10.5%	268	2975
Bolton	1194	81	6.8%	10.5%	291	4290
Darlington	1005	80	8.0%	10.5%	278	3492
Manchester	1208	81	6.7%	10.5%	292	4355
Hanley	1207	78	6.5%	10.7%	292	4519
Taunton	857	75	8.8%	10.8%	265	3028
Measham	771	73	9.5%	10.9%	257	2714
Oldham	1024	74	7.2%	11.0%	280	3875
Leicester	1074	73	6.8%	11.1%	283	4184
Plymouth	1144	73	6.4%	11.1%	288	4513
Cheltenham	812	71	8.7%	11.1%	261	2985
Reading	991	71	7.2%	11.2%	277	3866
Shrewsbury	718	67	9.3%	11.4%	250	2679
Carlisle	1009	68	6.7%	11.5%	278	4125
Banbury	872	67	7.7%	11.5%	267	3475
Derby	759	52	6.9%	13.1%	255	3722
Beckton	1158	49	4.2%	13.7%	289	6830
Inverness	575	37	6.4%	15.6%	231	3590
Kings Lynn	666	33	5.0%	16.6%	244	4924
Darley Dale DIN	238	26	10.9%	18.2%	147	1346
Wetherby DIN	264	24	9.1%	19.1%	157	1727
Carcroft DIN	208	20	9.6%	20.9%	135	1404



Figure A16 - change needed in sample size from trial

This increase in the number of surveys was something that was made possible by the unique business model which captures all the details of all customers. This business model minimises the challenge of non-responses as there are definitive contact details for all customers. The anticipated ability to increase the number of returns meant that areas discussed by Groves *et al.* (1992) such as payments to respondents and timings of surveys needed not to be looked at initially.

Conclusion

The evidence of the pilot study was therefore that there appeared to be a link between NPS and Sales at some level. This level was certainly above the threshold required internally to justify both the continuation of the programme and further study. In order to investigate the hypothesised link more conclusively, a considerable increase in survey data was required. It was also accepted that the surveys would also need to be conducted over a much longer period than the initial pilot in order to show the correct temporal precedence and link to actual results.

As described in the opening to this appendix the methodology and statistical analysis used within these early trials were merely of the standard required to reach the benchmark of convincing management that more study was valid. This work achieved this goal allowing the programme to progress as described in the main thesis.

References

Fiserova, J. et al. (2017) *What drives customer propensity to recommend a brand?* British Academy of Management Annual Conference, September 5-7, 2017, University of Warwick, Warwick, UK.

Fiserova, J. et al. (2018) *The Effect of The Net Promoter Score on Sales: A Study of a Retail Firm Using Customer and Store-Level Data*, British Academy of Management Annual Conference, September 4-6, 2018, University of the West of England, Bristol, UK.

Foddy, W. (1994) *Constructing questions for interviews and questionnaires: theory and practice in social research*. Cambridge, Cambridge University Press, UK.

Groves, R. M., Cialdini, R. B. and Couper, M. P. (1992) *American Association for Public Opinion Research Understanding the Decision to Participate in a Survey*, The Public Opinion Quarterly, 56(4), pp. 475–495

Keiningham, T. L. et al. (2007) *A holistic examination of Net Promoter*, Journal of Marketing, 15(2), pp. 79–90.

Saunders, M. and Lewis, P. (2012) *Research Methods for Business Students*. 6th Edition, London, Prentice Hall, UK

Appendix 3 – Practitioner Model in Lookers plc

Lookers plc is one of the largest listed automotive retailers in the UK, operating over one hundred sites representing more than thirty vehicle manufacturers. The sites trade under the name of the manufacturer (e.g., Mercedes, BMW, Jaguar) and all employees and products relate to that brand only. Between 2016 and 2018 Lookers implemented a programme to improve customer experience, following the model defined within DFS.

This document discusses each stage of that model and the implementation in Lookers plc. Data is sourced from all outputs of the NPS system and the relevant governance packs and meeting minutes utilising in the running of the company. The cultural web utilised in Lookers is not reproduced in full due to internal corporate confidentiality rules.

This appendix aids the external validity of the main study, supporting key elements of its findings, but does not form part of that case. It follows each stage of the practitioner model produced in the main thesis (Figure 9).

Stage 1: Establishing reasons, culture, and mapping

Cross (2016) describes how simply undertaking the process of decision making can lead to strategic advantages for companies. He further explains that having a clear strategy and then empowering employees so that they can use devolved power to action that strategy is a highly effective way of creating organisational success.

Collinson Grant (2016) describe how organisations usually decide to devolve power at a point in the development of a company that it is maturing, citing how the Ford motor company developed as a large organisation with central control before devolving. Lookers planned a move in the opposite direction. Due to growing through acquisition the company was closer to independent than devolved in many cases.

The company wished to create a clear, focused agenda that everyone within the group could connect with. This could drive engagement, and the belief within senior management was that this would translate to an improvement in performance. The core growth of the business would continue to come from the further acquisition of other businesses and, therefore, the change agenda was focused around optimising the core existing estate.

Following a meeting of management, the conclusion was that in a franchised business model there was limited scope for differentiation. Each operating company of a brand was able to sell the same product, so product differentiation was therefore not possible. Prices of cars are broadly determined by the market with supply and demand very clearly visible to the public through media outlets such as *Auto Trader* and the *What Car Target Price*. It is therefore extremely difficult to stand out on price. Physical premises and location are also not possible to use as a way of standing out, as the design of sites is largely determined by the vehicle manufacturer and the location is set by the franchise deals that are sold. It is simply not possible for competing dealers of the same brand to be located near to each other. The conclusion of the management team was that the only point of possible differentiation was that of customer service. This meeting effectively completed stage

1 of the outlined model with a compelling business reason for change and improvement established along with a clear strategic focus.

The required improvements in customer service, satisfaction and loyalty would benefit the company in two ways. There is assumed to be, firstly, a link between this improved satisfaction and sales growth thus delivering organic improvement within the business. An additional and significant benefit is expected due to the franchised nature of the business model. New sites for branded manufacturers are very rare due to the mature nature of the UK market. Growth therefore is largely driven by acquisition. Although the sale of one business to another is a private matter between vendor and seller, it is important to know that the brand involved will support an extension to the franchise when it next comes due for renewal. To all intents, the franchisor effectively, therefore, has the right of veto over any acquisition-led growth. A key factor in the decision-making process of manufacturers to support acquisitions is the treatment of what they see as 'their' customers. This creates another key reason why improving customer service would be crucial. The organisation involved at the time of decision making had a customer service score on the Trust Pilot review site of <1/10.

Stage 2: Determine measurement and where to measure

Stage 2 of the practitioner model involved selecting the measure of customer satisfaction and loyalty to be used. As many manufacturers operate their own customer surveys incorporating NPS (albeit in a way far less robust than those within the core thesis), there was a rudimentary understanding of the measure within the group. Having discussions with senior management to establish their preference for

a measure led to a clear view that NPS was a sensible choice. A simple satisfaction measure was considered as were measures of 'friction'. The face validity of NPS was its main strength as was the fact that the results could be empowering to front line teams.

In order to demonstrate significant differences over the competition, the management team wanted a measure that could be compared to other industries within the UK to highlight the performance of the group. Taking all these factors into account and seeing the similarities to DFS - in terms of being a considered purchase of high value - the decision was taken to implement an NPS based system.

Stage 3: Create "always on" measurement

Having acknowledged that changing the culture by integrating NPS would require a slightly different approach to that taken in DFS, the next stage was to create a robust measurement system. This system needed to take the learnings from DFS in terms of sampling and delivery but (i) fit the correct stages of the customer journey for the automotive market and, recognising the differences in brands, it also needed to (ii) recognise the multiple levels of the organisation that would engage with the data and the roles managers would play as both leaders and followers.

Each manufacturer had its own scorecard that was used for measuring satisfaction. These use a multitude of satisfaction measures and are delivered to customers using random sampling and batch loading. The questions on satisfaction are also staged at various points within the survey, often containing preceding questions that would likely influence the satisfaction score. They are certainly not comparable across

brands and could be heavily challenged on their validity.

These surveys often formed part of the financial arrangement within the franchise agreement and, therefore, there was incentive for sites to undertake elements of the “gaming” techniques described in the main thesis to deliver profit targets. Clearly, if these gaming elements were controlled and managed out within one company but not to the same extent in others within the same brand, the company would suddenly and dramatically appear as if it was delivering a sub-standard customer experience. This may have had implications for financial payments and for future growth prospects through acquisition.

Initial conversations were held with providers to help them tighten the rules and processes so that a level playing field could be created within a new data set. This was met with varying degrees of resistance or apathy, primarily because the UK operating companies of the vehicle manufacturers were in some cases monitored and potentially rewarded by their overseas parent for hitting the same targets using the same metrics. There was therefore no appetite to deliver a more solid data set but almost certainly a lower score.

If the company therefore wished to generate robust a meaningful NPS it needed to be delivered in a way that did not impact or interfere with the existing manufacturer surveys. The delivery system would also need to be compliant with the General Data Protection Regulation implemented in May 2018 giving considerably more protection to consumers as to how their data was used.

The company wished to create data that was comparable across brands and so would need to be consistent in its approach while interacting with 32 different manufacturer customer service survey programmes.

Mapping the customer journey gave rise to remarkably similar customer touchpoints to the DFS surveys. Car buying includes a point of purchase that does not involve taking away a product; effectively this would be a “post-purchase” survey. It was decided to enhance the DFS post-purchase survey with two additional surveys that were available only because of the operating model of car dealerships. Unlike in the sale of sofas, or indeed almost all general goods, car dealerships will in all cases capture the details of customers before engaging in conversation around vehicles. This lead capture means that the details of customers who don’t buy is known in addition to those that do. Having these details enables a comprehensive survey for non-buyers as well as buyers. These could then be largely sorted into two distinct categories, those who enquire then take no further action at all; and those who reached the stage of a test drive and then fail to purchase. These surveys could be reported on separately or combined to provide a comprehensive voice of the customer at purchase stage for those people who both did and did not buy.

While a sofa is almost always delivered, a car is a mixture of delivered and collected. However, in all cases there is a handover process. This formed the next element of the survey process. Vehicles being repaired or serviced would receive a survey too in a similar fashion to DFS to bring insight to that area of the business. In order to replicate the model, there then needed to be an “Established Customer” survey. While this was essential it was not clear where to set the point of survey.

For sofas, it was demonstrably reasonable to assume that 6 months had given enough time to use the product, and data from complaints had led to the conclusion that issues would be resolved by that point. A vehicle performs considerably differently across the year and, therefore, it is unlikely that a customer could make a complete judgement until a full year had passed. Internal evidence also suggested that many customer queries surfaced at the first service for the car, which may be up to two years beyond the point of purchase. Salespeople also routinely talked to customers around two years into ownership to establish if the customer was considering changing the vehicle, particularly due to the rise of Personal Contract Purchase (PCP) ownership. Anecdotal feedback was that customers felt this was a good time to be having a conversation, even if there was no desire to change. This led to a view that an established customer survey at around two years of ownership would be correct for the car industry. There was an understanding that this length of time from purchase would most likely lead to a lower response rate, but it was felt that enough lessons had been learned in the DFS implementation to mitigate this. In terms of setting the exact trigger point, it was important to acknowledge that many new vehicles have 2-year servicing points, and this would trigger the post-service survey that had already been agreed. Should a customer receive 2 surveys immediately it was unlikely they would complete both and may be confused about the reasoning for two. As the DFS experience had shown no major issues with surveying at purchase and delivery which were generally eight weeks apart, it was felt creating a gap of eight weeks would solve this concern. This led to a positioning of the “established customer” survey at 22 months post-purchase.

Having now established the points of the survey, the focus turned to the

questionnaires and the delivery system. Given the robust development of the DFS questionnaires, many elements were lifted directly. This included the formatting and structure of the NPS questions and the regulatory type questions due to the companies being subject to the same regulatory regime. Questions that did not translate were replaced with ones constructed using the same process as in the former company. Multiple departments suggested their requirements, and this built a full survey subject to the philosophical rules defined earlier: i.e., no question should ask anything the company already knew the answer to; and the questionnaire should not take longer than five minutes to complete from start to finish.

A tender process was conducted amongst key suppliers of survey systems. This was independently conducted by the procurement team. While the key criteria of having ISO27001, being able to tailor surveys, etc., led to a relatively small field, it was surprising that the winning provider was the same one used by DFS. Given the increased volume of surveys generated by Lookers vs DFS several of the larger survey companies were involved in the tender. The vendor won the work not due to their historic links with the authors work but due to their existing assignments within the automotive industry. This satisfied the management team that they had enhanced understanding of the brand differentials and, crucially, in many cases, first-hand experience of the manufacturer IT systems they would need to integrate with in order to seamlessly generate the surveys.

Sequencing of the surveys in order to maximise response rate, ensure valid responses and not interfere with the manufacturer surveys would be critical. The Irish division of the group operated the vast majority of the company's manufacturer

partners but generally only with a site for each and, crucially, in a comparatively small-scale market. This enabled a trial to be conducted in Ireland building linkages to all the manufacturer systems and optimising the timing of the surveys. An unexpected advantage of the new system was that the dealership effectively received an “Early warning” of how the customer may score any manufacturer survey. This allowed those customers who had received a poor experience to have the issue rectified and those who had received a good experience to be encouraged to complete the manufacturer survey. This enhanced not only the actual customer experience but also the one being perceived by the manufacturer, which had potentially positive customer and business impact.

Stage 4: Build feedback system

Following Stage 4 of the model required a sensible feedback system to be created. Lookers focused on the need for people to be leaders and followers and while dashboards were constructed that compared like with like (this had benefits for the most senior management in the organisation) it was clear that localised information would be required for the leaders in each separate brand. Accordingly, a system was developed that could easily filter between brand specific or total group feedback and reporting dashboards. Comparisons could be made brand by brand, or with groups of brands. In a similar way to how managers were empowered by the nature of NPS to focus on Promoters or Detractors as they wished, they were now empowered to focus within brand, as a brand collective, or on a competitive view with the rest of the group. The steer from the top of the organisation was simply to move the numbers forward on an ongoing basis.

Stage 5: Build training programme

Stage 5 of the model was therefore not going to take the same approach as DFS with an overarching training programme such as REACH. In many cases, the manufacturers had their own values-based programmes that would have simply caused a clash with anything created at Group level. The Irish business, being multi-brand, was able to build a version of this and did deploy it in a model almost identically to that seen in DFS. Otherwise, for each brand, the leadership team within that brand looked to integrate NPS into the training programmes and internal communications that they already had in place. They then looked to enhance each of those programmes based on the insights coming from the NPS data sets.

Further highlighting the focus on leadership and followership the cascade of communication was controlled by each branded division. Brand management and local management were able to hold their own communication events showcasing their thoughts and taking the views of their employees. This contrasts sharply to the centralised and controlled style within DFS at the start of its' journey. Key take outs from each of these events were communicated back to the centre for incorporation as appropriate into group initiatives and communications.

Within the practitioner model (Figure 9), the next stage should be to create the link into performance between NPS and sales. The system within Lookers has been created in order to allow this to be calculated in the same way as within DFS. Given the time required in order to collect the necessary data to complete this step, this should be as far as has been achieved within Lookers. However, the confidence from management in the robustness of the process led to the request to progress

with the remainder of the model without the need to complete this element. This confidence came from the face validity of NPS itself and senior management seeing the statistical work published as part of Fiserova (2018) based on the same methodology. This was also supported by the company being highlighted in Newman and McDonald (2018). This recognised several elements introduced as part of the NPS programme as making Lookers stand out. Newman and McDonald (2018) highlight the survey sent since purchase to both thank the customer and gauge feedback as the actions of a company focused on lifetime value. Interestingly, they point out that due to the survey they are far more likely to tell friends, family and colleagues about how great the company is. This is key, because a separate researcher was supporting the view that the NPS question is not just a proxy for loyalty but does lead to word-of-mouth advertising. Also, they add the word “family”, which is retained in the Lookers survey as a positive benefit discovered in the DFS work but not a specific part of NPS questioning.

Stage 6: Map customer data to business results

Clearly stage 6 of this model is crucial to justify the ongoing and sustained focus of an NPS based culture. However, the Lookers example shows that this stage can be implemented at other points within the model providing management support is strong and there is a fervent belief that this part is eventually likely to occur.

Stage 7: Link to remuneration

Stage 7 was the link to pay. By the time pay was introduced as an element of the NPS programme in DFS there was a link to performance, the measurement system was mature, and employees had accepted that the process was robust. Any initial

problems that caused employees to create appeals of the data had been removed before pay was introduced.

The belief within senior management at Lookers was that linking to pay would speed up the process of cultural integration of customer service. The cultural web had been used in Lookers, and management felt that integrating NPS into pay would cut across power structures, symbols, and control systems. It was also believed it would create more “stories” if used within pay.

Unlike at DFS, and again in respect of the devolved nature of the Lookers business, the central management team outlined a set of guidelines, including that the NPS measurement must be an integral part of pay schemes. The central rules also mandated a minimum level of pay that must be controlled by NPS and mandated that the independent system must be used not in any way connected to a manufacturer. Beyond this, however, the decision process and the final architecture of the scheme was entirely up to the management of the branded entity.

[Stage 8: Integrate into marketing](#)

Stage 8 was the opportunity to use the comprehensive measurement and capture of NPS (or indeed any other measure of satisfaction and loyalty) to generate referrals within social media. As there had been no historic strategy in place to manage Lookers’ reviews outside of its own website or on automotive only platforms (such as Auto Trader) the company’s reputation looked unfairly poor if assessed by a general Google search. Rating sites that were highly ranked by Google (such as Trust Pilot or Feefo) contained low levels of reviews and were usually from disappointed

customers. In several cases, these were those who had exhausted the internal customer service options and had still received an unsatisfactory outcome. This meant that the company showed a score of 0.8 out of 10 at the start of 2018. Although this was based on a very small number of reviews, it is possible that customers would be put off by this. As seen in Martin and Lueg (2011), customers who had received an actual recommendation may have sought out corroboration of this point. A Google search of Lookers would have the opposite effect and dilute the impact of the recommendation even though it had come from a trusted source.

Following learnings in DFS an adapted version was utilised for Lookers. The handover survey was linked to Trust Pilot. Customers were still freely able to find their own way to Trust Pilot and post independently as well. At the end of the survey a customer would see the answers they had given reproduced in a format that would suit a Trust Pilot post. The original survey was locked at this point and the responses captured so the data used within the company for research is unaffected by anything that may be changed. The customer was also offered the chance to enter a prize draw by clicking to post the score to the Trust Pilot site and onto the internet. Consistent with the behaviour that had been seen in DFS around customers' reaction to the possibility of a prize, customers' behaviour was influenced by this opportunity. Those customers who had provided a positive score would generally press the button and allow the score through. Those who had given average to poor scores sometimes rephrased their responses to be more positive than they had originally given. This resulted in the scores being passed to the internet being slightly higher than those seen internally, even though the source customers were the same.

Any risk of this creating a false or unfair positive view of the company was mitigated by an unintended consequence at the internet end of the process. As the number of responses grew, the relevant Trust Pilot page became more prevalent in the Google rankings. This meant that customers searching for the company's reviews found the site more often than the myriad of smaller sites that they previously may have viewed. While some positive reviews were organically received because of this, generally it acted as a pull for any negative review that previously may have been on the internet but not in one place. The net result of these factors was a score at December 2018 of >8.0/10; a considerable improvement over the start of the year. This score was lower than the internal one. This was because more complainants went direct to the web than it is possible to mitigate by linking surveys. However, the two results are broadly similar. This area would provide scope for further study in the future, discovering if it is possible to get the online reviews to follow the pattern of the more robust internal work.

A version of this stage was adapted to link internal employee reviews through to the internet website Glassdoor. Glassdoor acts as an external employee review site and, by creating this managed link, Lookers appeared in the Glassdoor most influential companies to work for in both 2017 and 2018. Working for an influential company became a self-fulfilling prophecy, as it became a feature of verbatim comments in the 2018 *Sunday Times Best Companies* survey. With a story that many in the company were telling, this linked back to the cultural web, becoming part of the culture and resulting in Lookers being in the *Sunday Times* Top 25 Big Companies to work for in both 2018 and 2019.

Summary of Lookers Case

The process followed in Lookers saw the practitioner model followed as part of a planned change. This resulted in the “Net Promoter System” being implemented in a much quicker manner than had been seen in DFS where the model originated.

This saw NPS impact several areas of the cultural web. It did not however, enter all elements of the web in the way that had been seen at DFS. This supports the conceptual model (Thesis Figure 1) in that the planned change and NPS itself can enter the culture. Maximum change of the cultural web is achieved with the interaction of leaders and followers and crucially, emergent change.

In Lookers, this emergent change was not monitored, or nurtured. There was explicit monitoring of the actions of leaders and followers but not a focus on integrating their local actions into the wider company.

It is possible that more elements of culture may be impacted by NPS simply being in the company for a longer period. The time to conduct that analysis is out of scope of this thesis. The work in Lookers does however appear to support the practitioner model (Figure 9) as a way of introducing NPS and the wider conceptual model (Figure 1) as a way of managing NPS driven cultural change.

References

Collinson Grant (2016) Managing Organisational Design. London: Collinson Grant.

Cross, S. (2016) First and Fast. Outpace Your Competitors, Lead Your Markets, and Accelerate Growth. New York: Business Expert Press.

Newman, M. and McDonald, M. (2018) 100 Practical Ways to Improve Customer Experience. London: Kogan Page Publishers.

Appendix 4 - What drives customer propensity to recommend a brand?

What drives customer propensity to recommend a brand?

