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Right Condition #1 – The Right Attitude

By Charles Fifield, Senior Lecturer and Baylor Sales Coach

“Attitude is a little thing that makes a big difference.” Winston Churchill

“Your attitude, not your aptitude, will determine your altitude.” Zig Ziglar

Highly effective personal selling begins and ends with the salesperson’s or agent’s right attitude. Football Hall of Fame coach, Vince Lombardi, is quoted as saying, “Winning isn’t everything, it’s the only thing.” In the day-to-day world of football coaching and the on-the-field performance pressure endemic to that sport, there is probably significant truth to Lombardi’s view of the game. In the life of an agent aspiring to high performance, however, to focus on winning as the only outcome will naturally produce suboptimal performance results, especially in the long-term. Instead if Coach Lombardi had said, “Attitude isn’t everything, it’s the only thing,” he would have better captured the critically important mindset that defines today’s highly effective agent.

That is not to say that the agent’s winning isn’t important, because it clearly is. Unlike football, however, successful real estate selling isn’t played on a zero-sum playing field. The agent must artfully balance what may be termed, “The Salesperson’s Dilemma.” That is, when do I compete (win-lose thinking) versus when do I cooperate/collaborate (win-win thinking)? Both mindsets are important to the salesperson’s success, but a competitive focus during the interaction with customers will produce many undesirable side effects in the business of real estate sales. For those agents who want to make a career out of real estate sales, the road to long-term success (the agent’s winning) is paved with positive customer outcomes and the fruits of their resulting satisfaction.

By positively managing one’s attitude, you can literally change customers’ perceptions of everything, emotionally and physically. The right attitude affects every aspect of our lives, and especially buyer-seller interactions. Buyers are affected not by the things that a seller does, but by their perception of the things that happen. Simply stated, a buyer’s perception is reality.



Right Condition #1
The Right Attitude

Yes / No

1. Do you sincerely care about each client?

2. Are you genuinely friendly in person, on the phone, or via e-communications?

3. How do you behave when no one is watching?

4. Do you provide others with some type of professional or personal value?

5. Do you put yourself in others’ shoes daily?

6. Do you consider the other person’s ups/downs that are impacting their world?

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Sellers can't control what perceptions their buyers see or feel, but they can strongly influence them.

Your Attitude Creates Your First Impression

Perception-is-reality is clearly evident in the seller's making of a first impression. Can an agent close a sale in less than ten seconds? According to many research studies, you can do it even faster. Seven seconds is the average time it takes to make a first impression. If your first impression is negative, you probably won't get a second chance with that potential client. On the other hand, if you make a positive first impression, there is a high probability that the buyer is more likely to take the agent and the company represented seriously. One study concluded that there was an 80% correlation between the prospect's first impression and his/her decision to purchase or not to purchase.

There have been many articles written on how to positively shape a positive first impression, whether face-to-face, over the phone or via the Internet. It begins with the agent having a positive attitude about him/herself and others – I'm okay and you're okay. Another critical attitudinal factor is to not look like your industry's stereotypical role (see related article in this issue on Salesperson Stereotypes). In other words, be sure to not act like a "sales duck." People simply don't want to be sold so neither look nor sound like the stereotype of a salesperson. That means watch your pace, which should be slow at first and watch your tone of voice, which should be low at first. Also, maintain a professional, but not a slick-looking appearance.

Although verbal exchange is a minor first impression factor, choose your initial words very carefully. One of the important first verbal expressions is to use the other person's name immediately. That sends a message that you are focusing on the buyer, who happens to believe that he/she is the most important person in the room. Next, try to express some form of gratitude for the meeting (see December 2009 Keller Center Research Report for related article). Remember that fear is the number one deterrent to a salesperson's early effectiveness and confidence absorbs fear. Preparing thoroughly for the sales exchange provides the needed confidence.

Anticipate Resistance

When you approach a prospective customer, remember that most customers are pre-disposed to zero-sum thinking – they don't want to lose or be sold. They are quite naturally operating in a risk management and fear mode. The last outcome the prospective customer wants is for the seller to win and the customer to lose. As a consequence, you have to anticipate resistance. How you respond or manage the early exchange is extremely important to the outcome. Being able to effectively communicate with such a buyer is a real challenge. The practice of asking effective

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questions and active listening are invaluable tools to positively influence this necessary change early in the interaction.

Be Likeable

Buyers believe what they want to believe and they tend to believe you more if they like you. In his book, *The Likeability Factor: How to Boost Your L-Factor*, Tim Sanders suggests four key ingredients to one's likeability or being emotionally attractive:

1. Friendliness – your ability to communicate liking and openness to others
2. Relevance – your capacity to connect with others' interests, wants, and needs
3. Empathy – your ability to recognize, acknowledge, and experience other people's feelings
4. Realness – the integrity that stands behind your likeability and guarantees its authenticity

When you improve these areas and boost your likeability factor, you bring out the best in others and your selling effectiveness is materially improved. According to Zig Ziglar, "People don't care what you know until they know what you care."

Ask yourself these questions:

1. Do you sincerely care about the well-being of others or are you simply manipulating others for the well-being of yourself?
2. How genuinely friendly have I been today in my personal, phone, or electronic interactions?
3. How did I behave with strangers and friends alike, when no one was watching?
4. Did I provide others with something that would help them in their business or personal life?
5. Have I put myself in the shoes of the people with whom I've interacted today?
6. Did I truly consider the ups and downs, successes and disappointments that the other person may be experiencing that could affect their interactions with me?

