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Setting the Sale Through Persuasive Communication

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INSIDER: Neuro-Sell: How Neuroscience can Power Your Sales Success

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Keller Center Research Report

Baylor University, Keller Center for Research
Paul L. Foster Campus for Business and Innovation
One Bear Place #98007, Waco, TX 76798
www.baylor.edu/kellercenter » Keller_Center@baylor.edu

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Setting the Sale Through Persuasive Communication

Charles Fifield, MBA

Communication, the effective conveying of information, is a critically important buyer-seller activity to achieve successful interpersonal sales performance. It is certainly one of the most important, if not the most important, determinant of a productive business relationship. Healthy communication in sales will not only render improved customer relationships, but it will also enhance day-to-day personal interactions since communicating with others makes up the majority of our time spent with family, friends, and co-workers. Communication is a multi-step cyclical process of senders and receivers, coding and decoding messages to transfer information. During this process, there is a lot of room for misinterpretation and misunderstandings.



The *Christian Radich* under sail, courtesy of the [Christian Radich Foundation](#)

Communication skills, both verbal and non-verbal, are powerful enablers to our leading or guiding buyers through productive purchase decision-making. Although sales interactions can be transactional in nature or win-lose oriented, the preferred interpersonal selling process should seek to be more long-term minded and win-win or integrative. Effective communication skills are essential to leading or influencing a buyer to this desired outcome.

Verbal vs. Non-Verbal Communication

Spoken words make up our verbal communication, and this can take place face-to-face or through other media such as a telephone, web-enabled conferences, Facetime, etc. Non-verbal communication is comprised of many forms of transfer, including but not limited to, tone of voice, body language, gestures, eye contact, facial expressions, proximity and touching. There is no doubt that non-verbal communication is a dominant and powerful form of communication.

One of the more popular psychology studies performed by a professor at UCLA, Albert Mehrabian, revealed that verbal communication comprises only 7% of overall communication. The 93% balance is derived from non-verbal communication with 38% representing tonality and 55% body language. The 7-38-55 rule was derived from Mehrabian's experiments involving the communication of feelings and attitudes.

Effective business communicators are sensitive to the power of non-verbal communication on interactions with others. This is why it is crucial for a seller to understand how to both read and send non-verbal messages. For most productive message transfers, these three parts of

communication need to support each other, i.e., to be congruent. Otherwise, significant confusion, misunderstanding and even frustration can occur between the communicating parties. An example cited by Mehrabian in his work is the following:

Verbal – “I do not have any problem with you!”

Non-verbal – Avoiding eye contact, looks anxious, and has closed body language (such as arms and legs).

His research suggests that the receiver will trust and believe the predominant form of communication, the non-verbal versus the meaning of the words, when the various components are not congruent. Thus, the verbal or words component takes less attention since it comprises only 7% of the receiver’s interpretation in the case of incongruity.

To the salesperson, the goal is to become a highly skilled communicator at three different progressive levels of competence:

- Level 1* Actively self-manage your non-verbal messaging and learn to deliver congruent messages to minimize communication disharmony and confusion with buyers. In other words, your non-verbals should be unambiguous in their content.
- Level 2* Learn how to become a skilled reader of non-verbal buyer cues to the point that your buyers become an open book. Every gesture or movement is communicating something to you. You must listen with your eyes!
- Level 3* Learn how to positively influence your buyer’s buying emotions by promoting pro-buying non-verbal movements during your buyer-seller interactions.

Joe Navarro, a former career FBI agent specializing in non-verbal communications, in his book, *Louder Than Words*, says, “Imagine knowing what others are thinking, feeling, or intending. Imagine being able to powerfully persuade and influence others. Imagine identifying, without being told, points of concern and contention. Imagine being able to enhance how others perceive you, conveying confidence, authority, and empathy. What we’re really talking about here is the capacity to truly understand people. In business, when confidence, empathy, and the ability to know what others are thinking are combined, you gain a superlative edge. However, the nonverbals of success start with your state of mind. You must want to change how others see you and how you see yourself. Wanting to change is crucial, because changing how you are perceived always begins with you.”

The Comfort/Discomfort Paradigm: The Foundation of Nonverbal Intelligence

From early in life, we are transmitting information about how we feel. Joe Navarro developed this paradigm in order to teach FBI agents and counterintelligence officers a simple way to

analyze and assess nonverbal behavior observations. In simple terms, it works like this: when you observe a behavior, ask yourself, “Does it represent comfort or discomfort?” For example, what would you observe in a person who feels defensive and trying to cover their criminal actions or guilty knowledge? We would probably see distancing actions such as leaning away or withdrawing movements, stiff posture, unsmiling lips, and restlessness or tension. These are not good for family, for business and certainly not for any type of early sales setting. On the other hand, comfort behaviors include touching, trust, proximity, and understanding. We may move between these two states hundreds of times in a day.

Below is a sampling of comfort and discomfort behaviors that Navarro outlines in *Louder Than Words*:

<u><i>Signs of Comfort</i></u>	<u><i>Signs of Discomfort</i></u>
<i>calmness</i>	<i>anxiety</i>
<i>confidence</i>	<i>apprehension</i>
<i>closeness</i>	<i>distancing</i>
<i>enjoyment</i>	<i>contrariness</i>
<i>friendliness</i>	<i>unfriendliness</i>
<i>openness</i>	<i>occlusion</i>
<i>touching</i>	<i>withdrawal</i>
<i>joy</i>	<i>anger</i>
<i>patience</i>	<i>impatience</i>
<i>peacefulness</i>	<i>nervousness</i>
<i>relaxation</i>	<i>tension</i>
<i>respect</i>	<i>indifference</i>
<i>tenderness</i>	<i>sternness</i>
<i>trust</i>	<i>doubt</i>
<i>warmth</i>	<i>coldness</i>
<i>responsiveness</i>	<i>hesitation</i>

Many of our day-to-day behaviors fall into these binary categories.

Navarro posed the obvious question, “Which side of the comfort/discomfort paradigm is most conducive to effective leadership, nurturing business clients, effective selling, and dealing satisfactorily with human resource issues?” At first, it seems clear that we must cultivate comfort responses in our buyers; however, as we progress through a sales interaction, don’t we have to introduce problems/issues/deficiencies and the resulting impacts of each of these? Like the adage, no pain – no change – no change – no gain for anyone. Therefore, it would seem that we should prepare to have an interesting emotional/behavior roller coaster ride with each buyer, i.e., comfort, discomfort, comfort. A salesperson’s ability to recognize the planned and necessary transitions via nonverbal indicators could be critically important to achieving a mutually productive outcome.

Avoid Failing the Sales Duck Test

When first approaching a buyer, anticipate some buyer discomfort in the beginning. We know people don't want to be sold, but they love to buy, and rarely do they seek to change, which most sales interactions necessitate. As a consequence, most sales interactions are initiated in a state of uncertainty, anxiety and discomfort. Therefore, it is important that we commence a sales interaction with the thought of achieving buyer comfort, and being perceived as a salesperson is not conducive to that end. Like the saying, "If it looks, walks and talks like a duck, then it is probably a duck." If you look, walk and talk like a salesperson, then, you are probably a salesperson. Most sales stereotypes tend to be fast talkers, a little loud, pushy, and their dress can be ostentatious or incongruent to the sales situation. As we know, first impressions are very powerful in terms of the ultimate buy or don't buy impact. The initial interaction needs to be well planned to promote a trustworthy and comfortable feeling. Since the introduction and rapport building are critically important to garner that buyer reaction, and the seller needs to plan both a nonverbal and verbal strategy accordingly.



One major deterrent to achieving the desired initial impact is a salesperson's fear or lack of confidence. Because of human nature, the buyer wants to be the most important person in the initial meeting, and when the salesperson feels anxious and uncertain, the salesperson is prone to spend too much time thinking about him- or herself, and this fails to achieve the desired "comforting" effect for the buyer.

