KELLER CENTER RESEARCH REPORT

Bouncing Back After Failure

By Andrea L. Dixon, Ph.D.

Sales is a profession in which one must not be a stranger to failure. Being a successful agent depends, in part, upon the ability to respond effectively to failure. How agents interpret failure (i.e., the attributions they make for failure) drives their expectations for future success, which in turn influences what they do (e.g., work harder, change strategy). A specific attribution for failure often leads to different responses across agents which suggests other variables beyond the experience of the agent influences the attribution-behavior link. Research in other fields indicates that individual differences influence behaviors after success and failure, which suggests that personality may play a role in agents' responses to success and failure.

This research demonstrates the influence of individual differences on how an agent interprets a sales call and shapes the relationship between attributions for failure and the behaviors that follow. Our findings reveal that optimism and self-efficacy are important influences on how agents respond to unsuccessful sales exchanges.

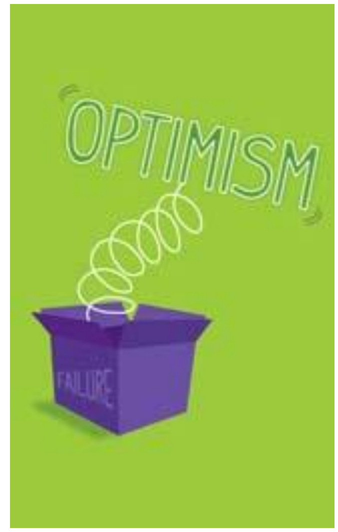
Attribution Theory and Behavioral Intentions

When individuals fail, they attempt to identify explanations for unexpected events (Heider 1958). To understand such sense-making behavior, researchers turn to attribution theory, which suggests that 1) individuals attempt to determine causes of both their own and others' behavior, 2) causal explanations are assigned in some systematic manner using individual rules or perspectives, and 3) ascribed causes will influence subsequent behavior.

Research supports that agents make attributions when they fail (Downey, Chacko, and McElroy 1979) and that these attributions influence agents' subsequent behavior (Dixon, Spiro, and Forbes 2003; Dixon, Spiro, and Jamil 2001). However, further research suggests that the attributions an agent makes in response to failure does not lead to a specific behavior, but may lead to multiple behaviors (Dixon, Spiro, and Jamil 2001).

Personality research in psychology has repeatedly shown how individual differences, such as one's optimism (e.g., Carver, Scheier, and Weintraub 1989) and self-efficacy (Gist and Mitchell 1992), shape an individual's response to challenging situations and negative outcomes. Optimism is defined as an inclination to anticipate the best possible outcome. Self-efficacy, in turn, is defined in the world of sales as one is capable of doing what is necessary to attain a sale.

Optimism



Each sales opportunity presents uncertainty. Where there is uncertainty or when one lacks specific experience, optimism plays an important role in an individual's interpretations of the cause of success and failure (Seligman 1991) and selection of subsequent actions (Scheier and Carver 1985; 1988). Research suggests that individuals who are more optimistic are more likely to interpret the cause of failure as more temporary and within their control than those who are less optimistic (Seligman 1991).

Since optimists generally expect success, those who are more optimistic view failure as a temporary setback that they can correct. Failure is not perceived as "being wrong" but as providing information leading to solutions (Diener and Dweck 1978**)**. After experiencing a failure and ascribing a cause, optimists respond by focusing on the cause, determining a solution, and continuing to work toward future success (Scheier, Weintraub, and Carver 1986). In the face of failure, those who are more optimistic will persist longer than will those who are less optimistic (Scheier and Carver 1988).

Personal Self-Efficacy

An individual's self-concept also drives behavior. An individual difference related to one's self-concept is personal self-efficacy, which reflects one's self-confidence in his or her capabilities to obtain the motivation, resources, and courses of action needed to meet the demands of a situation (Wood and Bandura 1989). Individuals weigh, integrate, and evaluate information about their capabilities and then regulate their choices and efforts accordingly (Bandura et al. 1980). Faced with failure, individuals higher in self-efficacy will attribute the failure to internal or variable causes than those with lower self-efficacy (Gist and Mitchell 1992), because they believe in their ability to perform the task.

Once an agent has failed and found the cause of that failure, individuals higher in self-efficacy choose future behaviors that reflect their belief in their capabilities to perform the task. In this way, the individual difference of self-efficacy shapes an agent's behaviors related to effort, persistence, and effective problem solving (Bandura 1997).

Both optimism and self-efficacy appear to have distinct influence on the attribution of failure and the behaviors that follow. Optimism reflects the general expectancy of favorable outcomes; personal self-efficacy reflects an individual's confidence in the ability to perform.

Increased Effort Following Failure

Generally expecting success to come their way, optimists tend to consider failure as a challenge to be conquered. They counter failure which they have attributed to lack of effort ability by increasing effort and working harder at their tasks in an attempt to improve their ability through whatever means possible.

As a result, more optimistic agents who have failed will work and strive to overcome for far longer than will those agents who are less optimistic.

Individuals with high self-efficacy believe they have the capabilities to successfully accomplish a task. Belief in one's ability has been linked by researchers to both level of effort and persistence (Schunk and Gunn 1986). This research suggests that individuals with higher self-efficacy are more likely to exert greater effort in the face of difficulty and persist at a task than will individuals with lower self-efficacy.