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How You Think About the End Result Shapes Winning Attitudes

Personal selling is a process and should be planned with the desired end in mind. The goal of “selling” should not be to make a “sale,” but rather to assist a buyer in making a value-adding purchase decision. Going into an interactive meeting with the attitude or mindset of selling someone will often pre-condition the agent to a very different mindset from how s/he plans to participate in a jointly developed purchasing process. For the professional, it may not engender a much different result. However, when agents think in terms of selling someone, their thinking almost always degenerates into “I’m going to” or “I will make the sale.” This implies a focus on the agent versus the client’s wants, needs, problems, etc., and indicates no longer a jointly designed effort or result, which are important conditions to highly effective personal selling.

Employ the Necessary AAAA Selling Attitudes

One of the clear differentiators between the average agent and the highly effective agent is the latter’s learned ability to *anticipate* the needs, wants, problems, and concerns of buyers. Experience plays a significant role in the development of this advantage, but much of the work is done because the successful agent understands the power of quality preparation to selling results. Agents can never predict, but they can always be prepared.

The second A stands for the willingness to be *adaptable* to the relationship dynamics of personal selling. A condition to building the perception and feeling of trust within the buyer, a cornerstone ingredient to any win-win relationship, is the agent’s attitude or willingness to adjust to the human needs or personalities of others. An agent’s readiness to adapt in terms of human dynamics, i.e., perceived assertiveness and perceived responsiveness are important factors in his/her ability to sell.

You might picture walking across the Golden Gate Bridge as the transformation process of personal selling and leading a buyer through a purchase or change decision. The bridge has two foundational support towers to its structural design and three spans, including what to change, what to change to, and how to cause the change. Let’s consider one of the support towers to be the agent’s relationship building skills and the other to be the necessary value-creating skills. Regardless of which way you choose to walk across the bridge, the relationship building skills will be most important early in the sales interaction. The reason is that agents must sell themselves first. If the buyer doesn’t buy the agent, which is largely based on perception, there is little chance that they will later purchase either the recommendations or properties presented.

The third A represents the agent’s attitude of being *agile* and willing to quickly modify or improvise to the dynamics of an interactive meeting with buyers. Scott Ambler in his book, *Agile Modeling*, suggests the following to becoming more agile:

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1. Collaborate, don't control – Agile salespeople collaborate with others to achieve their goals. Highly effective salespeople realize that the best use of their selling time is to be actively working with buyers.
2. Focus on proactively delivering solutions on a regular basis. You should work to be perceived as a valuable resource to work with; otherwise, you will be perceived as an energy drain or worst case a waste of time and an impediment to progress.
3. Know your key stakeholders and seek active stakeholder participation.
4. Embrace change, don't fight it. Agile salespeople accept inertia as a threat to their success. They accept that change happens and find ways to become efficient at responding to change. Change should be welcomed as a door to selling success opportunities.
5. Be customer centric. Customers are the bottom-line architects of business. The implication is that salespeople must be flexible and prepared to work in ways which may not be ideal for them.
6. Focus on value. Agile salespeople are constantly assessing the value of doing something, and if there isn't value being generated then they rethink their approach.
7. Constantly ask, "Is there either a more effective (doing the right things) or more efficient (doing things right) way of reaching the desired outcome?"

The final A is being *aligned*. Highly effective agents get quickly *aligned* or connected to the buyer's "eager wants" or "hot buttons." Selling is telling a story about how when certain events happen, benefits (happy endings) for the buyer are engendered, i.e., connecting the buyer's wants with the agent's available capabilities. To accomplish this with the least amount of waste necessitates having an attitude of eagerly mining for gold. An agent who is not *aligned* is therefore irrelevant and simply playing out a game of blind man's bluff selling, which is feature-heavy and benefit-light.

Getting quickly *aligned* also necessitates the need for a well formulated pre-call sales plan to stay on track. Highly effective agents attempt to work off a standardized format so they don't have to think about their discovery/diagnosis or mining process. Instead, the agent's thoughts

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and listening skills are free to focus on the buyer's responses and communication, both verbal and more importantly, non-verbal.

Summary

One of the key necessary conditions to becoming a highly effective agent is your attitude about yourself, your chosen profession, and your relationship with your customer. Agents can make several attitude-based changes to their selling that will strongly impact their conversion rate. This ratio is one of the most important metrics to managing your practice to achieving higher sales productivity results. Simply seeing more qualified prospects is not enough. Having the right attitude is all about working smarter and faster. Salespeople and agents should manage what they can change and work to improve those factors that when changed will produce the most significant productivity impact. Having the right attitude is a little thing that can make all the difference in the world.

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Chuck Fifield is a Senior Lecturer for Baylor University's Hankamer School of Business, Marketing Department – Professional Sales and Communications and serves as the faculty consultant to Baylor's Sales Team and Uproar Music and Entertainment Group, a student managed business. He joined the faculty at Baylor University in 2001, where he has also taught in the Graduate Business School (Operations Management), the Management Department (Negotiations and Conflict Resolution) and the Economics Department (Principles of Macroeconomics). Chuck has taught or guest lectured at other Texas-based Universities in the fields of sales, international business, money and banking and finance/investments. Professor Fifield has conducted sales research and training for several organizations, including most recently State Farm Insurance. Prior to joining Baylor, Chuck was a financial consultant to businesses located throughout the U.S. for nearly thirty years. He owned and operated several financial service businesses in the fields of securities, real estate, oil and gas and insurance.

INSIDER: Selling to Zebras

By: Heather McLeod, M.B.A. Candidate

*How successful are you at closing sales? In their book, *Selling to Zebras*, Jeff Koser and Chad Koser use an analogy of a hunt in the African savannah as the key to selling success. Salespeople are like lions that need to find zebras in order to survive. “[Lions] won’t swipe at any food source within sight ... and then pursue another and another until all their energy is spent and they have to abandon the hunt. Rather, they pursue prey that is worth the energy to pursue” (Koser and Koser, p. 5).*

Think Point #1: Traditional selling methods are rapidly becoming outdated and unproductive.