The Role of Active Listening

Two keys to understanding your buyer are active listening and empathy. Wikipedia defines active listening as, "a communication technique used in counseling, training and conflict resolution, which requires the listener to feed back what they hear to the speaker, by way of restating or paraphrasing what they have heard in their own words, to confirm what they heard and moreover, to confirm the understanding of both parties." Joe Navarro adds, "The Chinese character for 'listening' is actually rather complex; it contains the characters for 'ear,' 'eyes,' 'heart,' and 'undivided attention.' There's a huge difference between listening and listening empathetically."

MindTools.com offers five key active listening techniques to help you ensure that you hear the other person, and that the other person knows you are hearing and listening to what they say:

1. Pay Attention – Give the speaker your undivided attention, and acknowledge the message. Recognize that non-verbal communication also "speaks" loudly.

- Look at the speaker directly.
 - Put aside distracting thoughts.
 - Don't mentally prepare a rebuttal!
 - Avoid being distracted by environmental factors (e.g., side conversations).
 - 'Listen' to the [buyer's] body language.
2. Show That You're Listening – Use your own body language and gestures to convey your attention.
- Nod occasionally.
 - Smile and use other facial expressions.
 - Note your posture and make sure it is open and inviting.
 - Encourage the speaker to continue with small verbal comments like *yes* and *uh-huh*.
3. Provide Feedback – Our personal filters, assumptions, judgments, and beliefs can distort what we hear. As a listener, your role is to understand what is being said. This may require you to reflect what is being said and to ask questions.
- Reflect what has been said by paraphrasing. 'What I'm hearing is,' and 'Sounds like you are saying,' are great ways to reflect back.
 - Ask questions to clarify certain points. 'What do you mean when you say...' 'Is this what you mean?' [Consider asking open-ended questions as they invite opinions and focus on the sender. Ask closed-ended questions to seek clarification of expansion.]
 - Summarize the speaker's comments periodically. [You can ask summary questions to confirm certain points and to demonstrate your interest.]
4. Defer Judgment – Interrupting is a waste of time. It frustrates the speaker and limits understanding of the message. [Interruptions can create a sense of competitive conversation.]
- Allow the [buyer] to finish each point before asking questions.
 - Don't interrupt with counter arguments.
5. Respond Appropriately – Active listening is a model of respect and understanding [and also an attitude.] You are gaining information and perspective.
- Be candid, open, and honest in your response
 - Assert your opinions respectfully.
 - Treat the other person in a way that you think he or she would want to be treated.
- (Source: Mind Tools 2015, www.mindtools.com/CommSkill/ActiveListening.htm)

Repeat After Me

Joe Navarro says, "Hand in hand with active listening is verbal mirroring, based on the work of renowned psychologist and author Carl Rogers (1902 – 1987). Verbal mirroring is a simple yet remarkably powerful therapeutic technique to quickly establish a connection with someone. I

found it extremely valuable in the FBI to establish empathetic channels of communication. Rogers believed in anchoring any inquiry around the psyche of the person in question, thereby building a more effective therapeutic relationship. He did this by simply listening to what his patients said and then using that information, precisely as stated, to respond to the patient. If his patient said, ‘my home.

Rogers would mirror the patient by also using the word ‘home,’ not house. Verbal mirroring is a powerful tool in professions such as sales where establishing rapport is so important. Unfortunately, most people are linguistically self-centered and use their own language to anchor a conversation. In order to be maximally effective, you must use the other person’s language; in doing so, you mirror what is in their minds and what is linguistically – even psychologically – comforting. You are at once in synchrony.”

Nurture-Nurture-Nurture Weighs In

Joe Navarro further emphasizes a salesperson’s need to be nurturing, “The comfort/discomfort responses wired by nature are refined by nurturing. We see the earliest expression of the comfort/discomfort paradigm in the interaction between mother and baby. Here we learn our first emotional lessons. The mother learns to be attentive to the infant’s nonverbals, and the child learns to trust in the caring response.” He continues, “On a physiological level, nurturing behaviors release a cascade of chemicals including oxytocin, which contributes to social and interpersonal bonding. Research shows that when we have healthy business relationships, where there is mutual respect and appropriate human touch, we trust more and are more willing to part with our money.”

I See You; You See Me

Similar to verbal mirroring, matching each other’s physical movements and postures is a powerful interpersonal comfort display. Navarro emphasizes that the physical mirroring between parent and child. The baby smiles, the mother smiles. The baby coos, the mother offers a similar vocal response. The baby makes an expression, and the mother mirrors it back. This is the beginning empathetic communication, valuable for sales interactions.

Navarro continues, “Just as we have a preference for comfort, so we have a preference for synchrony...When a friend receives bad news and looks downtrodden, we respond likewise, demonstrating our empathy by displaying identical behaviors. We find synchrony with strangers as well as with those whom we know.” Quite simply, people feel more comfortable with others when they feel in synchrony with them. Create a comfortable feeling with the buyer by tapping this nonverbal tool of mirroring.

Physical mirroring can also be used as a means of testing your comfort/discomfort status with a buyer during an interaction. For example, Navarro shares how he was waiting in the green room

before appearing on an early-morning TV show: “I struck up a conversation with a fellow guest, a very nice person. We were getting along really well. Because this mirroring concept was on my mind and, admittedly, just to see what would happen, I decided to change our comfort paradigm by changing how I was sitting. We were sitting across from each other with our legs slightly apart, hands in our laps. I suddenly shifted around when someone came into the room and lifted my left leg over my knee so that it appeared to be a barrier, while my feet pointed toward the door. The man suddenly straightened and changed his position to mirror mine. My companion had no conscious awareness of having mirrored me.”

Summary

Communication skills are the enablers, and one of the three key skills to becoming a highly successful sales representative. The secret to communication success is three-fold:

1. Become acutely aware of your regular verbal and non-verbal deliveries. Learn to manage their presentation from start to finish interactions for a more productive sales outcome.
2. Become an active, empathetic and nurturing listener to the thoughts and feelings of others, using well-developed questions as your primary means of connecting with others; active listening is an attitude, not simply a communication technique.
3. Become aware of how the comfort/discomfort paradigm plays out in your interactions with others. Employ it to influence buying decisions during sales engagements.

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About the Author

Charles Fifield, MBA

Senior Lecturer and Sales Coach, Baylor University's Center for Professional Selling

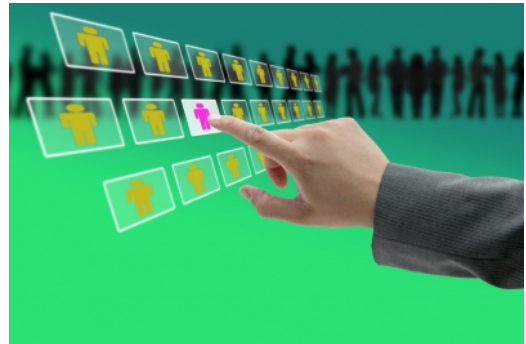
Chuck Fifield is a Senior Lecturer for Baylor University's Hankamer School of Business, Marketing Department and serves as the faculty coach to Baylor's Sales Team. He joined the faculty at Baylor University in 2001, teaching in the Graduate Business School (Operations Management), the Management Department (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 for nearly thirty years to businesses located throughout the U.S. He owned and operated several financial service businesses in the fields of securities, real estate, oil and gas and insurance.

Attracting and Keeping New Agents from the Millennial Generation

Kirk Wakefield, PhD

Have you ever taken a job that later you wondered, “What was I thinking?” As a manager, have you ever hired someone and later wondered the same thing?

According to Josh Bersin who contributes to *Forbes* magazine, companies spend over \$3,300 per hire on recruiting and the cost of not recruiting well results in poor performance, dissatisfied employees and high turnover. You can use a good worksheet to calculate the cost of turnover in a company; it’s likely to be between 30-50% of the annual salary of entry-level employees and multiples (1.5-4.0) of the salaries of mid-level and high-level employees.



Since we are particularly attune to the hiring and recruiting of entry-level salespeople, we conducted a study of over 330 entry-level salespeople (66% male; all under 30 years old; 95% with college degrees) to find out why they chose the company who hired them. Little research has addressed sales force recruiting at this stage of career and the motivations of a millennial salesforce in their job searches.

