



Are you compelling customers to buy from you or your competitors?

Your competition is stiffer than you think.

Your ability to win a sale is harder than you think.

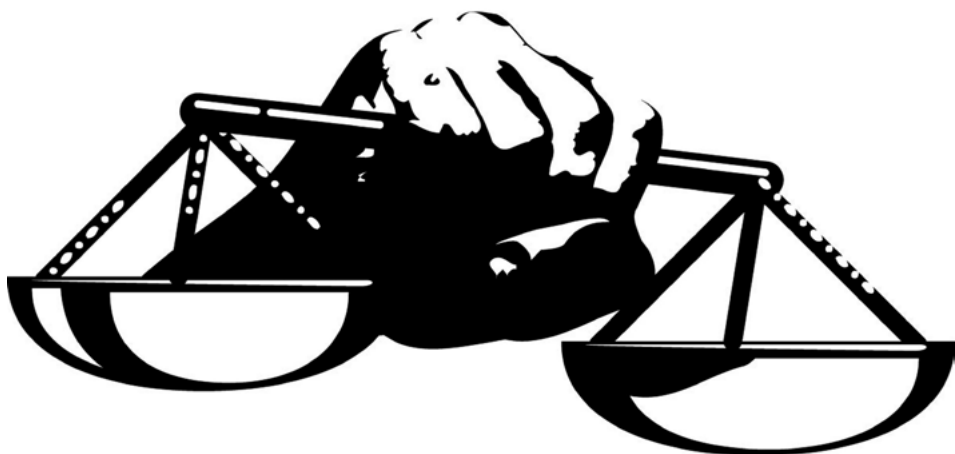
It's because you aren't just competing with your direct competitors.

For example these battles happen...

- Does a consumer buy a new bed or opt for a Caribbean cruise?
- Does an engineering business hire a new person or invest in new machinery?

Your buyers have a limited budget too. They can spend their money with you. Or they can spend their money on a variety of other products or services fighting for their cash.

How do you compel customers to buy from you rather than any of your competitors?



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In a nutshell

Use a compelling guarantee for your product or service to tip the balance in your favour.

Tip the balance and you make it easier for buyers to choose you.

Ignore guarantees and you risk driving buyers into your competitors' arms.

400% growth using a compelling guarantee...

"We're so confident you'll have a great night's sleep that if you don't, we'll give you your money back."

This report recently appeared in the Hotel Industry Magazine:

"In 2004 Premier Inn, owned by Whitbread PLC, was ranked 3rd in the UK hotels market in terms of room revenues and only had a (market) share of 3%."

"Nine years later, the company ended 2013 ranked first in the country with a

share of 12%."

3% to 12%. Why such a meteoric rise? The article goes on to say:

"...the company's emphasis on its product and service has helped it gain traction with travellers. In 2000, it introduced the Good Night Guarantee..."

Yes there are other factors in Premier Inn's success but clearly their guarantee has played an important role.

What part does your guarantee play in giving you a competitive advantage?

Here's a proven solution for you...

Take guarantees seriously and give yourself a competitive edge like Premier Inn has done.

Build or improve your guarantee to outsmart your competition and see more buyers buy from you more often.



A promise with teeth!

Every sales and marketing message by every business (including your business) is a promise.

As buyers though we have all learned to be either sceptical or even cynical about the promises made by suppliers. So why not make a promise with consequences?

A small family upholstery company won a £120,000 contract to supply the Celtic Manor Resort Hotel in Wales. They beat much larger competitors because they gave their delivery-promise teeth.

They offered a money-back guarantee if they failed to deliver any item of furniture on the agreed schedule of dates. The other two national brand upholstery companies didn't offer such a guarantee and lost the £120,000 contract.

You only win when you shift the balance of risk

Provide no guarantee and the risk of buying lies 100% with the sceptical or doubtful buyer.

The more you shift the balance of risk to you, the more you reduce buyer doubt. Reduce buyer doubt, and more buyers are happy to buy and you're happy they bought.