Seeking Assistance Following Failure

After experiencing failure and attributing the cause to an individual's own ability, individuals may recognize their own inadequacy to correct the problem and seek assistance to solve the problem and achieve success. In this way, optimists use adversity and failure as an opportunity to learn by seeking the assistance of others when they recognize their own lack of ability. When the failure is attributed to lack of ability, more optimistic agents are more likely to adapt and learn by seeking help from others (Scheier, Weintraub, and Carver 1986; Sujan 1996).

Changing Strategy Following Failure

Research with college students suggests that more optimistic, action-oriented students respond to failure by thinking even more about solutions (Brunstein and Olbrich 1985). Similarly, we found that agents with high optimism develop a repertoire of strategies and approaches over time as they achieve success. Following a failure attributed to utilizing the wrong strategy, more optimistic agents are even more likely to consider alternative approaches and change their strategy in future similar situations than those who are less optimistic.

To the extent that agents believe that they can successfully perform the behavior required, they enact a new strategy following failure due to using the wrong strategy. When a failure is attributed to the wrong strategy, those higher in self-efficacy stay focused on the task at hand and change strategies than do those with lower self-efficacy.

Summary

Our research helps us to understand that optimism and self-efficacy play important roles in both shaping an agent's attributions for a failed sale and in their responses that follow. An agent possessing a high level of optimism or self-efficacy is more likely to attribute sales failures to unstable causes. Further, agents high in self-efficacy and optimism are also are more likely to "blame" internal forces such as the strategy chosen or effort put forth for failing to make a sale. The tendency of people to blame external forces for their failures is less likely to occur among optimistic, self-efficacious agents (cf. Weiner 1986). Such agents are more likely to take responsibility for their failures, holding themselves accountable for future corrective action.

Individuals with high optimism or strong-self efficacy tend to be more achievement-oriented, willing to learn from failure, and willing to persevere at a task longer in an effort to successfully reach their goal

(Bandura 1982; Diener and Dweck 1978; Gist 1987). Importantly, this willingness to learn has important implications as it indicates that optimism and self-efficacy can be learned. Recent psychology and organizational behavior research related to training and performance suggests that both optimism (Armor and Taylor 1997; Schulman 1999) and self-efficacy (Karl, O'Leary-Kelly, and Martocchio 1993) can be enhanced, increased, and nurtured with the appropriate coaching. Thus, coaching or training efforts with the intention of increasing an agent's level of optimism or self-efficacy may result in higher levels of achievement.

In a competitive marketplace, an agent is particularly vulnerable and in need of personalized coaching and support following a sales failure. Understanding how an agent's individual differences, particularly his/her level of optimism and self-efficacy, affect their actions following failure because their interpretations of their failure provide invaluable information for achieving future success.

References

Armor, David A. and Shelley E. Taylor (1997), "*Situated Optimism: Specific Outcome Expectancies and Self-Regulation," Advances in Experimental Social Psychology*, 30, M.P. Zanna, ed., New York: Academic Press.

Bandura, Albert (1997), *Self Efficacy: The Exercise of Control*, New York: W.H. Freeman.

Bandura, Albert, Nancy E. Adams, Arthur B. Hardy, and Gary N. Howells (1980), "Tests of the Generality of Self-Efficacy Theory," *Cognitive Therapy and Research*, 4 (1), 39-66.

Brunstein, Joachim C., and Erhard Olbrich (1985), "Personal Helplessness and Action Control: Analysis of Achievement-Related Cognitions, Self-Assessments and Performance." *Journal of Personality and Social Psychology*, 48 (6), 1540-1551.

Carver, Charles S., Michael F. Scheier, and Jadish Kumari Weintraub (1989), "Assessing Coping Strategies: A Theoretically Based Approach," *Journal of Personality and Social Psychology*, 56(2), 267-283.

Diener, Carol I. and Carol S. Dweck (1978). "An Analysis of Learned Helplessness: Continuous Changes in Performance, Strategy, and Achievement Cognitions Following Failure." *Journal of Personality and Social Psychology* 36 (5) (May): 451-462.

Dixon, Adrea L., Rosann L. Spiro, and Maqbul Jamil (2001), "Successful and Unsuccessful Sales Calls: Measuring Salesperson Attributions and Behavioral Intentions" *Journal of Marketing*, 65 (July), 64-78.

Dixon, Adrea L., Rosann L. Spiro, and Lukas P. Forbes (2003). "Attributions and Behavioral Intentions of Inexperienced Salespersons to Failure: An Empirical Investigation." *Journal of the Academy of Marketing Science* 31(4) (Fall): 459-467.

Downey, H. Kirk, Thomas J. Chacko, and James C. McElroy (1979). "Attribution of the Causes of Performance: A Constructive, Quasi-Longitudinal Replication of the Staw (1979) Study." *Organizational Behavior and Human Decision Processes* 24 (3) (December): 287-299.

Gist, Marilyn E. (1987). "Self-Efficacy: Implications for Organizational Behavior and Human Resource Management." *Academy of Management Review* 12 (3): 472-485.

Gist, Marilyn E., and Terence R. Mitchell (1992), "Self-Efficacy: A Theoretical Analysis of Its Determinants and Malleability," *Academy of Management Review*, 17 (2) 183-211.

Heider, Fritz (1958), *The Psychology of Interpersonal Relations*, New York: John Wiley and Sons.

Karl, Katherine A., Anne M. O'Leary-Kelly, and Joseph J. Martocchio (1993), "The Impact of Feedback and Self-Efficacy on Performance in Training," *Journal of Organizational Behavior*, (14), 379-394.

Scheier, Michael F., and Charles S. Carver (1985). "Optimism, Coping and Health: Assessment and Implications ofGeneralized Outcome Expectancies." *Health Psychology* 4 (Summer): 219-247.