Three Drivers of Job Satisfaction

Our focus was on those job choice factors that ultimately lead entry-level salespeople to be satisfied with their jobs, which in turn results in lower turnover. We accounted for three underlying factors that are known to influence job satisfaction from past sales research. In order of their influence on job satisfaction, these three were sales training, confidence in selling, and the firm’s ethical climate (see table).

From the firm's point of view, these three are interesting because the quality of the sales training and the ethical climate is under their control. Indirectly, the salesperson's confidence in selling is also under management's control through (a) effective screening in the recruitment process and (b) mentoring, coaching and training. It’s also important to note that we found that confident salespeople have higher job performance and earn higher compensation, which in turn increases job satisfaction.

The Drivers of Job Choice

While collecting data to account for the salespeople’s age, gender and experience, we asked them how important (0-100) each of the following were in their decision to accept the job at this organization:

1. To work for this particular organization	74.5
2. Desire to work in this particular geographic area	71.0
3. To work for a particular manager	58.7
4. The compensation/benefits package	39.7

The only one of these with a **direct effect** on current—first year—job satisfaction was the compensation/benefits package. Although not many rated it as very important, the more important this was to them, the more likely they were to be satisfied with their jobs. Interestingly, the importance of the compensation/benefits package had no relationship with actual earnings among these salespeople. So, it’s more that they knew what they were getting into (viz., salary + commission structure) than the level.

The other three elements of job choice, however, do have **indirect effects** on job satisfaction:

1. Choice of *geographic location* is directly tied to cost of living—meaning that candidates preferred living in places like New York City, Chicago, and LA—and the higher cost of living is also tied to higher compensation. In turn, higher compensation positively influences job satisfaction.
2. Choice of the *specific organization* is directly related to the salesperson’s positive view of the ethical climate and the organization’s overall competitive performance. Better performing firms offered higher compensation—and coupled with the ethical climate—created greater job satisfaction.
3. Choice of *working for a particular manager*, curiously, was *negatively* related to current compensation levels, suggesting sales reps took a less attractive pay structure to work with a specific manager. Or else, they took the job based on the manager and then didn’t perform well. Either way, lower compensation levels correlates with lower job satisfaction.

Hiring and Retaining Millennials Requires Attention to Real Drivers of Job Satisfaction

This study helps us understand millennials motives in making choices for entry-level sales positions and the likely consequences. We might say that wanting to work in the big city for a particular well-known organization won’t bring satisfaction, but the truth seems to be that these factors are related to other facets in the decision-making process that do bring job satisfaction. We often encourage our graduates to take their first jobs on the basis of the manager, but



the results of this study suggests that new sales representatives should carefully weigh this factor with other key influences that will more strongly and positively influence how much they enjoy their jobs.

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Table: Key Topics and How They were Measured

- **Sales training provided**
 - amount of sales training
 - quality of sales training
 - frequency of sales training
- **Salesperson's confidence in selling**
 - I am good at selling
 - I know the right thing to do in selling situations
 - I am good at finding out what others want
 - It is easy for me to get others to see my point of view
 - My temperament is not well-suited for selling (reversed)
- **Ethical climate**
 - Enforces a formal, written code of ethics
 - Has policies with regards to ethical behavior
 - Does not tolerate unethical behavior
 - Strictly enforces policies, especially related to ethical behavior
 - Reprimands salespeople for unethical behavior even when their behavior led to gain for the organization

About the Author

Kirk Wakefield, PhD

Edwin W. Streetman Professor of Retail Marketing, Baylor University

Professor Wakefield is Executive Director and co-founder of the Sports Sponsorship & Sales program at Baylor University. His research interests are fan psychology, sponsorship metrics, price information processing, and sales management. Kirk's work appears in the *Journal of Retailing*, *Journal of Marketing*, *Journal of Consumer Research*, *Journal of the Academy of Marketing Science*, and *Journal of Sport Management*, among others. Kirk also founded, publishes and edits the *S3 Report* (www.baylors3.com), which provides best practices in the selling of sports.

Why Real Estate Agents Should Care about Buyer Usage Intent

Aaron R. Brough, PhD and Mathew S. Isaac, MBA, PhD

When selling a home or other product to which they feel emotionally attached, are sellers more likely to demand above-market prices or accept discounted offers? You might guess that they would charge premiums as compensation for parting with a beloved possession that has come to be a part of themselves. Yet, we find that emotionally-attached sellers may in fact accept lower offers than unattached sellers. Why?



Simply put, attached sellers want to find a good home for their most cherished possessions and may be willing to sacrifice personal profit to ensure that this objective is met. Ultimately, their willingness to accept an offer can depend on whether they agree or disagree with how the buyer plans to use the product.

When choosing between two offers, sellers are generally expected to choose the higher offer. Of course, exceptions may occur when the lower offer presents transactional advantages (e.g., all-cash), when accepting the lower offer seems more fair (e.g., because it came in first), or when the seller has an ongoing relationship with one of the buyers. These things being equal, though, it is difficult for most people to imagine why a seller might accept a lower offer over a higher one. However, this is what our research set out to do. Specifically, we proposed that sellers may not accept the highest offer because they are sensitive to how prospective buyers plan to use the product—something we refer to as buyer usage intent.

What We Discovered About Buyer Usage Intent

The idea motivating our research was that owners who feel emotionally attached to the products they are selling may continue to care about how those products are used even after the transaction is complete. In contrast to prior research suggesting that emotional attachment would lead sellers to demand premiums (Ariely, Huber, and Weterbroch 2005), we speculated that emotional attachment could also make sellers sensitive to a buyer's usage intent. This sensitivity, in turn, could lead to acceptance of relatively low offers from buyers who communicate an appealing usage intent.

In a series of four experiments, we tested whether emotionally-attached sellers' pricing decisions were sensitive to a buyer's usage intent. Consistent with our hypotheses, we found that buyer usage intent can motivate attached sellers to sacrifice profit and accept a lower offer than unattached sellers. We further discovered that although most sellers anticipate being influenced

by transactional factors, fairness norms, and buyer-seller relationships, they underestimate the extent to which their selling decisions may be influenced by knowing how the buyer plans to use a product.

In one experiment, we e-mailed 179 personal and professional sellers who had listed a used car on a popular e-commerce website and asked them whether they would consider providing a 15% discount on the posted price of their car. In our e-mail to half of the sellers, we stated that we were interested in restoring used cars to their original condition. In our e-mail to the remaining sellers, we stated that we were interested in disassembling used cars for parts. As expected, personal sellers were more likely to refuse the requested discount when the communicated usage intent was to disassemble rather than restore the car. However, professional sellers, who are less likely to be emotionally attached to the vehicle, were unaffected by the communicated usage intent.

Three additional studies found similar results using products such as a piano, a rare book, and children's toys. For example, consistent with the idea that attached sellers care how a product is used by a potential buyer, participants in our study were willing to sacrifice an average of \$680 to ensure that a piano which was a family heirloom would be sold to a buyer who intended to play it regularly rather than to a buyer who intended to use it merely for decoration.

Although prospective buyers may not always reveal their product usage intentions to sellers, they do so more often than one might expect. A survey we conducted revealed that almost 25% of consumers who had sold a product online recalled potential buyers who had communicated usage intentions to them. For example, one seller remembered a potential buyer saying he planned to use exercise equipment "to lose weight and tone [his] body." Another seller recalled a sofa buyer who had revealed her plans to "lay on it and watch movies all day." Even when buyers did not explicitly communicate usage intent, nearly two in three sellers inferred it anyway.

Together, these research findings suggest that real estate agents should care about buyer usage intent, irrespective of whether they are representing a seller or a potential buyer in a transaction. Sellers' agents can attract new clients by touting their ability to help homeowners resist the emotional pull of buyer usage intent and instead focus on the financial terms of a bid. Meanwhile, buyers' agents can strategically communicate buyer usage intent to increase the chance of a client's offer being accepted, even in the face of a higher competitive bid. Each of these implications is discussed in more detail below.

Sellers' Agents Can Help Sellers Stay Focused on Profit

Sometimes sellers are reluctant to enlist an agent because they are not confident that the agent will generate enough of a price premium over a for-sale-by-owner transaction to offset the

agent's commission. Real estate agents can use the findings of our research to highlight the value they provide to potential clients.

