



## **TRUST MARKETING: A NEW MARKETING FRAMEWORK TO INCREASE SALES PROCESS THROUGHPUT FOR HIGH-RISK PRODUCTS**

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### **Abstract**

Certain products involve such a high-risk for customers that the possible damage can be greater than the advantage. According to [1] perceived risk has a negative impact on sales process throughput resulting for corresponding vendors in lower profits. In general, trust research proposes trust as a solution for high-risk situations. Thus, if marketing would be able to build-up customer trust in high-risk products a significant problem of corresponding vendors would be solved. For this purpose the Trust Triangle Marketing Framework (TTMF) is proposed in this paper consisting of four trust marketing strategies. Within expert interviews across different industries of high-risk products the TTMF is empirically tested towards its ability to increase sales process throughput and customer satisfaction for high-risk products.

### **1. Situation and Research Question**

Many products involve such a high risk for customers that the possible damage can be greater than the advantage (e.g. a cosmetic surgery contains the risk of numbness, a nuclear power plant contains the risk of losing human life, a cryptographic device contains the risk of getting hacked and exposing critical data). According to [1] perceived risk has a negative impact on sales process throughput resulting for corresponding vendors in lower profits. Research across different academic disciplines propose trust as a solution for risk in general. Thus, if marketing would be able to build-up customer trust in high-risk products a significant problem of corresponding vendors would be solved. As such the research question is proposed as: Can sales process throughput for high-risk products be increased via trust marketing?

### **2. Literature Review**

Despite the broad coverage of trust in the existing literature [2] a clear definition of trust is lacking: e.g. [2] talks about "...the problem of defining trust, a concise and universally accepted definition has remained elusive...", [3] points out that „trust in general has been given many different definitions...”, whereas [4] talks about a "...conceptual confusion regarding the



meaning of trust...”. In the following some examples for the great variety of trust definitions are provided: (1) [5]: “Interpersonal trust is defined here as an expectancy help by an individual or a group that the word, promise, verbal or written statement of another individual or group can be relied upon.”; (2) [6] defines trust as the “...confidence in the goodwill of others...”; (3) [7] sees trust in a sociological perspective as “a set of expectations shared by all those involved in an exchange”; (4) [8]: “Trust is anticipated cooperation.”; (5) [9] define trust as “...the willingness of a party to be vulnerable...” which will be used in the following as it is “the most frequently cited definition...” [10] with over 1.100 citations since 1996 [11]. [12] developed an interdisciplinary trust model based on a meta-analysis about 80 books and articles on trust from several scientific disciplines (see Exhibit 1).

Of particular interest for the scope of this paper are the trusting beliefs, as they are basically the single component which can be influenced by someone who wants to be trusted. Trusting beliefs are defined by [12] as “...one believes (and feels confident) that the other person has one or more traits desirable to one in a situation in which negative consequences are possible”. Trust marketing is proposed to build up the trusting beliefs of a high-risk product. To the best of the author’s knowledge currently no general trust marketing framework for high-risk products exists.

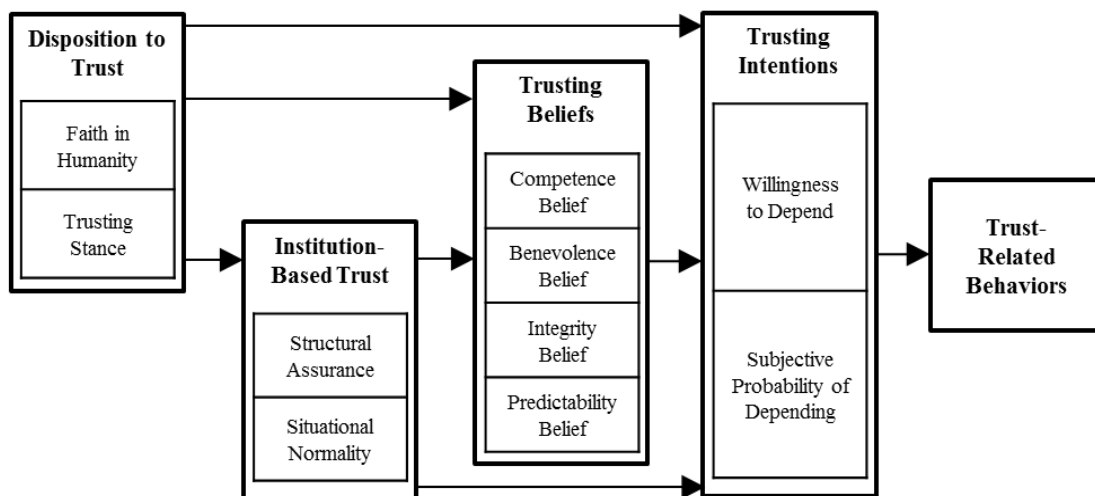


Exhibit 1. Interdisciplinary Model of Trust Constructs according to [13], [12], [14], [15], [16]

Source: diagram by author.