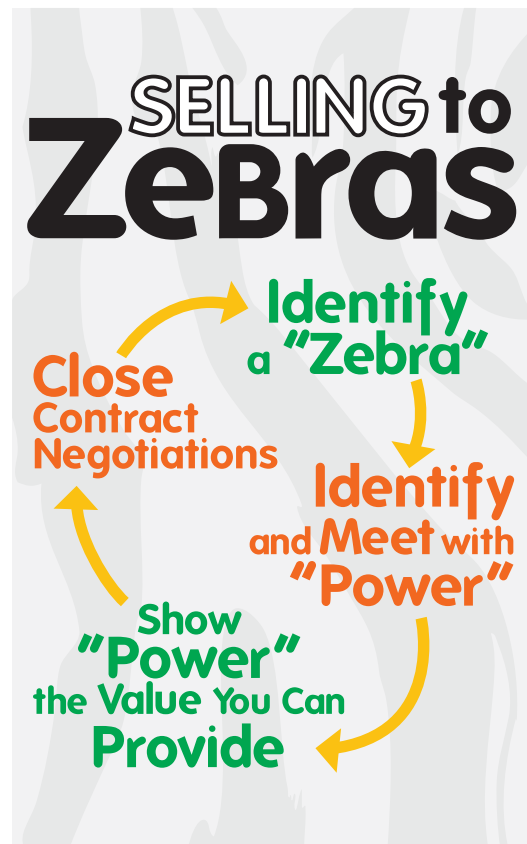
While it might sound extreme, most companies only close about 15% of their sales. This means that 85% of the time, salespeople are unsuccessful, and they are spending time trying to build a sale that does not come to fruition. What has worked in the past for salespeople will not work in today’s environment and hard work alone is not enough to be successful. “Old-school methods targeting sheer volumes of leads and knocking on every door with equal vigor have been proven ineffective, not to mention too expensive. Effort alone is no longer enough to be competitive” (Koser and Koser, p. 6).

Think Point #2: What is a zebra?

Zebras are perfect prospects – they are the ideal fit for a salesperson’s deal, not just in terms of the product or service, but also in terms of values.

Understandably, the first key to identifying zebras is to know your company. When you know your company and what you can offer your potential customers, you can begin to identify your target zebras. Sales personnel should be able to answer each of these questions. An inability to answer “yes” to these questions means the individual may not be a prospect at all!

- Will this prospect buy anything?
- Will this prospect buy from me?
- Will this prospect buy more?



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Think Point #3: Analyzing the characteristics of past customers can help to determine what your best targets are for future customers.

Identifying past “best” customers can offer insight into any similar characteristics that may exist between them. Then, you can identify these same characteristics in potential customers. This becomes the profile of your ideal zebra. The questions you should think about are:

- How did these customers behave during the sales cycle?
- Were they open, inviting, honest and forthright, or was it difficult to communicate with them?
- Were contract negotiations smooth and uneventful, or tense and tiresome?
- Were you able to position and sell all that you offer?

Think Point #4: It is essential to identify and schedule a meeting with the person who is “Power” for your zebra.

“Power” is the person with decision-making power who defines the company’s business issues, who is responsible for the promises that will get the project approved and for achieving and reporting the end results. This is the person that you should be targeting with your sales pitch.

After you have spotted your zebra, it is essential to meet with Power. It can be difficult for salespeople to get appointments with Power-ful decision-makers. The following approach is proven to work in today’s highly competitive pursuit for Power’s time:

- Uncover the names of executives who might be power
- Send an email to at least three potential power-level contacts to pave the way
- Mention the other two executives you are pursuing in all communications
- Conduct a voice-mail campaign, leaving something of value with each message
- Prepare an executive brief you can send, if necessary

Think Point #5: In your meeting with “Power,” show the value you bring to the table for your zebra.

Once you get a meeting with “Power”, it is essential that you are able to clearly communicate two points: the mutual COST of the value verification, and WHEN “Power” can expect to see results. Up to this point is the hardest part of the process. From here, it’s time to prove your value and close your zebra. During the meeting to close with “Power,” you must discuss the before-and-after process, the value you are able to verify, your solution (through a road map that shows financial savings), and a commitment from “Power” to do business.

Contract negotiating is the final stage – after you have already shown your solution’s value. This allows you to leverage the economic value you have proven that you add for your zebra. But, the

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signing of the contract is not the end of your relationship with your zebra. It is important that you make sure to force success. This means that the implementation plan you designed with your client needs to provide them with the success you guaranteed. You also need to be available to address any problems or issues that arise for your zebra.

By using the zebra buying cycle techniques as presented by Jeff and Chad Koser, the salespeople within your organization will feel empowered to challenge and significantly contribute to sales and sales strategy decisions, thus producing more results and receiving higher commissions while performing fewer demonstrations.

Recommended Reading

Koser, Jeff, and Chad Koser (2009), *Selling to Zebras: How to Close 90% of the Business You Pursue Faster, More Easily, and More Profitably*, Austin, TX: Greenleaf Book Group.

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Overcoming the Stigma of Commission-Based Sales

By Vinita Sangtani, Ph.D. and John Andy Wood, Ph.D.

Recent polls suggest that the public continues to hold a dim view of the sales profession and to rate commissioned salespeople as dishonest and unethical (Gallup 2006). The public views commissioned salespeople as fast-talking, pushy, and insincere (Butler 1996). The real estate profession is not immune to these negative opinions as a recent Harris Interactive (Harris, 2006) poll shows only 7% of the respondents completely trust real estate agents and 20% do not trust agents at all. It is fair to say that the negative societal view of the sales role has reached levels at which one could construe a stigma being attached to it.