Although most sellers recognize that agents are incentivized to maximize a property's selling price in order to increase their commission, they may nevertheless feel that they could achieve a similar selling price without an agent's involvement. Our research suggests that sellers do not anticipate their susceptibility to accepting low offers as a result of emotional attachment. However, due to the memories associated with living in a particular home, emotionally-attached owners are likely to care how a potential buyer plans to use the home. As a result, information about a buyer's usage intent may unexpectedly increase owners' willingness to accept a low offer (relative to the initial listing price or another offer) even if they initially set out to maximize profit.

Unlike owners, however, real estate agents are much less sensitive to the usage intentions communicated by potential buyers. This emotional neutrality can allow the agent to discourage sellers from unnecessarily accepting offers that are too low. By explaining the risk that attached owners undertake in a for-sale-by-owner listing, agents can further justify their commission and discourage potential clients from attempting to sell on their own.

Buyers' Agents Can Help Buyers Win Without Increasing Their Offer

In many cases, buyers cannot or will not raise the amount of their offer and risk losing the home as a result. Our findings challenge the assumption that home buyers compete exclusively on the basis of price. Instead, we propose that buyers may differentiate themselves from higher bidders by explicitly communicating how they intend to use the home. This information may be part of the personal cover letter that some savvy agents recommend their clients include as part of their offer.



The increasingly prevalent practice of writing a personal cover letter has been shown to improve an offer's likelihood of success by nearly 10% (Musiker 2014). However, existing advice to buyers rarely encourages them focus on usage intent in the letter. Instead, buyers are commonly advised to focus on establishing a personal connection with the seller based on commonalities, to write a "love letter" that fawns over aspects of the property (e.g., the immaculate landscaping), or to tug at the heartstrings of the owner with a personal anecdote (Davidson 2014; Desimone 2014).

In contrast, our research suggests that specific details about a buyer's usage intent should also be an essential component of a strong cover letter, even if these intentions seem rather obvious.

For example, agents could encourage a potential buyer to write a letter to the owner explaining how each room of the house would be used and how the décor of the house would be preserved. Cover letters that explicitly communicate usage intent can dramatically improve an offer's likelihood of being accepted. To illustrate, one family who saved \$11,000 and beat out four competitive bids wrote: "we have a baby boy who is about to turn 1 year old... we can already see him playing in that big back yard with our dog!" (Davidson 2014). To the extent that buyers communicate a usage intent that appeals to the owner, the owner may accept the buyer's offer even if it is lower than the listing price or lower than other offers.

Conclusion

In conclusion, our research suggests that the emotional attachment homeowners feel towards their home can impact their decisions about the home's listing price as well as its final selling price. Although one might expect stronger feelings of emotional attachment to lead homeowners to demand a higher price for their home, our research suggests that it may instead lead them to accept lower offers.

This research has two important implications for real estate agents. First, it can help them articulate an additional source of value to homeowners who are considering the use of an agent in the sale of their home. Because agents are not emotionally-attached, they can help clients recognize their susceptibility to be unsuspectingly influenced by buyer usage intent and their resulting need for the help of an agent to stay focused on profit. Second, our research can help agents assist home buyers who are competing with higher offers to negotiate with a non-financial bargaining chip. By encouraging their clients to express to the seller how the home will be used, agents can help home buyers gain an advantage over higher bidders. Both of these implications present real estate agents with tools that can be leveraged to create a strategic advantage in the marketplace.

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About the Authors

Aaron R. Brough, PhD

Assistant Professor of Marketing, Utah State University

Aaron R. Brough, PhD, is an assistant professor of marketing in the Jon M. Huntsman School of Business at Utah State University. He received a bachelor's degree in Business Management from the Marriott School of Management at Brigham Young University and a PhD from the Kellogg School of Management at Northwestern University. Dr. Brough's research, which examines consumer behavior and decision-making, has been selected for publication in leading marketing journals, including the *Journal of Consumer Research* and the *Journal of Marketing*. His work has also been featured in popular outlets such as *TIME*, *TODAY*, *Forbes*, and the *Harvard Business Review*. In addition, he has conducted corporate training seminars in marketing research and has served as an expert witness in trademark litigation. Prior to joining USU, Dr. Brough was a faculty member at Pepperdine University. Before pursuing his doctoral studies, he gained management experience as a senior consultant for a Boston-based strategic marketing research and consulting firm serving Fortune 500 companies from various industries. His clients included American Express, Coca-Cola, Disney, IBM, Microsoft, and Novartis.

Mathew S. Isaac, MBA, PhD

Assistant Professor of Marketing, Seattle University

Mathew S. Isaac, PhD, MBA, is an assistant professor of marketing in the Albers School of Business and Economics at Seattle University. His research focuses primarily on consumer judgment and decision-making, examining how contextual and motivational factors influence product evaluations and purchase intentions. Dr. Isaac's research has been published in the *Journal of Marketing*, the *Journal of Consumer Research*, and the *Journal of Consumer Psychology* and featured in business and popular press, including *Harvard Business Review*, *Time*, *Forbes*, *The Atlantic*, *Men's Health*, and *Fast Company*. He obtained his Ph.D. in Marketing from the Kellogg School of Management at Northwestern University and his MBA, with concentrations in Finance and Strategic Management, from the University of Chicago Booth School of Business. Prior to entering academia, Dr. Isaac worked as a Consultant and Manager for Bain & Company and ZS Associates, where he advised media, healthcare, and private equity clients on issues related to sales, marketing, and corporate strategy.

Advice to New Real Estate Agents: “Be Proactive”

Michael L. Mallin, PhD

Proactive sales behavior allows individuals to intentionally and directly change current circumstances that impact their situations, personally and professionally (Bateman and Crant 1993). These behaviors can be broadly characterized as an active facilitation of meaningful personal or environmental change (e.g., Bateman and Crant 1993; Grant and Ashford 2008) and impact individual job performance and satisfaction (Thomas *et al.* 2010). Sales professionals demonstrating proactivity deliver value to clients as they affect change based on a clear understanding of client needs.



Sales managers have a vested interest in hiring, developing, and retaining sales professionals who have a propensity to be proactive since research shows proactive behaviors among salespeople as a key factor in generating higher levels of sales performance (Morris *et al.* 1990; Pitt *et al.* 2002). However, managers face challenges in finding and retaining proactive sales professionals especially when many of their new hires tend to be younger and inexperienced. In addition, since little is known about the specific drivers of proactivity among younger sales professionals, a manager may not know what personal characteristics to look for. This issue has implications in the business-to-business commercial real estate industry, as brokers would be well served in identifying indicators of proactive real estate agents during the interview and hiring process.

To explore and address this issue, we developed and tested a model of key personal characteristics thought to define an individual as proactive and two sales outcomes of proactive behavior among a sample of younger business-to-business salespeople. We modeled sales outcomes identified in selling performance research that are critical in developing long-term customer relationships (i.e., behavior performance and job involvement).

Individual Characteristics and Proactive Behavior

A dispositional construct, proactive behavior identifies differences among people in the extent to which they take action to influence their environments (Bateman and Crant 1993). In a sales setting, proactivity serves to establish, build, and maintain buyer-seller relationships as such behaviors center on taking action to affect change and solve customer problems. In the domain of professional sales, seminal research investigating the determinants of performance over the past three decades centers on salesperson individual characteristics as an important set of variables impacting performance both indirectly and directly (Churchill *et al.* 1985). Three particularly important variables are intrinsic motivation, task confidence, and risk aversion.

Intrinsically motivated sales professionals should be more proactive. Intrinsic work motivation is defined as the "motivation to engage in work primarily for its own sake because work itself is interesting, engaging or in some way satisfying" (Amabile *et al.* 1994, p. 950). The psychology literature reinforces that individuals will behave in a proactive manner when they find their tasks intrinsically interesting and enjoyable. As such, proactivity increases challenge and fulfills an individual's basic need for competence and autonomy (Parker *et al.* 2010). In the context of selling commercial real estate, intrinsically motivated sales agents will seek more creative solutions to their customers' real estate needs because they enjoy the challenge, find it interesting, and feel pride of their sales accomplishments. They view initiative as a proactive way to assess a sales situation and execute behaviors to affect change in the customer's environment.