### 3. Model Development & Hypotheses

In the following the Trust Triangle Marketing Model (TTMM) in exhibit 2 gets developed based on the review of existing marketing and trust research.



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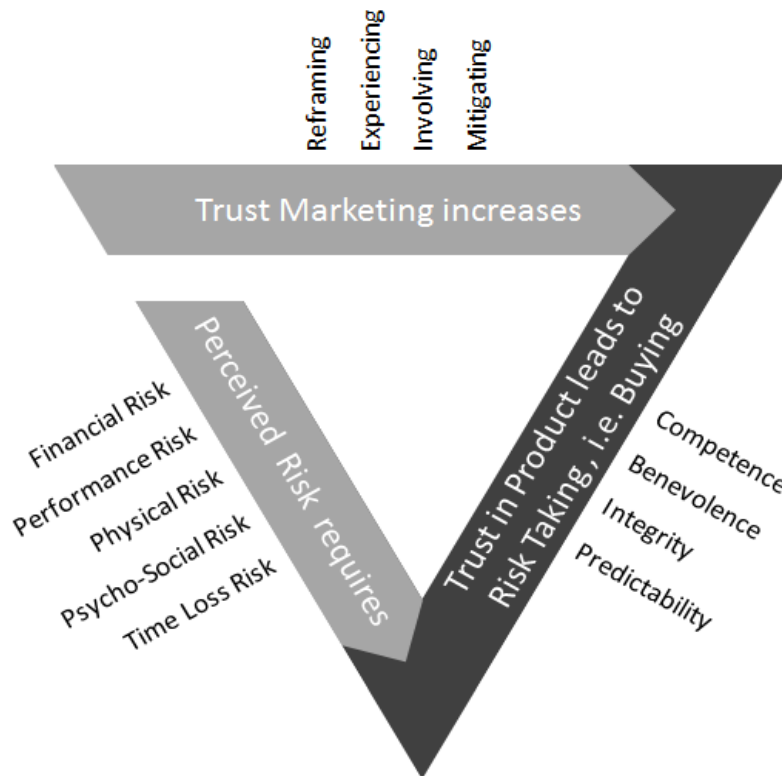


Exhibit 2. Trust Triangle Marketing Model (TTMM)

Source: diagram by author

The concept of perceived risk was introduced to the marketing discipline in 1960 by [17] as “...consumer behavior involves risk in the sense that any action of a consumer will produce consequences which he cannot anticipate with anything approximating certainty...”. Based on the definitions of [18], [19] and [20] the following categories of perceived risk will be defined for this research: (1) Financial Risk: potential loss of money; (2) Performance Risk: potential loss due to a product’s failure; (3) Physical Risk: potential loss of non-mental health; (4) Psycho-Social Risk: potential loss of mental health, ego, social status or social relationships; (5) Time Loss Risk: potential loss of time due to a product’s failure. As the customer perceives the risk of a product, the critical issue for the vendor is if the customer also takes the risk in terms of actually buying the product. Trusting another party describes a willingness to be vulnerable but does not automatically include the actual activity of taking the risk [9]. However, trusting the other party leads to risk taking [9], which is conceptualized in the TTMM as buying the product [21]. Furthermore, the higher the perceived risk, the more trust is required by the customer in the product to take the risk of buying the product [9], [22]. Thus, perceived risk requires trust to enable customer risk taking, i.e. buying the product. The level of trust is determined by the trusting beliefs according to [12] consisting of the four sub constructs:



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competence, benevolence, integrity and predictability [12]. Trust marketing aims at building up the trusting beliefs for a specific high-risk product or vendor.