Scheier, Michael F., and Charles S. Carver (1988), "A Model of Behavioral Self-Regulation: Translating Intention into Action," *Advances in Experimental Social Psychology: Social Psychological Studies of the Self: Perspectives and Programs*, 21 (June), 303-346.

Scheier, Michael F., Jagdish Kumari Weintraub, and Charles S. Carver (1986), "Coping with Stress: Divergent Strategies of Optimists and Pessimists," *Journal of Personality and Social Psychology*, 51 (6), 1257-1264.

Schulman, Peter (1999), "Applying Learned Optimism to Increase Sales Productivity," *Journal of Personal Selling and Sales Management*, 19 (Winter): 31-37.

Seligman, Martin E.P. (1991), *Helplessness: On Depression, Development and Death*, San Francisco: Freeman Press.

Schunk, Dale H., and Trisha P. Gunn (1986), "Self-Efficacy and Skill Development: Influence of Task Strategy and Attributions," *Journal of Educational Research*, 79 (4), 238-244.

Sujan, Harish (1986). "Smarter Versus Harder: An Exploratory Attributional Analysis of Salespeople's Motivation." *Journal of Marketing Research* 23 (February): 41-49.

Weiner, Bernard M. (1986). *An Attribution Theory of Motivation and Emotion*. New York: Springer-Verlag.

Wood, Robert E., and Albert Bandura (1989). "Impact of Conceptions of Ability on Self-Regulatory Mechanisms and Complex Decision Making," *Journal of Personality and Social Psychology*, 56 (3), 407-415.

About the Author:

Andrea Dixon, Ph.D.,
Executive Director, Keller Center for Research and the Center for Professional Selling
The Frank M. And Floy Smith Holloway Professorship in Marketing, Baylor University

Dr. Andrea Dixon (PhD - Indiana University) is the Executive Director of the Center for Professional Selling and the Frank M. & Fly Smith Holloway Endowed Professor in Marketing at Baylor University in Fall 2009. Coming from an industrial background in research, planning and advertising, her research interests embrace behavioral issues related to sales, service and customer satisfaction. Andrea has published in the Journal of Marketing, Harvard Business Review, Organizational Science, Journal of the Academy of Marketing Science, Leadership Quarterly, the Journal of Personal Selling and Sales Management, The Journal of Satisfaction, Dissatisfaction and Complaining Behavior, and several other journals. In 2002, Dixon's research published in the Journal of Marketing was selected as the award-winning research in the sales area. Prior to joining Baylor, Dixon was the Executive Director of the MS-Marketing Program and the Ronald J. Dornoff Teaching Fellow at the University of Cincinnati. She has co-authored the book, Strategic Sales Leadership: BREAKthrough Thinking for BREAKthrough Results, and multiple industry-wide research texts. Dixon serves on two editorial review boards and co-chaired the American Marketing Association's 2007 Winter Educator Conference.

While serving as a faculty member at the University of Cincinnati (U.C.) and Indiana University-Bloomington (I.U.), Dr. Dixon taught an array of graduate and undergraduate courses. One of U.C.'s MBA EXCEL Teaching Award winners, Dixon was selected for a national teaching award by Irwin Publishing, as a distinguished professor by Indiana University MBA students, and for a university-wide award by her academic colleagues at I.U. In 2008, she was named the Academy of Marketing Science's Marketing Teacher Award winner and the Ronald J. Dornoff Teaching Fellow at U.C. Prior to teaching at U.C., Andrea worked closely with GAMA International as the Senior Director of Product Development and Marketing.

Andrea is an active volunteer on both a national and local basis, serving as a volunteer for the American Marketing Association (Past Chair for the Selling and Sales Management Special Interest Group; Co-Chair for the 2007 Winter AMA Educators Conference), the Junior League of Cincinnati (former member of Board of Trustees), Cincinnati Hills Christian Academy (former Board member, past Executive Committee member, past President of the Friends of Fine Arts Board), and the Fine Arts Funds' Arts Services Office (past Chair of Business on Board). She served the Cincinnati region through Leadership Cincinnati (Class of XXXI), the Fine Arts Fund's Business-on-Board program, Agenda 360 Livable Communities Action Team: Arts, Culture and Entertainment, and the National Arts Marketing Project. Dixon's volunteer efforts have been recognized, as she was the 2006 Inspiring Fine Arts Volunteer (Inspire magazine), the Fine Arts Fund Volunteer of the Year in 2002 and an Arts Volunteer of the Year for The Cincinnati Enquirer in 1999.

When a Customer is Grateful to Be Your Customer

By Robert W. Palmatier

"Relationship Marketing" (RM) refers to a long-term and mutually beneficial arrangement in which both the buyer and seller focus on value enhancement with the goal of providing a more satisfying exchange. RM encompasses all activities directed toward establishing, developing, and maintaining successful relationships (Morgan and Hunt 1994). When you think about RM, two concepts come to mind: trust and commitment. But, what other mechanisms make RM effective at improving seller performance? A key goal of selling is to build and sustain customer relationships (DeWulf, Odekerken-Schroder, and Iacobucci 2001). For real estate agents, the longevity of the relationship is paramount. Not only do you want your customers to buy/sell every house through you, their referrals are priceless. In this article, we discuss the role of customer gratitude in establishing effective buyer and seller relationships. Our research suggests it is important for a seller to go beyond providing the obvious benefit of a new home to creating more positive buyer perceptions of a seller's motive.

