



Build Customer Trust by Reducing Risk

A crucial selling point for expensive, technical, and/or complex products & services

By Jean Van Rensselar

When it comes to maintaining and building customer relations in industries that involve expensive, technical, and/or complex products and services, there's nothing more important to customers than risk reduction. The ability to understand the risk customers face and then reduce it can make a dramatic difference in the rate of sales conversions.

There is always some risk to a buyer when the decision to buy or not buy will have unpredictable consequences. Risk can include

- Financial Risk
- Performance Risk
- Physical Risk
- Convenience Risk

The amount of risk to your customer is always tied to and magnified by the potential consequences. While the consequences of a transaction that involves a significant financial outlay are obvious, there are also big consequences for anything that can disrupt business processes. A small bug in relatively inexpensive accounting software can be disastrous.

Reducing Risk through Actions

As trust develops, perceived risk vanishes. Ways to build trust and reduce risk through your actions include:

Demonstrate Capability Through:

- Technical proficiency
- Sufficient production capacity (i.e. timely order fulfillment)
- Streamlined processing
- Demonstrated adaptability (i.e. customization)

Demonstrate Commitment Through:

- Understanding the customer's business
- Concern for the customer's success
- Shared goals
- Honesty and integrity
- Courtesy and respect
- Cooperation and flexibility
- Transparency regarding situations that affect the customer
- Sensitivity to cultural differences

Another factor in building trust and reducing risk is demonstrating strength by honoring promises and commitments, correcting mistakes quickly, and delivering consistent performance.

Reducing Risk through Tangibles

The greater the perceived risks, the more the buyer will seek out a long-term relationship with a seller who can reduce or eliminate those risks better than competitors. In addition to the actions that the organization and its employees take, there are tangible ways to build trust and reduce risk. These include:

Guarantees/Warranties

A proven way to reduce risk is to offer a guarantee or warranty. An unconditional guarantee is the gold standard. A guarantee is a powerful way to give a prospect the last nudge. When prospects know that a risky purchase will be buffered by some form of assurance from the seller, they are more likely to take the last step. A money back guarantee—even one with a return window as short as 24 hours makes a difference.

Customer References

Leverage third party recommendations---quotes, case studies, and testimonials. Attach them to all marketing materials that are distributed in print and digitally. This tells the prospect that someone else has used the product or service and is happy that they did. That significantly reduces risk to your buyer.

To be effective, case studies need to include the client's name and then address common objections that prospects have. When you provide evidence that your product/service can overcome these objections, then you become more trustworthy—you reduce risk.

Trial Periods

Get the buyer as physically involved with the product or service as possible. For example, if you're selling a service, offer a short no obligation trial period. If you're selling a product, try to get the customer to trial the equipment, or observe it in action. The more the buyer can see and feel the actual offering, the less risk it is to them.

The best way to reduce risk to your buyers is by building a trusting relationship. Relationships diminish risk. There is a direct connection between the strength of the relationship and the amount of risk the buyer perceives. This is a primary reason why the sales rep with the most solid relationship wins in a competitive situation. It's not just the price – it's the price and the risk.

About the Author

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