

Would You Recommend Us?

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The headline for this post is borrowed from no less a source than a Harvard Business Review article that discusses a simple metric for business that has ironic parallels with wine ratings and some implications for the future.

Wine ratings continue to be a hot button issue in the wine business. It has been that way for the last 20 years and won't likely abate in the near future, points as entrenched in wine society as cars are to suburban living; the simple numeric rating almost a universal symbol for a subjective basis of wine quality and an equally universal symbol for consumer purchasing confidence.

Despite the flashpoint of ongoing wine controversy and the capricious shrill protests that surround wine ratings, businesses have begun adopting a very simple (and similar) customer satisfaction / word of mouth metric called the Net-Promoter Score to drive their business.

Introducing the Net-Promoter Score

The Net-Promoter Score is a customer loyalty metric introduced by Frederick F. Reichheld in a Harvard Business Review article in 2003.

The premise is simple - Companies obtain their Net-Promoter Score by asking customers a single question that is measured on a rating scale of 0 to 10. The question:

"How likely is it that you would recommend our company to a friend or colleague?"

Based on customer responses, their scores can be categorized into one of three groups:

- 1) Promoters (9-10 rating),
- 2) Passives (7-8 rating), and
- 3) Detractors (0-6 rating).

To calculate your Net-Promoter score, the percentage of "Detractors" is subtracted from the percentage of Promoters to obtain a Net Promoter score.

A score of 75% or above is considered successful.

Now, this is not a piece of junk business trends management -- nonsense that comes along every five years or so - companies like American Express, Progressive Insurance, T-Mobile and General Electric (GE) are adopting this measurement methodology. GE CEO Jeffrey Immelt has compared Net-Promoter Scores to Six Sigma, the legendary methodology for process improvement.

Net-Promoter Scores in the Wine World?

Why is this important?

It is simple - there are a several converging circumstances that continue to shape the wine world:

- 1) An increase in the quantity of different wines from thousands of wineries domestic and Int'l
- 2) A tsunami of social engagement online amongst wine lovers
- 3) An ongoing need for wine ratings to help bring order to the marketplace
- 4) Online tasting note sites continue to grow and expand (CellarTracker and Snooth, amongst others)

Despite the controversy of wine ratings - essentially a Net-Promoter Score, trends would lead you to believe that wine ratings will not decrease in the face of social media, but actually increase! Some have posited that the unlimited space of the digital realm would lead to the ability to use story and narrative as a means to provide a richer detail and context.

Yet, it seems that social media simply means more information to manage which plays directly into the hands of ratings and scores.

Wineries everywhere must be shuddering.

Companies like CellarTracker have a tremendous opportunity to create an ability to translate the user-generated ratings that populate their site into an aggregated score mechanism, like a Net-Promoter Score, that answers the ultimate question:

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