In this article, when we talk about a stigma, we mean “an association with a particular attribute that identifies it as different and deviant, flawed or undesirable” (Kasperson et al., 2001). For salespeople, it is not the product or service being sold but the sales role that is stigmatized. The target of stigmatization faces labeling and stereotyping along with the associated loss of status (Link and Phelan 2001). This low evaluation of the sales role presents a dilemma for salespeople according to differential association theory (Leonard et al. 1999) and classic sales motivation theory (Walker et al. 1977). This dilemma occurs because, in commission-based sales positions, the same individuals that ultimately generate revenue for the salesperson through compensation, the clients, are the same individuals that may hold the negative view about the sales role.

We propose the impact of stigmatization is particularly evident in sales roles where the compensation plan is based solely on commission.

Sales agents and sales managers, who operate in industry or company contexts where a commission-based compensation plan is in effect, need guidance on what can be done to mitigate the negative influence of stigma. Our research examined commission-compensated salespeople from the highly stigmatized automobile sales profession. Accordingly, our work concludes by examining the mediation of support mechanisms on the effects of stigma awareness upon sales effort.

Discussing and Diffusing the Stigma of Commission-Based Sales



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Stigma

Our understanding of stigmas, as a condition that influences interpersonal interactions, comes from the social sciences and marketing (Adkins and Ozanne 2005; Link and Phelan 2001). Stigmatization of the sales role suggests sales in a stereotyped group and members of such a group face patterns of social rejection. Signs of stigmatization include existence of an outward indicator of class, negative connotations attached to the stereotyped category, and wide dissemination of the stigma through popular media. An additional component of stigmatization is that the target of this stereotyping must be aware of the negative categorization for it to have an impact on self-image (Oyserman and Swim 2001). Our research found extensive evidence of the awareness of stigmatization.

Our research indicates that negative stereotyping likely extends to real estate sales agents. This means that sales agents are faced with stigmatization by some clients. Some of these negative views derive from the actions of sales agents who favor expending effort on actions, such as deception, that they believe will enhance the probability of a successful transaction and thus earn their commission. And so, while it is likely that part of the stigma associated with commission-based salespeople stems from the actions of a small group of agents that unscrupulously engages in any behavior that completes the sale, that is not the only reason for stigma.

Even customer-oriented agents can contribute to the negative views of some clients. As these customer-oriented salespeople encounter clients with negative views of their profession, they may naturally react with withdrawal. These agents may distance themselves from the stress associated with negative client comments. This distancing and barrier may lead to poor communications and reinforce the client's negative views. Additionally, due to the very nature of commission compensation, some percentage of the sale must transfer from the seller to the agent, and can prompt feelings of regret on the part of the client.

Stigma and Effort

While we suggest that the use of commissioned-based compensation may provide some of the basis of customer stigmatization, we do not suggest this form of compensation is wrong or inappropriate. In fact, the sales literature has extensive evidence supporting the idea that a commission structure, regardless of type, positively influences the motivation of salespeople to expend effort. Salespeople consciously or subconsciously make probability estimates that their specific effort will lead to the sale and that they will then get paid. These estimates will have higher probabilities when “salespeople are compensated solely or partly by commissions” (Walker et al. 1977 p. 165). Another influence on these probabilities is sales agents' role perceptions or more specifically, the accuracy with which the salesperson understands the linkages between their efforts and rewards.

But salespeople do not make these connections between effort and compensation in isolation.

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Many of perceptions of salespeople about their sales role come from ‘role partners’ (Johnston and Marshall 2003). These partners communicate their expectations about the sales role. An example of one such role partner is the sales manager. Sales managers can have a positive influence on a salesperson's effort (Boles et al. 1997; Brashear et al. 2003) through managing role expectations.

However, the positive influence the sales manager as a role partner can be offset by a customer’s negative opinions. Clients are the dominant role partner. The customer’s words and actions will influence the salesperson's social identity, role perceptions, and motivation. If the customer holds negative views of the role the agent is fulfilling, it creates stress in the interaction.

Evidence suggests that when an individual is in a salient reference group, such as the client to the agent, and holds significant negative views of the sales role, this condition will negatively influence the salesperson’s work motivation and effort (Leonard et al. 1999). This occurs when salespeople perceive their interactions with customers to be affected by stereotyping (Pinel 2004). Confronted by a client who holds negative opinions about the role of the sale agent, many agents may feel they are left with only two choices. They may perceive that they are stigmatized and discount the likelihood of a successful sale as a consequence of the stigma associated with their sales position. This choice leads to lower effort. The second choice is to discount or ignore the opinions of the customer and focus on completing the transaction. This strategy may lead to increases in negative opinions as customers perceive the salesperson is unconcerned with their needs. We suggest this second choice could also increase the vicious cycle of the negative stereotyping or the stigmatization of commission-based sales leading to lower sales agent effort.

Overcoming Stigma

While our empirical results indicate that stigmatization exists and salespeople are aware of the societal stigma, there are solutions for sales agents. First, agents and their managers need to be aware of this stigmatization and its implications. Despite the fact that this stereotyping may be inaccurate and unfair, it is prevalent. It is important for agents and their managers to acknowledge that some clients may hold negative views about the sales position. Attention should be taken to ensure that this dialogue is about clients’ opinions about the position and not client opinions about the agent as an individual. The questions included in the stigma scale are a point of reference to begin the dialogue about the existence of the stigma and its impact (see accompanying visual).

Another important method for countering the stigma associated with commission-compensated sales agents is to consciously articulate the value that the agent brings to the sales encounter. While celebrating sales and commissions is common practice, what is less common is to focus the conversation in sales and reporting meetings on how the consummation of the sale delivered on the client’s desires.