Therefore the TTMF consist of four marketing strategies (see exhibit 2): reframing, experiencing, involving and mitigating. In the following a short overview of the theoretical foundation of the trust marketing strategies is provided:

**1) Reframing Strategy:** As [23] points out, familiarity is the precondition for trust. Furthermore [17] emphasizes that the perception customers have about a company is the dominant source of influence when risk is high. Thus the reframing strategy aims at providing information to the customers about the high-risk product, the company as well as information on how trusted third parties regard the high-risk product. Thereby the customer's familiarity with the product and the company should be increased and the customer should be enabled to make a better judgment of the product's and vendor's trustworthiness [24], [25], [26], [10], [27], [28]. Thus the TTMF Strategy Reframing is defined as: Building up the trusting beliefs benevolence, competence, integrity and predictability via sharing information about the company or the product from own sources or from trusted third parties.

**2) Experiencing Strategy:** Based on [9] "...the level of trust will evolve as the parties interact". Thus it is the idea behind the experiencing strategy to build up trust via actively created interactions with the high-risk product and the vendor before the purchase, via e.g. product simulations, product trials, interaction with sales people or demonstrating that the vendor cares about the customer's needs. Thereby the customer is intended to build up an experience history that further builds up trusting beliefs [2], [9], [29], [30], [27]. Thus the TTMF Strategy Experiencing is defined as: Building up the trusting beliefs benevolence, competence, integrity and predictability via the customer experiencing the company or the product.

**3) Involving Strategy:** [31] made an interesting finding on building up trust in the management of a nuclear power plant: The single alternative having a substantial impact on trust was giving an advisory board of local citizens and environmentalists the ability to monitor and shut down the plant if they believe it to be unsafe. [31] refers to this principle as "delegation of authority". Thus within the involving strategy it is proposed to create customer trust via delegating authority to a limited extent via customers or trusted third parties in product design or significant customer-affecting business decisions [22],[32], [33]. However, the involvement does not automatically lead to a guaranteed influence on the vendor's final course of action. Thus the TTMF Strategy Involving is defined as: Building up the trusting beliefs benevolence, integrity, and predictability via publicly involving customers or trusted third parties in the design of products and decisions that impact customers.

**4) Mitigating Strategy:** This strategy is alluding to [7]'s findings that trust can be built by a party making use of insurance signals, i.e. "...doing everything to protect the other party from a loss and behaving in a responsible manner". Furthermore [7] notes that via regulation (e.g. laws, contracts) institutionally-based trust can be established. In addition to that, regulation can be seen as a control mechanism for the trustor over the trustee which also reduces his risk. For the TTMF the mitigating strategy provides regulation which offers an advantage to the customer in terms of reducing the perceived risk [34], [35], [11]. Thereby a required trust threshold for a high-risk product can be reduced via offering product modifications, special support agreements, service and enforcement guarantees or financial insurances. Thus the



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TTMF Strategy Mitigating is defined as: Building up the trusting beliefs benevolence, competence and predictability by mitigating the perceived risk.

Each of the four trust marketing strategies consists of three marketing approaches that build up the specific trusting beliefs of their corresponding TTMF strategy (for a detailed description of the marketing approaches see [36]). It is also important to investigate if the usage of trust marketing has a bigger impact on increasing sales process throughput than additional investments in the industry-specific marketing strategies of the concerning industry (i.e. of all marketing approaches that are typical for the corresponding industry and which are not part of the TTMF). Such marketing strategies are called “traditional” marketing in the following (e.g. price promotions, distribution strategies, promotional events, opportunity qualification via telesales, etc.). For the TTMF to qualify as a useful marketing strategy, it is important to validate the framework if the building up of trust in a high-risk product also results in an increase of sales process throughput, higher than additional investments in the traditional marketing strategy of the corresponding industry. In addition to the focus on increasing the sales process throughput it is also of interest, if the application of trust marketing increases customer satisfaction, especially in contrast to the traditional marketing strategies.

## Hypotheses:

H1: Each of the applicable TTMF strategies for a high-risk product’s industry increase sales process throughput more than additional traditional marketing.

- H1a: If applicable for the industry, the TTMF strategy reframing increases the sales process throughput more than additional traditional marketing.
- H1b: If applicable for the industry, the TTMF strategy experiencing increases the sales process throughput more than additional traditional marketing.
- H1c: If applicable for the industry, the TTMF strategy involving increases the sales process throughput more than additional traditional marketing.
- H1d: If applicable for the industry, the TTMF strategy mitigating increases the sales process throughput more than additional traditional marketing.

H2: Each of the applicable TTMF strategies for a high-risk product’s industry increase customer satisfaction more than additional traditional marketing.

