



Many organisations look for differences to help segment their position, or differentiate themselves from other suppliers in the same marketplace. A very simple, easily recognised definition of difference is that of offering some sort of guarantee or performance of service strategy to your customers.

Communicating to your customers expectations that they can receive as a result of picking up the phone, sending an email, forwarding you a fax, generally revolve around time. They are extremely effective, for example some of the following statements of service expectation work well:

- Your email will be answered within 60 minutes during normal business hours.
- If you phone this morning, we will quote this afternoon.
- Your call will be answered by an experienced, professional adviser who understands what your needs are.
- If we don't get your request satisfied within 24 hours there is no fee.
- You have our guarantee of satisfaction – we will get your request completed to your satisfaction every time.
- Rule No. 1 - the customer is always right. Rule No. 2 – re-read Rule No. 1.

These sort of service performance guarantee standards serve to really reinforce to your client what they can expect in dealing with you. In today's modern, busy email-filled world where time is of the essence, having a company that stands up and says, "you can expect to have us communicate back within an agreed timeframe," and then deliver that timeframe, is quite often a reason for doing business with that organisation.

Guarantees, or in the United States where they are known as warranties, are another form of wording where you emphasis the performance that can be expected in dealing with your service organisation.

All guarantees needs to be carefully worded, because we have in New Zealand the Fair Trading Act and the Consumer Guarantees Act, which are, in their written format, a style of guarantee as to what your product or service will do, and what it has been advertised, promoted, or communicated as able to do.

A guarantee can generally be presented as everything from the Hubbard cereal "My personal guarantee of satisfaction", through to a specific guarantee as to the life of the toaster, radio, or computer, providing certain conditions have been met.

Guarantees are only worth the willingness of the company to honour the guarantee. If the supplying company uses guarantees as a way to avoid customer satisfaction, then the guarantee will never work. If you apply a guarantee you have to be prepared to stand behind the guarantee, and in many cases go further than what your words actually mean, because of the power of word-of-mouth communication to other customers if you get it wrong.

In financial services, there is the Financial Planners Act, which of course warrants what may be said to a client, what may be promised to a client, and what sort of followup there must be in place. Remember, this Act has real penalties for people who transgress it.

The most simple form of guarantee, that many service providers operate, is a guarantee of performance – if you're not satisfied I will redo the job until you are satisfied.

Many customers, of course, are far more aware of customer service performance, the 24 laws in New Zealand that govern sales and marketing activity, and as such use them to their advantage to make sure that they extract every last amount of energy or reward out of somebody when they have gone wrong.

If you haven't already got a copy of the Fair Trading Act, and the Consumer Guarantees Act, make sure you go to a Bennetts Government Bookshop and get yourself a copy, approximately \$6.95 each, and read up on them and make sure you do not transgress them.

Some leading New Zealand retail companies, and oil and fuel companies, have been caught in the last 12 months and fined severely for transgressions of the Fair Trading Act.

The effect of offering a guarantee or a standard of performance as part of your sales benefits to the customer, is generally outstanding. It really differentiates you from many of the other suppliers in the marketplace, and helps the customer understand very carefully that you perceive them to be important.

The offering of a guarantee indicates to the customer that you value their business. If you value their business they will keep returning, and generally introduce you, through referrals, to their network of business associates.

Guarantees about price are always going to be difficult. Pricing strategies by New Zealand marketing managers are generally short term, and designed to move product or services in a short timeframe to meet some financial criteria, and as such are unwinnable if you get into a competitive marketing strategy fight on price.

Claims such as, "if somebody else can do it cheaper, show us and we will cut the price by a further 10%", indicate that you are a price merchant and are not particularly concerned with adding value or benefits.

Price discounters rarely survive in business, and if you want to go down the strategy of offering price discounts you need to carefully examine your marketplace to see whether this is the best strategy for you.

Money back guarantees or refunds, are all governed by the Consumer Guarantees Act if you are dealing with the public, and in most situations you don't actually have to give a refund or give money back, you can generally provide an alternative service or provide an alternative product.

A little bit of market research around the websites of the other suppliers in the marketplace will quickly identify for you any service performance guarantees,

warranties, or points of difference that are being offered. You can then easily craft your service expectations, warranties and guarantees.

Remembering that in business, it is people doing business with people, my final comment would be that the issuing of a warranty, guarantee, or service performance statement, has to be effective when the people performing the service or supplying the product understand the expectations of what it means to meet your guarantee, warranty, or service performance statement.

Get your staff and your team to buy in to customer satisfaction, customer loyalty, customer interaction performance, and ensure that your people want to do business with the people who are your customers.

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