Role of Gratitude in RM

Gratitude, the emotional appreciation for benefits received, accompanied by a desire to reciprocate is an important concept for understanding RM effectiveness (Morales 2005). Examples of relationship marketing investments in real estate would include an agent providing extra effort for a buyer or seller in adapting policies, providing small favors, or considerations (e.g. meals, gifts, personalized notes). These relationship marketing investments generate customer feelings of gratitude, which lead to gratitude-based reciprocal behaviors, resulting in enhanced seller performance.

After receiving a benefit, people feel a deep-rooted psychological pressure to reciprocate, such that the act of reciprocating can generate pleasure, whereas the failure to repay obligations can lead to guilt (Dahl, Honea, and Manchanda 2005). The extensive role of gratitude in how people perceive, feel about, and repay benefits gained in the seller/buyer exchange process makes gratitude a prime candidate for explaining how RM affects performance beyond the influence of trust and commitment. For residential real estate, consider that seller investment in RM generates feelings of gratitude, which have a strong influence on buyers' short-term purchase intentions.

Gratitude is a fundamental social component of human interactions that provides an emotional foundation for reciprocal behaviors. You scratch my back, and I feel obligated to scratch yours. Researchers have identified two key aspects of gratitude: affective and behavioral. Feelings of gratitude generate a built-in psychological pressure to return the favor. Thus, we define the affective aspect of gratitude, or feelings of gratitude, as feelings of gratefulness, thankfulness, or appreciation for a benefit received. We define the behavioral aspect, or gratitude-based reciprocal behaviors, as actions to repay or reciprocate benefits received in response to feelings of gratefulness (Morales 2005). The RM cycle could "pay off" for the seller in a single episode, but in ongoing relationships such as in real estate, multiple episodes of RM lead to feelings of gratitude which in turn lead to the accumulation of gratitude-based behaviors and lasting improvement in the seller's performance.

Before this experience of gratitude can be perceived, the client needs to understand that other people are intentional beings whose actions are motivated by desire and belief (McAdams and Bauer 2004). To feel gratitude, the client must recognize that the agent's benevolence is intentional and, also, attribute good intentions to the agent (Gouldner 1960). Prior research has shown that consumers satisfy their sense of obligation and feelings of gratitude by changing their purchase behavior (Morales 2005). As your clients become aware of receiving some RM benefit (e.g. extra effort, small courtesy, gift) they should feel grateful and be more likely to buy from you during this encounter, recognizing that this benefit may not exist for them in the future (McCullough, Tsang, and Emmons 2004). Gratitude-based reciprocal behaviors may consist of the client buying other product/services from the agent (higher share of wallet), reducing pressure on the agent to lower prices, or giving agents opportunities to be introduced to friends or associates who may also be in the market to buy/sell a home.

Gratitude does not act independently of trust and commitment. Because feelings affect judgments, people often decide whether they can initially trust someone by examining the feelings they have toward that person (Jones and George 1998). Algoe, Haidt, and Gable (2008) find that gratitude for benefits received increases a receiver's perceptions of the giver, including emotional responses (e.g., liking, closeness, how well the giver "understands" the recipient). Unselfish behavior provides a basis for trust, including when people express genuine care and concern for the welfare of others (McAllister 1995), such as through the delivery of a valuable benefit. According to recent research, gratitude has a significant, positive effect on one person's evaluation of another's trustworthiness, which results in higher levels of trust (Dunn and Schweitzer 2005). In addition, Young (2006) argues that gratitude is a relationship-sustaining emotion, with an important impact on maintaining trust in a relationship. Because buyers and sellers participate in many cycles of reciprocation, buyers receive important evidence of seller behaviors, which increases their confidence in the seller's future actions (Doney and Cannon 1997).

Client Perceptions

Four factors need to be taken into consideration: client perceptions of 1) the amount of free will the agent has in making the investment, 2) the agent's motives in making the investment, and 3) the amount of risk the agent takes in making the investment, as well as 4) the client's need for the benefits received. The return on RM investments may be highly sensitive to clients' perception of the agent's free will in providing the benefit. For example, if an agent dedicates a certain percent of his/her commission to market a property for a client, the client will be more appreciative than if it is stated in the contract that the agent has chosen to do so (the action appears to be an addendum or optional). Thus, when clients perceive RM investments as an act of free will, they feel more grateful than when they perceive the actions as duty-based obligations or contractual requirements (Gouldner 1960; Malhotra and Murnighan 2002).

The second factor pertains to the client's perception of the agent's motive. A motive represents a desire or need that incites an action, and people often ponder others' motives for action. For example, when a child comes home and randomly complements his mother on her beauty, the mother probably responds by asking, “How much do you need?” or “What did you do?” Clients’ inferences about motives play key roles in their perceptions of marketers’ actions (Campbell and Kirmani 2000), such that they may experience gratitude when they perceive favors as coming from agents with benevolent intentions rather than underlying ulterior motives such as competition with other agents or simply increasing commissions (Gouldner 1960).

The third factor is the perception of the amount of risk the agent undertakes in providing the relationship investment. As the client perceives higher levels of agent risk in making the RM investment, he or she should feel more obligated and grateful toward the seller. Consider the situation in which a job candidate from out of town asks a real estate agent to provide a day-long tour of homes in the area, under the assumption that the job candidate will buy a home there if he or she takes the job. The agent is taking a risk in investing time in that potential buyer because the buyer may not get or take the job offer and thus will never move to that city. The prospective buyer should recognize the risk the relationship investment demands of the real estate agent and thus feels grateful. In turn, if the prospective buyer accepts a job in the area, he or she is more likely to use that agent’s assistance in purchasing a home, or, perhaps, to recommend the agent to others who might be moving there.