- H2a: If applicable for the industry, the TTMF strategy reframing increases customer satisfaction more than additional traditional marketing.
- H2b: If applicable for the industry, the TTMF strategy experiencing increases customer satisfaction more than additional traditional marketing.
- H2c: If applicable for the industry, the TTMF strategy involving increases customer satisfaction more than additional traditional marketing.
- H2d: If applicable for the industry, the TTMF strategy mitigating increases customer satisfaction more than additional traditional marketing.

*Exhibit 3. Hypotheses*



## 4. Empirical Design

For the empirical test of the hypotheses expert interviews using the pairwise comparison of the Analytical Hierarchy Process [37] have been conducted across 15 industries of high-risk products from December 2010 to January 2012 (see exhibit 4). A “high-risk product” in the context of this study means that a product involves a risk of a possible damage to the customer, which is greater than the products advantage for the customer. The method of expert interviews has been selected for the following reasons: (1) Ex ante concept validation: at the current point of the research the general feasibility of the trust marketing framework has to be tested; (2) Feasibility evaluation: The feasibility of marketing and sales approaches has to be evaluated which requires significant domain expertise of the specific vertical, product and technology (e.g. legal constraints, market dynamics, channel structure, etc. ); (3) Reasonableness evaluation: The reasonability of marketing and sales approaches has to be evaluated which requires significant domain expertise of the specific vertical, product and technology (e.g. return on marketing investment, vertical specific buying center structure, etc.); (4) Marketing-Mix Optimization: Making decisions on the marketing mix to optimize it requires high levels of marketing expertise and experience; (5) Asymmetric information: High-risk products in general require a high level of expertise as they are mostly expert systems. This special knowledge is very often only available on the vendor side (e.g. eye laser surgery, nuclear power plants, etc.); (6) Sales Process Focus: For this research the sales process and the increase of its throughput is in the major focus, not building up customer trust in a product per se.

For an expert to qualify for an interview on the corresponding high-risk product, the following criteria have to be met: (1) 5+ years of relevant domain expertise concerning the product and its market; (2) Market or customer facing role or experience; (3) Management or consultancy position in one of the leading companies in the corresponding market.

The main statistical method used is the pairwise comparison of the Analytic Hierarchy Process (AHP) [37], [38], [39]. For data collection and analysis the AHP software implementation “Super Decisions” (<http://superdecisions.com>) has been used in the expert interviews alongside with a questionnaire. Within the pairwise comparison process, each possible pair of alternatives (i.e. the marketing strategies) is evaluated against a criterion. In this research two pairwise comparisons have been conducted against two different criteria: 1) increase sales process throughput and 2) increase customer satisfaction. Out of these pairwise comparisons and the resulting pairwise matrix the eigenvector for the criteria is calculated, which “...determines the relative ranking of alternatives” [40] towards the concerning criterion. Furthermore the analytical hierarchy process also calculates the overall consistency of the judgments given by an expert via the inconsistency ratio. For a consistent set of judgments, “...the inconsistency ratio should be less than 0.1 to be considered reasonably consistent” [41]. Thus, for H1, H1a-d, H2, H2a-d to be supported, two conditions have to be fulfilled: (1) For each interview every applicable TTMF strategy has to rank higher towards the criterion concerned (i.e. “increase sales process throughput” or “increase customer satisfaction”) than the alternative strategy of additional traditional marketing; (2) The inconsistency ratio for a set of pairwise comparisons has to be below 0.1 [41].



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## 5. Results

The high-risk products from the conducted expert interviews are shown in exhibit 4. Each product's risk has been identified and evaluated by the expert, if it fulfills the requirement of a product to qualify as a high-risk product. This requires that the product involves a risk of a possible damage to the customer, which is greater than the products advantage for the customer.

ID	Industry	B2B/B2C	Perceived Risk
1	Business Strategy Consulting	B2B	Possible bankruptcy
2	Fighter Airplane Software Quality Assurance	B2B	Death of human beings (from pilots to civilians)
3	Enterprise Antivirus Solutions	B2B	Breakdown of business operations
4	Private Financial Investment Consultancy	B2C	Loss of financial existence
5	Private Insurance Consultancy	B2C	Incongruent risk coverage
6	Digital Content Protection	B2B	Loss of intellectual property and business model
7	Biometric Devices for Access Systems	B2B	Access to high value assets
8	Automated Production Solutions	B2B	Product specifications not achieved
9	New medicaments with high financial invest	B2C	Disproportional treatment efforts
10	Eye Laser Treatment	B2C	Loss of eyesight quality
11	Urban Rope Ways in Western Asia	B2B	Damage of human health due to lack of quality
12	Cloud Computing in public Clouds	B2B	Loss of control
13	Nuclear Power Plant	B2C	Loss of health due to nuclear radiation
14	Airport	B2C	Losses regarding quality of life
15	Legal Counseling by Lawyers	B2B&C	Losses due to miscounseling