Task-confident sales professionals should be more proactive. Task confidence considers peoples' beliefs in their capability to exercise some measure of control over their performance and environment. Unless people believe they can accomplish their objectives, they have little incentive to act or persevere in the face of difficulties (Bandura 2001). Task confidence has been shown to increase an individual's persistence and willingness to overcome obstacles – which are determinants of proactive behavior (Bandura 1997; Frese and Fay 2001). In the context of selling commercial real estate, such initiative may be viewed as a means for agents to take proactive measures to assess a situation and execute behaviors to affect change in the customer's environment.

Sales professionals more willing to take risks should be more proactive. As calculated risk takers, salespeople will engage in proactive behavior to the extent that it supports their goals. For example, a commissioned-based commercial real estate sales agent is at high risk of not bringing home a paycheck if he/she does not make any sales. However, he/she may be willing to take on a certain degree of risk knowing that the upside of commission sales is uncapped earning potential. To realize these benefits, proactivity is necessary for uncovering sales opportunities (e.g., prospecting), taking action to confirm appointments (e.g., cold calling), and proposing solutions to affect change (e.g., closing).

Proactive Behavior and Outcomes

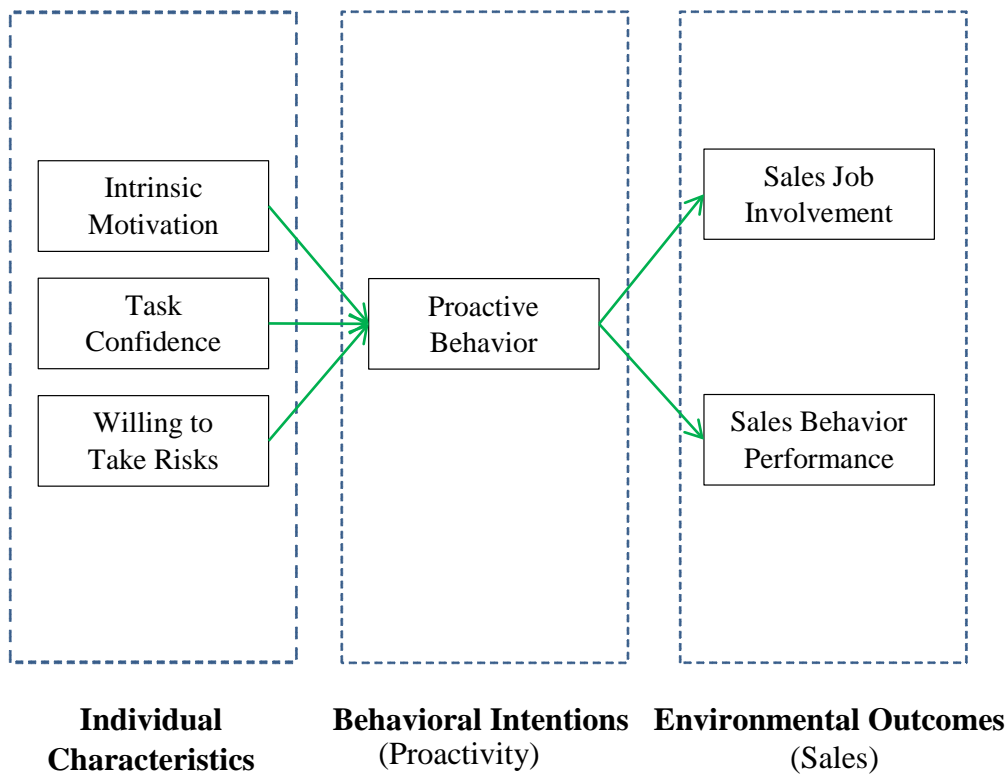
Proactive sales reps should possess a higher sense of job involvement and achieve higher levels of sales performance. Job involvement is a state of psychological identification to which an individual values the work and personal investment in their job (Marshall *et al.* 2004). Individuals who display high levels of job involvement consider their work to be a very important part of their lives. Research shows that a salesperson's degree of job involvement is a result of effort and willingness to engage in certain job behaviors, such as: problem-solving, relationship-building, taking action to correct deficiencies, and team-building (Chonko 1986). Proactive behavior aligns with job involvement, suggesting a positive relationship between the two. Proactivity centers on the extent to which people take action to influence their environments by taking action to affect change. For salespeople, proactivity translates into the sales behaviors required to establish, build, and maintain buyer-seller relationships, suggesting a positive relationship between proactivity and sales outcomes.

To test the relationships (in bold type) noted above, we tapped a cross industry sample of 278 newer business-to-business sales reps, where the sample was relatively young (28 years of age, on average) having little over 5 years of selling experience. We included items that measure *intrinsic motivation*, *task confidence*, *risk aversion*, *proactivity*, *sales behavior performance*, and *sales involvement*.

Proactivity Matters

Overall, our results confirm that younger sales reps tend to engage in proactive behaviors when they are *intrinsically motivated*, *confident in the tasks of selling*, and *willing to take risks*. Proactive behavior, in turn, resulted in high levels of *behavioral performance* and *job involvement*. The model summarizes these relationships.

Proactive Behavior of Salespeople



From a commercial real estate viewpoint, this study provides some useful guidelines to help agency managers and broker recruit, hire, develop and retain new proactive sales reps.

Focus Effort on Recruiting and Hiring Proactively-Oriented Real Estate Agents. Finding and hiring proactive sales agents is a good thing since proactivity impacts selling performance. Agency managers and brokers might specifically attempt to identify a prospective agent’s proactive behavior characteristics during the interview process. Asking candidates for examples

that demonstrated their proactive nature (e.g., the situation, task, actions, and results) might give a hiring manager good insight as to whether the agent is likely to demonstrate proactive behaviors in the selling role. Questions to reveal the important antecedent characteristics (e.g., motivation – “tell me why you like selling?” confidence – “how would you go about asking directly for the sale,” risk-taking – “describe how you would market a property for your biggest client?”) can give a manager or broker further insight into whether a younger candidate has the internal make-up to demonstrate proactive behaviors.

Coach and Mentor New Real Estate Agent to be More Proactive. Developing and fostering the proactive nature of your sales agents can help maximize their job involvement and sales results. Coaching is one of the key areas where managers can accelerate and reinforce these benefits. Newer sales agents typically are in the exploration stage of their careers. A top concern of a new sales person is finding an occupation in which he/she can grow as an individual and professional. Therefore, it is important for a manager to recognize what motivates these new sales representatives. For an intrinsically motivated agent, demonstrating how being proactive may appeal to their sense of affecting change and being a problem-solver can connect the dots between proactive behavior and positive selling outcomes like performance and job involvement. Discussing the difference between calculated risk taking and haphazard risk taking could serve to head off costly mistakes that newer agents are prone to making.

Retaining Proactive Real Estate Reps. A key issue in organizations is retaining high performing salespeople. Aside from the high cost of replacing a salesperson (time and expense), the cost is felt via disruptive client relationships, unattended sales territories, and opportunity costs of not pursuing new business. Thus, retaining a high performing proactive salesperson is even more critical. Given that proactive agents tend to be intrinsically motivated, providing these individuals with rewards that appeal to their sense of pride, accomplishment, and job growth is important. Highlighting a new agent’s success or big sale can feed his/her need for achievement or self-actualization. Rewarding an agent’s risk-taking actions (e.g., advertising in a new form a media, creative property pricing or financing, etc.) may also signal an appreciation for proactive behavior.

Conclusion

Our research shows that proactive behavior among newer salespersons can have positive sales outcomes. Therefore, it is important for managers to be able identify key characteristics indicative of a proactive selling approach. In the industry of commercial real estate, this is especially beneficial for all stakeholders. For the client, an agent’s proactive selling approach can lead to creative solutions that address complex business problems. For the selling agent and broker/selling organization, proactivity can affect sales performance, job involvement, and potentially longevity in a real estate sales career.