Jana Fiserova¹, Geoff Pugh¹, Andrew Stephenson^{1,2}, Chris Dimos¹

¹ Staffordshire University

² Lookers plc

Abstract

This paper investigates the drivers of customer propensity to recommend a brand. DFS, a leading UK retailer, has provided Staffordshire University with access to its large data set of responses to customer satisfaction surveys. We use the Net Promoter Score methodology to differentiate between different levels of customer loyalty (i.e. “detractors”, “passive” and “promoters”). We then use a logistic regression model to determine what influences the likelihood of a customer becoming a “promoter”. We use factor analysis to reduce the large number of survey questions to a manageable number of explanatory variables. The most important factors identified are (i) satisfaction with product quality, (ii) satisfaction with the sales experience and (iii) the ability of the company to exceed customers’ expectations. We find that the law of diminishing returns applies; i.e., when average satisfaction is already high, management should expect lower returns on investment in additional improvements. In addition, we find that satisfaction is a better predictor of true loyalty than previous purchase.

Introduction

This paper reports on a collaboration between Staffordshire University and DFS⁶ on a project, which bridges the gap between industry and academia. This project came to be because of the need for businesses to have access to sophisticated analytical tools so that they can make well-informed strategic decisions. In this article, econometric findings are interpreted in a business context. We use the large dataset collected from DFS customers to determine what drives customer propensity to recommend the brand so that management can strategically invest in improvement of the key areas that drive word-of-mouth advertising. This paper therefore aims to determine not only what makes customers recommend a brand but also how businesses can increase the chances of that happening.

Literature review

A review of existing literature on customer loyalty shows that there are many perspectives and even definitions. For instance, some studies argue that customer loyalty is a conscious behavioural response resulting from a decision-making process (Jacoby and Keyner, 1973; Huang and Yu, 1999; Kotler and Keller, 2006). On the other hand, other studies argue that consumers act through emotions and unconscious habits (Campbell, 1991; Solomon et al., 2006). Yet, irrespective of the reasons for loyalty, or even definition of loyalty, there seems to be a consensus in the literature that there are degrees or levels of loyalty.

Rowley (2005) separated customers according to the level of their loyalty into four categories: *captive*, *convenience seekers*, *contended*, and *committed*. In this classification, the “committed” customer barely considers other brands and is often prepared to add value to the brand through

⁶ DFS Furniture plc is the UK leading retailer of upholstered furniture.

participating in unprompted customer-to-customer recommendation. In other words, customers in this category will often engage in positive word-of-mouth exchanges. Jones et al. (1995) classified customers according to their loyalty *and* their satisfaction into four categories: *defectors*, *hostages*, *mercenaries* and *apostles*. Here, defectors and hostages are customers with low levels of satisfaction while hostages and apostles have high levels of loyalty.

Customers classified as “captive” by Rowley (2005) or “hostages” by Jones et al. (1995) are loyal because they *have to* be, not because they *want to* be. These customers will remain loyal even if their satisfaction is low, because they have no choice but to buy the product or service. We must therefore differentiate between spurious loyalty and true loyalty (Dick and Basu, 1994). True loyalty is much more than just repeat purchases as these can result from inertia, indifference or exit barriers (Wu, 2011). Customers with low satisfaction, however, are unlikely to recommend a brand even if they are loyal/regular customers. (Who would recommend to their friends and colleagues a company with which they are not satisfied?) Therefore, willingness to recommend is a better proxy for loyalty than repeat purchases, because it represents *true* loyalty.

While satisfaction has remained central to the understanding of customer loyalty, the literature has identified other contributory influences: in particular: quality and price (Oliver, 1999); perceived value and trust (Lin and Wang, 2006); and the positive influence of both interactions and the image of the brand (Boohene and Agyapng, 2011; Wong and Zhou, 2006; and Moghtar et al., 2000). Further, Dick and Basu (1994) and Szwarc (2005) suggest that satisfaction reaches a threshold level at which point loyalty suddenly increases, which supports the discrete categorisation of loyal customers (Jones et al., 1995; Rowley, 2005).

It is apparent from the literature that businesses should aim to achieve the highest level of satisfaction and loyalty from their customers. The most “committed” customers are the ones most likely to engage in active promotion of the brand by providing unprompted recommendations, which constitute word-of-mouth advertising, the holy grail of marketing (Reichheld, 2003; Rowley, 2005; Grisaffe, 2007). Word-of-mouth advertising can prove to be particularly effective, because it provides an important link to customers’ social networks and is likely to be received as credible (Shoemaker and Lewis, 1999).

Organisations have long invested in customer loyalty and satisfaction measurement to enable them to manage customer satisfaction and loyalty. However, these concepts are hard to measure, with the corollary that many of the models designed to manage customer satisfaction and loyalty are so different from one another that managers find it difficult to decide which one to use (Oliver, 1999). However, over the past decade or so, one measure has gained popularity with management in many industries. The Net Promoter Score (NPS) (Reichheld, 2003) is very simple to calculate, has face validity and an intuitive appeal to managers and other stakeholders (Brandt, 2007). Moreover, it is a comparable metric, seen as useful to investors, which companies can include in their reports.

Similar to Rowley’s (2005) “four Cs”, Reichheld (2003) classifies customers into *detractors*, *passives* and *promoters* based on their response to the question: ‘How likely is it that you would recommend [brand] to a friend or colleague?’ Customers are asked to record their answer on a scale from 0 to 10, with 0 representing ‘not likely at all’ and 10 being ‘extremely likely’. Those who select 0-6 are classed as *detractors*, *passives* are those who select 7 or 8, and *promoters* select either of the top two scale points, 9 or 10. The Net Promoter Score is then determined by subtracting the proportion of detractors from the proportion of promoters.

Given the underlying question from which the score is derived, the NPS methodology relies on the notion that customer propensity to recommend is an indicator of loyalty. Indeed, given the findings of Dick and Basu (1994) and Jones et al. (1995), it can be argued that a customer's propensity to recommend a brand is a proxy for *true* loyalty. Accordingly, Reichheld's (2003) "promoters" are those who are most likely to recommend a brand to their friends or colleagues; i.e. they are willing to put their reputation on the line and thus can be considered as truly loyal customers.

Reichheld's (2003) work on NPS was inspired by Enterprise Rent-A-Car who simplified their efforts in measuring customer loyalty by asking only two questions: one to assess the quality of the rental experience; and one to determine whether the customer would rent from Enterprise again. This information was used to rank the relative performance of branches in the United States. The simplicity enabled almost real-time feedback on how they were doing; information which was valuable to both the company management as well as individual branches.

Methodology and Data

Methodology, hypotheses and research questions

Although multiple-item paradigms have been described as having better reliability because they capture more information (Churchill, 1979; Baumgartner and Homburg, 1996), the current literature seems to support NPS as a single item measure from a methodological perspective, though a single item measure may require large samples to be valid (Pignitore et al., 2007; Pollack and Alexandrov, 2013). However, while using a single question to *measure* customer loyalty may be appropriate, to be able to *manage* it, a business needs information about what drives its customers to make the decision to recommend.

Drawing on the literature reviewed above, we assume that (i) customer loyalty is a conscious decision, (ii) the customer's propensity to recommend is a proxy for true loyalty, and (iii) customer satisfaction is related to customer loyalty. These assumptions suggest the following two hypotheses.

1. Our first hypothesis is that customer true loyalty (represented by unprompted recommendation) is a positive function of customer satisfaction.
2. Repeat purchase may not necessarily indicate true loyalty but can lead to spurious loyalty. Therefore, our second hypothesis is that customer satisfaction is a better predictor of customer true loyalty than repeat purchase.

Although our hypotheses are derived from theory, they are of limited use to practitioners. Only by knowing how to influence customer loyalty can a business gain more loyal customers, and knowing where one branch is in relation to another is useful only if the branch knows what it can do to improve its position. Literature on loyalty and NPS is not yet sufficiently developed to provide a rich and unified theory capable of informing more specific hypotheses to help industry manage customer loyalty by identifying specific dimensions of customer satisfaction. Understanding such dimensions would enable the company to better use resources and predict operational challenges sooner than is currently possible. Accordingly, to get closer to business practice, we set the following research questions to guide our investigation.

1. What are the dimensions of customer satisfaction most likely to increase the likelihood of a customer becoming a promoter (i.e. becoming truly loyal) and how much do they matter?
2. How can the chances of a customer becoming a promoter be increased?

Pursuing these questions makes this research partly exploratory. Accordingly, we provide evidence from the retail upholstery market that may contribute to the development of theory on customer loyalty. DFS is a leader in every category⁷ and every channel⁸ of the upholstery market, so our findings can be generalised to this sector with confidence. However, more evidence is needed from other industries or even other parts of retail to develop a grounded theory that would underpin research on customer loyalty.

Sampling and data

In line with DFS practice, we use the NPS methodology to define promoters, i.e. customers who selected 9 or 10 on a 0-10 scale in response to the question: ‘How likely are you to recommend DFS to your friends, family and colleagues.’⁹ DFS sends a satisfaction survey to every customer at the points of (i) purchase, (ii) delivery and (iii) 6 months later. The surveys include questions on customer satisfaction with and evaluation of several aspects of (i) the *purchase* process, such as establishing customer needs, provision of advice and reassurance, and conclusion of the sale, (ii) the *delivery* of the product, such as arrangement of the delivery, timing, the actual installation of the product and (iii) the *product* itself. The final survey is sent out six months after the purchase of the product and focuses mainly on *established customer* satisfaction with the quality of the product, perception of value for money, the overall buying experience, and expectations. All three surveys ask for demographic information such as gender, age and occupation, and what Reichheld (2006) named as “the ultimate question” – namely, the likelihood of a recommendation.

Staffordshire University has been granted access to responses to all three surveys sent to each customer between August 2014 and January 2016. The format of the questionnaire in this period was identical and, thus, the corresponding responses could be pooled. The number of observations across the three surveys is reported in

Table 1 below.

Table 1. Number of observations across surveys and associated response rates

	Total	Response rate
Post-Purchase	120,206	28%
Post-Delivery	78,829	12%
Established Customer	25,350	4.4%

Beginning with this large sample enables us to derive a balanced sample of customers responding to all three surveys, using a unique identifier (the order number). This reduces the sample size from 188,219 customer observations to 2,773 (Figure 17 illustrates this sample as the intersection of all three sets of survey responses).¹⁰ The only questions included in each of the three surveys is Reichheld’s (2006) “ultimate” question and that asking whether customer’s expectations were exceeded. Consequently, we cannot estimate a panel model, which requires observations on each variable in every period. Instead, we use the same sample of customers to estimate separate regressions at each of the three stages of the product life-cycle. These yield

⁷ Quality seekers – 21% market share, value seekers – 46%, convenience seekers and bargain hunters – 22%

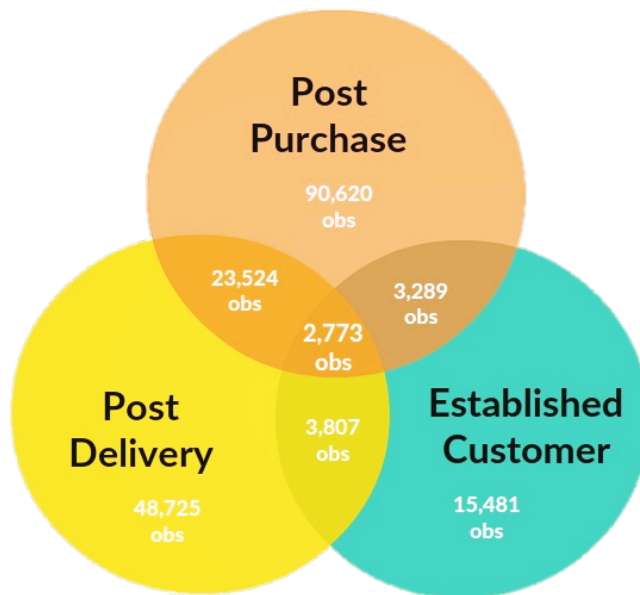
⁸ Store-based market share 25%, online – 28%

⁹ Reichheld’s original (2003) question was modified to include ‘family’.

¹⁰ The total of 188,219 customer observations does not sum to the total of post-purchase, post-delivery and established customer survey responses as some customers responded to two or three surveys

directly comparable effects on customers' propensity to recommend DFS, which moreover provide internal validity checks on the estimates (e.g. by checking temporal precedence).

Figure 17. Venn diagram – number of observations in the final sample



Analysis

We use factor analysis to reduce the large number of survey questions to a manageable number of explanatory variables. The questionnaire responses correspond to 53 variables, all of which refer to narrow dimensions of customer satisfaction that potentially explain the observed variability in the propensity to recommend. We implement exploratory factor analysis to reduce these 53 dimensions to a smaller number of factors, i.e. underlying and otherwise unobservable (latent) variables identified from the observed variables. The purpose of factorisation is to be able to specify a parsimonious regression model to avoid the fog of multicollinearity associated with multiple measures of similar outcomes; and, because there are fewer of them and they are more precisely estimated, to better identify broader dimensions of customer satisfaction, which are more strategically manageable internally and more comparable externally.

However, factor analysis requires that there are no missing values for the variables to be factored. Given that there are missing values for some of our variables, the 2,773-observation sample cannot be used in its entirety. If all 53 variables were to be used, the sample size would consist of just 175 observations. Thus, we have to omit some variables in order to increase sample size. Appendix 1 reports the omitted variables along with the corresponding increase in sample size after each omission takes place. In each case, practitioner advice from DFS suggested that the omission of these variables did not entail a serious loss of information. Despite the major reduction in the sample size, the resulting 2,279 observations is still an excellent sample size for factor analysis (Comrey and Lee, 1992).

We use Principal Axis Factoring as a method of extracting factors from the original correlation matrix of the observed variables. We use non-orthogonal rotation given that orthogonal factors are more the rarity than the norm in social research. The reach of theory is not sufficient to define each factor a priori. Accordingly, the number of factors to be extracted was not restricted

but determined by the standard statistical criterion (eigenvalues larger than unity). However, once extracted, each factor proved to correspond to a clear interpretation from theory and/or practitioner insight. In total, 11 factors were identified.¹¹ Factor 11 comprised two variables closely related to variables included in Factor 2; hence, it was omitted from further analysis, because it provides no additional insight. Appendix II reports the pattern matrix for the 10 factors used in the regression analysis reported below.

Table 2 reports descriptive statistics on each of these 10 factors. Factors 1, 3-8 and 10 enter the dataset for each observation as weighted factor scores, where the weights are the corresponding loadings.¹² Conversely, Factors 2 and 9 are recorded as Bartlett factor scores. Since the underlying variables that constitute these two factors are not consistent when it comes to units of measurement, they are standardised as standard deviation units.

Table 2. Descriptive statistics of variables

Variable	Mean	Standard deviation	Min	Max
Dependent variables				
pp_promoters	.8184915	.3855328	0	1
pd_promoters	.7542579	.4306311	0	1
ec_promoters	.66618	.4716911	0	1
Control variables				
region_north	.5600973	.496496	0	1
pp_15_16	.0301703	.1710974	0	1
pd_15_16	.1026764	.3036096	0	1
ec_15_16	.5493917	.4976756	0	1
received_recommendation	.1221411	.3275284	0	1
previous_purchase	.3858881	.4869228	0	1
customer_male	.4068127	.4913589	0	1
salesperson_male	.7849148	.4109814	0	1
Age				
Up to 24	.0150852	.1219214	0	1
25-34	.1109489	.3141453	0	1
35-44	.1552311	.362213	0	1
45-54	.2437956	.4294753	0	1
55-64	.2666667	.4423243	0	1
65+	.2082725	.4061716	0	1
Socio-economic status				
High	.296837	.4569753	0	1
Middle	.2997567	.4582628	0	1
Low	.1309002	.3373733	0	1
Student	.0029197	.0539685	0	1
No-income	.0277372	.1642589	0	1

¹¹ The Kaiser-Meyer-Olkin measure of sampling adequacy (.947) is satisfactory. Moreover, the null hypothesis that the correlation matrix is an identity matrix is rejected at the 1% level according to the Bartlett's test of sphericity.

¹² For each factor, the loading-weighted factor score (*FS*) for each observation *i* is calculated as follows: $FS_i = \frac{\sum (loading_m * likert_score_{im})}{\sum loading_m}$, where *i*=1,..., 2,055 observations and *m* indexes the variables within each factor.

Retired	.1085158	.3111065	0	1
N/A - prefer not to answer	.1333333	.3400174	0	1
Factors				
Factor 1: Sales basics	9.515188	.9705012	0	10
Factor 2: Product rating – Established customer	.0079229	1.019949	-4.10093	1.10237
Factor 3: Delivery-planning Staff	9.011059	1.898361	0	10
Factor 4: Delivery staff	9.583551	1.117653	0	10
Factor 5: Salesperson – established needs	.8008787	.2819404	0	1
Factor 6: Product rating - Delivery	4.435138	.6790029	1	5
Factor 7: Employee exceeded expectations	.5069351	.3884686	0	1
Factor 8: Salesperson – advice and reassurance	4.78504	.4369165	1	5
Factor 9: Delivery progress and timing	.017609	1.180354	-6.8081	3.78579
Factor 10: Salesperson – careful listener	.9776156	.1479663	0	1

We used logistic regression to model the relationship between the likelihood of becoming a promoter and variables anticipated to affect it. The dependent variable in each of our three regressions – one for each survey (i.e. post-purchase – PP, post-delivery – PD, and established customer – EC) – indicates whether or not the customer is a promoter (promoter=1; otherwise 0). The explanatory variables of most interest are the 10 identified factors. In addition to the factors, we explore the effects of region (North=1; South=0), previous purchase (customer purchased from DFS before=1; otherwise 0), received recommendation (customer received recommendation=1; otherwise 0), gender of the customer (male=1) and gender of the sales person (male=1). The difference between the 2,055 observations in the regression sample and the 2,279 entering factor analysis is accounted for by missing observations on customer demographics or, in a few cases, the gender of the salesperson. The findings of the logistic regression are presented in Table 3.

Table 3. Logistic regression – marginal effects

INDEPENDENT VARIABLES	DEPENDENT VARIABLES		
	PP - PROMOTERS	PD - PROMOTERS	EC - PROMOTERS
Factor 1 Sales basics	0.114*** (0.0158)	0.0733*** (0.0178)	0.137*** (0.0276)
Factor 2 Product rating (EC)	-0.00251 (0.00845)	0.0115 (0.0113)	0.334*** (0.0262)
Factor 3 Delivery planning – staff	0.00737* (0.00423)	0.0378*** (0.00725)	0.0431*** (0.0102)
Factor 4 Delivery staff	0.00416 (0.00653)	0.0968*** (0.0198)	0.0290 (0.0193)
Factor 5 Salesperson – established needs	0.0794*** (0.0275)	0.0186 (0.0430)	-0.0616 (0.0615)
Factor 6 Product rating (PD)	0.0144 (0.0124)	0.178*** (0.0212)	0.0700*** (0.0267)
Factor 7 Employee exceeded customer's expectations	0.0651*** (0.0224)	0.130*** (0.0286)	0.210*** (0.0393)

Factor 8	0.112***	0.0488	0.0744
Salesperson – advice and reassurance	(0.0221)	(0.0312)	(0.0502)
Factor 9	0.00591	0.0796***	0.0328**
Delivery progress and timing	(0.00586)	(0.0108)	(0.0136)
Factor 10	-0.107*	-0.134	-0.189
Salesperson – careful listener	(0.0648)	(0.0832)	(0.116)
region_north	-0.00268	-0.0146	-0.00452
	(0.0156)	(0.0209)	(0.0282)
received recommendation	0.0781***	-0.0349	0.114***
	(0.0170)	(0.0375)	(0.0399)
customer_male	-0.0536***	-0.101***	-0.0986***
	(0.0173)	(0.0229)	(0.0312)
previous purchase	0.0286*	0.0334	0.0575**
	(0.0159)	(0.0214)	(0.0289)
salesperson_male	-0.0105	0.0270	0.0500
	(0.0195)	(0.0275)	(0.0347)
age_0	0.0839	0.0437	0.0906
	(0.0660)	(0.0741)	(0.126)
age_1	-0.0314	0.127***	0.0517
	(0.0285)	(0.0483)	(0.0518)
age_2	0.0142	-0.0163	0.0199
	(0.0272)	(0.0346)	(0.0446)
age_3	-0.0187	-0.0527*	0.0130
	(0.0221)	(0.0277)	(0.0400)
age_5	-0.0268	0.0157	0.00608
	(0.0255)	(0.0306)	(0.0424)
nssec_high	-0.0269	0.0332	-0.0201
	(0.0268)	(0.0308)	(0.0477)
nssec_middle	-0.0111	0.0450	-0.0148
	(0.0256)	(0.0309)	(0.0473)
nssec_low	0.00106	0.0809**	0.0400
	(0.0303)	(0.0387)	(0.0564)
nssec_student	-0.191***	-0.0956	0.242
	(0.0680)	(0.142)	(0.186)
nssec_no_income	0.0310	0.113	0.0633
	(0.0507)	(0.0739)	(0.107)
nssec_retired	0.0149	0.0494	0.0567
	(0.0373)	(0.0399)	(0.0607)
pp_15_16	-0.0519		
	(0.0375)		
pd_15_16		-0.0313	
		(0.0310)	
ec_15_16			-0.0600**
			(0.0292)
Observations	2,055	2,055	2,055

All 10 factor variables are related to measurements of customer satisfaction. The marginal effects of those factors estimated with statistical significance – at either the 0.01 or 0.05 levels - all have the expected positive sign. Qualitatively, therefore, these findings are consistent with Hypothesis 1; namely, the more satisfied are the customers the more likely they are to become promoters.