*Exhibit 4. Conducted Interviews of high-risk Products & perceived Risk*

Exhibit 5 depicts the results of the expert interviews regarding (1) the applicable strategies as well as (2) the results of the AHP pairwise comparisons regarding the criteria “increase sales process throughput” and “increase customer satisfaction”. Regarding (1), if a strategy has not been applicable to a certain high-risk product, the corresponding cells in exhibit 5 contain “<n.a.>”. Regarding (2), the five columns on the right of the interview ID column in exhibit 5 depict the relative dominance of the strategies over the alternative “additional traditional marketing”, which has been calculated via dividing the pairwise comparison result of the strategies by the corresponding result of the strategy “additional traditional marketing”. As the next to last column in exhibit 5's tables shows, the TTMF alternatives are dominant over the alternative “additional traditional marketing” across all 15 expert interviews, except for the mitigating strategy in the industries “Enterprise Antivirus Solutions” and “Private Insurance Consultancy” regarding the criterion “increase customer satisfaction”. Based on the expert interviews, it is suggested as a root cause, that customer satisfaction for these products is much more influenced by price reductions than by mitigating a perceived risk. Thus, these results offer support for H1, H1a, H1b, H1c and H1d, H2a, H2b and H2c, whereas H2 and H2d are only partially supported.



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## Results of the Expert Interviews using the Analytic Hierarchy Process' pairwise comparisons

a) Relative Dominance of the Marketing Strategy Alternatives over the Alternative “Additional traditional Marketing” towards the Criterion of “Increase Sales Process Throughput”

ID	TTFM Strategy Reframing	TTFM Strategy Experiencing	TTFM Strategy Involving	TTFM Strategy Mitigating	Additional traditional Marketing	Dominance of TTFM Alternatives	AHP Inconsist. Index
1	4.719974	11.474998	2.353077	<n.a.>*	1.000000	Yes	0.0609
2	4.479261	7.265540	1.306429	13.974105	1.000000	Yes	0.0522
3	4.908957	6.222288	4.722160	2.852971	1.000000	Yes	0.0799
4	3.048450	11.604430	1.479378	2.554720	1.000000	Yes	0.0592
5	2.711821	14.550645	1.988660	1.725447	1.000000	Yes	0.0338
6	14.195581	6.106706	1.498051	<n.a.>*	1.000000	Yes	0.0745
7	5.836430	1.503802	3.412180	<n.a.>*	1.000000	Yes	0.0212
8	4.124281	7.828794	<n.a.>*	15.095055	1.000000	Yes	0.0918
9	3.800069	4.295262	11.231112	<n.a.>*	1.000000	Yes	0.063
10	5.933321	13.966105	<n.a.>*	6.172966	1.000000	Yes	0.0649
11	8.904855	6.833564	2.761774	3.175030	1.000000	Yes	0.0933
12	10.563776	7.290824	3.374504	1.256699	1.000000	Yes	0.0318
13	6.583631	12.402799	9.215275	1.359677	1.000000	Yes	0.0335
14	3.710536	4.950227	16.686026	2.590908	1.000000	Yes	0.0644
15	3.169718	8.108166	<n.a.>*	1.363936	1.000000	Yes	0.0338

b) Relative Dominance of the Marketing Strategy Alternatives over the Alternative “Additional traditional Marketing” towards the Criterion of “Increase Customer Satisfaction”