Provide a 100% money-back satisfaction guarantee and the balance of risk partly shifts to you the supplier.

Provide a better than money-back guarantee and the balance of risk shifts even more to you.

Provide a lifetime guarantee and the balance shifts even further.

You'll find several examples of guarantees in the resources and tools that accompany this edition of Business Bitesize. They all differ in the extent they shift the risk.

Here's how to win the guarantee race...

Yes give your guarantee teeth. Yes shift the balance of risk from the buyer to you. Your guarantee only becomes truly compelling when it's smarter than your competition.

Premier Inn have so far won their guarantee race, here's how...

The budget hotel market is fiercely price competitive. And so you'd think the IBIS guarantee would work:

"If you can find a better deal elsewhere, we will match this rate and give you an additional 10% discount."

Here's IBIS's challenge - Days Inn has the same guarantee as IBIS. Formule 1 offers the same. And Holiday Inn Express also provide a best price guarantee.

They are all the same, except for the hotels with no guarantee, and Premier Inn.

Make your guarantee different from your competition and you'll stand out, you'll win - like Premier have won.

So what's your equivalent of 'a great night's sleep or your money back'?

Guarantee what matters most to customers...

What's also telling about the Premier Inn guarantee is it really matters to customers.

Yes price matters. But a great night's sleep matters more when you're booking a hotel room.

You'd have thought Premier Inn's competition would have woken up by now - after running this guarantee since the year 2000 and making a 4-fold increase in market share!

What matters most to your buyers that could result in guarantee success?

The costs of guarantees

If your competition offer guarantees and you don't... and if your competition's guarantees are more compelling than yours... then it will cost you heavily in lost sales.

However, start a committed journey to using guarantees and there are other costs:

- the costs of driving improvements in your business to meet your guarantees
- the cost of returns
- the costs associated with a damaged reputation if you fail to honour your guarantee or respond quickly to returns

But manage these costs well and you make yourself more competitive. And you become more attractive to buyers too. These costs should be viewed as an investment for your business so you can secure your business future and future growth too.

TIME TO DISAGREE:

“If we fail to deliver on the guarantee our reputation will be trashed in no time at all.”

Yes, committing to a guarantee and making it a blatant part of your sales and marketing is not to be taken lightly.

But it can be taken in stages.

There's no point in jumping straight into a lifetime, double-your-money-back guarantee.

If you decide that a delivery date guarantee is important to your customers, to begin with commit to 21 days rather than 7 days. When you and your people are confident 14 days is more than achievable, go for it. Then work out how you improve your delivery processes so that you can move to 7 days.

This staged approach to your guarantees gives you a chance to improve a feature of your product or service that's valuable to your customers. By making a guarantee you give your team a tangible focus for improvement.

“If we give a money-back guarantee it will cost us a fortune in returns!”

A compelling guarantee should increase sales. But if the cost of returns exceeds the profits from your increased sales you're right to be concerned.

What's important is you understand the break-even numbers for your guarantee. What's the profit margin from each additional sale and how many returns will this cover?

You then know how many sales vs returns you need to achieve from your guarantee.

If you want any help on working out the economics of your guarantee, please get in touch - you know we love working on the numbers!

Use the Business Bitesize Support Tools And Resources

to help you make the most of this edition of *Business Bitesize* - go here: www.businessbitesize.com/aa_chartered_accountants to download these

Your feedback is important to us.

We'd love to know what you think of this edition of *Business Bitesize* and how you use it or plan to use it. Also we'd welcome your suggestions for future editions of *Business Bitesize*. To give us your thoughts please use the simple feedback form here: www.businessbitesize.com/aa_chartered_accountants

“Nobody in our industry gives a guarantee so we don't need to.”

No guarantees in your sector means you have a massive opportunity to make a big impact.

It means you can easily start with the staged approach to your guarantees mentioned above.

It also means you can consider introducing a compelling guarantee and charging a premium price. If your guarantee focuses on a feature viewed as vital to your customers, chances are they'd pay more because of your guarantee.

