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Promised Land

The "under-promise and over-deliver" tenet must make way for the superior alternative of promises management.

By Reg Price and Don E. Schultz

"Under-promise and over-deliver" is a catchy and well-accepted management maxim. It has been enthusiastically applied in all areas of marketing, around the world. As a concept, it sounds really great; thus, managers have supported it. But does it work? Let's explore the underlying assumptions, to see whether it truly adds up.

Customers like surprises. There's no doubt that customers prefer good surprises to bad ones. For example, most would prefer to find a marshmallow in hot chocolate than a cockroach. But if we closely look at customers' behaviors, then it becomes clear that most customers value consistency over even positive surprises. Generally, customers simply want to know what they can realistically expect from the marketer's offering on an ongoing basis.

The well-publicized consumer marketing successes of the last century (such as Coca-Cola, Nike, and Dell) had a couple of things in common, in addition to profitability and high market share: They could move their brands and marketing with the changing times, and deliver on the promises they had consistently made to customers. Coke's consistent promise is that wherever you buy the brand—from Beijing to Boston—it will have the same taste, fizz, and (approximate) price. Nike's promise is a cool sportswear brand, developed and worn by the best. Its "swoosh" is a symbol—not just of the brand, but also of the associations with sporting aspiration, competition, and excellence. And Dell has always delivered on its promise that you can configure your computer just the way you want it.

It's clear that those who create marketing history in the 21st century will be judged by the promises they articulate to customers, and how well they keep them—not by how big their surprises are for customers.

The stock market is another example of the psychology of surprises. How does the market generally respond when a profit warning is announced? No investor likes a surprise when it means his or her portfolio is potentially worth less. Alternately, how are announcements that considerably beat marketplace predictions received? Analysts and investors pose questions when there are unexpectedly good results: What's going on that we don't understand, and could the results just as easily go the other way next time? Surprises raise concerns about stability and reliability. So, developing customer surprises is not as effective as managers would like to believe.

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EXECUTIVE briefing "Under-promise and over-deliver" is a beguiling maxim, but does it succeed? When we closely scrutinize its main underlying assumptions, it becomes clear that this so-called management wisdom has no substance and isn't sustainable—even though it sounds correct. The emerging discipline of promises management provides a framework for achieving success. It employs disarmingly sensible practices that few companies ever perform properly: giving customers what they promised them, and doing so consistently.

As a rule, analysts and investors favor results that deliver what is expected: not worse, and not overly better either. Consistency has much to do with the ongoing success of companies such as BMW, Starbucks, and Evian. Customers like consistency. Thus, inconsistent delivery of the promise is the first nail in the under-promise and over-deliver coffin.

Consistently and positively surprising customers is a sustainable marketer initiative. Traditional wisdom states that one of the best things a marketer can do is constantly exceed customer expectations.

Look at the stock market again. A blue chip stock is defined by the way it repeatedly delivers the promised results over the years. As one Web dictionary puts it, blue chips are "well-known common stocks with a long record of profit growth and dividend payment and a reputation for quality management, products, and services." In short, they're consistent over time. But what happens if a certain stock becomes renowned for always beating expectations? Then beating expectations quickly becomes the new expectation.

For example, if bank customers generally wait five minutes for teller service, then their expectations will be to wait five minutes. To exceed their expectations, the bank will need to shorten the wait to less than that. Perversely, though, once customers experience a shorter wait, their expectations are typically revised—upward. The bank inevitably feels pressure to reduce the waiting time required. Following that logic, the waiting time will ultimately need to be zero to meet the revised expectations.

The reality is that customer expectations are rarely static. They adapt and change according to what customers hear in the market, what they're promised, and what they experience. As a result, in most environments, constantly exceeding expectations is close to "mission impossible" for any type of company.

Over-delivering pays off. Setting aside that customers don't really like surprises, and that continuing to surprise them is a near-impossible challenge, one of the biggest risks of over-delivering is wastage. This is the sort of wastage that cannot be seen, except when it shows up on the bottom line.

It is a well-known fact that some very high-quality companies around the world—often noted for their superior customer service—have gone out of business. Even Malcolm Baldrige Quality Award winners such as Florida Power & Light have gone broke, because their quality was too good for what customers were willing to pay. This utility was beaten by the quality-cost equation, not by the competition.

What happens if the customer is offered something positive that he or she didn't expect? Of course, the customer will usually accept it—especially if it comes with no strings attached. But unless the unexpected bonus or surprise is related to something very important and relevant to the customer, he or she will likely accept it without really thinking much about it. Neither positive nor negative impact is detected when the customer makes the next purchasing decision.