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A real key to managing customer stigmatization is for the agent to obtain and maintain a clear understanding of the value of the agent in the sales process. Clear perceptions may come naturally to the agent as previous research shows salespeople have to be self-motivated in order to be successful (Rich 1999). However, our study indicates that this internal clarity and assurance can be bolstered by the sales manager for commission-compensated salespeople for whom self awareness is particularly important.

Management can also help agents disconfirm the client's expected stereotype. First impressions can confirm or disconfirm expectations and these begin with the introduction of the client and agent (Wood 2006). Educating salespeople on the appropriate display of initial nonverbal signals can have a huge impact on the balance of the client/agent interaction. Handshakes, eye contact, and genuine smiles begin the relationship on a positive note and are more than a formality. Managers should be aware of the impact of these displays and role play with their agents to practice nonverbals.

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In an Age of Authenticity, What Role Does Insincere Flattery Play?

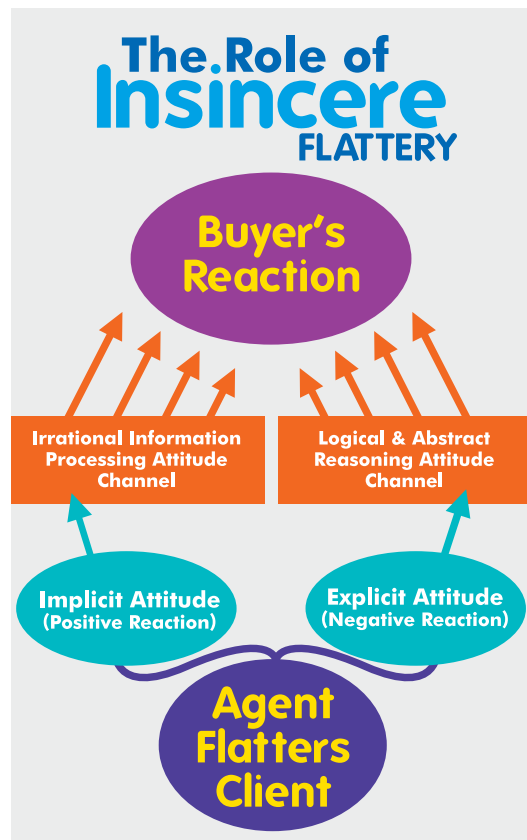
By Donald Jackson, M.B.A. Candidate

Does insincere flattery actually work? How can understanding the psychology behind flattery allow an agent to maximize his/her ability to attract more clients and close more deals? In “Insincere Flattery Actually Works: A Dual Attitudes Perspective” from the February 2010 issue of the *Journal of Marketing Research*, Elaine Chan and Jaideep Sengupta use the scientific method to show that even when flattery is accompanied by an obvious ulterior motive that leads targets to discount the proffered compliments, the initial favorable reaction (the implicit attitude) is not eliminated, but continues to coexist, and have far more influential consequences than the discounted evaluation (explicit attitude). Chan and Sengupta’s research offers insight into ways real-estate agents can recognize those implicit and explicit attitudes, and maximize the effects that flattery has on a buyer’s decision process.

Chan and Jaideep (2010) state that people who are on the receiving end of insincere flattery are more likely than not to view the giver of the flattery in a positive light. This phenomenon directly corresponds with people’s innate desire to view themselves in a positive light.

THINK POINT #1: Buyers seek real-estate agents whom they can trust and rely upon to provide accurate information and great service; however, the first-impression is a critical step in forming these relationships. A bit of flattery can be used effectively as a great tool during first encounters to jump-start these relationships, and establish a positive view from the buyer’s perspective.

Dual attitudes theory suggests that the positive and negative feelings that customers experience after detecting insincere flattery actually coexist with one another. These two feelings are respectively defined as the implicit and explicit attitudes. The authors’ research indicates that not only is the implicit attitude (positive reaction) more resistant to negative information, it is also a better predictor of how buyers will respond in the near future when compared to the explicit attitude (negative reaction) that it coexists with.



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THINK POINT #2: Agents should search for creative and unique ways to make flattery a normal part of their routine. The positive vibes that are generated through flattery are more likely to influence customer behavior and decision-making than any negative connotations that might arise from detections of insincerity. By using flattery as a self-enhancement mechanism, customers are most likely to disregard the insincerity in favor of the positive notion, and are more likely to make a purchase.

The explicit attitude arises from logical and abstract reasoning while the implicit attitude is derived from an irrational form of information processing which involves simple association formation. Given that these two attitudes coexist, a selling strategy that takes advantage of both rational and emotional behaviors would have the most effect on a buyer's decision process.

THINK POINT #3: Real estate agents who provide positive feedback, accurate pricing and information, and top-tier analytical insight are more likely to strike a chord with customers who exhibit sound reasoning and good judgment. Given that the implicit and explicit attitudes coexist, real estate agents can reap the benefits from both attitudes through gratitude, charisma, professionalism and knowledge. Never be afraid to connect to the personal side of business negotiations through flattery. The positive effects of flattery greatly outweigh the negative effects in the long-run. Customers are also more likely to recall the positive flattery when approached with alternate offers and propositions.

THINK POINT #4: There is no question that flattery works. Real estate agents can become consumed by tons of information in work place. Due to these constraints, agents may need to be reminded not to overlook the subtle comments that can put buyers at ease and gain trust. Professionalism and knowledge are irreplaceable assets to the portfolio of a real estate agent; however, they serve as great compliments to charisma and flattery; regardless of the validity.

THINK POINT #5: The author describes the self enhancement motive as the vehicle that drives the consumer to respond favorably to any form of flattery regardless of hidden agendas or ulterior motives. No matter the industry or atmosphere, people love to be acknowledged, and receive positive feedback that will boost their self image. Flattery can be used as part of great marketing to finalize deals and attract potential customers.

