

# GUARANTEED – REALLY?

There are no guarantees. Money-back offers have been marginalised, if not neutralised. They currently offer little prospect of generating additional revenue, placating consumer anxiety, stimulating preferences and developing or sustaining relationships. To some they are considered “quaint”.

Their peak usage and effectiveness of such were attained in the 1980s, when consumers were less informed about quality, performance standards and were particularly less aware of, and inclined to exercise, consumer rights and entitlement provisions.

## MAKE IT SIMPLE

Macy's department stores in the United States of America were explicit, concise and unqualified in their promise:

*Satisfaction guaranteed. Period.*

There were no limits, compromises or necessity to justify, and to submit written substantiations of claims.

Recognition of, and respect for the life-time value of a customer dictated delivering the promise ... - without question.

This practical, simple policy which genuinely empowered Macy's service providers with the authority to provide satisfaction, and fulfilled a basic aspirational consumer goal, being:

*Peace-of-mind*

It was a distinguishing and powerful point of difference, and competitive advantage. Competitors were hesitant to duplicate the offer, fearful of the cost and expectant of abuse by consumers.

To an overwhelming percentage and absolute number of Macy's customers the money-back guarantee was appreciated, respected and valued. Abuse of the privilege was isolated and very occasional.

## NOTHING LASTS FOREVER

Over time other retail networks introduced, promoted and adhered to the ideals, led by Costco, Target, Nordstrom and Kohl's.

Increasingly, consumer expectations changed and reached higher planes.

A competitive advantage was transformed into a basic essential. Not to do so precluded one from the prospective shopping list.

Many business laggards still suffer from a loss of opportunity, revenue, profits, repeat and referral business, as well as loyalty, - unaware or alive to the importance and centrality of explicit and implicit guarantees.

## BEYOND WARRANTIES

Major motor vehicle manufacturers (for a long time) offered limited warranties related to the purchase of new cars. Local dealerships extended similar, restricted assurances with the sale of used vehicles.

In the former instance, the deal was typically valid for 12 months or 12,000 kilometres – whichever lapsed first. For used vehicles the offer was three months or 3,000 kilometres. Measured peace-of-mind.

In the current marketplace seven-year, unrestricted-kilometre guarantees – with capped service costings – are not unusual. For a significant percentage of consumers that represents a risk-free proposition, with the resale value of the vehicle is written down to nothing. Hence, any price paid is a bonus.

It makes for easier, - not necessarily easy, - decision making.

## ASSERTIVE CONSUMERS

Contemporary consumers tend to be better informed, more discerning, demanding, price-sensitive and aware of their rights (and prepared to exercise them) than ever before.

Accordingly, guarantees are often considered to be a given. That is, implicit. No one wants to, or indeed does read the fine print of (sales/supply) contracts.

Access to, and a preparedness to share experiences on social media have tipped the scales of balance and justice in favour of the customer. Guaranteed.

## SOME THINGS CAN'T BE GUARANTEED

One particular Asia-based international airline would find it difficult to win favour and increased custom by extending a money-back guarantee.

Two high-profile instances, in which hundreds of passenger lives were lost, are indelibly imprinted into the minds of people around the world. That makes guarantees non-negotiable and, possibly, inappropriate. Safety is sine qua non (second to none).

The calendar year 2017 recorded the lowest global number of paying passenger casualties. It was not a perfect record, but did reinforce the high expectations about safety by intending and actual airline passengers.

Consequently, Qantas has lost any competitive advantage based on its safety record, and the endorsement of actors Tom Cruise and Dustin Hoffman in the movie Rain Man.

Sometimes things don't need to be promised or guaranteed, - just delivered. ■

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