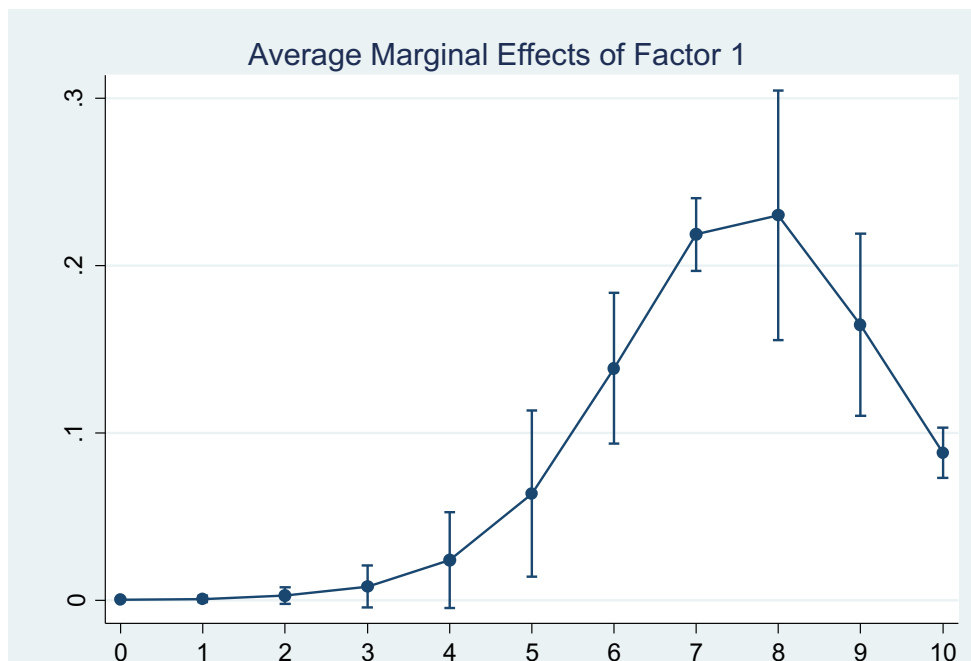
Factor 1 captures the “sales basics”, i.e. all the core processes related to the purchase experience: understanding customers’ requirements; providing advice regarding product features, guarantees, protection and delivery; and the conclusion of the sales transaction. The highly significant positive marginal effect indicates that these “sales basics” matter a great deal to the customer propensity to recommend DFS. The effect of this factor is long-lasting and makes a difference at all three points of the early stage of the product life-cycle (i.e. post-purchase, post-delivery and approximately 6 months after the product purchase). Establishing customers’ needs, providing advice and correct information, and valuing their custom matters to customers not only at the point of purchase but is also remembered at the point of delivery and even more so six months later.

Quantitatively, we can provide an indicative interpretation, taking into account that (i) the change we consider in Factor 1 is too large to be strictly marginal, that (ii) the effect pertains only at the mean values of both Factor 1 and all the other variables in the model, and, in particular, that (iii) in the context of a logistic (i.e. a non-linear) model the indicated effect would be smaller at higher levels of Factor 1. With these caveats, the estimated marginal effect at the time of purchase indicates that an increase in the rating of the component variables sufficient to yield an overall one point increase in Factor 1 (measured on a 0-10 scale) would increase the probability of a customer becoming a promoter by 11.4 percentage points. In other words, an additional 11 customers out of every 100 customers would become promoters if the average satisfaction recorded by the elements of the “sales basics” factor were to increase by one unit. Moreover, Factor 1 effects, which are measured at the point of purchase, persist; improved satisfaction with the “sales basics” by one scale point at the time of purchase results in almost 14 more customers becoming promoters 6 months after the sale has been completed. This suggests that satisfaction with the sales experience determines customers’ propensity to recommend long after the sale is concluded.

More precise quantitative estimates are obtained using Stata’s *margins* commands and the corresponding *marginsplot* presented in

Figure 18. Here we present the marginal effects of Factor 1 at different values over the mean values of all other variables. For each category of Factor 1, we can read off the marginal effect on the dependent variable. At low levels of Factor 1 – i.e. poor satisfaction with the sales experience – the effects of improvement are very limited (near zero and not statistically significant, with the 95% confidence intervals crossing zero). Conversely, at medium levels of Factor 1 (good but not excellent sales experience) the effect of marginal improvement is substantial, while at high levels of Factor 1, as we expect in a non-linear model, the marginal effects are subject to sharply diminishing returns. This shows that management can expect little return on additional investment in the improvement of customer satisfaction with the sales experience when the average satisfaction is already very high.

Figure 18. Average marginal effects of the “sales basics” factor at each scale point on the likelihood of a customer becoming a promoter post purchase

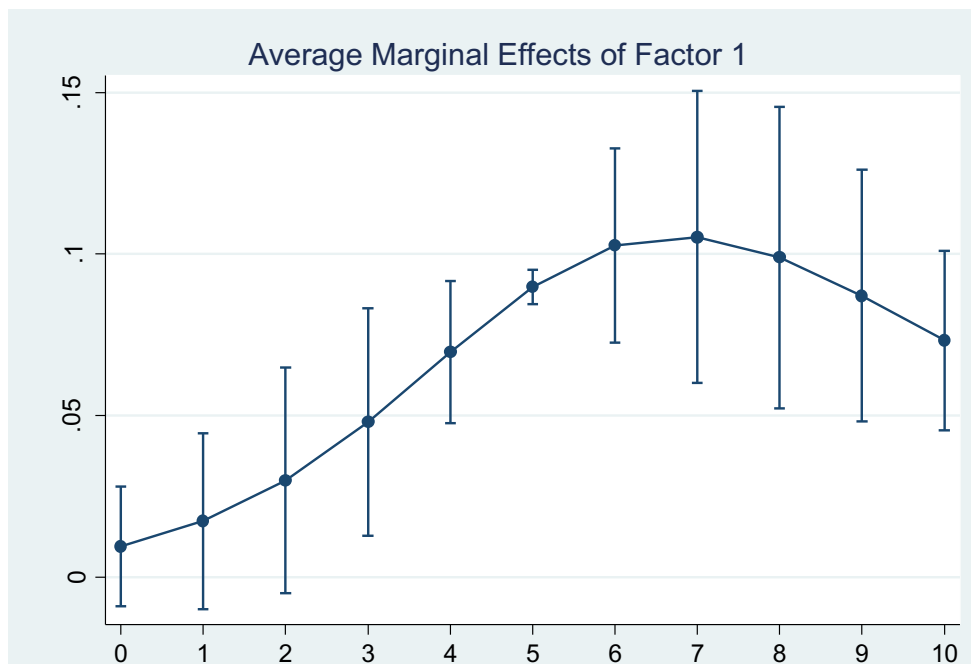


The same pattern of marginal effects is revealed at the post-delivery stage, albeit with systematically lower values. Likewise, for the established customer stage,

Figure 19 largely replicates both the pattern of rising and then diminishing returns revealed by

Figure 18 for the post-purchase stage. Although, with time, the effects are somewhat attenuated they are by no means eliminated.

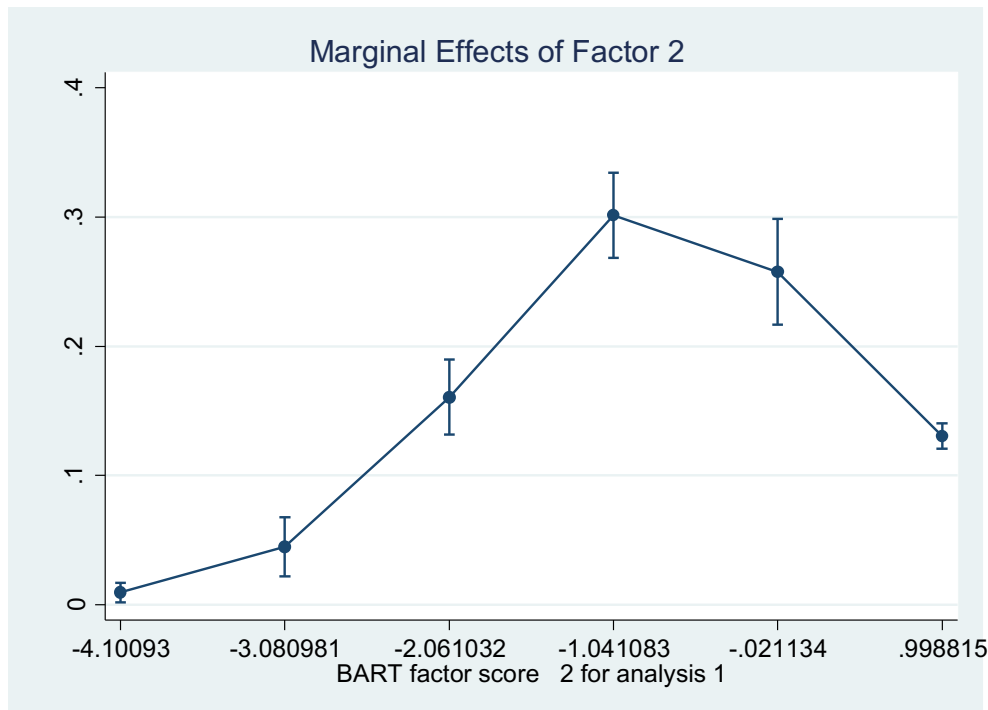
Figure 19. Marginal effects of Factor 1 on the likelihood of an established customer becoming a promoter



Another influential factor (Factor 2) is related to the quality of the product evaluated by established customers; i.e. this captures customer satisfaction with the product after the customer has had the opportunity to use it for at least six months. The results suggest that if the average value of the underlying factor increases by one standard deviation, there will be 33.4 percentage points more promoters amongst the company's customers. A one standard deviation change is however very large (certainly too large to be regarded as a marginal change). Nonetheless, this estimated effect does suggest that if DFS could increase satisfaction with the quality-related variables in Factor 2 from the sample mean response to near the sample maximum it could reap a substantial increase in the number of promoters. In contrast, the effect of a one standard deviation increase in Factor 9 (factor related to delivery process) – with its component variables transformed in the same manner as in Factor 2 – is an order of magnitude smaller. This shows that increased satisfaction with the product quality will have a much larger effect on the likelihood of a customer becoming a promoter than the same improvement in satisfaction with the delivery process.

We use the *margins* and *marginsplots* commands to show the range of marginal effects of Factor 2 (at one standard deviation increments from the minimum value). Again, we see the pattern of first rising and then diminishing returns to positive changes of a given size as the level of Factor 2 approaches its maximum.

Figure 20. Marginal effects of Factor 2 (product quality) on the likelihood of an established customer becoming a promoter



The insignificant coefficients associated with Factor 2 at the post-purchase and post-delivery stage (Table 3) are to be expected, as the questions related to the factor are asked at the established customer phase (something that will have occurred in the future cannot be a predictor of something that has happened in the past; this is an example of the temporal precedence principle referred to above). Questions about the product quality are asked already at the post-delivery phase¹³ (captured by Factor 6) when the customer has had up to four weeks¹⁴ with the product. The marginal effect of the product quality related factor (Factor 6) presented in Table 3 shows that customer satisfaction with the product has the largest effect on the likelihood of a customer becoming a promoter at the post-delivery stage. In other words, the thing that matters the most at the delivery stage is the product itself.

Another interesting finding is the importance of exceeding customers' expectations, which is captured by Factor 7. Factor 7 is exclusively related to exceeding expectations at each of three touch points and is independent of any other aspect of the sales experience. Not only is the factor important at each of the three stages but the results show that its importance increases through time. This suggests that exceeding customers' expectations is something customers remember for a long time. Indeed, the size of the effect more than triples between the post-purchase (0.0651) and the established customer phase (0.210).

The delivery of the product (captured by Factor 4) has been found to have a significant effect on the likelihood of a customer becoming a promoter but only at the delivery stage.¹⁵ This suggests that while delivery matters at the time, it has no significantly lasting effect on the customer's propensity to recommend the company.

¹³ There is of course no point in asking about the product quality at the post-purchase phase, as the customer has not had their product delivered and thus did not have the opportunity to test and use it.

¹⁴ The customer post-delivery survey remains live for four weeks.

¹⁵ Every product is made to order and delivered to every customer. It is not possible for a customer to pick up the product.

We find no systematic variations by either age or socio-economic status.¹⁶ Gender of the customer, however, is highly significant with men being a lot less likely to become promoters of DFS among their friends, family and colleagues at all three touch points. This is not necessarily unexpected given the nature of the product. However, it would be interesting to explore if it truly is the nature of the product that affects the willingness to recommend a company or if in other industries, e.g. automotive, men would be just as/more likely to be promoters of a company as/than women. It is noteworthy that gender of the sales person has no statistically significant effect on the likelihood of a customer becoming a promoter.

Another interesting finding relates to received recommendation and previous purchase. Does the fact that a customer bought before mean that he/she will be a promoter of the brand? It seems to make a difference at the Established Customer stage (increasing the likelihood of becoming a promoter by almost 6pp). Previous purchase therefore has some effect on true loyalty as it makes a difference long after the sale was concluded. However, receiving a recommendation has a stronger effect on customers becoming promoters themselves. Having received a recommendation adds more than 7pp to the proportion of promoters at the post-purchase stage with the effect increasing by approximately a half six months later, resulting in more than 11 more promoters for every 100 customers. It is apparent that those who come because of a recommendation are more likely to recommend the company themselves.

Finally, we have only limited evidence consistent with Hypothesis 2, although none of our findings contradicts it. Of the satisfaction factors revealing statistically significant effects, only Factor 7 comprises variables measured in the same way as Previous Purchase (i.e. as binary variables). The resulting comparison – a marginal effect of 0.210 for “exceeding expectations” and 0.058 for Previous Purchase – suggests that customer satisfaction is a better predictor of true loyalty than repeat purchase. However, the other statistically significant satisfaction factors comprise continuous variables and so their effects are not directly comparable with the effect of Previous Purchase.

Conclusions

Results of the logistic regression, which we used to model the relationship between the likelihood of becoming a promoter and the explanatory variables, show that the more satisfied are the customers, the more likely they are to become promoters. Our findings therefore support the hypothesis that true customer loyalty is a positive function of satisfaction. Moreover, we have found some evidence to support our second hypothesis that the effect of customer satisfaction is larger than the effect of previous purchase; namely, the likelihood of a customer becoming a promoter increases more when a customer’s expectations are exceeded than as a result of previous purchase.

To make this study relevant to practitioners, our research questions focus on the drivers of customer true loyalty, their respective importance, and what companies can do to increase the likelihood of their customers becoming the company’s promoters. We find that the dimensions of customer satisfaction most likely to increase the likelihood of a customer becoming a promoter are: the sales basics; product quality; and exceeding customers’ expectations.

¹⁶ In one case, there is a reason for an exceptional statistically significant effect, indicating that students are less likely to promote DFS. This is not surprising, as it is the DFS strategic decision not to cater for this particular market segment, as they require cheap products delivered fast. Since DFS makes all their products to order, which takes up to 10 weeks to complete, students are unlikely to be satisfied and thus unlikely to recommend DFS to their friends and colleagues.

Getting the basic sales techniques right, and thus increasing customer satisfaction with the sales experience, significantly affects the likelihood of a customer becoming a promoter. In fact, the effect becomes stronger through time, leading us to conclude that satisfaction with the sales experience influences customer propensity to recommend long after the sales transaction has been completed. Further, the size of the estimated marginal effects is not the same at each value of the factors. We observe low marginal effects at low values of satisfaction scores and large effects in the mid to high satisfaction values. However, at very high satisfaction values the marginal effects start to decrease, demonstrating diminishing returns. This means that when customer satisfaction is already high, management should expect smaller returns (in terms of increased proportion of promoters in their customer base) to investment in additional improvements in the underlying factor.

Another important factor that influences the dependent variable is *satisfaction with product quality*. In fact, the importance of product quality is so high that even at the delivery stage, when customers evaluate all aspects of delivery, it is the product itself that has the largest effect on the likelihood of a customer becoming a promoter. Indeed, while the delivery process itself matters, it has no significant lasting effect on customer propensity to recommend the company.

Exceeding customers' expectations has been found to have a strong and lasting effect on customers becoming promoters. In addition, customers who have been recommended to the business by their social networks are more likely to become promoters themselves. Therefore, if businesses get their product right, implement basic sales techniques to deliver great sales experience, and exceed customers' expectations, customers will reward them with glowing recommendations, which in turn will attract more promoters, thereby creating a multiplier effect sustaining the word-of-mouth advertising, the holy grail of marketing.

In relation to the dimensions of customer satisfaction, our research questions also asked how much they matter with respect to true customer loyalty. Both the "sales basics" (Factor 1) and the product quality (Factor 2) comprise continuous variables and, at the factor level, their marginal effects are comparable (pertaining to unit changes of one in the case of Factor 1 and normalised standard deviation units in the case of Factor 2 which are very close to one). Hence, we may conclude that the marginal effect of product quality on established customers' true loyalty (0.334) is substantially larger than the marginal effect of "sales basics" (0.137), although both are clearly important. Direct comparison with "exceeding expectations" (Factor 7) is not possible, because the component variables are binary. Nevertheless, exceeding customers' expectations compared to not doing so leads to a 21pp increase in promoters among established customers.

This research provides evidence on drivers of true customer loyalty using the Net Promoter methodology and consequently contributes to an under-researched area in the academic literature. Irrespective of the academic debate on the appropriateness of the NPS metric (Keiningham et al., 2005, Keiningham et al., 2007), it has been widely adopted by industry. Findings of this research are therefore very useful to practitioners; firstly, they enable companies to invest scarce resources strategically into areas of customer satisfaction, which will yield the greatest return on investment in terms of increased true customer loyalty and word-of-mouth advertising. Secondly, being able to grow the metric itself is of significant importance as it is reported to analysts and investors and used to value companies externally and to rank branches internally.

Whilst we can confidently generalise our findings to the upholstery industry, given that DFS is the market leader in that sector, we cannot do so for other parts of retail or other industries.

Opportunities for future research therefore arise in two main areas. Firstly, we propose to replicate this research in other parts of retail and other industries to develop a rich evidence base for further theory development. Secondly, these findings (i.e. drivers of NPS) will be particularly useful if we can demonstrate that NPS actually does predict sales growth, as argued by Reichheld (2003). That way companies can relate day-to-day activities to sales growth and calculate a more accurate return on investment, which is particularly important for shareholders.

References

- Baumgartner, H. and Homburg, C. (1996), "Applications of structural equation modelling in marketing and consumer research: A review", *International Journal of Research in Marketing*, Vol. 13, No. 2, pp. 139-161.
- Boohene, R. and Agyapong, G. K.Q. (2011), "Analysis of the antecedents of customer loyalty of telecommunication industry in Ghana: The case of Vodafone (Ghana)", *International Business Research*, Vol. 4, No. 1, pp. 229-240.
- Brandt, D. Randall (2007), "For Good Measure," *Marketing Management*, Vol. 16, pp. 20-25.
- Campbell, C. (1991), "Consumption: the new wave of research in the humanities and social Sciences", *Journal of Social Behavior and Personality*, Vol.6, No.6, pp. 57-74.
- Churchill, G.A. Jr (1979), "A paradigm for developing better measures of marketing constructs", *Journal of Marketing Research*, Vol. 16, No. 1, pp. 64-73.
- Comrey, A., L., and Lee, H., B. (1992), *A first course in factor analysis* (2nd edition). Hillsdale, NJ: Lawrence Erlbaum Associates.
- Dick, A. and Basu, K. (1994), "Customer Loyalty: toward an integrated conceptual framework", *Journal of Marketing Science*, Vol. 22, No. 2, pp. 99-113.
- Grisaffe, D.B. (2007), "Questions about the ultimate question: conceptual considerations in evaluating Reichheld's net promoter score (NPS)", *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behaviour*, Vol. 20, pp. 36-53.
- Huang, M.H. and Yu, S. (1999), "Are consumers inherently or situationally brand loyal?-a set intercorrelation account for conscious brand loyalty and nonconscious inertia", *Psychology and Marketing*, Vol.1, No.6, pp. 523-544.
- Jacoby, J. and Kyner, D. B. (1973), "Brand loyalty vs. repeat purchasing behavior", *Journal of Marketing Research*, Vol.10, No. 1, pp. 1-9.
- Jones, T., Sasser, W. and Earl, W. Jr. (1995), "Why satisfied customers defect", *Harvard Business Review*, Vol. 73, No. 6, pp. 88-99.
- Keiningham T.L., Vavra, T.G., Aksoy, L. and Wallard, H. (2005), *Loyalty Myths: Hyped Strategies That Will Put You Out of Business, and Proven Tactics That Really Work*. Hoboken, NJ: John Wiley & Sons.
- Keiningham, T.L., Cooil, B., Andreassen, T.W. and Aksoy, L. (2007), "A Longitudinal Examination of Net Promoter and Firm Revenue Growth", *Journal of Marketing*, Vol. 71, No. 3, pp. 39-51.

Kotler, P. and Keller, K.L. (2006), *Marketing Management -12th Edition*, Pearson-Prentice Hall, New Jersey.

Lin, H.H. and Wang, Y.S. (2006), "An examination of the determinants of customer loyalty in mobile commerce contexts", *Information and Management*, Vol. 43 No.2, pp. 271–282.

Mokhtar A., Amjad, D. A. and Nooreha, H. (2000), "Evaluating functional relationship between image, customer satisfaction and customer loyalty using general maximum entropy", *Total Quality Management*, Vol. 11, No 4/5-6, pp. 826-829.

Oliver, R.L. (1999), "Whence consumer loyalty", *Journal of Marketing*, Vol. 63, No. 4, pp. 33-44.

Pingitore, G, Morgan, NA, Rego, LL, Gigliotti, A and Meyers, J (2007), "The single-question trap", *Marketing Research*, Vol. 19, No. 2, pp. 8-13.