It's why FedEx guarantees and charges more for overnight delivery compared to their standard delivery.

“We're so confident in the reliability of our systems and people that we back FedEx Express® international shipments with a money-back guarantee. It applies even if we miss our published or quoted delivery time by just 60 seconds.”

What aspect of your product or service, if it were guaranteed, do you think would justify a premium price?

Tell me more...

The success of using a compelling guarantee is crystal clear for Premier Inn.

The many guarantee examples you'll find in the support tools and resources (use the links below) also prove the value of a guarantee too.

The Bitesize tools and resources show you the ten reasons, the ten characteristics, behind the Premier Inn guarantee success. You can also score your guarantee against these ten characteristics. Even better... score your competitors' guarantees.

To dig deeper into the value, benefits and risks of guarantees read Christopher W. L. Hart's landmark book on the subject.



4 helping hands for you...

A compelling guarantee can turbo-charge your sales and marketing. For this to happen your guarantee must be seen as competitive and relevant to your buyers and also be used blatantly (not hidden away).

- 1. Commit to giving your marketing promises teeth - offer a money-back or better guarantee**
- 2. Shift the balance of risk from the buyer to you as far as you can**
- 3. Make your guarantee stand out from the ones offered by your competitors**
- 4. Guarantee what really matters most to your customers**

ULTIMATE ARGUMENT: “How do I know this will work for me and my business?”

You don't know until you test your guarantee.

It's possible to test your guarantee in a way that limits your risks. You can test in a specific region or town. You can test it on website purchases only. You can stage-manage your guarantee getting progressively more compelling.

STOP: treating guarantees as a non-essential, nice-to-have, marketing gimmick.

START: using your guarantee to win your business and your products a genuine competitive advantage.



Your next steps:

Here's your Bitesize guarantee action plan. This checklist will help you create or improve your product or service guarantee.

Start by working with your customer-facing people:

Your customer-facing people have the best insight into your buyers. Work with them to identify which feature(s) of your product is seen as most important to your customers.

More tools and information for you:

As well as the checklist here, you can use the forms and checklists in the online supporting tools. Together they'll help you see the economic upside of a guarantee and how to achieve a competitive advantage.

Ten characteristics of a compelling guarantee...

In the tools and resources that accompany this edition of Business Bitesize you'll see how several guarantees measure against the ten characteristics below.

Using this scoring model will help inspire you to a more compelling guarantee for your business.

- 1. Be relevant and meaningful** – Successful guarantees must be perceived as relevant and meaningful to your buyers
- 2. Be credible and believable** – You reduce credibility the more conditions you attach to your guarantee
- 3. Be clear and concise** – A successful guarantee must be described in a clear and concise way
- 4. Be committed to customer satisfaction** – A successful guarantee is not a marketing gimmick
- 5. Make your guarantee blatant** – A successful guarantee must be explicit, blatant, obvious; not implied, tentative or hidden
- 6. Use precise language** – A successful guarantee must use precise language about the things the guarantee covers
- 7. Make your trigger easy** – Use a clear, simple and inviting mechanism for triggering the guarantee
- 8. Respond quickly** – A successful guarantee must respond quickly to any customer triggering your guarantee
- 9. Educate and train all your people** – Train your people on how to respond to guarantee requests – 'speed-is-of-the-essence'
- 10. Be stronger than your competition** – Create successful guarantees that are perceived as more powerful than your competitors

We reckon the Premier Inn guarantee scores 70/100, Zappos scores 80/100, see what you think; and have a look at how we scored the Colgate Sensitive guarantee and another that only scored 59/100.

YOUR SUPPORT TOOLS ARE HERE: Go to the link below and you'll find a suite of support tools to help you create or fine-tune a compelling guarantee for your product or service. These tools will help you see how you improve your guarantee and set you up for a business breakthrough.

CLICK
HERE TO
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Find the support tools to help you here - www.businessbitesize.com/aa_chartered_accountants

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