Take the bank waiting time example. If the customer comes in and goes straight to a teller without waiting, then he or she will undoubtedly feel good about that experience for a while. Most likely, the attitude of the customer is "this was a little win for me." A few might even think there is some serendipity involved: "It's usually me, the customer, who gets the raw end of the deal—so I deserve this bit of luck." Unfortunately, it's unlikely that he or she will attribute this experience to the bank's careful and conscious planning to reduce waiting times. So, unless the reduced waiting time starts happening on a consistent basis, customers will take the experience and move on.

Because customers will take whatever is on offer (and they'd be crazy not to do so), over-delivering—without some concomitant commitment from them—is a dangerous game. It usually doesn't offer much in return: another nail in the coffin.

Under-promising works. A popular belief is that it's smart to downward manage the expectations of customers; that way, it's easier to delight them. On the surface, this seems like a clever thing to do. Because customers' expectations are quite fluid, obviously the marketer would be wise to keep them under as much control as possible.

Imagine that the aforementioned bank has decided to downward manage expectations to 10 minutes, but still delivers on a five-minute wait. Note that in the past, waiting times were one of those issues avoided—if possible—in any communication with customers. Clearly, it costs very little to explain that customers can realistically expect a waiting time of up to 10 minutes. As the theory suggests, they will naturally be pleasantly surprised if they have to wait only five minutes (the amount of time they've always had to wait). Right?

There are a few dangers inherent in such an approach.

- A negative message (that the waiting time could be 10 minutes) has to be communicated to manage expectations. Keeping in mind that studies show it takes about 11 positives to make up for one negative, there's a real danger of a

backlash against the bank—which could be difficult to overcome. This is especially so if waiting time is an important criterion for customers in their evaluations of bank performance.

- What if another bank uses the opportunity to promote shorter waiting times? This might be an attractive proposition to the many ambivalent customers of the first bank, even though waiting times are the same in both banks. Under-promising on a systematic basis can create an opportunity for competitors when there really isn't one: a risky proposal at best.

It's much more important to work on realistically communicating what the company is capable of doing, so there's no misunderstanding with the customer. It's all about promising—in the most positive way—exactly what the customer is going to get, and then delivering on that promise.

Where Does that Leave Us?

Effective "promises management," an emerging discipline, calls for finding the proper balance between how the right promises are made and whether they are reliably delivered.

For promises management to work in an organization, a number of items have to be managed in an integrated fashion—at four organizational levels. Today, this is a challenge that only a few companies can meet, but more are clearly working toward that end.

1. Make a clear and compelling brand promise. Resist the temptation to go further than "accentuating the positive," by exaggerating beyond reality. Then ensure the organization lives up to that promise.
2. Work with partners (such as suppliers) to reliably deliver in accordance with the brand promise. This means exploring all areas of reliability, not just the basic supply-chain measures such as "deliver in full on time" or "on time, in full, and in spec."
3. Do for customers what your organization says it will do, and perform this consistently. This way, a trusting relationship—based on dependability and promise delivery—can be built over time.
4. Build a reliable organization. Outstandingly reliable people can deliver more than 10 times the productivity of the typical worker. But, like any valuable staff members, they need recognition and support. This requires building a culture—and work practices—that encourages greater internal dependability for supporting the organizational promises.

Volvo Cars has consistently and clearly communicated a single-minded customer promise: safety. Ask most people what its cars stand for and they know it is safety (and that it has been for years).

When Volvo built its first car in 1927, founders Assar Gabrielsson and Gustaf Larson made the following statement: "Cars are driven by people. The guiding principle behind everything we make at Volvo, therefore, is and must remain safety."

The Swedish car manufacturer has been responsible for introducing many safety innovations now standard in the automotive industry. For example, its Web site claims the following.

- 1944: laminated windscreen and safety cage
- 1959: three-point safety belts in the front
- 1994: side-impact air bags
- 2001: the safety concept car

Volvo's track record of such innovation is evidence of the Volvo promise. And its theme line, "Volvo for life," is a reference to Volvo's stated desire to offer both the safest cars and the most exciting car experience for modern families.

Safety at the company now centers on four areas:

1. helping people feel safe and have a sense of well-being (the psychological dimension of safety)
2. warning systems that alert drivers to potential danger (such as the blind spot information system, which indicates cars in drivers' blind spots)
3. technology that helps avoid accidents, such as electronic stability systems
4. ensuring that if there is a crash, Volvo cars are among the safest in the world

Volvo's communication programs support the brand promise on an ongoing basis. There is no tricky under-promising and over-delivering here; Volvo simply does what it says it will, always. This isn't as sexy, but it's likely much more profitable. ■

Authors' Note: Our book on promises management (which Racom Communications will publish in fall 2006) puts practical disciplines around a topic that most managers accept as important, but few manage properly. For more information, visit www.managepromises.com.

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