Pollack, BL and Alexandrov, A (2013), "Nomological validity of the Net Promoter Index question", *Journal of Services Marketing*, Vol. 27, No. 2, pp. 118-129.

Reichheld, FF (2003), "The one number you need to grow", *Harvard Business Review*, Vol. 81, No. 12, pp. 46-54.

Rowley, J (2005), "The four C's of Customer Loyalty", *Marketing Intelligence and Planning*, Vol. 23, No. 6, pp. 574-581.

Shoemaker, S and Lewis, RC (1999), "Customer Loyalty: The future of hospitality marketing", *International Journal of Hospitality Management*, Vol. 18, pp. 345-370.

Solomon, M., Bamossy, G., Askegaard, S. and Hogg, M. K. (2006), *Consumer Behaviour: A European Perspective, 3rd edition*, Prentice Hall-Financial Times, Harlow.

Szwarc, P. (2005). *Researching customer satisfaction & loyalty: How to find out what people really think*. London: Kogan Page.

Wong, A. and Zhou, L. (2006), "Determinants and outcomes of relationship quality", *Journal of International Consumer Marketing*, Vol.18 No.3, pp. 81-105.

Wu, L.W. (2011), "Inertia: Spurious loyalty or action loyalty?", *Asia Pacific Management Review*, Vol. 16 No. 1, pp. 31-50.

Appendix I. Omitted variables and factor analysis sample size

Variables used	Missing values (%)	Number of observations
All 53 variables	-	175
“Overall, how satisfied were you with the ease in which you were able to speak to someone in store who was able to help you with your query?”	71.9%	671
“If the Sales Person pro-actively suggested a product, did you feel this was suitable for your needs?”	63.3%	1,492
“How satisfied were you that you were given good, impartial advice of the finance options, so you made the right choice for you?”	21.8%	1,645
“How satisfied were you with the manner in which the DFS Sales Person explained: Payment Options/Interest Free Credit”	16.6%	1,837
“How satisfied were you with the manner in which the DFS Sales Person explained: Explanation of additional items e.g. gliders, reclining options”	12.5%	1,988
“How satisfied were you with the manner in which the DFS Sales Person explained: The expertise DFS has in manufacturing their own sofas”	11.1%	2,086
“How satisfied were you with the manner in which the DFS Sales Person explained: The range of sofa sizes, fabric and colour options available”	10.9%	2,279

Appendix II. The 10 factors identified for regression analysis

Pattern Matrix ^a											
	Factor										
	1	2	3	4	5	6	7	8	9	10	11

1. Sales basics										
1.1. conclude_satisfaction_clarity_info_procedure	.863									
1.2. advicereassurance_satisfaction_salesperson_product_guarantees_explained	.773									
1.3. advicereassurance_satisfaction_salesperson_product_protection_explained	.764									
1.4. advicereassurance_satisfaction_salesperson_delivery_installation_explained	.725									
1.5. conclude_satisfaction_time_complete_transaction	.722									
1.6. conclude_satisfaction_custom_valued	.715									
1.7. advicereassurance_features_sofa_explained	.632									
1.8. conclude_satisfaction_salesperson_asked_order	.618									
1.9. establishneeds_salesperson_understood_requirements	.571									
1.10. likelihood of recommendation to friends, family, colleagues etc.	.559									
2. Product rating (established customer stage)										
2.1. sofa_rating_build_quality	-.912									
2.2. sofa_rating_expectations	-.787									
2.3. satisfaction_overall_buying_ordering_delivery_sofa	-.757									
2.4. sofa_rating_comfort	-.756									
2.5. sofa_rating_value_for_money	-.697									
2.6. satisfaction_salesperson_accurate_info	-.491									
2.7. product_issues_since_delivery	.487									
3. Delivery planning										
3.1. satisfaction_staff_helpfulness		.988								
3.2. satisfaction_staff_friendliness		.945								
3.3. satisfaction_explanation_delivery_process		.806								
3.4. satisfaction_amount_notice_given		.685								
3.5. satisfaction_convenience_delivery_time		.637								
4. Delivery staff										
4.1. satisfaction_staff_care_furniture			.819							

4.2. satisfaction_staff_tidiness				.808						
4.3. satisfaction_staff_politeness_manners				.724						
4.4. satisfaction_staff_placing_sofa				.703						
5. Salesperson – established needs										
5.1. establishneeds_salesperson_planned_usage					.713					
5.2. establishneeds_salesperson_size_furniture					.700					
5.3. establishneeds_salesperson_currentfurniture_stylecolourpreference					.645					
5.4. establishneeds_salesperson_budget_finance					.512					
5.5. establishneeds_salesperson_clarify_summarise_needs					.484					
5.6. relationship_time_to_serve										
6. Product rating (post-delivery stage)										
6.1. sofa_rating_build_quality						-.856				
6.2. sofa_rating_appearance						-.782				
6.3. sofa_rating_comfort						-.635				
6.4. sofa_rating_expectations						-.554				
7. Employee exceeded expectations										
7.1. employee_exceeded_expectations							.731			
7.2. employee_exceeded_expectations							.645			
7.3. employee_exceeded_expectations							.512			
8. Salesperson – advice and reassurance										
8.1. advicereassurance_product_knowledge								.852		
8.2. advicereassurance_staff_rating_answering_questions								.832		
8.3. advicereassurance_friendliness_helpfulness								.785		
8.4. advicereassurance_passion_enthusiasm								.751		
8.5. advicereassurance_staff_rating_building_report								.706		
9. Delivery progress and timing										
9.1. satisfaction_updated_order_progress									.549	
9.2. arrival_within_timescale_salesperson									.517	

9.3. satisfaction_overall									.439		
10. Salesperson – careful listener											
10.1. establishneeds_salesperson_listen_carefully										.457	
<p>Extraction Method: Principal Axis Factoring.</p> <p>Rotation Method: Oblimin with Kaiser Normalization.</p> <p>a. Rotation converged in 11 iterations.</p>											

Appendix 5 - The Effect of The Net Promoter Score on Sales: A Study of a Retail Firm Using Customer and Store-Level Data

The Effect of The Net Promoter Score on Sales: A Study of a Retail Firm Using Customer and Store-Level Data

Abstract

Existing industry-level evidence does not inform practitioners about when and by how much sales will grow as a result of an increase in NPS. We investigate the relationship between sales and NPS for a leading retail firm by combining individual stores' monthly sales data with data from customer satisfaction surveys from which we calculate NPS for every UK store in every month over a four-year period. We find nonlinear sales effects of (i) stores' own NPS and (ii) the average NPS of the other stores of the same company in the same region. Both NPS effects on stores' sales at first increase and then decrease over the five to 10 months after the product purchases to which the NPS refers. If every store could achieve a sustained increase in its NPS of one percentage point, then across all UK stores the additional annual sales would be around £3 million.

Track: Marketing and Retail

Word count: 6,463 words

Key words: Net Promoter, sales, growth, econometrics, retail, marketing

Introduction

Some correlation between NPS and sales has been found in the literature at an industry level (Doorn et al., 2013; Keiningham et al., 2008; Keiningham et al., 2007; Reichheld, 2003). This encouraged the use of NPS by practitioners as the apparent positive association between NPS and sales is understandably appealing to managers. Consequently, two questions were asked by practitioners: “how do we drive the NPS so that we can grow our revenues?” and “if we manage to increase the NPS, when and by how much will our sales increase as a result?”. The first question was addressed by Fiserova et al. (2017), the second question is investigated in this paper. This study uses the same corporate dataset as Fiserova et al. (2017) to investigate the timing and size of the expected effects of an increase in NPS on sales. This research project is, to our knowledge, the first one of its kind to have explored the relationship between sales and NPS within a firm having access to a large pool of customer-level retail data.

Literature review

A growing literature suggests that positive customer experience is essential for achieving customer satisfaction, word-of-mouth communications, loyalty, and competitive advantage (Jain et al., 2017). If we accept Berry’s (2002) premise that customer experience can be managed, then we need to understand the customer journey and the points or stages where customer experience occurs and be able to measure the effectiveness of interactions at these key points.

Stages of the customer journey vary by the type of business, sector, and product or service. Those who deliver customer experience and change in organisations, i.e. the frontline management, understand their own business, products/services and customers and should therefore be able to identify the key points where interactions between the business and the customer occur. Indeed, when RBS used their understanding of their customer journey, they ended up with a system that had ‘a more comprehensive diagnostic capability than that found in either academic or practitioner literature’ (Maklan et al., 2017, p.111). Thus, it should be possible for academics to accept that managers are capable of using their knowledge and understanding of their customers to map their journey and define the key touch points to provide critical insight into their customer experience.

Nevertheless, even if the key stages of the customer journey are identified, the complexity of the customer experience and the consequent lack of clearly constructed definition makes it difficult to measure. Indeed, as Maklan et al. (2017, p.93) state, customer experience ‘is defined so broadly – so “holistically” – as to exclude almost nothing; it has become the theory of everything’. However, to be able to measure the effectiveness of interactions between the business and its customers at each touch point requires a measure that is simple to use and communicate to a variety of stakeholders, ranging from frontline staff to company directors and shareholders.

Reichheld (2003) contributed to the debate on simplicity of measures by introducing his “Net Promoter Score” (NPS) which is derived from one question, namely: “How likely are you to recommend Company X to your friends and colleagues?” Responses to this question are recorded on a scale from 0 to 10 and categorised into three groups: those who give a score of 0 to 6 are classified as *detractors*; 7 and 8 as *passive* customers; and 9 and 10 as *promoters*. The NPS is calculated by subtracting the proportion of detractors from the proportion of promoters.

The NPS has gained popularity in many industries not only because the measure is indeed simple to calculate, but it has face validity and intuitive appeal to managers and stakeholders and it is a comparable metric which companies can (and often do) include in their reports (Brandt, 2007). However, perhaps the most important reason for the fast and widespread

adoption and implementation of the metric across industries worldwide is Reichheld's (2003) claim that NPS can predict sales growth.

A number of studies have examined the potential of NPS to predict sales growth. Most studies, however, including the original one, have done so at an industry, i.e. macro level. Reichheld (2003) correlated average NPS scores with average sales growth rates of over 400 companies from a dozen industries. Other studies that attempted to examine the relationship between NPS and sales growth (Doorn et al., 2013; Keiningham et al., 2008; Keiningham et al., 2007; Morgan and Rego, 2006) used the same industry-level approach. Whether there is a relationship between NPS and sales at an industry level is, however, of little use to practitioners who ask questions like "when should we expect to see growth in sales when NPS increases?"

Managers and directors want to know when sales start growing as a result of an increase in NPS and the size of the effect that increase in NPS may have on the company sales. Only a large in-depth micro-level study can provide the answers. While Leisen Pollack and Alexandrov (2013) and Keiningham et al. (2008) moved the investigation of NPS from the macro to the micro level, their studies did not examine the relationship between NPS and sales growth (but rather focused on investigating whether NPS is a measure of loyalty). Clearly there is a need for a large longer-term micro-level study to investigate the relationship between the NPS and sales growth over time (Leisen Pollack and Alexandrov, 2013; Keiningham et al., 2008; Keiningham et al. 2007; Morgan and Rego, 2006).

In this study we address a number of shortcomings in the existing empirical literature. Researchers and practitioners are interested in (i) not only the macro (industry) level but also the micro (firm) level impact; and (ii) not only the qualitative nature of the relationship between NPS and sales – is there a relationship or not (as indicated by correlation coefficients) – but also in quantitative impact, i.e. the size of the effects (if any) and their timing. Furthermore, this study responds to the proposals of (iii) Keiningham et al. (2007; p44) for 'a longer-term, longitudinal study' to 'show that changes in satisfaction/loyalty metrics are important predictors of relative changes in revenue within firms'; and (iv) Morgan and Rego (2006; p437) for 'future research exploring interactions between customer feedback measures and examining possible nonlinear relationships with firms' business performance' to 'provide further insights for marketing theory'.

Context

DFS is the leading retailer of the UK living room furniture market with an 18.3% share (by value) of this £4.5 billion market in 2016 (DFS, 2018). DFS has a specialist focus on the retail upholstered furniture segment, which accounts for over two thirds of the living room furniture market driven by an approximately seven-year replacement cycle¹⁷ (DFS, 2018). The strategy of DFS is to deliver, 'a world class customer experience' (DFS 2015, p61) and therefore they require a consistent framework to provide insight into the customer experience journey. To this end, DFS mapped the customer interactions with the company, defined key touch points, and implemented the Net Promoter System (Satmetrix, 2013). As a result, customer satisfaction surveys are emailed to customers at three distinct points over the first several months of product purchase.

- (i) The post-purchase (PP) survey is sent to customers who have purchased the product but not yet had it delivered. It contains the NPS question¹⁸ and a set of questions enquiring about the customer satisfaction with the sales transaction. All

¹⁷ In this study, we can therefore rule out repeat purchases by the same customers as the reason for any potential effects of NPS on sales as the data were collected over a period of four years.

¹⁸ How likely are you to recommend DFS to your friends, family and colleagues?

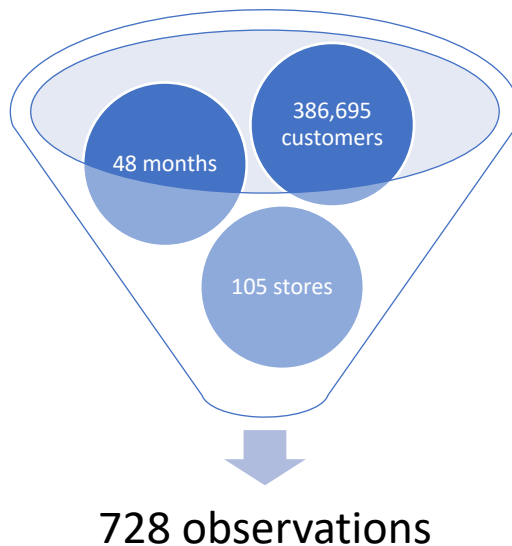
- products are made to order and thus the delivery of the product varies between two and 12 weeks from the point of purchase.
- (ii) The post-delivery (PD) survey, also containing the NPS question and a set of questions enquiring about the customer satisfaction with the delivery transaction, is sent to customers who received their product within the previous week.
 - (iii) A final survey is sent to customers six months after their product purchase. Internal management information shows that customers who need to contact DFS about a transaction will do so within the first three weeks of purchase (in 98% of cases). Furthermore, approximately 80% of product faults will appear within 3 months of delivery. It is therefore reasonable to assume that most transactions and interactions between the company and its customers will have happened within 5 months of product purchase. As the final survey is intended for assessment of the overall relationship between the company and its established customers, rather than customer satisfaction with a particular transaction, it is sent six months after product purchase (as this point is considered to be sufficiently outside any individual transaction) and is referred to as the Established Customer (EC) Survey. In this study, we use responses to the NPS question recorded in this survey.

By the end of our sample period (July 2015), DFS had 105 stores throughout the UK, the Republic of Ireland (first store opened in 2012), the Netherlands (2014) and Spain (2015). In this study we use data from UK stores only ($n=96$) to ensure that we have an appropriate number of stores with sufficient time series depth to create a balanced dataset (see section 4 for further explanation). We use a large dataset of individual customer responses to the NPS question provided to us by DFS. We started with 386,695¹⁹ customer satisfaction surveys generated by the 96 UK²⁰ stores in a period of four years (August 2011- July 2015). We were also provided with monthly sales data for every store during the same four-year period. However, although beginning with a very large dataset, we had to “funnel down” to a smaller dataset suitable to investigate the NPS effect on sales. We use the 44,585 responses to the Established Customer Survey to calculate the NPS for each store in each month: this is an aggregate measure derived by subtracting the proportion of detractors from the proportion of promoters of all the store’s customers. Thus, we have a potential maximum of 4,608 observations ($96 \text{ stores} \times 48 \text{ months}$). However, the following deductions took place to obtain our final sample for estimation: (i) DFS opened 30 new stores during the observation period, thereby reducing the number of stores with complete time-series coverage; (ii) NPS surveys were sent 6 months after the store opening, resulting in a further reduction in the number of NPS values available for matching with sales data; and, finally, (iii) the need for a balanced sample – i.e. the same number of monthly observations for each store – together with the use of lagging and leading values in our model further reduced the sample size resulting in 728 observations. Our empirical methodology is thus very “data-hungry” (Figure 1). This demonstrates that any company that may be interested in replicating this study using their own data must be prepared for ‘patience’, as serious time-series depth is required to generate the required balanced dataset.

Figure 1. Data reduction

¹⁹ Out of which 186,175 are from the PP surveys; 155,935 are from PD surveys; and 44,585 were ECs.

²⁰ DFS define 12 areas in the UK – these areas are used in this study to control for any effects that other DFS stores in close geographic proximity may have on a store’s sales.



Estimation strategy

The estimated relationship between the NPS and stores' sales changes radically as we enrich our estimation strategy. We began with preliminary estimation strategies allowing only for an uncontrolled relationship at one point in time (the month in which the Established Customer Survey results are recorded) but progressed towards more developed strategies controlling for other potential influences on sales and allowing the influence of the NPS (if any) to unfold over a period of several months. For the moment, we do not interpret the quantitative meaning of the estimated NPS effects or comment on the statistical validity of the underlying models. We undertake these tasks for our preferred model. Here, we want only to establish that different estimation strategies yield inconsistent effects ranging from large and negative to large and positive:

- the simple correlation coefficient is -0.065 (the number of observations, n , is 3,864);
- the bivariate regression coefficient is -43,765 ($n=3,864$);
- the simplest possible static fixed-effects estimate – i.e. controlling for the time invariant effects of 101 stores – is -4,102 ($n=3,864$);
- static fixed-effects estimation controlling for time-specific effects of each month yields a coefficient of 1,724 ($n=3,864$);
- *static* fixed-effects estimation allowing for the NPS to affect sales from one to 12 months in the future are suggestive of positive effects on sales seven and eight months in the future as well as a quadratic pattern among the estimated coefficients such that the eighth-month effect is the largest with earlier effects being mainly smaller and later effects being all smaller ($n=1,745$, reflecting the loss of observations due to estimating with 12 lags of NPS); and, finally,
- *dynamic* fixed effects estimation allowing for the NPS to affect sales from one to 12 months in the future yields a coefficient of 8,496 on sales seven months in the future together with the previously hinted at quadratic pattern of influence, first rising with distance from sales but eventually falling towards zero ($n=1,745$).²¹

Whereas simple modelling strategies lacking adequate controls may yield zero or even negative effects, successively enriched model specifications hint increasingly strongly at a positive

²¹ These estimates are available in a Stata log file upon request.

connection between the NPS and sales. An additional inference from these preliminary estimates is that the benefits of greater quality and quality of estimates are achieved at the cost of substantial loss of observations (hence, degrees of freedom). Our empirical strategy begins with a novel methodology designed to exploit fully the information within a large corporate dataset.

We use panel analysis to exploit the variation of our data in two dimensions, i.e. across stores and over time. We reject static panel analysis on grounds of dynamic misspecification: in all our static models, a standard test reveals the presence of residual autocorrelation, which invalidates both point estimates and statistical inference. Accordingly, we favour dynamic fixed effects (FE) panel estimation – i.e. specifying our models with the first-lagged value of Sales, our dependent variable, among the independent variables – to account for otherwise unmodelled dynamics. This approach provides a solution to accommodating the joint occurrence of otherwise unobserved heterogeneity at the level of individual stores (fixed effects) and persistence in stores' sales over time (dynamics). However, two further issues remain to be addressed before we have a satisfactory approach to estimating the effect of NPS on sales.

Nickell (1981) identified the first problem. Fixed effects estimation yields biased and inconsistent estimates in dynamic panel datasets with “finite” time series depth, where finite includes the time series depth available to the present investigation (for each store we have a maximum of 48 monthly observations, although substantially fewer in many cases). To address this issue, we turn to the bias-corrected least-squares dummy variable (LSDV) estimator with bootstrapped standard errors designed for ‘dynamic (possibly) unbalanced panel-data models with strictly exogenous regressors’, which we implement by the Stata user-written programme *xtlsdvc* (Bruno, 2005, p473).²²

The second problem to address is that even if the NPS has a positive effect on sales, theory does not offer guidance as to the precise timing of measurable sales effects. Accordingly, our starting point was some ad hoc reasoning informed by practitioner, hence product-specific, insight. First, it may take time for customers to form a settled opinion about their purchase and it will certainly take time (i) for existing customers to pass on these opinions and corresponding recommendations – whether positive or negative – in the normal course of social intercourse and (ii) for the subsequent influence of these opinions and recommendations on the search and purchasing decisions of family, friends and colleagues. Hence, the diffusion process is unlikely to begin immediately post purchase (in the same or in the following month) but is likely to take place subsequently over a period of several months. Second, experience of the product might lend authority to an existing customer's recommendations. If so, then recommendations become increasingly persuasive over time and thus an increasingly effective influence on sales. Third, however, the number of recommendations per existing customer per period will eventually decline as (i) the purchase loses novelty and becomes less of a talking point and (ii) as each additional recommendation reduces the remaining number of potential recommendations within a given social network.²³ Accordingly, we conjecture a period of at most 12 months over which the NPS can influence sales of the product under consideration. These three considerations have two implications for our model specification: we allow for the impact of the NPS and associated customer recommendations on sales (if any) to take place from the second to 12 months after purchase; and we allow for the possibility that the pattern of the sales effects over time might not be a linear decline in strength (reflecting only our third consideration) but quadratic (gaining in strength according to our second consideration before eventually declining according to the third).