Fourth, the client’s perceived need for the received benefit should affect his or her gratitude. Appreciating something (e.g., event, person, behavior) involves noticing and acknowledging its value or meaning and feeling a positive emotional connection to it. Most people are grateful for a gift, especially when that gift contains value, though the perceived value of and gratitude for a gift increase when the gift represents a needed item.

Our research shows the positive impact of RM investments on commitment and commitment’s positive impact on purchase intentions. In addition, feelings of gratitude seem to be an important mediating mechanism that helps drive RM outcomes. We also find that increasing clients’ perceptions of agent free will and benevolent motives, as well as increasing client need, significantly increase clients’ feelings of gratitude. Our research shows that gratitude-based reciprocal behaviors can drive company performance outcomes, specifically, sales revenue and sales growth.

Gratitude emerges as a key element that influences relationships. Gratitude represents an "imperative force" that causes people to reciprocate the benefits they receive (Komter 2004). In addition to its mediating role, gratitude increases a client's trust in the agent, both strengthening the quality of the relationship and positively affecting agent outcomes. This finding is consistent with Young's (2006) argument that gratitude is a relationship-sustaining emotion that increases relational trust. Feelings of gratitude and reciprocity are important for motivating clients to build trust with and behave equitably toward their agent (Cialdini and Goldstein 2004). Agents should recognize the window of opportunity after an RM investment, during which they can "collect" on feelings of gratitude.

Strategies for RM Effectiveness

From our research three strategies emerge for increasing client feelings of gratitude and thus RM's effectiveness. First, agents should design programs that increase customers' perceptions of the agent's free will and benevolence when providing the benefit. Formalized "loyalty" programs with written rules or in which clients earn "points" toward a reward are not likely to generate significant gratitude or reciprocation because they lack the perception of free will. When necessary to solve a client's problem, you can personalize otherwise standardized rewards or provide small favors unique to the buyer. Likewise, letting the buyer know that the agent is working on commission would undermine perceptions of the benevolence of the motive for the RM investment. Companies should avoid benefits that appear to provide personal gain for the agent. In contrast, companies can leverage motive deliberately, positioning themselves as caring more for the client than for the commission the buyer generates by providing benefits that illustrate such benevolence. For example, a firm that offers to provide competitive rate comparisons sometimes shows that their firm is not the most desirable choice. Such efforts are much more likely to generate gratitude, reciprocation, and future purchase loyalty than efforts that seem to be designed only to increase sales or lock the buyer in to dealing with a specific firm.

Second, an agent can best utilize RM investments by providing a benefit when the client's need is the highest and the benefit provides the most perceived value. Although the perceived cost of the program to the client should increase customer gratitude, so will the value provided by the benefit. For example, money spent by the agent marketing and promoting a property. While the client sees the cost as an expense to the agent, the increased money spent hopefully will help the property receive more offers and eventually sell for a higher price.

Third, designing programs to generate high levels of gratitude is important, but returns will appear only if clients act on these feelings. Agents should give clients opportunities to reciprocate soon after providing them with an RM benefit, which takes advantage of high levels of gratitude, prevents guilt rationalization, and leads to cycles of reciprocation. For example, this would be a great time for the agent to ask for referrals from his/her clients.

Our findings suggest the importance of establishing meaningful relationships with clients. Relationship Marketing (RM) recognizes the long-term value to an agent of keeping clients and developing their feelings of gratitude, trust and commitment. Rather than a continuous focus on the acquisition of new clients, perhaps the solution to achieving higher sales revenue and growth lies in a less numbers-driven approach. The solution may lie in utilizing buyer emotions and perceptions to provide a more holistic, personalized purchase, and using that purchase experience to create stronger agent/client ties.

References

Algoe, Sara B., Jonathan Haidt, and Shelly L. Gable (2008), "Beyond Reciprocity: Gratitude and Relationships in Everyday Life," *Emotion*, 8 (3), 425–29.

Campbell, Margaret C. and Amna Kirmani (2000), "Consumers' Use of Persuasion Knowledge: The Effects of Accessibility and Cognitive Capacity on Perceptions of an Influence Agent, *"Journal of Consumer Research*, 27 (June), 69–83.

Cialdini, Robert B. and Noah J. Goldstein (2004), "Social Influence: Compliance and Conformity," *Annual Review of Psychology*, 55, 591–621.

Dahl, Darren W., Heather Honea, and Rajesh V. Manchanda (2005), "Three Rs of Interpersonal Consumer Guilt: Relationship, Reciprocity, Reparation," *Journal of Consumer Psychology*, 15 (4), 307–315.

De Wulf, Kristof, Gaby Odekerken-Schröder, and Dawn Iacobucci (2001), "Investments in Consumer Relationships: A Cross-Country and Cross-Industry Exploration," *Journal of Marketing*, 65 (October), 33–50.

Doney, Patricia M. and Joseph P. Cannon (1997), "An Examination of the Nature of Trust in Buyer–Seller Relationships," *Journal of Marketing*, 61 (April), 35–51.

Dunn, Jennifer R. and Maurice E. Schweitzer (2005), "Feeling and Believing: The Influence of Emotion on Trust," *Journal of Personality & Social Psychology*, 88 (May), 736–48.

Gouldner, Alvin W. (1960), "The Norm of Reciprocity: A Preliminary Statement," *American Sociology Review*, 25 (April), 161–78.