Recommended Reading

Chan, Elaine and Jaideep Sengupta (2010), "Insincere Flattery Actually Works: A Dual Attitudes Perspective," *Journal of Marketing Research* (February), 122-133.

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Personal “Touch” Portfolio (PTP): Connecting with the Right Clients to Grow Your Business

Andrea L. Dixon, Ph.D.

What causes most sales professionals sleep loss? “Satisfying my current clients” is frequently close to the top of the list. Yet, while many sales agents focus on current clients, they underinvest in activities to generate new clients. And, when they do connect with current clients, sales agents attempt to tap their existing clientele for referrals using email “blasts” and other “efficient” or what might be deemed impersonal approaches.

However, **some clients should receive more personalized, closer touches from you.** Keeping personally connected with the right existing clients is important for long-term success. So, which clients should be hearing from you more than once a year through more personal touches? In this article, we examine the metrics used for client analysis to help you select the right clients to maintain in your Personal Touch Portfolio.

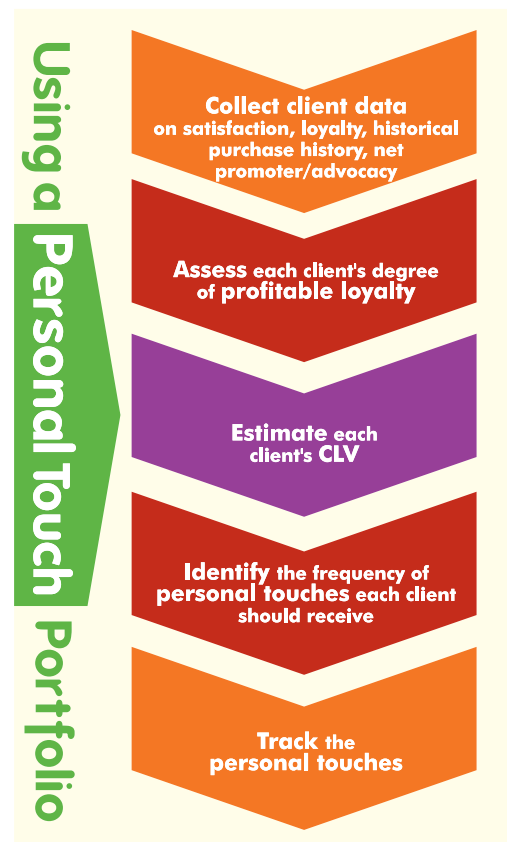
Identifying the Right Existing Clients for the PTP

The process of defining the right client to receive personal touches has escalated in complexity. A variety of metrics exist but not all guarantee that you are focused on the right clients for long-term profitability (Reinhartz and Kumar 2003). While you know that all clients are not alike, the question remains: how should you identify the right clients, among your existing clients, upon which to focus your more personal marketing efforts?

To cut to the chase, we must say that there is not a single metric that allows you to easily identify the right clients for your more personal marketing efforts. So, we offer you several common metrics to consider when identifying the right clients for your Personal Touch Portfolio.

Client Satisfaction

Strengthening relationships with satisfied clients is important as satisfaction is a key driver of client loyalty and retention (Gupta and Zeithaml 2006). Typically defined as a client’s judgment that a product/service meets or exceeds expectations (a disconfirmation of expectations model), client satisfaction improvements are shown to have significant and positive impact on financial performance. Yet, the relationship between



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satisfaction and financial performance shows substantial variance (Gupta and Zeithaml 2006). So, satisfaction is one useful criterion in deciding with whom to keep in personal touch.

Action item for the sales agent: Do you give your clients the opportunity to rate their satisfaction with you, the buying/selling process, the home purchased (among buyers) and the deal struck (among sellers)? Do you capture that satisfaction information in a client database so you can use this information as one factor when prioritizing your PTP clients? Highly satisfied clients should be considered for regular contact in your PTP.

Client Loyalty

Client loyalty is a deeply held commitment to repurchase from a sales professional in the future, despite competitors' efforts to attract that client (Oliver 1997). Based on their research, Reinartz and Kumar (2002) recommend that sales agents pay attention to the use of attitudinal indicators to examine true client loyalty:

Are you loyal to NAME of SALES AGENT or NAME of BROKERAGE OPERATION?

Are you interested in switching to another sales agent or brokerage firm for your next residential real estate need?

Action item for the sales agent: Do you have data by which you can gauge your clients' attitudinal loyalty to you or their propensity to use another sales agent for their next home purchase? Clients reporting strong loyalty should be considered for regular contact in your PTP.

Purchase History

Marketers commonly use client purchase history information to identify the right clients for marketing campaigns as such data serve as drivers of important outcomes. The Reach Frequency Monetary (RFM) model uses historical purchase data to score clients on the basis of how recently they made a purchase (recency), how often they purchase (frequency), and how much they typically spend (monetary). Unfortunately, typical RFM scoring approaches result in an overinvestment of lapsed clients (Reinartz and Kumar 2002). However, we see some interesting applicability of this model to residential real estate.

Action item for the sales agent: Do you engage your current clients in a "historical walk through" of their home purchases, asking when they purchased their first home, what was important to them as they made that purchase, and what circumstances prompted them to move to their next home? After asking about their first home, repeat this line of questioning to understand the client's entire home purchase history. By capturing this "home history," you can identify how the RFM model relates to each client:

- 1) What are the drivers of the client's recent move(s) vs. the move(s) made earlier in the client's life? (recency)

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- 2) How frequently has the client moved over his/her life? How has that frequency changed over the last part of the client's move history? (frequency)
- 3) How the home needs have changed over time? How have the client's career situations changed over time and affected the financial resources? (monetary)

You may want to increase the frequency of your personal touch among clients who have:

- 1) Lived in their current home for 5 years or more.
- 2) Changed their household structure (more or fewer members) or experienced job advancement recently.