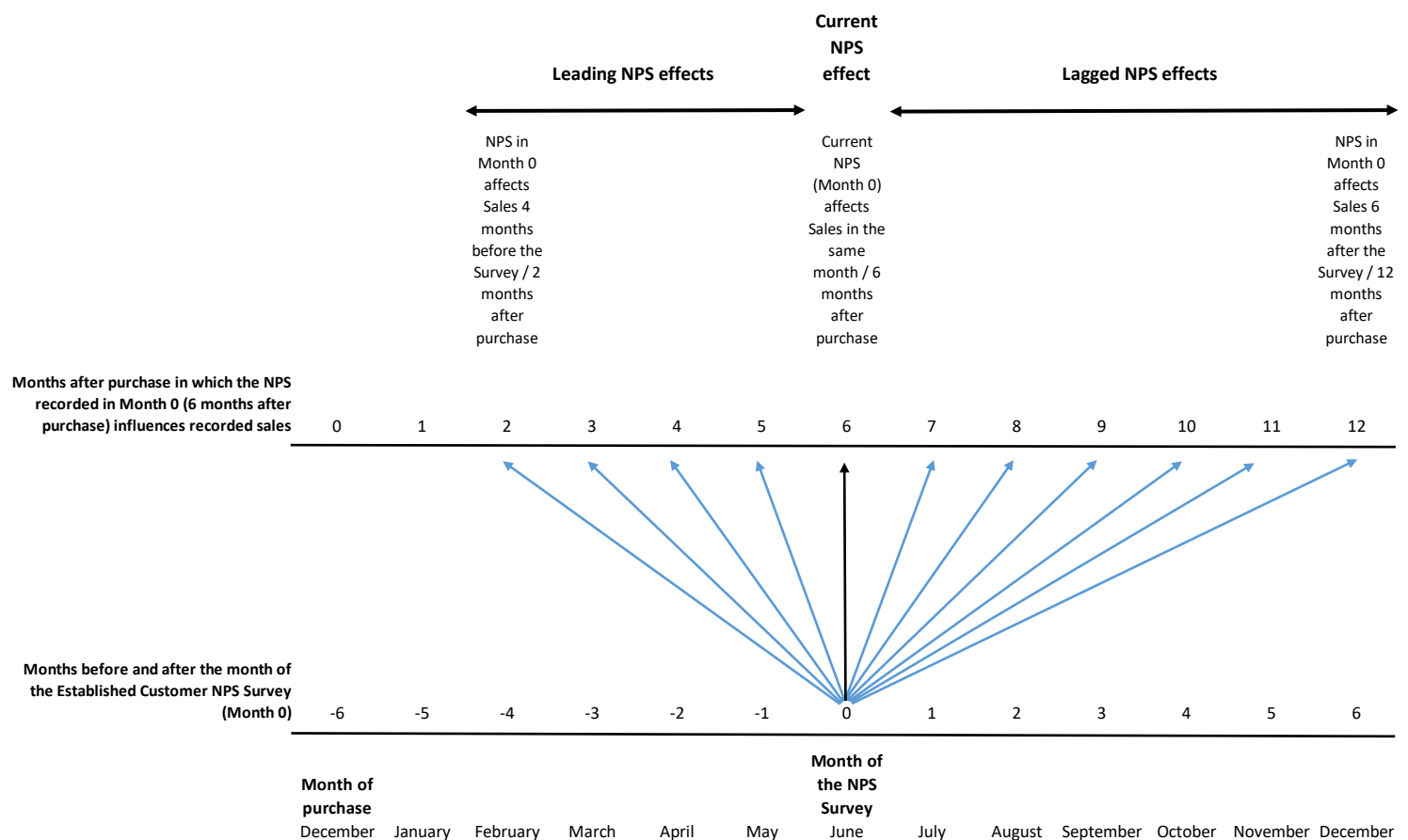
²² LSDV estimation is alternative nomenclature for FE estimation.

²³ We assume that only direct recommendations from the purchaser have an effect on sales.

The NPS is derived from a survey completed in the sixth month after purchase. To allow for recommendations to influence sales from the second month to 12 months after purchase, we allow for the NPS to reflect judgements that may have already informed recommendations in *earlier* months as well as having the potential to inform recommendations in *later* months. Accordingly, we model the effect on current monthly sales of the NPS in each of the four months before the survey, in the month of the survey, and in each of the six months after the survey. Figure 2 provides a graphical depiction of the potential NPS effects on sales that we investigate. The top scale refers to months in which sales are recorded: in Month 0 the purchases occur to which the Established Customer Survey refers (and, hence, the derived NPS); future sales occur in Months 1-12 and will be subject of future monthly Established Customer Surveys, each one of which is hypothesised to give rise to the pattern of effects over time illustrated in Figure 2. The bottom scale depicts months relative to the Month of the Survey (0), from six months before (-6) to six months after (6). In our empirical analysis, we investigate the effects of the NPS in each month on sales

- in the same month as the Survey (“Current NPS effect”),
- up to four months before the Survey (-4 on the bottom scale) or two months after purchase (2 on the top scale) (“Leading NPS effects”), and
- up to six months after the Survey (6 on the bottom scale) or 12 months after purchase (“Lagged NPS effects”).

Figure 2. NPS effects on sales over time (from 4 months before to 6 months after the Established Customer Survey – i.e. from 2 to 12 months post purchase)



Although we estimate a panel model, our empirical methodology integrates two strands of time-series econometrics.

1. We allow for the possibility that the sales effect (if any) occurs not only – or necessarily – in the month of the Established Customer Survey but also in months before and/or in months after. Hence, our model will include multiple monthly values of the NPS, comprising not only the NPS in the month of the survey but also the NPS in previous months (“leading” values) and/or the NPS in later months (“lagged” values). However, it is unwise to estimate models including many “lead” and/or “lag” values of one or more independent variables, because estimated effects are greatly impaired by multicollinearity (Almon 1965: 179; Gujarati 1988: 512). The solution introduced by Almon (1965) was to reduce multiple values – leads and/or lags – of an independent variable to polynomial functions. For example, to allow for a quadratic effect – whereby, say, the first monthly NPS value could have a smaller influence than the second and third but, thereafter, the influence of successive values declines – Almon’s approach is to reduce large numbers of leading and/or lagged values to three variables (i.e. polynomial functions) denoted Z_0 , Z_1 , and Z_2 . Accordingly, we apply Almon’s approach: we use all 12 leading, current and lagged values of the NPS to calculate these three Almon functions.²⁴ Finally, we use the estimated effects of Z_0 , Z_1 , and Z_2 in post-estimation calculations to recover each individual month’s NPS effect.²⁵
2. Appealing to well-established principles in time-series econometrics (Spanos 1986: Chapters 23 and 24 – in particular, pp.601-2; Hendry 1995: 339), the estimated coefficient on the lagged dependent variable in the dynamic models estimated below ($\hat{\lambda}$) measures the persistence of sales. Accordingly, $1-\hat{\lambda}$ measures the rate of adjustment of current sales to changes in sales in the previous month, and $1/(1-\hat{\lambda})$ can be interpreted as a persistence factor by which the estimated effects of Z_{0t} , Z_{1t} and Z_{2t} can be multiplied to obtain their long-run effects. In turn, we apply this multiplier to each individual month’s recovered NPS effect (see Point 1 above) to obtain each individual month’s NPS *long-run* effect. Each one of these long-run coefficients predicts the likely total eventual change in sales consequent upon a sustained change in the level of the NPS. These total or long-run sales effects reflect both (i) direct short-run effects and (ii) indirect induced effects. The direct short-run sales effects of NPS changes vary by month according to a quadratic pattern; i.e. first building to a maximum and then declining towards zero. Additional indirect induced effects of each month’s effect occur via the estimated persistence coefficient.

In adopting the Almon approach to modelling distributed lags, we have to take into account that we are estimating a panel model and that our data has missing values. This is a potential problem, because if we create our Z variables from data with missing values then they could

²⁴ We calculate these functions as follows:

$$Z_0_t = \sum_{i=0}^{10} X_{t-i} = X_t + X_{t-1} + X_{t-2} + X_{t-3} + X_{t-4} + \dots + X_{t-10}$$

$$Z_1_t = \sum_{i=0}^{10} iX_{t-i} = 0X_t + 1X_{t-1} + 2X_{t-2} + 3X_{t-3} + 4X_{t-4} + \dots + 10X_{t-10}$$

$$Z_2_t = \sum_{i=0}^{10} i^2X_{t-i} = 0X_t + 1X_{t-1} + 4X_{t-2} + 9X_{t-3} + 16X_{t-4} + \dots + 100X_{t-10}$$

where X denotes NPS and i denotes the order of the lag relative to Month 2 after purchase ($t=0$) – i.e. $i=0, 1, \dots, 10$. Each of the Z_0 parameters on X_t, \dots, X_{t-10} is unity (one); the Z_1 parameters = i ($=0, 1, 2, \dots, 10$); and the Z_2 parameters = i^2 ($=0, 1, 4, \dots, 100$).

²⁵ Following Almon (1965) and the particularly clear account in Gujarati (1988: 534-40). We cannot outline the post-estimation derivation of the individual NPS effects within the word limit of this conference paper. A full technical explanation of our procedure is available upon request.

be defined in different ways across our observations. For example, consider two stores: Store 1 with complete NPS data (i.e. one value for each month); and Store 2 with just a single missing value (say, for month 47). In this case, for Store 1, in Month 48, $Z0_t$ is calculated (correctly) as $Z0_t = X_t + X_{t-1} + X_{t-2} + \dots + X_{t-10}$; whereas for Store 2, $Z0_t$ is calculated (incorrectly) as $Z0_t = X_t + X_{t-2} \dots + X_{t-10}$ (i.e. without X_{t-1}). Accordingly, we have to create a “balanced” dataset (i.e. one in which each store has a complete set of sales and NPS values for the same set of months). This provides another example of how methodological validity is very demanding of data.

Accordingly, our final modelling strategy is to analyse the effect – if any – of the NPS on sales by estimating a hybrid dynamic panel model with Almon distributed lags by means of applying bias-corrected LSDV estimation to balanced store-level datasets.

Our sales model is specified with the following explanatory variables.

- *Sales_{t-1}*.
Static models uniformly displayed evidence of serially correlated residuals (ε_t). Hence, the requirement to specify a dynamic model. The first lag of the dependent variable ($t-1$) proved to be statistically significant at the five per cent level but the second did not.
- *Z0_t, Z1_t and Z2_t*.
The NPS is derived from customer responses to a survey completed six months after purchase. We allow for the possibility that the Established Customer Survey reflects established views that might have already informed recommendations in previous months. Accordingly, we allow for the NPS to affect current sales up to four months *before* completion of the survey – i.e. two months post purchase. We also allow time for existing customers to form firm judgements about the product and for the diffusion of these judgements as recommendations. Because we were unable to find evidence of systematic NPS effects beyond six months, we allow for lagged effects of the NPS for each of the six months after the Established Customer Survey – i.e. up to 12 months post purchase. We therefore investigate the presence (if any) of NPS effects on sales, month by month over a period of 11 months. We transform the current value, four leading values and six monthly lagged values of the NPS into three Almon functions, $Z0_t$, $Z1_t$ and $Z2_t$, thereby allowing the 11 monthly effects (if any) to display a quadratic pattern.
- *Z0_net area mean, Z1_net area mean and Z2_net area mean*.
Each store belongs to one of 12 company-defined areas in the UK. We controlled for net area monthly average NPS – i.e. area monthly averages net of the store for which the mean NPS is calculated (to avoid double counting). This controls for the effects on a store’s sales of the NPS of stores in close geographic proximity. For the reasons outlined for the stores’ own NPS, we also include the current value, four leading values and six monthly lagged values of the monthly net area averages. We also transformed these into three Almon Z variables.
- *Store_DV*.
Store fixed effects – i.e. a dummy variable for each store – control for all time invariant or “slowly-moving” characteristics of the store; for example, location-specific effects such as the area, the socio-demographic composition of the local

population, influences from the regional/sub-regional economy, and so on. Because there is a complete set of store fixed effects, the model has no overall constant term.

- *Month_DV.*

Monthly dummy variables control for all systematic influences that affect all stores more or less equally, including seasonal effects and advertising campaigns (which, in the case of our firm, are conducted nationally). Given that our sample is restricted to UK stores, this applies to all influences from the macroeconomic environment. In particular, the period dummies control for the effects of inflation. Our initial inclination was to deflate sales according to monthly changes in the price level. However, we were persuaded otherwise by two main considerations: (i) the lack of a deflator sufficiently precisely defined to apply to our particular firm; and (ii) advice from a senior board member that company prices were not influenced by inflation during our sample period, as the then moderate rates of inflation were of much less concern to the company than the desirability of maintaining its price points. For these reasons, we control for the potential effects of inflation alongside (and indistinguishable from) other systematic period influences. In addition, the inclusion of a full set of monthly dummies (excluding the first as the omitted category) is the most flexible way to control for unobserved and thus unmodelled trend effects, should there be any.²⁶

Accordingly, our full panel model to estimate the effects of the NPS on sales is set out in Eq. 1:

$$\begin{aligned} Sales_{s,t} &= \hat{\lambda}_1 Sales_{s,t-1} + \hat{\gamma}_0 Z0_{s,t} + \hat{\gamma}_1 Z1_{s,t} + \hat{\gamma}_2 Z2_{s,t} \\ &+ \hat{\phi}_0 Z0_net\ area\ mean_{s,t} + \hat{\phi}_1 Z1_net\ area\ mean_{s,t} + \hat{\phi}_2 Z2_net\ area\ mean_{s,t} \\ &+ \sum Store_DV_s + \sum Month_DV_t + \varepsilon_{s,t} \end{aligned} \quad (Eq. 1)$$

where s indexes the individual stores, and t the months included in the balanced dataset. The effects to be estimated are the coefficients and dummy variables accented by $\hat{\cdot}$. From Eq. 1, we derive: 11 coefficients estimating the long-run sales effects of the four lead values, the current value and the six lag values of the NPS ($\beta_0^{LR} \dots \beta_{10}^{LR}$); and 11 coefficients estimating the long-run sales effects of the four lead values, the current value and the six lag values of the Net Area Mean NPS ($\beta_{11}^{LR} \dots \beta_{21}^{LR}$).

²⁶ A variety of first-generation (assuming cross-section independence) and second-generation (allowing cross-section dependence) panel unit root tests conducted over different lag lengths (up to 12) and with and without deterministic time trends rejected the unit root null (i.e. non-stationarity) for our variables of interest, sales and NPS. Indications of deterministic drift terms support specification with monthly dummies to control for potential deterministic trend effects.

Results and discussion

The model set out in Eq.1 was estimated on a balanced dataset of 28 stores each with 26 monthly observations used in estimation (i.e. after accounting for the loss of observations due to estimating with leading and lagged values of the independent variables of interest and the first lag of the dependent variable). Appendix 1 provides descriptive statistics for the estimation sample.²⁷ The results are reported in Table 1a, which is followed by the derived estimates of the long-run effects of each variable of interest reported in Table 1b. (Store and monthly dummies have a control function and so are not reported or discussed.)

Table 1a. Bias-corrected LSDVC dynamic regression (bootstrapped SEs)

Dependent variable: Sales

Bias correction up to order $O(1/NT^2)$

	Coefficient	z-statistic *	P>z (p-value)
Lag1_SALES	0.17	4.42	0.000
Z0_10_NPSEC_bal	-7716	-0.99	0.322
Z1_10_NPSEC_bal	7174	2.26	0.024
Z2_10_NPSEC_bal	-698	-2.34	0.019
Z0_10_NPSEC_Mean_bal	-32164	-1.53	0.126
Z1_10_NPSEC_Mean_bal	19579	2.20	0.028
Z2_10_NPSEC_Mean_bal	-1512	-1.84	0.066

25 monthly dummy variables (March 2013-March 2015);

February 2013 is the omitted – baseline - category

28 Store fixed effects

* Computed from bootstrapped cluster-robust standard errors (clustered on store) (2,000 replications – there are no noteworthy differences from the SEs computed using either 400 or 100 replications)

The estimated coefficient on lagged sales is in the valid range of $0 < \hat{\lambda} < 1$ and gives a persistence factor ($1/[1-\hat{\lambda}]$) of 1.2048, suggesting that the long-run effects will be only a little larger than the short-run effects.²⁸ Hence, the long-run effect is arrived at very quickly, within two to three months. If a sales increase of £1 took place in the previous month then – other factors held constant – current sales ($t=0$) would increase by £0.17; in the next month ($t=1$), the induced sales effect would be $£0.17 \times 0.17 = £0.0289$; in the month after that ($t=2$), $£0.17 \times 0.17 \times 0.17 = £0.0049$; ... and so on. By the third month ($t=3$), the cumulative induced sales effect is 0.2046, only slightly less than the full multiplier of 0.2048, which in formal mathematical terms is reached after an infinite number of periods. This suggests that the long-run effects occur sufficiently quickly to be of practical rather than purely mathematical significance.

²⁷ Comparison of average monthly sales in the balanced sample with average monthly sales in the full and highly unbalanced sample reveals a difference of 12 per cent.

²⁸ The condition $0 < \hat{\lambda} < 1$ precludes both a random walk and explosive growth in sales, and ensures that the long-run NPS effect on sales is larger than the short-run NPS effect on sales.

Table 1b. Derived long-run effects of the Established Customer NPS on Sales

Month relative to purchase	Month relative to Established Customer Survey in Month 0	Coefficient derived from estimating Eq.1				Month relative to purchase	Month relative to Established Customer Survey in Month 0	Coefficient derived from estimating Eq.1			
Stores' own NPS						Area net average NPS					
			Estimated Coefficient	z-statistic	p-value				Estimated Coefficient	z-statistic	p-value
+1						+1					
+2	+4	β_0^{LR}	-9260	-0.99	0.322	+2	+4	β_{11}^{LR}	-38601	-1.53	0.126
+3	+3	β_1^{LR}	-1488	-0.22	0.823	+3	+3	β_{12}^{LR}	-16918	-0.94	0.347
+4	+2	β_2^{LR}	4608	0.91	0.363	+4	+2	β_{13}^{LR}	1134	0.08	0.936
+5	+1	β_3^{LR}	9029	2.00	0.046	+5	+1	β_{14}^{LR}	15557	1.19	0.235
+6	0	β_4^{LR}	11773	2.60	0.009	+6	0	β_{15}^{LR}	26349	1.95	0.051
+7	-1	β_5^{LR}	12842	2.82	0.005	+7	-1	β_{16}^{LR}	33510	2.43	0.015
+8	-2	β_6^{LR}	12235	2.80	0.005	+8	-2	β_{17}^{LR}	37042	2.76	0.006
+9	-3	β_7^{LR}	9952	2.42	0.016	+9	-3	β_{18}^{LR}	36943	2.95	0.003
+10	-4	β_8^{LR}	5993	1.40	0.162	+10	-4	β_{19}^{LR}	33214	2.69	0.007
+11	-5	β_9^{LR}	358	0.06	0.948	+11	-5	β_{20}^{LR}	25855	1.75	0.081
+12	-6	β_{10}^{LR}	-6953	-0.87	0.386	+12	-6	β_{21}^{LR}	14866	0.71	0.476

Table 1b reports statistically significant estimates suggesting that a store's NPS has a positive and economically meaningful effect on the store's sales over a five-month period (from five to nine months after purchase). This effect begins one month prior to the survey, increases during the month of the survey and again during the following month, and then fades during the second and third months after the survey. Figure 3 shows the sales effects for an average store in each month – from two to 12 months after purchase – in pounds (£) per month resulting from a sustained unit increase in (i) the stores' own NPS and (ii) the Area net mean NPS. Because NPS is measured on a scale bounded by ± 1 (where 1 is 100% promoters and -1 is 100% detractors), a unit increase is an increase of the NPS from e.g. 0 to 1, i.e. 0 to 100%. However, econometrically estimated effects measure marginal, i.e. small changes. Moreover, for most businesses, feasible increases in NPS are likely to be small. Accordingly, on grounds of both econometric validity and business practicality, we interpret the effects of an increase in the NPS of 0.01 (i.e. an increase of 1 percentage point). Hence, for each of the long-run effects reported in Table 1b, the corresponding effect on sales in pounds sterling (£) is given by multiplying the estimated coefficient by 0.01.