Jones, Gareth R. and Jennifer M. George (1998), "The Experience and Evolution of Trust: Implications for Cooperation and Teamwork," *Academy of Management Review*, 23 (July), 531–46.

Komter, Aafke E. (2004), "Gratitude and Gift Exchange," in *The Psychology of Gratitude*, Robert A. Emmons and Michael E. McCullough, eds. New York: Oxford University Press, 195–213.

Malhotra, Deepak and J. Keith Murnighan (2002), "The Effects of Contracts on Interpersonal Trust," *Administrative Science Quarterly*, 47 (September), 534–59.

McAllister, Daniel J. (1995), "Affect- and Cognition-Based Trust as Foundations for Interpersonal Cooperation in Organizations," *Academy of Management Journal*, 38 (February), 24–59.

McCullough, Michael E., Jo-Ann Tsang, and Robert A. Emmons (2004), "Gratitude in Intermediate Affective Terrain: Links of Grateful Moods to Individual Differences and Daily Emotional Experience," *Journal of Personality and Social Psychology*, 86 (February), 295–309.

Morales, Andrea C. (2005), "Giving Firms an 'E' for Effort: Consumer Responses to High-Effort Firms," *Journal of Consumer Research*, 31 (March), 806–812.

Morgan, Robert M. and Shelby D. Hunt (1994), "The Commitment–Trust Theory of Relationship Marketing," *Journal of Marketing*, 58 (July), 20–38.

Young, Louise (2006), "Trust: Looking Forward and Back," *Journal of Business & Industrial Marketing*, 21 (7), 439–45.

About the Author:

Robert W. Palmatier, Ph.D., Associate Professor of Marketing
John C. Narver Endowed Professor in Business Administration, University of Washington

Robert W. Palmatier holds a Bachelors and Masters in Electrical Engineering from Georgia Institute of Technology, an MBA from Georgia State University, and a Ph.D. from the University of Missouri. He presently is the John C. Narver Chair of Business Administration at the University of Washington's Foster School of Business. Prior to academia, he held numerous positions in industry including President & Chief Operating Officer of C&K Components, European General Manager, and Sales & Marketing Manager at Tyco-Raychem Corporation. He has also served as a Lieutenant onboard nuclear submarines in the United States Navy.

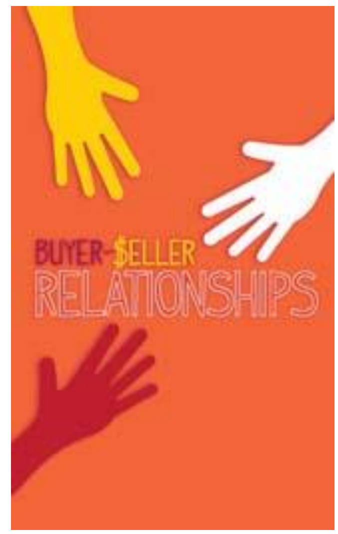
His research interest is focused on relationship marketing and business strategy. His research has appeared in Journal of Marketing, Journal of Marketing Research, Marketing Science, Journal of the Academy of Marketing Science, Journal of Retailing, and the International Journal of Research in Marketing. His research has received the Harold H. Maynard award for significant contribution to marketing theory and thought in the Journal of Marketing. He teaches marketing strategy in both the EMBA and MBA programs.

Insider: Buyer-Seller Relationships

By Preston Sneed, MBA Candidate

How can the relationship between the buyer and seller prove to be more efficient? How can both parties benefit in the short-term and long-term from establishing a relationship? In "A Dialectical Model of Buyer-Seller Relationships" published in the *Journal of Business and Industrial Marketing* in 2009, authors Maud Dampérat and Alain Jolibert provide a framework for better understanding key characteristics of relationships in a business environment. The researchers show the need for sellers and buyers to be trained to maintain business relationships and emphasize certain determinants of buyer interpersonal satisfaction.

Think Point 1: Buyers and sellers can leverage their relationships to differentiate them from others in their respective markets. Relationships can also serve as a "strategic source of efficiency" for both groups. Sellers who maintain relationships with their buyers may develop a competitive advantage in their market due to positive word-of-mouth and other social interactions by the buyers.



Think Point 2: Interpersonal satisfaction and proximity are important in evaluating buyer-seller relationships. Interpersonal satisfaction refers to the buyer evaluating his or her relationship with the seller. The buyer reviews everything in his or her mind about the business transaction with the seller and derives a certain level of satisfaction for the transaction and the relationship with the seller. Proximity refers to the bonds formed between the buyers and sellers during their dealings.

Think Point 3: Proximity is distinguished by three important concepts when related to interactions between buyers and sellers: "frequency, solidarity, and cordiality." Sellers should focus on frequency by using their meetings with buyers and other sellers to establish social contacts. Sellers should focus on solidarity when their buyers are running into difficulties with solving their problems. Sellers can use the concept of solidarity to help the buyers during this time. This can be epitomized by the slogan, "If we don't have it, we will help you find it." Solidarity is important in relationships because it increases trust between the buyer and the seller and may increase the chances of reciprocity in the future. For example, high levels of solidarity may be shown by not asking for immediate payment. Solidarity has been shown to have a direct effect on buyer satisfaction. Sellers should also make sure that buyers perceive their interactions as being enjoyable, satisfying, and friendly. Cordiality is important in buyer-seller relationships because it lessens conflict and leads to a better understanding between both parties.

Think Point 4: Sellers need to be well trained and have vast knowledge of their properties and of the communities in which they serve. Seller expertise is vital in buyer-seller relationships because of the trust it establishes between both parties. Two main skills that every seller should have is the ability to relate to the buyer as well as the ability to assist the buyer in meeting their needs.