Net Promoter Scores

Clients should be part of your PTP if they are advocates for you. Client advocacy can be measured through a variety of means. The Net Promoter® Score, introduced by Reichheld and commercialized by Bain & Company, represents a loyalty and advocacy metric calculated via a single question (Reichheld 2006; www.netpromoter.com):

How likely is it that you would recommend [NAME] to a friend or colleague?

The single question is posed to current clients in order to classify them into three groups according to their responses on a 0-to-10 point rating scale:

Promoters (score 9-10): loyal enthusiasts who continue buying and referring other clients

Passives (score 7-8): satisfied clients who lack enthusiasm and attitudinal loyalty, making them particularly vulnerable to competitor's activities

Detractors (score 0-6): dissatisfied clients may damage your brand and reputation, hamper new client acquisition, and impede your growth through negative word-of-mouth (www.netpromoter.com).

Action item for the sales agent: The opportunity from this metric is pretty clear as sales agents should query their current clients regularly to determine if they are promoters, passives or detractors. You should plan to touch "Promoters" regularly as part of your PTP.

While the Net Promoter Score concept has been adopted quite extensively, Keiningham, Cooil, Andreassen, and Aksoy (2007) caution that *future* client loyalty behaviors, such as retention, share of wallet, and word of mouth, are distinct. Consequently, no single measure appears to adequately predict future loyalty behaviors among clients (Keiningham and Aksoy 2008).

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Client Advocacy

Research shows that internet shoppers choosing an online retailer as a result of WOM referrals yield more sales than do internet shoppers who “search” the Internet to find a product (Choi, Bell, and Lodish 2008). So, having current clients refer prospective clients through social networks and word of mouth is an important part of the “right client” discussion (Blackshaw 2008).

Today, WOM or client advocacy measures can be more than self-reported via surveys. You can easily identify, track and measure the impact that individual clients may have on your business through your client’s online activities, such as blogging, posting to message boards, answering questions for other clients in online forums, etc. Researchers are just beginning to understand and incorporate these measures into analysis for defining the right client (Blackshaw 2008). Sales and marketing professionals will likely experiment with a variety of measurement approaches while scholars and consultants create a foundation of current research.

Action item for the sales agent: One way to track your clients’ advocacy is to set up a web-based alert for your name and your firm’s name. Using Google (www.google.com) for example, or another search engine, you can have a daily digest of web-based mentions pushed to your computer. Sales agents can easily identify and capture the source of the mention into their PTP and keep track of which clients are serving as on-line advocates, making it relatively easy to identify priority clients for personal touches.

Profitable Loyalty

It should be clear by now that defining the right clients for the PTP requires attending to multiple dimensions of client behavior, client attitudes as well as client profitability – both historical and future profitability. Client profitability analysis, which involves estimating the profitability of individual clients, can be accomplished via a variety of measurement processes (Heitger and Heitger 2008). IPSOS, an international marketing research firm operating in 64 countries (www.ipsos.com) offers a proprietary composite measure called Profitable Loyalty to help its clients create stronger financial performance. The IPSOS measure focuses attention on clients showing greatest Profitable Loyalty across three dimensions: attitude (affective commitment, brand preference), behavior (share of wallet, momentum, which is recent change in behavior), and value (profitability) (Keiningham and Aksoy 2008). Although this Profitable Loyalty measure comprises a good balance of dimensions, it is a proprietary measure so we do not have direct access to their methodology. However, we can consider IPSOS’ measure when identifying factors to consider for our PTP work.

Action item for the sales agent: Assuming that you have identified the need to capture and track satisfaction, loyalty, and advocacy, consider tracking the value of the historical home purchases as well as some estimate of your time required to facilitate each sale. For example, if

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one client takes 2-3 years of “looking” before moving, that client might represent a different profitability outcome than the client who looks and decides typically within a 4-6 month window. The “big idea” with profitable loyalty is to identify the value as well as the cost-to-serve for your clients so you can prioritize your personal touches for clients who represent the best return.

Client Lifetime Value (CLV)

The measures that we have considered thus far might be considered “backward-looking measures” in that they focus on past patterns of behaviors, attitudes and profits and therefore suggest that the future will reflect patterns of the past. Yet, we know that in prioritizing clients for our PTP, we might consider present profitability as well as future profit potential (Niraj, Gupta, Narasimhan 2001). One such measure, the lifetime value of a client (CLV) is defined as the present value of all future profits achieved from a specific client during the length of the client’s relationship with you. Using CLV to guide your client relationship efforts allows you to strategically focus your time, marketing dollars and resources on those clients representing the best long-term potential.

Measuring Client Lifetime Value

Calculating the lifetime value of a single client can be quite challenging. While there is an array of CLV formulas, the basic components of most calculations include current revenues and expenditures for a client, projected duration of the client relationship, projected revenues and expenses for the client for duration of the relationship, and projected interest rates for each year of the relationship.

In fairness, CLV is really more of an orientation or a mindset than it is a specific formula. Since the calculations proposed by many academicians can be quite onerous, we recommend that sales agents wishing to embrace the lifetime valuation process begin with a conceptual equation as a starting point. An example from Gupta and Zeithaml (2006):

$$CLV_i = \sum_{t=0} (p_t - c_t) \cdot AC \cdot (1+i)^{-t}$$

Where

p_t = listing price paid for a home by a client at time t

c_t = direct cost of servicing the client at time t , including the cost of the home (minus commissions) and the cost to serve the client during the home buying process

I = discount rate or cost of capital

T^* = expected lifetime of a client

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AC= initial acquisition cost for that client

A common approach used to estimate the expected lifetime of a client is to limit the calculation to a three- to five-year-range. Yet, to make the CLV measurement meaningful in residential real estate, we do not recommend using a limited time horizon.