In round terms, a *sustained* one percentage point improvement in NPS delivers – on average and holding other influences constant – an increase in sales of £90 (i.e. $0.01 \times \beta_3^{LR}$) plus a further £118 (i.e. $0.01 \times \beta_4^{LR}$), £128, £122 and £100, respectively, over the five-month period. Both before and immediately after this period, the effects are small and are not estimated with sufficient precision to warrant inclusion in the calculation. Nonetheless, a total increase in sales of £558²⁹ in every subsequent month – so long as the initial increase in NPS is sustained – represents an economically substantial effect from a small increase in NPS. If a similar increase were to be achieved by all 96 of the firm's UK stores and sustained for a year, then the annual increase in sales would amount to £643,000 (rounded).³⁰

Also noteworthy is the effect on an individual store of the average NPS of the other stores in its area. Here, a one percentage point improvement, *ceteris paribus*, gives rise to statistically significant effects in the current period and in the next five months: respectively, in round terms, £263 (i.e. $0.01 \times \beta_{15}^{LR}$), £335 (i.e. $0.01 \times \beta_{16}^{LR}$), £370, £369, £332, and £259, likewise observing a quadratic pattern. Although the assumed increase in net area average NPS is small, if it were to be sustained then the total impact on the remaining store would be large: increased sales of £1,929 per month. Projected across 96 stores for a year this amounts to an annual sales increase of £2,220,000 (rounded). Therefore, if every store could achieve a sustained increase in its NPS of one percentage point then across 96 stores the additional annual sales over the long run would be in the region of £3 million.³¹

Figure 3 displays graphically the quadratic effects of both the store's own NPS (left-hand panel) and the area mean NPS (right-hand panel), which unfold over time, at first strengthening and then declining. Each dot depicts the respective "Estimated Coefficient" reported in Table 1b, while the vertical bars depict the associated confidence intervals (such that the shorter the bar the more precise the estimate; and estimates with bars overlapping the zero reference line indicate an estimate that cannot be statistically distinguished from zero).³²

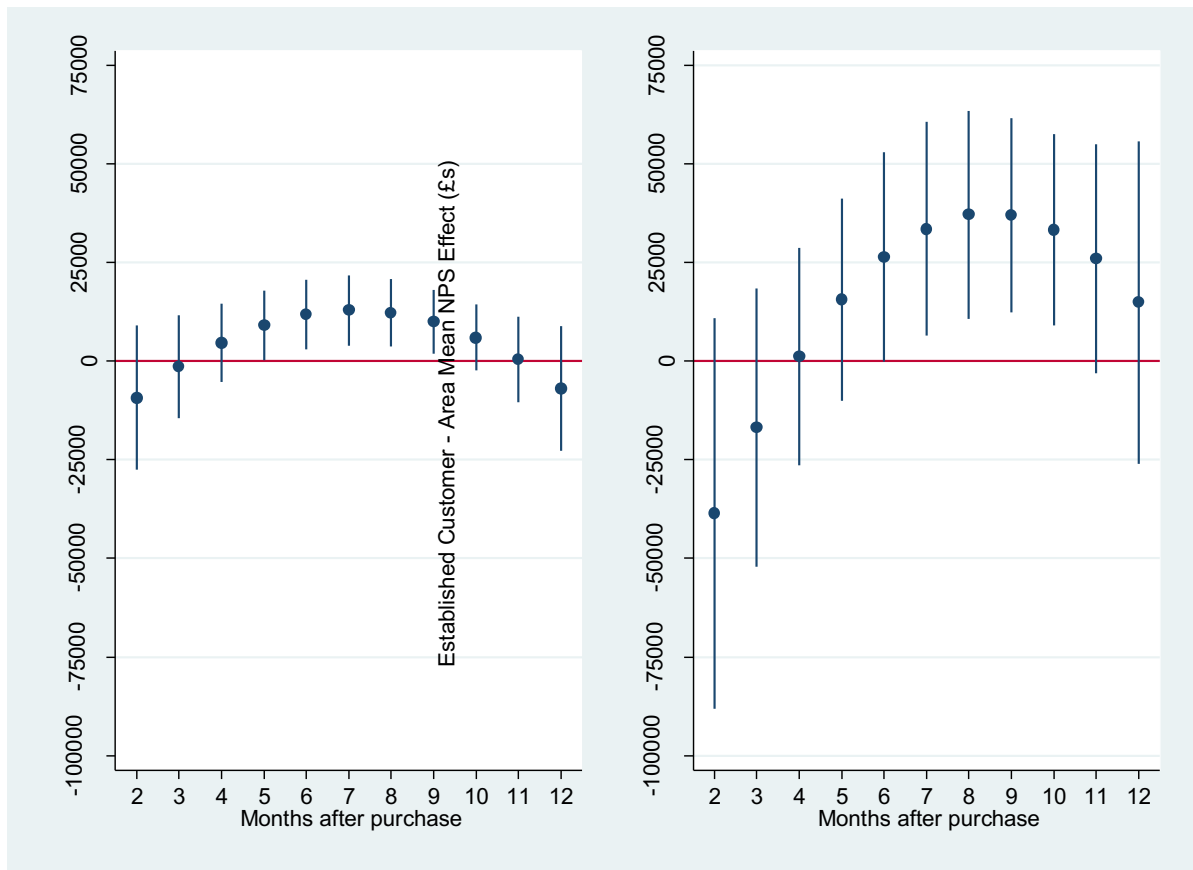
²⁹ $90+118 + 128 + 122 + 100 = 558$

³⁰ $558 \times 12 \times 96 = 642,816$.

³¹ $2,220,000 + 643,000 = 2,864,000$.

³² In the right-hand panel, the month 11 estimate is significant at the 10 per cent level (see Table 1b).

Figure 3. The sales effects of sustained increases in Established Customer NPS



Computed using Stata's "matrix input" command and the user-written programme *coefplot*; the syntax is available upon request.

Conclusions

Our findings suggest that stores' sales respond positively to an increase in NPS. We find that the store's own Established Customer Net Promoter Score has a positive and economically meaningful effect on the store's own sales. Additionally, we find that the Net Promoter Scores of other stores in the area have a positive effect on a store's sales revenue. While the sales impact of the surrounding stores' average NPS is much larger than the impact of the store's own Established Customer NPS, both effects unfold over a period of several months (five and six months for own and area average NPS, respectively) and are quadratic, i.e. at first strengthening and then declining.

The quadratic pattern suggests that (i) the recommendation diffusion process is unlikely to begin immediately post purchase or even in the following month but is likely to take place subsequently over a period of several months; (ii) recommendations become increasingly persuasive over time as it is likely that experience of the product lends authority to a customer's recommendations to their social networks; (iii) the number of recommendations per existing customer per period will eventually decline as the purchase loses novelty and as each additional recommendation reduces the remaining number of potential recommendations within a given social network.

We set out to investigate (i) when and (ii) by how much sales will increase as a result of an increase in NPS. Our findings show that (i) a store's own NPS starts to impact a store's sales five months after product purchase while the area average NPS starts to impact a store's sales six months post purchase. In addition, we find that (ii) a sustained one percentage point (pp) increase in NPS across all UK stores corresponds to approximately a 0.5% increase in the company's annual revenue. In financial terms, for DFS, this means that a one pp increase in

NPS in each of its UK stores would result in an additional £3 million of company sales revenue per year. To put this in perspective, the additional annual sales revenue as a result of a one pp increase in the NPS amounts to more than the equivalent of an average infill store's annual profit. In other words, more profit is generated by a one pp increase in NPS than by opening a new store, without having to invest the capital expenditure (on average, £1m is required to open a new store) (DFS, 2015; p.97). This makes attempts to increase NPS particularly appealing to practitioners.

Our study is based on a single company albeit a market leader. Thus, at best, we can generalise our findings to the living room furniture market. Therefore, more micro-level data must be collected from other industries and parts of retail to investigate whether the relationship (in terms of pattern, size and timing) between sales and NPS which we identified in this study is present in other sectors of the economy.

References

- Almon, S. (1965). The Distributed Lag Between Capital Appropriations and Expenditures. *Econometrica*, 33 (1), p.pp. 178-96.
- Berry, L.L., Carbone, L.P. & Haeckel, S.H. (2002). Managing the total customer experience. *MIT Sloan Management Review*, 43(3), p.pp.85–89.
- Brandt D.R. (2007). For Good Measure, *Marketing Monthly*, January, p.pp. 20-25.
- DFS (2015) *IPO Propsectus*. [online] available at <<http://www.dfscorporate.co.uk/investors/ipo>>. Accessed 06/02/2018
- DFS (2018). *DFS at a Glance*. [online] Available at <www.dfscorporate.co.uk/who-we-are/dfs-at-a-glance>. Accessed 06/02/2018
- Fiserova, J., Pugh, G.T., Stephenson, A. & Dimos, C. (2017) What drives customer propensity to recommend a brand? British Academy of Management Annual Conference, September 5-7, 2017. University of Warwick, Warwick, UK.
- Jain, R., Aagja, J. & Bagdare, S. (2017). Customer Experience - a review and research agenda. *Journal of Service Theory and Practice*. 27 (3). p.pp. 642–662.
- Keiningham, T., Aksoy, L. & Cooil, B. (2008). A holistic examination of Net Promoter. *Journal of Database Marketing & Customer Strategy Management*. 15 (2). p.pp.79-90.
- Keiningham, T.L., Cooil, B., Andreassen, T.W., Aksoy, L., Cooll, B. & Andreassen, W. (2007). A Longitudinal Examination of Net Promoter and Firm Revenue Growth. *Journal of Marketing*. 71 (3). p.pp. 39–51.
- Maklan, S., Antonetti, P. & Whitty, S. (2017). A Better Way to Manage Customer Experience. *California Management Review*. 59 (2). p.pp. 92–115.
- Reichheld, F.F. (2003). The one number you need to grow. *Harvard Business Review*. 81 (12). p.pp. 46–54.
- Satmetrix (2013). *Net Promoter Associate Training Guide, Net Promoter Certification*, Satmetrix Systems Limited, London.
- Van Doorn, J., Leeftang, P. S. H. & Tijs, M. (2013) Satisfaction as a predictor of future performance: A replication. *International Journal of Research in Marketing*, 30 (3), 314–318.

Appendix 1: Descriptive details for the Established Customer NPS Bias-corrected LSDV regression sample

Estimation sample xtlsdvc

Number of obs = 728 (after allowing for observations lost by lagging)

Variable	Mean	Std. Dev.	Min	Max
----------	------	--------------	-----	-----

SALES	785948	363666	174711	2031387
L1.SALES	790234	366530	174711	2031387
Z0_10_~C_bal	2.35	1.61	-3.04	8.06
Z1_10_~C_bal	11.69	9.62	-28.50	43.66
Z2_10_~C_bal	81.96	75.40	-222.28	322.06
Z0_10_~n_bal	2.14	0.69	-0.25	5.80
Z1_10_~n_bal	10.47	3.90	-4.43	28.33
Z2_10_~n_bal	72.61	30.62	-49.33	208.61
Month_20 - Month_44	0.04	0.19	0.00	1.00

For comparison: estimation on the full, unbalanced dataset for the same period (all 96 stores, with the number of monthly observations per store varying between three and 33 and an average of 20.53).

Estimation sample xtlsdvc

Number of obs = 1,971

Variable	Mean	Std. Dev.	Min	Max
SALES	690049	314290	142657	2324906
L1.	688907	313432	141147	2324906

Appendix 6 – Full NPS Questionnaires – DFS 2016

POST PURCHASE

Thinking about your overall customer experience, **how likely are you to recommend dfs** to friends, family and colleagues?

(on a scale of 0-10, where 0 is least likely and 10 is most likely)

Please tell us a little more about **why you have given this score**:

How satisfied were you with the service you received from the dfs team when you entered the store?

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

Please tell us a little more about **why you have given this score**:

How well did the advisor check your requirements? - for example checking what furniture you currently have or checking the planned usage of your new furniture.

(on a scale of 0-10 where 0 = not at all well and 10 = extremely well)

Please tell us a little more about **why you have given this score**:

How well were the **key features of the furniture that you chose explained?** - e.g. description of covering material used, type of cushion fillings.

(on a scale of 0-10 where 0 = not at all well and 10 = extremely well)

Please tell us a little more about **why you have given this score**:

How well would you say the sales advisor **explained the following services?**

(on a scale of 0-10 where 0 = not at all well and 10 = extremely well)

	N/A. (did not discuss)	0	1	2	3	4	5	6	7	8	9	10
Payment options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product guarantees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product protection (Sofacare etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Delivery / installation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How satisfied were you with the manner in which the sales advisor **asked for your order?** - i.e. asked if you would like to proceed / make a purchase

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

Please tell us a little more about **why you have given this score:**

From your experience **how would you rate the team at dfs** in the following 3 areas:

	Excellent	Good	Fair	Below expectations
Friendliness and Helpfulness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Passion and Enthusiasm	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product Knowledge	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Has any dfs employee gone over and above / **exceeded your expectations?**

- ☐ Yes
- ☐ No

Please give the name (or description if you don't have a name) of the employee and a brief **description of how they exceeded your expectations:**

Finally, are there **any other comments** you would like to make to help us improve our service?

Thanks for your feedback - as part of our company communications we occasionally like to use **real customer comments** on our website / advertising etc. Are you happy for your comments to be used in this way?

- ☐ Yes you can use my name, town and comments
- ☐ Yes but only use my comments
- ☐ No

POST DELIVERY

Thinking about your overall customer experience, **how likely are you to recommend dfs** to friends, family and colleagues?

(on a scale of 0-10, where 0 is least likely and 10 is most likely)

When YOU visited dfs to choose and order your sofa, **how satisfied were you** with the service?

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

We're sorry to hear you weren't completely satisfied, **what do you feel we could have done better?**

How satisfied were you with the **convenience of the delivery time** you were given?

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

Please tell us a little about **how this could have been improved:**

Given the choice, which of the following delivery time slots would be the **most** convenient to you?

- ☐ Weekday - 8am to 11am
- ☐ Weekday - 11am to 2pm
- ☐ Weekday - 2pm to 5pm
- ☐ Weekday - 5pm to 8pm
- ☐ Saturday - 8am to 12pm
- ☐ Saturday - 12pm to 5pm
- ☐ Sunday - 8am to 12pm
- ☐ Sunday - 12pm to 5pm

Many retailers charge extra for a weekend or an evening delivery. Would you have been prepared to pay an **extra** £20 for this service?

- ☐ Yes
- ☐ No

So we understand fully, please give a little more information on why you would not be prepared to pay extra for an evening/weekend delivery:

How satisfied were you with **how well we kept you updated** between placing your order and arranging delivery?

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

What do you feel we could have done to keep you better informed?

How would you **rate the politeness / manners** of the dfs delivery team, throughout their time with you?

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

Please tell us a little about how we could have improved this experience for you:

How satisfied were you with the **care the dfs delivery team took** when they carried the furniture into your home?

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

Please tell us a little about how this could have been improved:

How satisfied were you with **how the furniture was left in the room?** (e.g. was the furniture put together, feet fitted, furniture placed where required etc.)

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

To help us improve this in future, please tell us how the delivery team could have done this better:

How satisfied were you with **how tidy your property was left, following the delivery?** (e.g. Clean and tidy/packaging removed etc.)

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

What do you feel the delivery team should/could have done to leave your property in a satisfactory state?

At this point in time, **please rate your furniture** in the following 3 areas:

	Excellent	Good	Fair	Below expectations
Build / Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Appearance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comfort	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

To help us understand your above ratings, please provide any further comments:

Has any dfs employee gone over and above / **exceeded your expectations**?

- ☐ Yes
- ☐ No

Please give the name (or description if you don't have a name) of the employee and a brief **description of how they exceeded your expectations**:

Finally, are there **any other comments** you would like to make to help us improve our service?

Thanks for your feedback - as part of our company communications we occasionally like to use **real customer comments** on our website / advertising etc. Are you happy for your comments to be used in this way?

- ☐ Yes you can use my name, town and comments
- ☐ Yes but only use my comments
- ☐ No

POST SERVICE

Thinking about your overall customer experience, **how likely are you to recommend dfs** to friends, family and colleagues?

(on a scale of 0-10, where 0 is least likely and 10 is most likely)

—

When you called dfs to report the problem **how satisfied were you with how well your call was dealt with?**

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

—

We're sorry to hear you weren't completely satisfied, **what do you feel we could have done better?**

—

Were you satisfied with the **convenience of the service visit time?**

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

—

Please tell us a little about **how this could have been improved:**

—

After reporting the issue, **how satisfied were you with the wait for the visit?**

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

—

We're sorry you weren't completely satisfied with how long you waited, **please give a little more information:**

How would you rate the Service Manager who visited your home in the following 3 areas:

	Excellent	Good	Fair	Below Expectations
Friendliness and Helpfulness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Presentation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product Knowledge	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

To help us understand your above ratings, please provide any further comments:

—

How satisfied are you with **how we have resolved the issue with your furniture?**

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

—

Please tell us a little about how we could have improved this experience for you:

At this point in time, **please rate your furniture** in the following 3 areas:

	Excellent	Good	Fair	Below expectations
Build / Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Appearance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comfort	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

To help us understand your above ratings, please provide any further comments:

Has any dfs employee gone over and above / **exceeded your expectations**?

- ☐ Yes
☐ No

Please give the name (or description if you don't have a name) of the employee and a brief **description of how they exceeded your expectations**:

Finally, are there **any other comments** you would like to make to help us improve our service?

Thanks for your feedback - as part of our company communications we occasionally like to use **real customer comments** on our website / advertising etc. Are you happy for your comments to be used in this way?

- ☐ Yes you can use my name, town and comments
☐ Yes but only use my comments
☐ No

6 MONTHS POST OWNERSHIP

Thinking about your overall customer experience, **how likely are you to recommend dfs** to friends, family and colleagues?

(on a scale of 0-10, where 0 is least likely and 10 is most likely)

When YOU visited dfs to choose and order your sofa, **how satisfied were you** with the service?

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

We're sorry to hear you weren't completely satisfied, **what do you feel we could have done better?**

How satisfied were you with the **whole delivery experience?**

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

Please tell us a little about **how we could have improved this experience** for you:



Did you need to call us after you placed your order?

- ☐ Yes
- ☐ No

Why was this?

- ☐ A service call
- ☐ To chase delivery
- ☐ To query your paperwork
- ☐ Other

How well was your query dealt with?

As you had to call our service/repair team out, **how satisfied** were you with **the way in which we resolved your issue?**

(on a scale of 0-10 where 0 = not at all satisfied and 10 = completely satisfied)

What do you feel our service/repair team could do to **improve on this** in future?

Please rate your furniture in the following 3 areas:

	Excellent	Good	Fair	Below expectations
Build / Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Appearance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comfort	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

From your experience how would you rate the team at dfs in the following 3 areas:

	Excellent	Good	Fair	Below expectations
Friendliness and Helpfulness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Passion and Enthusiasm	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product Knowledge	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Has any dfs employee gone over and above / **exceeded your expectations**?

- ☐ Yes
- ☐ No

Please give the name (or description if you don't have a name) of the employee and a brief **description of how they exceeded your expectations**:

Finally, are there **any other comments** you would like to make to help us improve our service?

Thanks for your feedback - as part of our company communications we occasionally like to use **real customer comments** on our website / advertising etc. Are you happy for your comments to be used in this way?

- ☐ Yes you can use my name, town and comments
- ☐ Yes but only use my comments
- ☐ No

Appendix 7 – NPS Coding and Analysis

As described in section 4.10, the responses generated by the NPS surveys of DFS customers were individually coded. The code frame for these responses consists of three levels.

Responses are coded initially to be a Promoter, Passive or Detractor response based upon the numerical score to the NPS question. This follows the NPS methodology with scores of 0-6 being a Detractor, 7 and 8 being Passive, 9 and 10 being a Promoter. This is shown as Level 1 (L1) in the table below.

The verbatim comments from each response were then categorised at a second level into comments related to (i) a Salesperson, (ii) the overall experience, (iii) the product offering, (iv) delivery, or (v) other. From within the verbatim comments individual sentences were coded. It is a sound basis for coding to use sentences or logical parts of a sentence (Everaert et al, 2009). Therefore, an individual customer response may be coded to more than one response type. This is shown as Level 2 (L2) in the table below.

Finally, the comments were coded to a third level which further specifies the cause of the response. The following table shows the code frame in full. This is shown as Level 3 (L3) in the table below.

The Code Frame

This table shows the full three-level code frame used for the analysis of customer responses within DFS.

L1	Promoter	9 10			
L1	Passive	7 8			
L1	Detractor	0 1 2 3 4 5 6			
L2	Sales People				
L3	Staff helpfulness/knowledge/positive sound advice and information				
L3	Positive Attitude of Staff				
L3	Positive absence of pushy/hard sell/pressure selling				
L3	Quick, easy and hassle free buying process				
L3	Poor/dishonest sales approach in store				
L3	Poor attitude of sales staff				
L3	Paperwork Errors / product not what was ordered				
L2	Experience				
L3	Excellent / good service / great experience				
L3	Poor Service				
L2	Offering				
L3	Positive perceptions of product choice (excellent range, good styles, wide range)				
L3	Positive perceptions of value for money				
L3	Great finance deals (flexible payment options, good IFC)				
L3	Poor perceptions of product range / pricing on offer				
L3	Poor quality / value of product purchased				
L2	Delivery				
L3	Order arrived within lead time given				
L3	Kept updated on order progress/good updates on delivery				
L3	Poor delivery lead times / no commitment to lead time				
L3	Product damaged / faulty on delivery				
L2	Other				

Table A7A – The Code Frame

Positive Coded Responses

Responses from each survey were analysed and presented to management each month. All verbatim comments were available to stores in real time. An example of positively coded results in the format presented to management is shown in the next table. All comments on this page are Promoters at the first level of coding above.

The second level coding is shown on the left side of the document, this is then divided into the level 3 codes. Items are ranked so that management can immediately see the comments most frequently occurring amongst Promoters.

High Level Dashboard	Post Purchase	Post Delivery	Established Customer	Post Service	Suppliers	Regions / Areas	Appendices
	Comments Coded – Positive Experiences	Total	% of Positive	% of Total	Comment Examples	Based on 4750 positive comments Baseline of 5270 comments coded	
Sales People 65.3% (3441)	Staff helpfulness/knowledge/positive sound advice and information	1539	32.4%	29.2%	<ul style="list-style-type: none">Found that the salesman was very helpful. In fact he remembered us from a visit to your Ipswich store when we had first seen the new house and was just lookingStaff were very knowledgeable about the ranges and helpful in finding something to meet our requirements.		
	Positive attitude of staff	1486	31.3%	28.2%	<ul style="list-style-type: none">The gentleman who dealt with us was very courteous and polite and made areal effort to look after us.The salesman that served us was polite & professional		
	Positive absence of pushy/hard sell/pressure selling	351	7.4%	6.7%	<ul style="list-style-type: none">Not pressured in shop and was given honest opinions.Wasn't pestered ,advice when wanted and very helpful.		
	Quick, easy and hassle free buying process	65	1.4%	1.2%	<ul style="list-style-type: none">Easy, quick, great rangeThe speed of the order process and the price breakdown were clearly communicated.		
Experience 16.98% (891)	Excellent/ good service/great experience	891	18.8%	16.9%	<ul style="list-style-type: none">Excellent service from sales person. He was not pushy and assisted me in making my decision.The service was excellent without the feeling of any pressure selling. A great selection which was very much adaptable by mixing and matching		
Offering 7.8% (412)	Positive perceptions of product choice (excellent range, good styles, wide range)	356	7.5%	6.8%	<ul style="list-style-type: none">Plenty of furniture to choose from and try out (Edinburgh 10)Excellent choice of furniture.I found a great range of sofa's at the store I visited and the salesman was very helpful and friendly		
	Positive perceptions of value for money	46	1.0%	0.9%	<ul style="list-style-type: none">Good prices, plenty of choice, great finance options, time to browse without being hassled by sales people. (Stockport 10)Good value for money		
	Great finance deals (flexible payment options, good IFC)	10	0.2%	0.2%	<ul style="list-style-type: none">4 years interest free credit was the main attraction, but also the range of furniture/choice of styles was good.		
Delivery 0.1% (6)	Order arrived within lead time given	4	0.1%	0.1%	<ul style="list-style-type: none">Fast delivery, value for money, quality of the suites (Cardiff 10)We were given a delivery time of 21 days and it arrived in just over a week .		
	Kept updated on order progress/good updates on delivery	2	0.0%	0.0%	<ul style="list-style-type: none">Good after sales service.		