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About the Author

Michael L. Mallin, PhD

Professor of Marketing and Sales, University of Toledo

Michael Mallin is a Professor at The University of Toledo's Edward H. Schmidt School of Professional Sales. He holds a PhD in Marketing from Kent State University, an MBA from The University of Dayton, and a BS in Computer & Information Sciences from The Ohio State University. He teaches and researches in the area of sales and sales management. His research interests include salesforce leadership, motivation, and performance issues. His research has appeared in the *Journal of Personal Selling & Sales Management*, *Journal of Selling & Major Account Management*, *Direct Marketing - An International Journal*, *Journal of Entrepreneurship Education*, *American Marketing Association Educators Conference Proceedings*, and the *National Conference for Sales Management Conference Proceedings*. Prior to joining the University of Toledo, his industry experience includes positions as Sales Director for The SBC Corporation, Sales & Marketing Manager, and Account Executive for AT&T Corp.

Using Reason versus Feelings to Guide Client Decisions

Christopher K. Hsee, PhD, Yang Yang, PhD, Xingshan Zheng, PhD,
and Hanwei Wang, PhD

Predicting consumer behavior is crucial to success in any business, including real estate. Our research identifies that a key way to predict consumer behavior is through a consumer's level of what is called *lay rationalism*, which refers to the weight a consumer gives to feelings versus reason in the decision-making process. Lay rationalism differs from rationality in economics and decision theory, where feelings and reason both contribute to the rationality of individuals and their decisions. Lay rationalism, as its name suggests, identifies the day-to-day notion that consumers recognize the value of using logic over feelings when making a purchasing decision. Our research analyzes specific contexts in which consumer decisions may involve tradeoffs between feelings and reason.



Situational Factors on Lay Rationalism

Consumers place differing weights or emphases on reason versus feelings based on situational contexts. In one of our studies, we showed two different cell phones to consumers. One phone had many beneficial features where the other phone was quite simple, but aesthetically pleasing. When individuals were asked which of the two phones they prefer, the answer was consistently the logical option, the phone with more functional benefits. However, when consumers were asked which one they liked best, the individuals tended to pick the aesthetically pleasing one. Situational factors impacted what weight individuals gave to feelings versus reason. Recognizing this situational set-up can be key for real estate professionals as you guide your clients toward a purchase decision.

Measuring Lay Rationalism

Initially, we gathered statements for and against lay rationalism from colleagues as well as examples of reasons and feelings from respondents via an online data collection service. From these inputs, we generated 36 statements that represented lay rationalism such as *When making decisions, I focus on objective facts rather than on subjective feelings*. Then, we briefed a focus group of graduate students on the concept of lay rationalism and they ranked the 36 items as clearly representative, somewhat representative, or not representative. We retained items deemed as clearly representative by the super majority of participants of lay rationalism, and deemed somewhat representative by the others. This process allowed us to tailor the list to 13 statements.

Then, we tested the factor structure of the 13 statements. From a series of tests, we identified a single underlying factor within six statements which form our *lay rationalism* scale. We then tested the scale's validity by assigning individuals to either a pro-reason or pro-feeling condition where both groups received a purchasing scenario. The pro-reason group was given a statement involving a lack of feeling but top-of-the-line product specification. The pro-feeling group was told that they loved the product despite its mediocre specifications. The groups then completed the lay rationalism scale and we correlated the pro-reason and pro-feeling scenarios with the lay rational scale. Results showed a correlation between the conditioning statements and lay rational score. Even when controlling for variables such as gender, age, education, and income, the correlation was significant. The results identified that more lay-rationalistic people were willing to purchase the product in the pro-reason condition and the opposite was true for the pro-feeling condition which demonstrates that lay-rational characteristics will be predictors of buyer behavior.

Finally, we tested whether demographic variables related to lay-rationalism levels. Using regression analyses, we found that men tended to be more lay rationalistic than women and that older, more educated, and higher-income individuals tended to be more lay rationalistic than their counterparts, but only to a small degree.

Using Lay Rationalism to Predict Consumer Behavior

Our research included three studies designed to measure the predictability of lay rationalism for product preferences, savings decisions, and donation decisions. In study one, we tested products categorized as either hedonistic or utilitarian. Utilitarian products are characterized as being useful and practical, while hedonic products are experiential, fun and for pleasure. Understanding a consumer's preference for hedonic and utilitarian products is crucial to market analysis. Our research shows that lay rationalism can predict consumer product preferences, as more lay-rationalistic people, as compared to less lay-rationalistic people, rely on feelings less. Feelings are by their nature hedonic, and thus, more lay-rationalistic individuals lean away from hedonic and more toward utilitarian products.

Spending money now or saving money for the future are tendencies that vary from consumer to consumer. While one's tendency to save rather than spend is based on a array of factors, lay rationalism also plays a role. More lay-rationalistic individuals, compared to their less lay-rationalistic counterparts, tend to save more money than spend, putting more emphasis on reason than feelings. Lay rationalism also can predict one's tendency to donate to charity. More lay-rational people donate less to charity than their less lay-rational counterparts. Such philanthropic behavior seems to stem from emotions of sympathy and empathy, key motives for making charitable contributions. These three additional studies provide evidence of the impact lay-rationalism can have on consumer behavior.

Impact of Lay Rationalism on Consumer Real Estate Transactions

Our research into lay rationalism provides a significant way to understand consumers and their behaviors. Understanding whether customers are more lay-rationalistic will help real estate professionals predict the customers' purchasing and spending behaviors. The lay rationalism scale, reproduced in the table, can be used in initial encounters with clients to gauge the client's tendency to prioritize or weight reason over feelings. In fact, when working with a home-buying party (e.g., husband and wife), this scale may prove helpful to the agent in understanding the extent to which the pair may differ in their decision-making approach.



Lay rationalism predictions can guide you as a real estate professional in your client approach, the language of your written and verbal communications, and even the properties to show to particular clients. Lay rationalism provides one more insight into your client's possible behavior as a consumer and may be key to aligning client interactions for greater success.

Recommended Reading

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About the Authors

Christopher K. Hsee, PhD

Theodore O. Yntema Professor of Behavioral Science and Marketing, Booth School of Business, University of Chicago

Christopher K. Hsee (PhD in psychology from Yale) is the Theodore O. Yntema Professor of Behavioral Science and Marketing at the University of Chicago's Booth School of Business. His research interests include psychology, marketing, management, and happiness.

Yang Yang, PhD

Assistant Professor of Marketing, University of Florida

Yang Yang (PhD in Marketing from Carnegie Mellon) conducts research on consumption experiences, judgment and decision-making. Her research has been published in the *Journal of Marketing Research*, the *Journal of Experimental Social Psychology*, and the *Journal of Consumer Research*.

Xingshan Zheng, PhD

Associate Professor, Antai College of Economics & Management, Shanghai Jiao Tong University

Xingshan Zheng graduated with a master's degree from Shanghai Jiaotong University, Department of Material Engineering and received his doctor's degree in Business Administration at Antai School of Management in Jiaotong University. He has worked as an engineer at Shanghai Metallurgy Equipment Company, a project manager in Maxwell International Trade (Shanghai) Company and is now an associate professor at Antai College of Economics & Management in Shanghai Jiao Tong University. He teaches Management of Human Resources, Organizational Behavior in the undergraduate and the MBA program.

Hanwei Wang, PhD

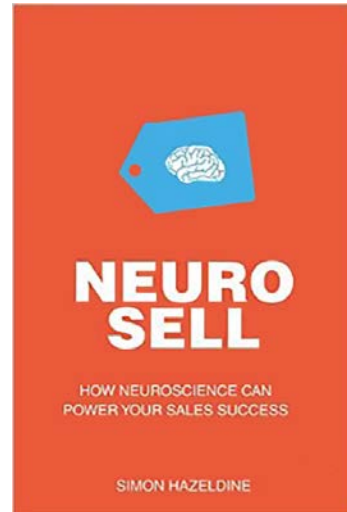
Assistant Professor at School of Business, Jiangnan University

Hanwei Wang (PhD in Business Administration from Shanghai Jiao Tong University) is an Assistant Professor at School of Business, Jiangnan University. His research interests include marketing and happiness.