Action item for the sales agent: Think about how the concept of CLV might shape your behavior and engagement with clients. Consider how you might include an estimation of future value in your assessment process for the PTP. Don't get lost in the particulars of an equation.

Summary

Highly satisfied clients should be high priorities for the sales agent's Personal Touch Portfolio. Other measures discussed in this article are also useful for prioritizing PTP clients. In fact, the composite CLV captures the future value represented by the client as well as several other key dimensions:

- *loyalty* -- by including the expected length of a relationship for future financial calculations,
- *profitable loyalty* -- by including cost-to-serve elements in the calculation, and
- *purchase history* -- by including listing price paid for homes over time.

Ignored by the CLV measure but also important for prioritizing personal contacts is each client's potential to be your *loyal advocate*. Sales agents should plan to personally touch those clients who are loyal advocates as evidenced through net promoter scores, survey-reported word-of-mouth advocacy, and demonstrated online advocacy.

Clearly, the most crucial clients to stay in touch with are those providing the highest level of current profit margin and promising the highest levels of future profit potential (largest lifetime valuation). In addition to these current and future profitability dimensions, sales agents should also prioritize personal contacts toward a client who demonstrates his willingness to be loyal advocate.

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Retaining Your Client Requires More Than Satisfaction: You Need to Help Your Client Feel Smart and In Control

By Lin Guo, Jing Jian Xiao, and Chuanyi Tang

Introduction

Extensive research has been undertaken to define the relationship between client satisfaction and client retention. Despite the widespread findings that client satisfaction is a key determinant of client retention, investigations in this area have also shown inconsistencies. To broaden our understanding of the satisfaction-retention link, we explored these concepts by studying results within a relational exchange. The results of this study revealed the following:

- Satisfaction and retention are mediated by client attitudes
- Client's attitudes are directly and indirectly influenced by client satisfaction
- Satisfaction alone does not guarantee retention

Contrary to the belief that client satisfaction is directly correlated to client retention, this body of research reveals a more complex relationship through the introduction of client attitudes. The findings acknowledge the importance of the attitude-behavior relationship, regarding attitude towards target and behavior, which mediate the satisfaction-retention relationship.

Transactional vs. Relational Marketing

Our research has unique relevance to the Real Estate industry, as we explore the impact of satisfaction within the context of relational interactions. Client retention is a critical issue in service industries characterized by relational exchange, like the Real Estate industry. Within such industries, business strategy has seen a paradigm shift moving marketing approaches away from transactional marketing towards relationship marketing. Transactional marketing generates passive, transitory, and reactive relationships with the client and tends to be short-term in nature. On the other hand, relationship marketing creates enduring bonds with clients to produce stronger, long-term purchasing and word-of-mouth activity. This type of marketing is also helpful to increase referrals and lead generation for the agent. Our research set out to determine how client's attitude towards target and towards behavior contributed to client satisfaction within the relational service context.

Attitude Towards Target

Attitude towards target is the degree to which an entity is positively or negatively valued. Buyers' overall satisfaction with the target, or agent, is partially derived from their collection of experiences within the real estate industry. Conversely, a single positive experience with an

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agent can result in a positive attitude towards the industry as a whole. Understanding these two dynamics provides deeper insight into client perceptions. Clients who have a positive attitude towards the target and towards the industry as a whole are more inclined to engage in repeat business. Think of this in terms of real estate: a buyer's satisfaction with his agent is a measure of the buyer's overall satisfaction with the purchase or the sale of his home.

Attitude Towards Behavior

Attitude towards behavior is the degree to which performance of a behavior is positively or negatively valued. This differs from attitude towards target in that it is a more explicit analysis. For example, a buyer might have a positive attitude towards her agent, the target, but a negative attitude towards a specific action of that same agent.

Perceived Behavior Control

To understand how to influence your buyer/seller's attitude, you must first understand his level of perceived behavior control, that is, his perception of how easy or difficult it is to perform a behavior. Perceived behavioral control has a particular behavior as a target and varies among situations (Ajzen, 1991). For example, a seller who is unaware of market conditions might have the perception that it is going to be easy for her agent to quickly move her property. On the other hand, a buyer who is aware of the market situation might have the perception that it will be easy for the agent to negotiate down an asking price on a property. Buyers' perceived behavioral control exerts direct effects on their retention.

We proposed that perceived behavioral control has a direct effect on client satisfaction, intention to remain, and actual retention behavior. In the aforementioned situation, a seller who is unaware of market conditions might have the perception that it is going to be easy for her agent to quickly move her property. This perception is false, given the market situation. However, the seller's perception will negatively influence her satisfaction and retention when the agent cannot move the property as quickly as the seller thinks the agent should.

Perceived Self-Efficacy

The conceptualization of perceived behavioral control goes hand-in-hand with the concept of perceived self-efficacy. Self-efficacy is the conviction that one can successfully execute the behavior required to produce a certain outcome. It measures the confidence towards the

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probability, feasibility, or likelihood of executing a given behavior. The intention to perform a behavior is constrained by both resources and the abilities one has to perform the behavior. A buyer/seller's self-efficacy beliefs to perform a behavior will, therefore, strongly influence his intention and actual behavior.

Implications of the Research for the Reader

Although satisfaction is a necessary premise of client retention, it alone is not sufficient to successfully retain clients. Agents should help the buyers/sellers enhance their feeling of self-efficacy and controllability regarding their transaction in order to increase their intention to retain the agent as well as the likelihood of actual retention. This means that once agents have helped their buyers/sellers enhance their perceptions of self-efficacy in the exchange, clients will evaluate those agents more favorably (Guo et al., 2009).

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