Think Point 5: The researchers established that solidarity is the most important factor in determining the interpersonal satisfaction of the buyer. The second factor was cordiality followed by frequency. Thus, sellers need to go out of their way to help their buyers even when it is will not directly benefit them. Solidarity will go a long way in strengthening the relationships between buyers and sellers in the long-term. Cordiality is also vital for sellers. It is critical that sellers have an amiable disposition in their exchanges with buyers because such a disposition and seller actions are directly correlated to buyer satisfaction. Finally, frequency is the third determinant of interpersonal satisfaction but certainly should not be ignored. Sellers must be careful not to interact with the buyer too much or too little. There is no optimum frequency of buyer-seller interaction. Sellers may have to evaluate the appropriate level of frequency on an individual buyer basis.

Please note, the research conducted was not in real estate, though the core findings of the impact of emotions on decisions are relevant to your field. The results of this research should not be applied blindly, but with serious thought as to how they might be relevant in your particular market

About the Author:

Preston Sneed, M.B.A. Candidate, Dec 2009, Baylor University
Graduate Assistant, Keller Center for Research

Preston is a second-year graduate student from Kingsport, TN. He earned his BS in Financial Economics and his BA in Spanish from Carson-Newman College.

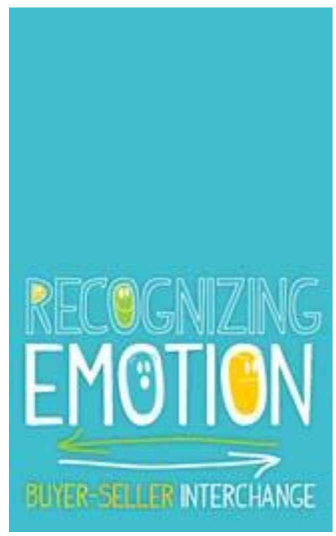
Recognizing Emotion in the Buyer-Seller Interchange

By Heather McLeod, MBA Candidate, May 2010

How does the awareness of emotion impact interaction between buyer and seller? In *Perceiving Emotion in the Buyer-Seller Interchange: The Moderated Impact on Performance* (Journal of Personal Selling & Sales Management) published in the Journal of Personal Selling and Sales Management in Spring 2007, Blair Kidwell, Richard G. McFarland, and Ramon A. Avila look at the salesperson's ability to recognize emotion in the buyer-seller interaction and the corresponding effect on sales performance. The primary purpose of their research is to examine how the ability to identify customers' emotions can influence the buyer-seller interaction through the salesperson's effective use of adaptive selling and customer-oriented selling techniques.

What is Adaptive Selling?

Adaptive selling is a technique that allows salespeople to tailor their presentations to individual customers and rapidly make adjustments based on the customers' reactions. Higher performing salespeople are better able to adapt to different selling situations by developing distinctive scripts for different customers. The authors also point out that the opposite is true as well: salespeople who are unable to adapt based on their customers' reactions perform at a lower level. Recent studies have indicated that lower performing salespeople tend to talk too much and at inappropriate times and tend to alienate customers by failing to listen to their concerns. Improvement in these interpersonal skills is suggested to substantially affect sales performance.



What is Customer Orientation?

Customer-oriented selling involves marketing at the individual salesperson/buyer level and focuses on identifying and satisfying the needs of the customer. In this approach, the salesperson must participate in behaviors that help to increase the overall satisfaction of the customer. Key skills in customer-oriented selling include the ability to determine whether customers understand your sales presentations, to respond accurately to customers' questions, and to clearly explain how product benefits can help the customer achieve their desired outcome and fulfill their needs.

THINK POINT #1:

"Encouraging salespeople to be aware of the emotional expressions of customers can have important effects on performance."

Managers should recognize that salespeople who are better at identifying customers' emotions tend to be more effective when using adaptive selling and customer-oriented behaviors. The authors point out that simply encouraging a salesperson to be aware of their customers' emotions can have a positive effect on performance.

THINK POINT #2:

"Expressions of emotion in faces have been shown to be universal across cultures and even across animal species."

There are certain characteristics that people exhibit when they experience certain emotions, for example, the lowering of the eyebrows when experiencing frustration, fidgeting as an indication of nervousness, or pursing the lips to show impatience. By simply making efforts to be more aware of these indications of emotion, salespeople can improve their ability to perceive and therefore respond to different emotions exhibited by their customers.

THINK POINT #3:

"Managers will be able to train salespeople to be more effective at perceiving emotion in the buyer-seller interaction."

Emotional abilities can be learned and therefore trained. This is crucial because it means that managers can train their salespeople to be more effective at recognizing emotions in their customers. Moreover, potential salespeople exhibiting low levels of perceiving ability are not precluded from eventually becoming adept at sensing emotions of customers.

THINK POINT #4:

"Having low levels of perceiving ability not only reduces salespeople's effective use of selling behaviors but may in fact hurt the customer relationships that have been developed or are developing."

Not being able to distinguish your customers' emotions can be a detriment to your success. If you cannot determine what your customers see as value-adding, you could end up spending time focusing on benefits that are not critical to them. This simple act causes your customer to feel as though you do not understand what is important to them, and can cause your relationship with them to suffer. Such transactions can create counterproductive feelings of distrust and dissatisfaction that can be very costly to your business.

THINK POINT #5:

"When salespeople are incapable of reading emotions, customers may feel as though their needs are not being met and that the salespeople may not care about their needs."