INSIDER: Neuro-Sell: How Neuroscience Can Power Your Sales Success

John Tran, MBA Candidate

Is there a connection between neuroscience and selling real estate? By exploring key functions of the brain's decision-making processes, Simon Hazeldine has discovered a way for sales professionals to increase the likelihood of closing a sale. Studying how the brain consciously and unconsciously processes information and relating it back to the world of real estate bridges the two disciplines in ways that give real estate professionals a true advantage.



Think Point #1: The Client's Three Brains

In order to sell effectively, real estate professionals should have a clear understanding of the brain's structure.

- 1) **The Old Brain** –the brainstem and cerebellum, commonly referred to as the *reptilian brain*, has a lot to do with selling. As the gate keeper for the rest of the brain, the reptilian brain acts like a secretary and determines what calls make it through to the CEO. Two types of information are allowed through the old brain, information that a) is of current value, and b) relates to potential threats and danger.

The reptilian brain seeks survival, avoids pain, and prioritizes comfort. When initially meeting someone, the reptilian brain subconsciously triggers a response to determine if the stranger is a friend or foe. For example, if a potential client initially meets a real estate agent, a fight/flight/freeze response is automatically triggered and message receptors may shut down, a response taking fractions of a second. As a result, communication with the client may become incredibly difficult. A stellar first impression is essential at this stage. Make sure the environment in which you meet your client for the first time is comfortable and inviting. Messages from the real estate professional to the client should always be based around information that adds value to the client's situation. As a real estate professional, communicate to your clients that your goal is to move them to a situation in which they will be more comfortable, and if this is accomplished, the client will be more receptive to your messages as the relationship moves forward.

- 2) **The Middle Brain** – also known as the emotional brain, helps real estate agents understand how much of a role the environment plays in the client's decision-making process. This part of the brain creates emotions and urges that directly influence behavior. The most active section of the middle brain is called the *fear system*. When this part of the brain detects danger, it maximizes brain functions and decision making in ways that it believes will enhance survival. A brain registering danger may shut down messages you are trying to

communicate to the client. The key take away for real estate agents is to never stimulate the fear system in the middle brain. Professor Joseph Ledoux, a neuroscientist, discovered scientifically that emotional arousal in the brain dominates what is called *control thinking*. Keep your clients' emotions in consideration throughout the entire sales process because their emotions can have more of an effect than your logical reasoning when it comes to choosing to buy or not.

- 3) **The New Brain** –referred to as the *rational brain*, is responsible for analyzing complex data and carrying out thought processes that separate humans from animals. Highly complex, the new brain fulfills four main purposes:
- 1) Sensing – uses the five senses to obtain information on the environment
 - 2) Integration – gathers all of the information for processing, making meaning out of the information
 - 3) Creating ideas and plans – takes the integrated information and forms new ideas
 - 4) Execution – uses motor functions to act upon the ideas and plans created

It is helpful to understand that every step of the sales process travels through these stages of the brain, both consciously and unconsciously. With this knowledge, real estate professionals can look at their own sales process and enhance the stages that stimulate the four main purposes of the new brain, while eliminating non-value adding information at the same time.

Try your best to never put your client in a situation that is confusing or uncomfortable. Use the environment of your office, and even open homes, to stimulate all of their senses to keep them interested and engaged. When it comes to the new brain's functions of creating plans and executing them, compliment that process by eliminating any stages in your own sales process that can hinder the customer progressing to closing on a deal with you. Supplying them with quick, timely, and valuable information will help move that process along. Check lists and process maps may also help smooth your client's progress toward purchasing a home.

Think Point #2: The Four Client Colors

Clients think and act differently, which means their buying behaviors may vary. If real estate professionals understand how their clients buy, they can sell to their clients in ways that best suit them and make them the most comfortable.

Green Client - Green clients are curious, creative, and energetic. They enjoy seeing new things and tend to be spontaneous. If you can show these types of clients something innovative, new, or novel, you will have their full attention. Focus on creating stimulating environments that are unique when presenting a home. In your messages to the client, always communicate how *excited* you are to show them the next property as this will spark their interest.

Blue Client – Blue clients are compassionate, loyal, and helpful. They tend to be polite and agreeable. Blue clients dislike conflict throughout the sales process and would rather promote

good feelings. As buyers, they approach new situations with caution until they have a clear understanding of the environment and how it will affect the relationships they value. The quality of the relationship between the agent and the blue client is crucial. Promoting a sense of partnership, reliability, and friendliness is important when working with a blue client. Real estate professionals should be sensitive to the fact that blue client personalities can take a considerable amount of time to come to a conclusion. It is perfectly acceptable to outline every single extensive detail of a property when communicating with these clients.

Red Client – Red clients are goal-oriented and are focused on work. They tend to be authoritative and assertive and as buyers they want to be in an environment where they feel they can control the results. It is important to balance their inclination towards rapid action with thoughtful decision-making processes that will add value to their work and the relationship itself. As a real estate professional, be straightforward with them as they value the main points of the big picture over the details. Be quick and courteous when it comes to answering their questions, and don't hesitate to intervene if you believe the red client is coming to a decision too abruptly.



Gold Client – Gold clients tend to be analytical, guarded, rule-oriented, loyal, and competent. Details are incredibly important to gold clients. Gold clients prefer planning and processes over spontaneity. They can be slow to come to conclusions because of their cautious and meticulous nature which is important for sales professionals to keep in mind. Provide these types of clients with plenty of supplementary materials outlining the details of the properties you are introducing to them. These types of clients also prefer planned out schedules complete with addresses, directions, and times before the initial face-to-face meeting.

Think Point #3 – The 8 Stage, Neuro-Sell-Friendly Selling Process

Hazeldine believes that the job of a sales professional is to serve clients by helping them make the right decisions. For this purpose, Hazeldine created the Neuro-Sell brain-friendly selling process, a strategy focused on the client which creates an environment for clients to actively engage in the decision-making process. The key: nothing is pushed or forced upon the client.

- 1) **Consider** – Before client encounters, be sure to consider what they want and what you can offer. Every encounter with clients should have a purpose, and the purpose should either be to close the sale, or to advance the process. Communication that focuses on the goal will benefit clients and keep them more engaged throughout the entire process.
- 2) **Comfort: connect** - As mentioned previously, meeting a client for the first time will subconsciously trigger that *friend* or *foe* response. To make yourself more friendly to the client's brain and more comfortable to the client, a real estate professional needs to:

- a. Smile
 - b. Use open, relaxed body language
 - c. Raise your eyebrows when first making eye contact with the client (a sign you feel positively about the encounter)
 - d. Keep your voice modulation and tone calm; the speed of your voice should be controlled and gentle
- 3) **Comfort: chameleon** – Studies show that people who feel comfortable with each other mirror each other’s actions. Real estate professionals who are strong in this process speak with their clients in a similar tone and pace. Echoing a client’s “nodding” and “leaning forward” actions draws in the client. Being in an environment where the client feels comfortable will help them focus on the task at hand.
- 4) **Comfort: control** – It is important to monitor the health of the relationship between you and your client and remain in control. Real estate professionals should always be focused on maximizing clients’ sense of comfort since being comfortable plays such a huge part in the brain’s conscious and unconscious decision-making processes. Keep clients comfortable by keeping them informed and up-to-date on the property-buying process at all stages.
- 5) **Context and Catalyze** – This stage of the sales process requires the real estate professional to have a clear understanding of what the client’s goals, needs, challenges, and problems are. Once the needs are established, you can encourage the client to take action. Remember to move your clients from “pain to comfort.” For example, your client may be relocating his family to a new home. After you have a good idea of what the client’s family is looking for, convince the client that you are the one truly capable of moving the client’s family into the home that fits their needs. You can provide comfort in a very stressful time for the client.
- 6) **Information Check**--be sure to know the answers to these questions:
- a. **Cash** – Are you aware of the client’s budget?
 - b. **Criteria** – Do you understand what the client is looking for and have you prioritized his or her needs?
 - c. **Authority** – Are you aware of the client’s decision-making process and the other people involved in closing the deal?
 - d. **Pain** – Are you aware of the negative outcomes the client may face if he does not move forward with your recommendation? Does he agree with your assessment?
 - e. **Pleasure** – Are you and the client aware of the positive outcomes of a successful deal?

