

Your Quote-to-Close Ratio:

4 Quick Tips to Convert Prospects to Clients - Part 2

By Robert Ciccone - Success Unlimited Sales & Marketing Group Inc.

In Part 1, we discussed the importance of knowing your quote-to-close ratio and the huge impact it can have on your business. We then examined the first two of four “Quick Fixes” that you, as a business owner, can use to dramatically improve your prospect-to-customer conversion rates. Now, in Part 2, we’ll finish up by looking at the other two methods of #3, “Using social proof to your advantage”, and #4, “Incorporating a risk reversal component”.

Quick Fix #3: Using social proof to your advantage

A major obstacle to someone actually buying, even when everything is going well and the client needs the product, is the fear of failure in the client’s mind. The client fears “buyer’s remorse”: paying too much, ending up with the wrong product, being criticized by others after buying it, or being stuck with a product that cannot be serviced easily or cost-effectively. The antidote is to eliminate this fear by proving to the client that others in similar situations have bought it. We need to answer the question: “who else has done it (and successfully)?”

We have to help the prospective customer conclude: “if someone else like me has bought this, then it must be a good idea for me to buy it as well”. The way we do that is through what Robert Cialdini in his book *Influence: The Psychology of Persuasion* calls “social proof”. Social proof can take form in many ways. You can:

- provide lists of satisfied customers;
- provide letters or voice recordings of testimonials from satisfied customers;
- display photos of happy customers using your product or service; and
- use third-party endorsements. These include any type of publication, magazine, or news-worthy person talking favorably about your product or service; or even any well-known person or business in your local community.

Social proof cuts through the client's mental clutter and gets right to the heart of the decision-making process. Any one of these forms of social proof can overcome 90% or more of the sales resistance a customer might have.

Include social proof in your marketing efforts. Add these things into your web site, your sales and press kits, and into your presentations, quote and proposals. Use testimonials in your advertising. Display posters in your store where customers can see them. Make the effort to go out and get the endorsements and letters. Incorporate social proof into what you're already doing and your quote-to-close ratios will go up.

Quick Fix #4: Incorporate a Risk Reversal component

Risk reversal is when you as the seller remove the buyer's risk from the transaction. Whenever any two parties come together for business of any kind, one side is always trying, consciously or subconsciously, to minimize their own risk. Risk reversal is when you as the seller take away the financial, psychological, or emotional risk factors that are attached to the decision-making process of purchasing your product or service.

Risk reversal shows the client that you are confident that your product or service will do what you say it will do. It shows the customer you can deliver on your promise. When you take the risk away, you lower the barriers to the customer's trust, and therefore eliminate one of the main obstacles to buying. You want to let the prospect know that if they are ever dissatisfied, you'll take care of it.

You'll do that in the form of a guarantee. The guarantee can be money back, redoing the job, or whatever you can do to demonstrate your commitment to their satisfaction. If you've never offered a guarantee before, it may seem frightening, but it is an explosive way to convert people who are undecided as to whether or not to do business with you. It can become the deciding factor between that customer buying from you, or buying from your competitor. All other things being more or less equal, people would rather buy from a business that offers the security of a guarantee.

People ask all the time: do they work? Aren't guarantees overused? My answer is: people are using them *because* they work. We think that the buying population is immune to guarantees, but test after test shows that the same offer attached to a guarantee will win over one with no guarantee.

There is also a fear that the business will lose too much money if a guarantee is offered. But the fact is that you will *gain* more business as a result of risk reversal than you will have to pay out in making good on that guarantee. It gives the buyer the peace of mind he or she needs to move ahead with the purchase. If you had five people "on the fence" about buying from you, and your guarantee tips the scales in your favor for even *one* of those people, you have just increased your quote-to-close ratio by 20%.

Most businesses have some form of guarantee anyway, but they may not be promoting them as such. If your product or service is generally good and you are willing to make it right with a dissatisfied customer, why not say that up front with some form of guarantee. Brag about it – because chances are you're doing it anyway.

The guarantee/risk reversal doesn't always have to be so literal (i.e., "if you're not happy, we'll give you your money back"). Many times you can guarantee the various processes or steps along the way in doing business with you. I worked with a client who is a general contractor. What we did was put together a "14-point workmanship promise". There are 14 different areas that the contractor will guarantee throughout the process of working with him and his team. He guarantees he will return a service call within 2 hours and if he doesn't, the first hour of labor is free. He guarantees that if his team comes in to do a job, they will leave the premises in the same neat and clean condition it was when they started, and if they don't then the company will hire a professional cleaner to come in and make it right. The complete workmanship promise has 14 such guarantees.

Here's the thing. This contractor was doing all of this *anyway*. He already had all these customer satisfaction policies in place. But he wasn't leveraging it as part of his sales process. Now, when he

meets with a prospect, he makes a point of telling the customer about that 14-point guarantee. And don't think it doesn't make a huge difference when a customer has to choose between this contractor and another who doesn't offer the same low risk. By incorporating risk reversal into the sales process, we were able to improve the client's quote-to-close ratio.

These are the four "quick fixes" that you can apply immediately in your own business, with a just little imagination and creative customization, to dramatically improve your sales and profitability.

I want to challenge you to *do the math*. Understand what your own current quote-to-close ratio is. Then figure out your average sale, and see what would happen to your bottom line revenue if you increased your ratio by 5, 10, 15% or more – just as was illustrated with the earlier telecomm client example. Take those figures and multiply them by the lifetime value of your client, and you'll quickly determine how important improving this statistic – knowing it, knowing what it means, and knowing how to increase it - is to your business.

Yes, you need to continue to focus your marketing efforts on attracting customers into your business and to increasing that traffic. However, I hope that you can now appreciate that traffic alone is not a measurement of success and profitability. By focusing on both knowing and improving your quote-to-close ratio, you will maximize your existing investment in marketing and advertising, and the profit will follow.

Copyright ©2007 Robert Ciccone. All rights reserved. For reprint permission, contact info@susmg.com

About the Author

Robert Ciccone is the president and founder of Success Unlimited Sales and Marketing Group www.susmg.com, an applied marketing consulting firm that helps companies increase their sales and profits. He can be reached at 604-688-7733 or rob@SUSMG.com.