ID	TTFM Strategy Reframing	TTFM Strategy Experiencing	TTFM Strategy Involving	TTFM Strategy Mitigating	Additional traditional Marketing	Dominance of TTFM Alternatives	AHP Inconsist. Index
1	1.402644	14.568028	6.342589	<n.a.>*	1.000000	Yes	0.0846
2	4.962851	8.440907	1.438600	14.508498	1.000000	Yes	0.0802
3	1.127550	1.067302	1.171893	0.387603	1.000000	No	0.0998
4	3.603629	13.929870	2.709309	7.242323	1.000000	Yes	0.0912
5	1.548493	11.362755	2.081257	0.775328	1.000000	No	0.0628
6	14.373953	6.865255	3.843867	<n.a.>*	1.000000	Yes	0.0482
7	3.177320	5.360174	2.064915	<n.a.>*	1.000000	Yes	0.0328
8	2.303860	8.043039	<n.a.>*	6.141446	1.000000	Yes	0.0496
9	1.312728	5.087532	6.713284	<n.a.>*	1.000000	Yes	0.0288
10	4.832778	14.571699	<n.a.>*	4.832778	1.000000	Yes	0.0758
11	2.633225	18.579172	3.005814	5.063713	1.000000	Yes	0.0931
12	6.761283	20.750939	4.329265	2.948212	1.000000	Yes	0.0801
13	4.911070	9.380249	13.559788	2.841568	1.000000	Yes	0.0568
14	2.205438	3.000369	7.640184	1.524200	1.000000	Yes	0.0783
15	5.172725	9.349295	<n.a.>*	4.923697	1.000000	Yes	0.0058

\* <na> indicates that an expert does not see the corresponding TTFM strategy applicable for the high-risk product's industry

Exhibit 5. Results of the Expert Interviews using the Analytic Hierarchy Process' pairwise comparisons





## 6. Conclusions

Exhibit 6 shows a strong dominance of the TTMF strategies across all 15 interviews over the non-trust-marketing strategy regarding the criterion “increase sales process throughput”. Especially the “experiencing” strategy shows a strong dominance, also when compared towards the other TTMF strategies. The coefficient of variation regarding the criterion “increase sales process throughput” suggests a much more uniform picture on the impact of the TTMF strategies reframing and experiencing across the different industries than the involving and mitigating strategy. As root causes regarding the involving strategy it is proposed, that the potential to involve customers in product decisions varies between industries depending on their degree of: (a) Customer competence regarding the product (layman-problem) and (b) General customer interest of being involved at all. Regarding the mitigating strategy, the suggested root cause is that the limit to which a risk can be mitigated at all varies between industries, e.g. the loss of human lives can hardly be mitigated.

### Relative Dominance of the TTMF Strategy Alternatives over the Alternative “Additional traditional Marketing” across all 15 Interviews towards:

a) Criterion “Increase of Sales Process Throughput”					b) Criterion “Increase Customer Satisfaction”				
Marketing Strategy	Arith. Mean	Median	Std. Dev.	Coeff. of Variat.	Marketing Strategy	Arith. Mean	Median	Std. Dev.	Coeff. of Variat.
Reframing	5.77938	4.71997	3.18872	0.55174	Reframing	4.02197	3.17732	3.33906	0.83020
Experiencing	8.29361	7.29082	3.74242	0.45124	Experiencing	10.02377	9.34930	5.60349	0.55902
Involving	5.00239	3.06814	4.84096	0.96773	Involving	4.57506	3.42484	3.54573	0.77501
Mitigating	4.73832	2.59091	5.03983	1.06363	Mitigating	4.65358	4.83278	3.94376	0.84747
Add. Mkt.	1.00000	1.00000	0.00000	0.00000	Add. Mkt.	1.00000	1.00000	0.00000	0.00000

*Exhibit 6.* Relative Dominance of the TTMF Strategy Alternatives over the Alternative “Additional traditional Marketing”

The coefficient of variation in exhibit 6 regarding the criterion “increase customer satisfaction” shows the most uniform judgment of the experts regarding the strategy experiencing. As a root cause it is proposed that a “tangible proof” of a vendor that he can actually handle a perceived risk is commonly seen as a strong driver for customer satisfaction. This is also emphasized by the strong dominance of the alternative over all other strategies.

In general the study suggests that it is possible to create customer trust via marketing with a positive impact on increasing sales process throughput. The current study is designed as an explorative study to provide an ex-ante concept validation. However, additional research is indicated regarding “real world” A/B testing, i.e. measuring the impact on sales process throughput for a high-risk product with and without the TTMF being applied to it. Additional research is also indicated in the field of pricing, i.e. if products with higher levels of customer trust can be sold at a premium pricing, as well as in the area of branding, i.e. to which extend trust in a product influences and strengthens a brand.



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With the continuous upcoming of new technologies and their rising degree of interconnectedness, customers do more and more lose the chance of dealing with the fast growing rate of complexity and its resulting uncertainty. Thus, trust with its ability to reduce complexity [23] and to better estimate outcomes of cooperation [27] can be expected to become even more important for the marketing discipline.

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