Figure A7A – Positive Coded Responses

Negative Coded Responses

Responses from each survey were analysed and presented to management each month. All verbatim comments were available to stores in real time. An example of negatively coded results in the format presented to management is shown in the next table. All comments on this page are Detractors at the first level of coding above. The second level coding is shown on the left side of the document, this is then divided into the level 3 codes. Items are ranked so that management can immediately see the comments most frequently occurring amongst Detractors.

High Level Dashboard	Post Purchase	Post Delivery	Established Customer	Post Service	Suppliers	Regions / Areas	Appendices
Comments Coded – Negative Experiences		Total	% of Negative	% of Total	Comment Examples		
		Based on 379 negative comments Baseline of 5270 comments coded 141 'other' comments received					
Sales People 4.5% (235)	Poor/dishonest sales approach in store	213	56.2%	4.0%	<ul style="list-style-type: none">All costs disclosed at purchase both verbally and in writing.Less pushy for a saleI felt rushed and didn't even get offered a drink despite how hot it wasTo be asked if we wanted to purchase insurance, cleaning kit, etc but instead they are automatically added on.		
	Poor attitude of sales staff	14	3.7%	0.3%	<ul style="list-style-type: none">The ladies in the office could be more helpful & at least honest, they actually lied to us when we rang in.		
	Paperwork errors / product not what was ordered	8	2.1%	0.2%	<ul style="list-style-type: none">I am disappointed that after spending an hour and a half in store arranging our purchase we have to return to sign a paper.		
Offering 1.8% (96)	Poor perceptions of Product range/pricing on offer	93	24.5%	1.8%	<ul style="list-style-type: none">Stop changing the price. I rushed so that i didnt miss a deal and now its cheaper!!!!!! Not goodPerhaps more stock in storeOffered base caps at least half price		
	Poor quality/value of product purchased	3	0.8%	0.1%	<ul style="list-style-type: none">Leather on arms are badly creased		
Delivery 0.6% (31)	Poor Delivery lead times/no commitment to lead time	30	7.7%	0.6%	<ul style="list-style-type: none">Faster deliveryShorter lead times on furniture. With a lead time of 14 weeks on some products, you would be forgiven for thinking you were ordering a Rolls Royce that had to be made by hand.Shorter wait time for sofa delivery		
	Product damaged/faulty on delivery	1	0.3%	0.0%	<ul style="list-style-type: none">Customer service as my sofa has come ripped on the arm and no one has bothered calling.		
Experience 0.3% (17)	Poor After sales service	17	4.5%	0.3%	<ul style="list-style-type: none">Less mixed messages about delivery dates and being called back when I was told I'd be called rather than having to ring for an update.Return calls, deal promptly with any problems rather than say we will call you back and don't. Before this happened DFS would of had a 10.		
	Other	141	N/a	2.7%	<ul style="list-style-type: none">Complimentary drinks during sales consultation		

Figure A7B – Negatively Coded Responses

Management Reporting

The coded responses above were presented alongside a summary of data. While management could access all data and any time this summary proved useful in driving discussion.

The example below shows the summary for the Post-Purchase survey to which the responses in this Appendix relate. The overall trend is shown, as are the highest performing stores and the lowest performing ones. This also then shows the highest and lowest performing salespeople.

This document formed the basis of discussions with management each month throughout the research. The document is redacted to remove names of employees or where data is confidential. Using the item coding described within Appendix 1, the example document below would be described as DFS, A1, 2015, this being an example of a “Post-Purchase & Established Customer Report”, coded as A1, and being one of the twelve produced within the year 2015.

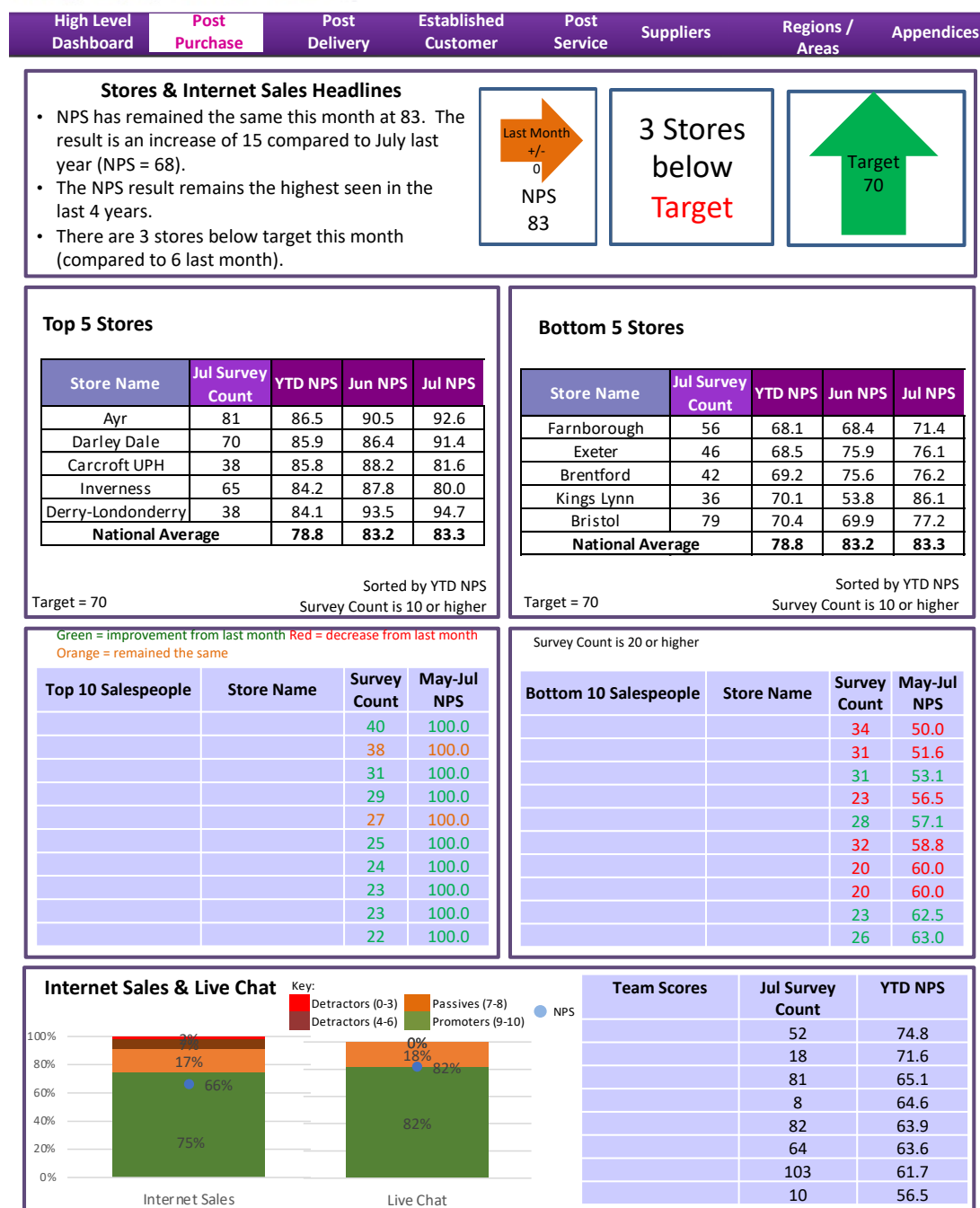


Figure A7C – Management Reporting of NPS (Example)

References

Everaert, P., Bouten, L., van Liedekerke, L., and Christiaens, J. (2009), *Discovering patterns in corporate social responsibility (CSR) reporting: A transparent framework based on the Global Reporting Initiative*. Working Papers of Faculty of Economics and Business Administration, Ghent University, Belgium

Appendix 8 – Ethical Approval



Staffordshire Business School

PROPORTIONATE REVIEW APPROVAL FEEDBACK

Researcher Name:	Andrew Stephenson
Title of Study:	The impact of usage of net promoter score to delivery business growth and change in retail organisations.
Status of approval:	Approved

Action now needed:

Your project proposal has been approved by the Ethics Panel and you may commence the implementation phase of your study. You should note that any divergence from the approved procedures and research method will invalidate any insurance and liability cover from the University. You should, therefore, notify the Panel of any significant divergence from this approved proposal.

When your study is complete, please send the ethics committee an end of study report. A template can be found on the ethics BlackBoard site.

Signed:

A handwritten signature in blue ink, appearing to read 'Manjusha Hirekhan'.

Date:

10/1/2019

Dr. Manjusha Hirekhan

Chair of the Staffordshire Business School
Ethics Panel

References

- AdRoll (2019). Customer Loyalty vs Brand Loyalty. *AdRoll*. (Accessed: 24 November 2019). Available at: <https://www.adroll.com/blog/customer-experience/customer-loyalty-vs-brand-loyalty>
- Akın Assist, E. (2012). Literature Review and Discussion on Customer Loyalty and Consciousness. *European Journal of Economics, Finance and Administrative Sciences*. 51(2012), pp. 158-173.
- Aksoy, L. et al. (2008). The Long-Term Stock Market Valuation of Customer Satisfaction, *Journal of Marketing*, 72(4), pp. 105–122.
- Altman, Y. (1998). Learning, leadership, teams: corporate learning and organisational change. *Journal of Management Development*, 17 (4), pp. 44-55
- Alvesson, M. and Deetz, S. (2000) Doing Critical Management Research (SAGE series in Management Research). London: SAGE Publications Ltd.
- Alwin, D. F. (1992). Information Transmission in the Survey Interview: Number of Response Categories and the Reliability of Attitude Measurement, *Sociological Methodology*. 22 (1992), pp. 83-118.
- Anderson, E. (1994). Cross-category variation in customer satisfaction and retention, *Marketing Letters*, January 1994, pp. 19–30.
- Ashkanasy, N. M., Wilderom, C. P. M. and Peterson, M. F. (2011). *The Handbook of Organizational Culture and Climate*. 2nd edition. London: SAGE Publications Ltd.
- Avolio, B., Walumbwa, F. and Weber, T. J. (2009) Leadership: Current Theories, Research, and Future Directions. *University of Nebraska Management Department Faculty Publications*. (Accessed: 16 March 2019). Available at: <https://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1036&context=managementfacpub>
- Bagdare, S. and Jain, R. (2013). Measuring retail customer experience, *International Journal of Retail & Distribution Management*, 41(10), pp. 790–804.
- Bain & Company (2018) Net Promoter System - processes. *Bain & Company*. (Accessed: 15 January 2018). Available at: <http://www.netpromotersystem.com/system-processes/index.aspx>
- Baker, S. (2007). Followership: The theoretical foundation of a contemporary construct, *Journal of Leadership & Organizational Studies*, 14(1), pp. 50–60.
- Bardauskaite, I. (2014) Loyalty in the Business-to-Business Service Context: A Literature Review and Proposed Framework, *Journal of Relationship Marketing*, 13(2014), pp. 28–69.

- Barnard, M. and Stoll, N. (2010). Organisational Change Management: A rapid literature review. *Centre for Understanding Behaviour Change*, (Accessed: 23 April 2017). Available at: <http://www.bristol.ac.uk/media-library/sites/cubec/migrated/documents/pr1.pdf>
- Bendle, N. T., Bagga, C. K. and Nastasoïu, A. (2019). Forging a Stronger Academic-Practitioner Partnership—The Case of Net Promoter Score (NPS), *Journal of Marketing Theory and Practice*, 27(2), pp. 210–226.
- Berry, L. L., Carbone, L. P. and Haeckel, S. H. (2002). Managing the total customer experience, *MIT Sloan Management Review*, 43(3), pp. 85–89.
- Binney, G., Williams, C. and Wilke, G. (2012). *Living Leadership: A Practical Guide for Ordinary Heroes*. 3rd Edition. London: FT Publishing International.
- Bolden, R. (2007) 'Trends and Perspectives in Management and Leadership Development', *Business Leadership Review*, 4(2) pp 1-13.
- Boud, D., Cressey, P. and Docherty, P. (2006). *Productive Reflection at Work: Learning for Changing Organizations*. Kindle Edition. Philadelphia: Routledge.
- Bowen, J. T. and Chen McCain, S. L. (2015). Transitioning loyalty programs: A commentary on "the relationship between customer loyalty and customer satisfaction", *International Journal of Contemporary Hospitality Management*, 27(3), pp. 415–430
- Boxall, P. and Purcell, J. (2011). *Strategy and Human Resource Management: (Management, Work and Organisations)*. 3rd edition. London: Palgrave Macmillan.
- Brace, I. (2004). *Questionnaire Design: How to Plan, Structure and Write Survey Material for Effective Market Research*. London: Kogan Page Publishers.
- Bradford, D. L. and Burke, W. W. (2005). *Reinventing Organization Development: New Approaches to Change in Organizations*. New York: Pfeiffer.
- Brandt, R. (2007). On the one number you need to grow, one size doesn't fit all, *MM*, (January / February 2007), pp. 20–25.
- Brislin, W. R. (1986). The Wording and Translation of Research Instruments. In *Field Methods in Cross-Cultural Research* (eds W.J. Lonner & J.W. Berry), (8), pp 137-164
- Brown, M. and Mitchell, M. (2010). Ethical and unethical leadership: Exploring new avenues for future research, *Business Ethics Quarterly*, 20 (2010) pp. 583–616.
- Burgoyne, J. and Reynolds, M. (1997). *Management Learning: Integrating Perspectives in Theory and Practice*. London: SAGE Publications Ltd.
- Burnham, T.A. and Wong, J.A. (2018). Factors influencing successful net promoter score adoption by a non-profit organization: a case study of the Boy Scouts of

America. *International Review on Public and Nonprofit Marketing*. 15 (2018), pp. 475-495

Burnes, P. B. (2009). *Managing Change*. 5th Edition. London: Prentice Hall.

Burns, R. B. (2000). *Introduction to Research methods*. Fourth Edition. London: Pearson.

Carson, J. B., Tesluk, P. E. and Marrone, J. A. (2007). Shared Leadership in Teams: An Investigation of Antecedent Conditions and Performance, *Academy of Management Journal*, 50 (5), pp. 1217–1234.

Chaleff, I. (2009). *The courageous follower: Standing up to and for our leaders*. Third Edition. San Francisco: Berrett-Koehler Publishers, Inc.

Conger, J. and Kanungo, R. (1988). The empowerment process: Integrating theory and practice, *Academy of Management Review*, 13(3), pp. 471–482.

Cooper, M.D., Collins, M., Bernard, R., Schwann, S. and Knox, R.J. (2018). Criterion-related validity of the cultural web when assessing safety culture. *Safety Science*. 111 (2019), pp. 49-66.

Cornelissen, J.P. (2017). Preserving Theoretical Divergence in Management Research: Why the Explanatory Potential of Qualitative Research Should Be Harnessed Rather than Suppressed. *Journal of Management Studies*, 54(3), pp.368-383

Creamer, M. (2006). Do you know your Net Promoter Score? *AdAge*, (Accessed 24 July 2016). Available at: <http://adage.com/article/news/net-promoter-score/110435/>

Cresswell, J. W. (2003). *Research Design. Qualitative, Quantitative, and Mixed Methods Approaches*. 2nd Edition. London: SAGE Publications Ltd.

Cronbach, L. J. (1951). Coefficient alpha and the internal structure of tests, *Psychometrika*, 16(3), pp. 297–334

Cross, S. (2016). *First and Fast. Outpace Your Competitors, Lead Your Markets, and Accelerate Growth*. New York: Business Expert Press.

Darnton, A. (2008). Reference Report: An overview of behaviour change models and their uses. *Centre for Sustainable Development, University of Westminster*. (Accessed 14 March 2019). Available at: https://assets.publishing.service.gov.uk/government/uploads/attachment_data/file/498065/Behaviour_change_reference_report_tcm6-9697.pdf

Dawson, P. (2002). *Understanding Organizational Change: The Contemporary Experience of People at Work*. London: SAGE Publications Ltd.

Deci, E. and Ryan, R. (2000). What and why of goal pursuits, *Psychological Inquiry*, 11(4), pp. 227–268.

Dewey, J. (1910). *How we think*. Boston: DC Heath and Company.

DFS Furniture plc (2015). DFS Prospectus 2015. *DFS*. (Accessed 17 September 2018). Available at: <http://www.dfscorporate.co.uk/media/30149/DFS-prospectus.pdf>

DFS Furniture plc (2020). DFS Preliminary Results 2020. *DFS*. (Accessed 25 September 2020). Available at: <http://www.dfscorporate.co.uk/media/51488/DFS-FT20-Prelims-240920.pdf>

Dick, A. S. and Basu, K. (1994). Customer Loyalty: Toward an Integrated Conceptual Framework. *Journal of the Academy of Marketing Science*, 22 (1994), pp. 99-113.

Dilman, D. (1978). *Mail and telephone surveys: the total design method*. New York: John Wiley & Sons.

Dilman, D. and Moore, D. (1983). *Improving response to mail surveys: results from file experiments*. Buck Hill Falls: Association of Public Opinion.

Drake, P. and Heath, L. (2011). *Practitioner Research At Doctoral Level*. Abingdon: Taylor & Francis.

Drucker, P. F. (1999). *Managing for Results*. London: Routledge.

Dunphy, D. (2000). *Sustainability: The Corporate Challenge of the 21st Century*. Sydney: Allen & Unwin.

Eccles, R., Newquist, S. and Schatz, R. (2007). Reputation and its risks, *Harvard business Review*, 85 (2), pp 104-14.

Ecoconsultancy (2015). Measurement and Analytics Report 2015. *Ecoconsultancy*. (Accessed 27 May 2018). Available at: <https://econsultancy.com/reports/measurement-and-analytics-report-2015/>

Eger, L. and Mičik, M. (2017). Customer-oriented communication in retail and Net Promoter Score, *Journal of Retailing and Consumer Services*, 35, pp. 142–149.

Fairhurst, G. and Uhl-Bien, M. (2012). Organizational discourse analysis: Examining leadership as a relationship process, *The Leadership Quarterly*, 35(3), pp. 638–652.

Fielding, L. (2015). Why investors will start asking companies for their Net Promoter Scores. *Macquarie Telecom Resources*. (Accessed: 1 July 2018). Available at: <https://macquarietelecomgroup.com/news/why-investors-will-start-asking-companies-for-their-net-promoter-score/>

Fineman, S. (2000). *Emotion in Organizations*. 2nd Edition. Thousand Oaks: Sage Publications Ltd.

Fiserova, J. et al. (2017) *What drives customer propensity to recommend a brand?* British Academy of Management Annual Conference, September 5-7, 2017, Warwick: University of Warwick

Fiserova, J. et al. (2018) *The Effect of The Net Promoter Score on Sales: A Study of a Retail Firm Using Customer and Store-Level Data*, British Academy of Management Annual Conference, September 4-6, 2018. Bristol: University of the West of England

Fitzgerald, M. (2017). Gaming' survey results is common - Here is how to do it. *Customer Strategy .NET*. (Accessed: 1 October 2018). Available at: <https://customerstrategy.net/gaming-survey-results/>

Fitzgerald, M. (2019). Is the Net Promoter Score (NPS) dead? *LinkedIn Pulse* (Accessed: 4 April 2019). Available at: <https://www.linkedin.com/pulse/net-promoter-score-nps-dead-maurice-fitzgerald/>

Fitzgerald, M. and Fitzgerald, P. (2017) *Net Promoter: Implement the system*. First Edition. Geneva, Switzerland: Amazon.

Fitzgerald, R. et al. (2011). Identifying sources of error in cross-national questionnaires: Application of an error source typology to cognitive interview data, *Journal of Official Statistics*, 27(4), pp. 569–599.

Florea, N.V, Tanasescu, D.A. and Duica, A. (2018). Enabling Customer-Centricity and Relationship Management using Net Promoter Score. *Valahian Journal of Economic Studies*. 9 (23) pp 115-126

Foddy, W. (1994). *Constructing questions for interviews and questionnaires: theory and practice in social research*. Cambridge. Cambridge University Press.

Ford, J., Ford, L. and D'Amelia, A. (2008). Resistance to change: The rest of the story, *Academy of Management Review*, 33(2), pp. 362–377.

Fou, A. (2009). What's Wrong with the Net Promoter Score, *ClickZ - Marketing, Technology*. (Accessed 1 October 2018). Available at: <https://www.clickz.com/whats-wrong-with-the-net-promoter-score/67952/>

Fowler, F. (1993). *Survey Research Methods*. Newbury Park: SAGE Publications Ltd.