This phase of the process enables a real estate agent to propose realistic properties that fit the client’s needs. By knowing the negative and positive outcomes of working or not working

with you, you can encourage the client to move forward with his decision in a way that appeals to his brain, pain to pleasure.

- 7) **Convince** - this phase of the Neuro-Sell process has to do with understanding your client's color and convincing him that moving forward with your proposition is a positive action.
 - a. **Curiosity** – *Green Client*
 - b. **Clarity** – *Blue Client*
 - c. **Concrete** – *Red Client*
 - d. **Certainty and Credibility** – *Gold Client*

By understanding a client's color, the real estate agent can make changes in the way she communicates and shows properties to clients. Maximize the power of knowing what really appeals to clients and use that information to your advantage.

- 8) **Confirm and Conclude** – Now, it is time to help the client make a final decision. Remember that people are seeking to buy: (1) a solution to a problem (attempting to avoid pain) and (2) good feelings (pleasure). An effective way to conclude is to a) remind clients of the pain they want to avoid and b) remind clients of the pleasure and positive outcomes that will be a result of moving forward with you. As a real estate professional, you are the change agent that can solve many of your clients' problems. Let them know that you are the solution to what can be a very stressful property-buying period in their lives. Let them know that the properties you are recommending will take them out of their stressful situation and into a more desirable state. This type of communication will make your proposition more appealing to their minds and they will be more open to your messages moving forward.

Recommended Reading

Hazeldine, Simon (2014), *Neuro-Sell: How Neuroscience Can Power Your Sales Success*, Koga Page.

About the Author

John Tran, MBA Candidate Baylor University

John Tran is a graduate student from Dallas, Texas. He earned his bachelor's degree in Business Administration with a concentration in Healthcare Management at the University of Texas at Dallas. Before enrolling at Baylor, John worked at both the American Heart Association and Texas Health Presbyterian Hospital in Dallas. John is currently pursuing an MBA with a concentration in healthcare and plans to pursue a career in hospital business operations.

INSIDER: Socializing for a Spark: Finding Winning Ideas Through Your Connections

Wesley Bryan, MBA Candidate

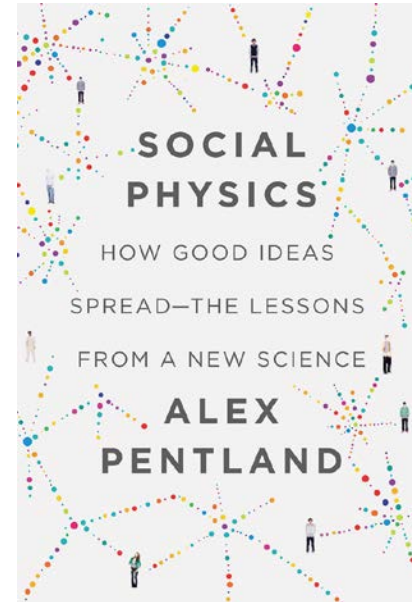
We make connections every day, in person, over the phone or email, through LinkedIn, and even via Snapchat. Every opportunity we have to meet people is another connection to a new prospective client. But, can this network also be the source for innovations and new ideas? The answer seems like a simple yes. In *Social Physics*, the author, Alex Pentland, describes the implications of social networks and shows how idea exchange goes far beyond what we might expect and how social networks have important implications for real estate professionals.

Think Point 1: Where Do We Find Ideas and How Do They Get to Us?

Everything seems to be built from the process of idea flow and social learning. We get ideas by watching others, and in doing so, learn new behaviors and practices. It's innate to us as human beings and even to the animal kingdom. Habits, preferences, and beliefs stem from such learning as social learning is key to adapting to changing environments.

There are, of course, many places where we can come into contact with new ideas. Seeking out and engaging with new people is one key to improving your ideas. Pursuing a diverse group of people with multiple backgrounds will help broaden your viewpoint. Pentland notes that this is especially useful when making important decisions. In fact, he recommends looking particularly for individuals who like to think unconventionally. Time is limited so rather than engaging with as many people as possible, ensure that the people with whom you are engaging are as diverse as possible.

Pentland states "idea flow is the chance that a person's behavior will change when a new idea has appeared in their extended social network." This process of idea flow is the core through which we begin to look at social learning. Through one of the author's previous studies on a stock-trading system, he describes how people's social learning emanates from their reliance on advice and actions of others. Those profiting the most were not those who followed other people's opinions the most or those who followed other people's opinions the least. The most profitable were those who chose to have a balance of these extremes. In sum, the most profitable were those having access to a diversity of ideas.



Real estate agents can employ this idea-finding exercise in their work environments. You can seek out many different opinions when looking for ways in which to reach new clients. Agents can choose to surround themselves with diverse individuals in order to get a better range of feedback and support for open houses and real estate advice. Attending open houses in neighborhoods or areas in which the agent does *not* do business may yield new perspectives. New real estate locations and methods for reaching customers can be sparked by conversations with others, even those who are not involved in the real estate industry. Seek to learn from former clients by requesting feedback and staying in touch to determine what might be done differently.

Think Point 2: Fit

Pentland discusses social learning and idea flow, he points out that human preferences are influenced by the preferences of those around them. Consequently we have an innate drive to want to fit into our surroundings and fit into our community. Real close friends (that doesn't include virtual friends) have much more of an influence on us than those that we know only through social media. We feel drawn to fit in with those we see often. The ideas and opinions we hear from those closest to us will have the largest impact.

Another way fit reveals itself in our lives is through making work-related decisions. To get everyone to work together, we must recognize that we cannot change people's behavior. We must accept the diversity of behaviors and opinions that become evident in the workplace. While

forming a cooperative, group-based decision is important, adequate time and energy is necessary to enable this to happen.



One way in which real estate agents can use fit in their professional work environments is to treat clients as if they are close friends. Since people tend to listen to the ideas and opinions of those they are close to, the closer an agent can make a potential client feel, the more likely the agent will transition the person to true client

status. Staying at a surface-level in conversations does not promise to close the relational distance between two people. Delving into richer conversations with clients in search of “things in common” can also yield increased connectivity and improved fit.

Think Point 3: Improvement of Organizations

These considerations inevitably flow into looking to improve organizations and their work environment. Work groups can often times perform better when forming decisions than they do

as a group. Their group decisions often have multiple influences that are drawn from the idea flow that each member contributes to the group.

The more communication and interactions that take place the better ideas are transitioned between coworkers. This in turn can increase productiveness of everyone within a work environment. These connections also improve each other's creativity. Work should be a social experience that spreads ideas, which in turn improves everyone's performance. Social media can also be used to improve processes and the understanding of one's community. All of these different elements of "fit" and engagement lead up to more cooperation, built up trust, and improved interactions in the work environment.

Real estate agents have ongoing connections with potential and current clients which allow easy transfer of ideas. If the agent carefully listens to his/her clients and prospective clients, they are likely to spark new ideas for building the agent's business. Working within a collaborative team can also spark new ideas and thinking if the agency's culture is marked by trust and mutual sharing. As we know, the job of a real estate agent is significantly social. And yet, agents can overlook the power of these social connections unless they make a concerted effort to be seeking new ideas. Pentland's *Social Physics* encourages agents to think like scientists and look for those sparks that just made yield winning innovations.

Recommended Reading

Pentland, Alex (2014), *Social Physics*, New York, NY: The Penguin Press.

About the Author

Wesley Bryan

MBA Candidate - Health Care, Baylor University

Wesley is a graduate student from Waco, Texas. He earned his Bachelors of Science in Psychology from Baylor University. Before beginning graduate school at Baylor, Wesley worked as a Merchandise Manager at Barnes and Noble. Wesley is currently seeking the MBA degree with a concentration in healthcare and plans to work within the healthcare industry.

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Baylor University » Keller Center for Research » Hankamer School of Business
One Bear Place #98007 » Waco, TX 76798
www.baylor.edu/kellercenter » Keller_Center@baylor.edu

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