Buying a home can be an emotional rollercoaster for your customer. If your buyer feels as though you do not care about their needs, they are likely to not have confidence in your ability to successfully help them accomplish their goals. It is imperative that your customers trust you and your ability to meet their needs.

Please note, the industry studied here was not real estate, though the core findings will still be relevant to your field. The results of this research should not be applied blindly, but with serious thought as to how they might be relevant in your particular market.

About The Author:

Heather McLeod, M.B.A. Candidate, May 2010, Baylor University
Graduate Assistant, Keller Center for Research
Heather is a second-semester graduate student from New Braunfels, TX. She earned her BBA with a double major in Marketing and Management from Baylor University.

Andrea Dixon, Ph.D.,
Executive Director, Keller Center for Research and the Center for Professional Selling
The Frank M. And Floy Smith Holloway Professorship in Marketing, Baylor University
Dr. Andrea Dixon (PhD - Indiana University) is the Executive Director of the Center for Professional Selling and the Frank M. & Fly Smith Holloway Endowed Professor in Marketing at Baylor University in Fall 2009. Coming from an industrial background in research, planning and advertising, her research interests embrace behavioral issues related to sales, service and customer satisfaction. Andrea has published in the Journal of Marketing, Harvard Business Review, Organizational Science, Journal of the Academy of Marketing Science, Leadership Quarterly, the Journal of Personal Selling and Sales Management, The Journal of Satisfaction, Dissatisfaction and Complaining Behavior, and several other journals. In 2002, Dixon's research published in the Journal of Marketing was selected as the award-winning research in the sales area. Prior to joining Baylor, Dixon was the Executive Director of the MS-Marketing Program and the Ronald J. Dornoff Teaching Fellow at the University of Cincinnati. She has co-authored the book, Strategic Sales Leadership: BREAKthrough Thinking for BREAKthrough Results, and multiple industry-wide research texts. Dixon serves on two editorial review boards and co-chaired the American Marketing Association's 2007 Winter Educator Conference.

While serving as a faculty member at the University of Cincinnati (U.C.) and Indiana University-Bloomington (I.U.), Dr. Dixon taught an array of graduate and undergraduate courses. One of U.C.'s MBA EXCEL Teaching Award winners, Dixon was selected for a national teaching award by Irwin Publishing, as a distinguished professor by Indiana University MBA students, and for a university-wide award by her academic colleagues at I.U. In 2008, she was named the Academy of Marketing Science's Marketing Teacher Award winner and the Ronald J. Dornoff Teaching Fellow at U.C. Prior to teaching at U.C., Andrea worked closely with GAMA International as the Senior Director of Product Development and Marketing.

Andrea is an active volunteer on both a national and local basis, serving as a volunteer for the American Marketing Association (Past Chair for the Selling and Sales Management Special Interest Group; Co-Chair for the 2007 Winter AMA Educators Conference), the Junior League of Cincinnati (former member of Board of Trustees), Cincinnati Hills Christian Academy (former Board member, past Executive Committee member, past President of the Friends of Fine Arts Board), and the Fine Arts Funds' Arts Services Office (past Chair of Business on Board). She served the Cincinnati region through Leadership Cincinnati (Class of XXXI), the Fine Arts Fund's Business-on-Board program, Agenda 360 Livable Communities Action Team: Arts, Culture and Entertainment, and the National Arts Marketing Project. Dixon's volunteer efforts have been recognized, as she was the 2006 Inspiring Fine Arts Volunteer (Inspire magazine), the Fine Arts Fund Volunteer of the Year in 2002 and an Arts Volunteer of the Year for The Cincinnati Enquirer in 1999.

Laura Indergard, MBA, Baylor University
Associate Director Keller Center for Research and Keller Center for Professional Selling
Editor, Keller Center Research Report
Laura earned an MBA from Baylor University and a BS in Radio-TV-Film production from Texas Christian University. Her background includes work in the advertising industry as a copywriter for IT Network and as an independent small business consultant focusing on marketing and feasibility studies.

Heather McLeod, M.B.A. Candidate, May 2010, Baylor University
Graduate Assistant, Keller Center for Research
Heather is a second-semester graduate student from New Braunfels, TX. She earned her BBA with a double major in Marketing and Management from Baylor University

Robert W. Palmatier, Ph.D., Associate Professor of Marketing
John C. Narver Endowed Professor in Business Administration, University of Washington
Robert W. Palmatier holds a Bachelors and Masters in Electrical Engineering from Georgia Institute of Technology, an MBA from Georgia State University, and a Ph.D. from the University of Missouri. He presently is the John C. Narver Chair of Business Administration at the University of Washington's Foster School of Business. Prior to academia, he held numerous positions in industry including President & Chief Operating Officer of C&K Components, European General Manager, and Sales & Marketing Manager at Tyco-Raychem Corporation. He has also served as a Lieutenant onboard nuclear submarines in the United States Navy.

His research interest is focused on relationship marketing and business strategy. His research has appeared in Journal of Marketing, Journal of Marketing Research, Marketing Science, Journal of the Academy of Marketing Science, Journal of Retailing, and the International Journal of Research in Marketing. His research has received the Harold H. Maynard award for significant contribution to marketing theory and thought in the Journal of Marketing. He teaches marketing strategy in both the EMBA and MBA programs.

Preston Sneed, M.B.A. Candidate, Dec 2009, Baylor University
Graduate Assistant, Keller Center for Research
Preston is a second-year graduate student from Kingsport, TN. He earned his BS in Financial Economics and his BA in Spanish from Carson-Newman College.