Galliers, R. (1991) 'Choosing Appropriate Information Systems Research Approaches: A Revised Taxonomy', *The Information Research Arena of the 90s*, pp. 155–173.

Gallup, G. (1947). The quintamensional plan of question design, *Public Opinion Quarterly*, 11 (1947), pp. 385–393.

Garf, R. (2014). Why Change Makes Retailers Cringe (and Why It Doesn't Have To). *Retail Info Systems*. (Accessed: 14 January 2017). Available at: <https://risnews.com/why-change-makes-retailers-criinge-and-why-it-doesnt-have>

Gerring, J. (2017). *Case Study Research: Principles and Practices*. Second Edition. Cambridge: Cambridge University Press.

Gill, J. and Johnson, P. (2010) *Research Methods for Managers*. 4th Edition. London: SAGE Publications Ltd.

Godfrey, A. B. (1993). Ten Areas for Future Research in Total Quality Management, *Quality Management Journal*, 1(1), pp. 47–70.

Goleman, D. (2000). Leadership That Gets Results, *Harvard Business Review*, (Mar-Apr), pp. 78–90.

Gottschalck, N., Guenther, C. and Kellermanns, F. (2019). For whom are family-owned firms good employers? An exploratory study of the turnover intentions of blue- and white-collar workers in family-owned and non-family-owned firms, *Journal of Family Business Strategy*. 11(3), pp 2-13

Gray, D. E. (2018) *Doing Research in the Real World*. 4th Edition. London: SAGE Publications Ltd.

Grayson, K. and Ambler, T. (1999). The Dark Side of Long-Term Relationships in Marketing Services, *Journal of Marketing Research*, 36(1), pp. 132–141.

Griffin, D. (2001). *The Emergence of Leadership: Linking Self-Organization and Ethics (Complexity and Emergence in Organizations)*. London: Routledge.

Griffin, D. and Stacey, R. (2005). *Complexity and the Experience of Leading Organizations (Complexity as the Experience of Organizing)*. London: Routledge.

Grint, K. (1997). *Leadership: Classical, Contemporary, and Critical Approaches*. Oxford: Oxford University Press.

Gronn, P. (2000). Distributed properties: a new architecture for leadership, *Educational Management and Administration*, 28(3), pp. 317–338.

Groves, K. and LaRocca, M. (2011). An Empirical Study of Leader Ethical Values, Transformational and Transactional Leadership, and Follower Attitudes Toward Corporate Social Responsibility, *Journal of Business Ethics*, 103(4), pp. 511–528.

Guba, E. G. and Lincoln, T. S. (1994). Competing paradigms in qualitative research. In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of qualitative research* pp. 105–117, Thousand Oaks: Sage Publications.

Haenlein, M. and Libai, B. (2017). Seeding, Referral, and Recommendation, *California Management Review*, 59(2), pp. 68–91.

- Hague, M. (1999). Ethical tension in public governance: critical impacts on theory building, *Administrative Theory and Praxis*, 21(4), pp. 468–473.
- Hambrick, D. (2007). The field of managements devotion to theory: Too much of a good thing? *Academy of Management Journal*, (50), pp. 1346–1352.
- Handy, C. (1993). *Understanding Organizations*. 4th Edition. London: Penguin.
- Hayes, B. E. (2010). *Beyond the Ultimate Question*. Milwaukee: ASQ Quality Press.
- Hill, S. and McNulty, D. (1998). The background The contractual process Overcoming cultural barriers to change, *Health Manpower Management*, 24, pp. 6–12.
- Hobel, J. (2006). Loyal staff worth the effort?', *Canadian HR Reporter*, 19(19), p. 26.
- Huang, X. et al. (2010). Does participative leadership enhance work performance by inducing empowerment or trust? The differential effects on managerial and non-managerial subordinates, *Journal of Organizational Behavior*, 31(1), pp. 122–143.
- Huete-Alcocer, N. (2017). A Literature Review of Word of Mouth and Electronic Word of Mouth: Implications for Consumer Behavior, *Frontiers in Psychology*, 8 (2017), p.1256.
- Hughes, M. (2007). The tools and techniques of change management, *Journal of Change Management*, 7(1), pp. 37–49.
- Humphrey, R. (2002). Emotions and Leadership, *Leadership Quarterly*, 13(5), pp. 493–504.
- Hurst, D. K. (2002). *Crisis & Renewal: Meeting the Challenge of Organizational Change*. Brighton: Harvard Business Review Press.
- Hyken, S. (2016). How Effective Is Net Promoter Score (NPS)? *Forbes*.(Accessed: 12 March 2018). Available at: <https://www.forbes.com/sites/shephyken/2016/12/03/how-effective-is-net-promoter-score-nps/#118bdabc23e4>
- Ipsos (2007). An interview with Tim Keiningham of Ipsos Loyalty, *Admap*. (Accessed 8 March 2015). Available at: <https://www.ipsos.com/en-us/net-promoter-debate>
- Jacoby, J. and Kyner, D. B. (1973). Brand Loyalty vs. Repeat Purchasing Behavior, *Journal of Marketing Research*, 10 (1973), pp. 1-9.
- Jacoby, J. and Matell, M. S. (1971). Three-Point Likert Scales Are Good Enough, *Journal of Marketing Research*, 8(4), pp. 495–500.
- Jain, R., Aagja, J. and Bagdare, S. (2017). Customer Experience - a review and research agenda, *Journal of Service Theory and Practice*, 277(2), pp. 642–662.

- Johnson, G. and Scholes, K. (1988) *Exploring Corporate Strategy*. Harlow: Prentice Hall.
- Johnston, R. and Clark, G. (2008). *Service Operations Management: Improving Service Delivery*. Third Edition. London: Financial Times/ Prentice Hall.
- Johnston, R. and Kong, X. (2011). The customer experience: a road-map for improvement, *Managing Service Quality: An International Journal*, 21(1), pp. 5–24.
- Jones, T. et al. (2010). Service customer commitment and response. *Journal of Services Marketing*, 24(12), pp. 16–28.
- Jones, T. O. and Sasser, Jr, W. E. (1995). Why Satisfied Customers Defect, *Harvard Business Review*, (November-December 1995), pp. 88–99.
- Kanter, R., Stein, B. and Jick, T. (1992). *The Challenge of Organizational Change: How Companies Experience it and Leaders Guide it*. New York: Free Press.
- Karunaratna, A. C. and Kumara, P. A. P. S. (2018). Determinants of customer loyalty: A literature review, *Journal of Customer Behaviour*. 17(1), pp. 49–73.
- Kashef, I. et al. (2012). International Health Regulations - What Gets Measured Gets Done, *Emerging Infectious Diseases*, 18(7), pp. 1054–1057.
- Keiningham, T. L. et al. (2007a). A holistic examination of Net Promoter, *Database Marketing & Customer Strategy Management*, 15(2), pp. 79–90.
- Keiningham, T. L. et al. (2007b). A Longitudinal Examination of Net Promoter and Firm Revenue Growth, *Journal of Marketing*, 71(3), pp. 39–51.
- Kellerman, B. (2007). What every leader needs to know about followers, *Harvard Business Review*, 85(12), pp. 84–91.
- Kellerman, B. (2008). *Followership: How Followers are Creating Change and Changing Leaders*. Massachusetts: Harvard Business School Publishing.
- Kelley, R. E. (1992). *The Power of Followership: How to Create Leaders People Want to Follow, and Followers who Lead Themselves*. New York: Bantam Doubleday.
- Kirkpatrick, I., Ackroyd, S. and Walker, R. (2005). *New managerialism and Public Service Professions*. New York: Macmillan.
- Koopman, P. and Wierdsma, A. (1998). *Participative management: Handbook of Work and Organizational Psychology*. 2nd Edition. Hove: Psychology Press.
- Korneta, P. (2018). Net Promoter Score, Growth and Profitability of Transportation Companies, *International Journal of Management and Economics*, 54 (2), pp. 136-148

- Kotter, J. (1996). *Leading Change*. Massachusetts: Harvard Business School Publishing.
- Kotter, J. (2012). *Leading Change*. Revised Ed. Massachusetts: Harvard Business School Publishing.
- Kwon, K. and Kim, T. (2020). An integrative literature review of employee engagement and innovative behavior: Revisiting the JD-R model, *Human Resource Management Review*, 30(2) pp 1-18
- Leisen Pollack, B. and Alexandrov, A. (2013). Nomological validity of the Net Promoter Index question, *Journal of Services Marketing*, 27(2), pp. 118–129.
- Leonard, D. (2001). *A woman's guide to doctoral studies*. Maidenhead: Open University Press.
- Lewin, K. (1951). *Field Theory in Social Science: Selected Theoretical Papers*. New York: Harper & Row.
- Lietz, P. (2010). Research into questionnaire design: a summary of the literature, *International Journal of Market Research*, 52 (2), pp. 249-272
- Lin, B. (1997). Some issues in conducting customer satisfaction surveys, *Journal of marketing practice: Applied Marketing Science*, 3(1), pp. 4–13.
- Lopes, P., Salovey, P. and Straus, R. (2003). Emotional Intelligence, Personality and Individual Differences, *Science Direct*, 35(3), pp. 641–658.
- Luecke, R. (2003). *Managing Change and Transition*. Massachusetts: Harvard Business Review Press.
- Van Maanen, J. and Kunda, G. (1989). Emotional expression and organizational culture, *Research in Organizational Behavior*, 11(1989), pp. 43–104.
- MacDonald, G. (2010). DFS vows to continue its spending on advertising, *Retail Week*, (Accessed 07 January 2017). Available at: <https://www.retail-week.com/customer/dfs-vows-to-continue-its-spending-on-advertising/5019250.article?authen=1>
- Macleod, D. and Clarke, N. (2009). Engaging for success: enhancing performance through employee engagement. *Department for Business, Innovation and Skills*, (Accessed 14 January 2016). Available at: <https://engageforsuccess.org/engaging-for-success>
- Maklan, S., Antonetti, P. and Whitty, S. (2017). A Better Way to Manage Customer Experience, *California Management Review*, 59(2), pp. 92–115.
- Mallon, H. (2016). Business of Evidence 2016. PWC. (Accessed 13 March 2018). Available at: <https://www.pwc.co.uk/boe>

- Management (2018). BAM 2018 Best Paper Winners. *British Academy of Management*. (Accessed 12 September 2020). Available at <https://www.bam.ac.uk/node/9804>
- Mantere, S. and Ketokivi, M. (2013). Reasoning in organization science. *Academy of Management Review*. 38 (2013), pp. 70-89
- Marsden, P., Samson, A. and Upton, N. (2005). Advocacy Drives Growth Customer Advocacy Drives UK Business Growth. *London School of Economics*. (Accessed 15 January 2018). Available at: http://www.lse.ac.uk/intranet/LSEServices/communications/pressAndInformationOffice/PDF/AdvocacyDrivesGrowth_5-9-05.pdf
- McDonald, S. and Foster, R. A. (2013). The Use of Johnson's Cultural Web to Improve Understanding of Organisational Culture: A Critical Review, *International Journal of Management*, 30(4), pp. 340–354.
- McIntosh, I and Wright, S. (2019). Exploring what the notion of lived experience might offer for social policy analysis. *Journal of Social Policy*, 48(3), pp. 449-467
- McLean, A. (2013) *Leadership and Cultural Webs in Organisations: Weavers Tales*. Bingley: Emerald Group Publishing Limited.
- Mcmullan, R. and Gilmore, A. (2008). Customer Loyalty: an empirical study. *European Journal of Marketing*, 42(4), pp. 1084–1094.
- Meyerson, D. and Martin, J. (1987). Cultural Change: an integration of three different views., *Journal of Management Studies*, 24(6), pp. 623–647.
- Mintel (2017). Living and Dining Room Furniture UK. *Mintel*, (Accessed 26 June 2018). Available at: academic.mintel.com/display/855891.
- Mitchell, A. (2008). The only number you need to know does not add up to much, *Marketing Week*, 31(9), pp. 22–23.
- Mole, G. (2000). *Managing Management Development (Managing Work and Organizations)*. Maidenhead: Open University Press.
- Moveo (2020). Brand loyalty vs. Customer loyalty: Why both benefit your bottom line. *Moveo*. (Accessed: 13 May 2020). Available at: <https://www.moveo.com/blog/brand-loyalty-vs-customer-loyalty-why-both-benefit-your-bottom-line/>
- MRS (2015). Market Research Society Code of Conduct. *Market Research Society*. (Accessed: 15 October 2015). Available at: https://www.mrs.org.uk/standards/code_of_conduct/
- Myers, P., Hulks, S. and Wiggins, L. (2012) *Organisational Change, perspectives on theory and practice*. London: Oxford University Press.

O'Loughlin, D., Szmigin, I. and Turnbull, P. (2004). From relationships to experiences in retail financial services, *The International Journal of Bank Marketing*, 22(3), pp. 522–539.

Offerman, L. and Scuderi, N. (2007). Sharing Leadership: who, what, when and why, In B. Shamir, R. Pillau, M. C. Bligh & M. Uhl-Bien, *Follower-centered perspectives on leadership: a tribute to the memory of James R. Meindl*. Greenwich: Information Age Publishing.

Oliver, R. (1999). Whence Consumer Loyalty? *Journal of Marketing*, 63 (Special Issue), pp. 33–44

Oliver, R. L. (1981). Measurement and Evaluation of Satisfaction Processes in Retail Settings, *Journal of Retailing*, 57, pp. 25–48.

Oppenheim, A. (1998). *Questionnaire Design, Interviewing and Attitude Measurement*. New Edition. New York: Continuum-3PL.

Oreg, S. (2003). Resistance to Change (RTC): Developing an individual differences measure, *Journal of Applied Psychology*, 88(4), pp. 680–693.

Oshry, B. (2007). *Seeing Systems : Unlocking the Mysteries of Organizational Life*. Second Edition. San Francisco: Berrett-Koehler Publishers, Inc.

OUP Oxford (2010) *Oxford Dictionary of English*. 3rd Edition. Oxford: Oxford University Press.

Owen, R. and Brooks, L. L. (2009). *Answering the Ultimate Question*. First Edition. San Francisco: Jossey-Bass.

Parker, C. and McCrohan, K. (1983). Increasing mail survey response rates: a discussion of methods of induced bias, Cited in Lin, B. (1997). Some issues in conducting customer satisfaction surveys, *Journal of marketing practice: Applied Marketing Science*, 3(1), pp. 4–13.

Passmore, J. (2016). *The Psychology of Leadership, Change, and Organizational Development*. Chichester: John Wiley & Sons.

Pattinson, H. M. (2015). Book essay on “leadership & cultural webs in organizations: Weaver’s tales, *Journal of Business Research*, 68(12), pp. 2628–2633

Pessemier, E. A. (1959). A New Way to Determine Buying Decisions, *Journal of Marketing*, 24 (2), pp. 41–46.

Peters, T. and Waterman, R. H. (1982). *In Search of Excellence: Lessons from America’s Best-Run Companies*. Kindle Edition. New York: Harper Business.

Quinn, J. B. (1980). *Strategies for Change: Logical Incrementalism (The Irwin Series in Management and the Behavioral Sciences)*. Illinois: McGraw-Hill Inc.

- Radcliffe, S. (2012). *Leadership: Plain and Simple*. 2nd Edition. London: FT Press.
- Rahman, M.S. (2017). The Advantages and Disadvantages of Using Qualitative and Quantitative Approaches and Methods in Language “Testing and Assessment” Research: A Literature Review. *Journal of Education and Learning*. 6(1), pp. 102-112.
- Rapp, A. et al. (2015). Perceived customer showrooming behavior and the effect on retail salesperson self-efficacy and performance. *Journal of Retailing*. 91(2), pp. 358–369.
- Reichheld, F. (1996). *The Loyalty Effect. The Hidden Force Behind Growth, Profits, and Lasting Value*. Massachusetts: Harvard Business School Publishing.
- Reichheld, F. (2003). The One Number You Need to Grow, *Harvard Business Review*, December (2003), pp. 1-4
- Reichheld, F. and Markey, R. (2011a) Introducing the Net Promoter System. *Bain & Company*. (Accessed: 15 January 2018). Available at: <http://www.bain.com/publications/articles/introducing-the-net-promoter-system-loyalty-insights.aspx>
- Reichheld, F. and Markey, R. (2011b). *The Ultimate Question 2.0 How NET PROMOTER Companies Thrive in a Customer-Driven World*. Massachusetts: Harvard Business School Publishing.
- Ricketson (Sr), R. S. (2008). *An Exploration of the Relationship of Leadership Styles and Dimensions of Courageous Followership*. London: Regent University.
- Ridley, D. (2012). *The Literature Review. A Step-by-Step Guide for Students*. 2nd Edition. London: SAGE Publications Ltd.
- Ridley, D. (2012). *The Literature Review*. Second Edition. London: SAGE Publications
- Rodgers, W. L., Andrews, F. M. and Regula Herzog A. (1992). Quality of Survey Measures: A Structural Modeling Approach, *Journal of Official Statistics*, 8(3), pp. 251–275.
- Rollinson, D. and Broadfield, A. (2002). *Organisational Behaviour and Analysis*. 2nd Edition. Harlow: Pearson.
- Rowley, J. (2005). Marketing Intelligence & Planning The four Cs of customer loyalty, *Marketing Intelligence and Planning*, 23, pp. 574–581.
- Safdar, K. and Pacheco, I. (2019). The Dubious Management Fad Sweeping Corporate America, *Wall Street Journal*, (Accessed 24 August 2019). Available at: <https://www.wsj.com/articles/the-dubious-management-fad-sweeping-corporate-america-11557932084>.

- Sandelands, L. E. (1990). What is so Practical about Theory? Lewin Revisited, *Journal for the Theory of Social Behaviour*, 20(3), pp. 235–262.
- Sashkin, M. (1976). Changing Toward Participative Management Approaches: A Model and Method, *Academy of Management Review*, 1(3), pp. 75–86.
- Satmetrix (2013). Net Promoter Associate Training Guide. *Satmetrix*. (Accessed 29 August 2014). Available at: <https://www.satmetrix.com/net-promoter-certification>
- Saunders, M. and Lewis, P. (2012). *Research Methods for Business Students*. 6th Edition. London: Prentice Hall.
- Schein, E. H. (2016). *Organizational Culture and Leadership*. 5th Edition. San Francisco: Jossey-Bass.
- Schön, D. A. (1983). *The Reflective Practitioner: How Professionals Think in Action*. New York: Basic Books.
- Simpson, M. R. (2009). Engagement at work: A review of the literature. *International Journal of Nursing Studies*, 46 (2009) pp. 1012–1024.
- Sims, D. (2003). Between the millstones: A Narrative account of the vulnerability of Middle Managers' Storying, *Human Relations*, 56(10), pp. 1195–1211.
- Solomon, L. (2016). Two-Thirds of Managers Are Uncomfortable Communicating with Employees. *Harvard Business Review*. (Accessed 17 October 2017). Available at: <https://hbr.org/2016/03/two-thirds-of-managers-are-uncomfortable-communicating-with-employees/>
- Solouki, Z. (2017). The road not taken: narratives of action and organizational change. *Journal of Organizational Change Management*. 30(3), pp. 334-343
- Suessbrick, A., Schober, M. F. and Conrad, F. G. (2000). Different Respondents interpret ordinary questions quite differently. *New School University*. (Accessed 14 July 2018). Available at: http://www.asasrms.org/Proceedings/papers/2000_155.pdf
- Szwarc, P. (2005). *Researching Customer Satisfaction & Loyalty*. London: Kogan Page Publishers.
- Teddlie, C. and Tashakkori, A. (2009). *Foundations of Mixed Methods Research. Integrating Quantitative and Qualitative Approaches in the Social and Behavioural Sciences*. Thousand Oaks: SAGE Publications Ltd.
- Thomas, P. (2003). The recontextualisation of Management: A discourse-based approach to analysing the development of management thinking, *Journal of Management Studies*, 40(4), pp. 775–801.
- Todnem By, R. (2005). Organisational Change Management: A Critical Review, *Journal of Change Management*, 5(4), pp. 369–380.

Tucker, W. T. (1964). The Development of Brand Loyalty, *Journal of Marketing Research*, 1(3), pp. 32–35.

Unum (2017). How employee benefits can reduce staff turnover in the retail industry. *Unum*. (Accessed 15 June 2018). Available at: <https://www.unum.co.uk/resources>

Vince, R. (2002). Organizing Reflectio', *Management Learning*, 33(1), pp. 63–78.

Willis, B. (2014) The Advantages and Limitations of Single Case Study Analysis. *E-International Relations*. (Accessed 4 September 2020). Available at: <https://www.e-ir.info/2014/07/05/the-advantages-and-limitations-of-single-case-study-analysis>

Winston, B. E. (2018). *Biblical Principles of Leading and Managing Employees*. Cham: Palgrave Macmillan.

Wrzesniewski, A. and Dutton, J. (2001). Crafting a job, Revisiting employees as active crafters of their work, *Academy of Management Review*, 26(2), pp. 179–201.

Yin, R. K. (2018). *Case Study Research and Applications*. Sixth Edition. Thousand Oaks: SAGE Publications Ltd.

Zaki, M, Kandeil, D, Neely, A and McColl-Kennedy, J.R. (2016). The Fallacy of the Net Promoter Score: Customer Loyalty Predictive Model. Working Paper. *Cambridge Service Alliance*. University of Cambridge: Cambridge

Ziegler, A. and Peisl, T. (2020). The Value of a Net Promoter Score in Driving a Company's Bottom Line: A Single-Case Study from IBM Training Services. *Systems, Software and Services Process Improvement 27th European Conference Proceedings*, pp. 151–161.

This copy has been supplied on the understanding that it is copyright material and no quotation from the thesis may be published without proper acknowledgement.