

Keller Center Research Report



» December 2019, Volume 12, Issue 4

Smartphone Use: Too Much of a Good Thing?

Meredith E. David, PhD, James A. Roberts, PhD, and Brett Christenson, PhD Candidate

How to Win the Sale: Adaptive Sales Techniques

Bryan Hochstein, PhD, Willy Bolander, PhD, Ronald Goldsmith, PhD, and Christopher R. Plouffe, PhD

The Risks of Ethical Behavior

Matthew J. Quade, PhD, Rebecca L. Greenbaum, PhD, and Mary B. Mawritz, PhD

Maximizing the Benefits of Customer Referrals

Christophe Van den Bulte, PhD, Emanuel Bayer, PhD, Bernd Skiera, PhD, and Philipp Schmitt, PhD

INSIDER: One Million Followers

Arjun Azavedo, MBA Candidate

INSIDER: Explosive Growth

Maria Arauz, MBA Candidate

Keller Center Research Report

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

Keller Center Research Report is a trademark owned by Baylor University.
© Baylor University. All rights reserved.

Editorial Staff

Randy Hacker, MBA
Executive Director

Marjorie Cooper, PhD
Editor

Amanda Rodriguez, MBA
Associate Editor

Table of Contents

Smartphone Use: Too Much of a Good Thing?	1
<i>Meredith E. David, PhD, James A. Roberts, PhD, and Brett Christenson, PhD Candidate</i>	
How to Win the Sale: Adaptive Sales Techniques	6
<i>Bryan Hochstein, PhD, Willy Bolander, PhD, Ronald Goldsmith, PhD, and Christopher R. Plouffe, PhD</i>	
The Risks of Ethical Behavior	12
<i>Matthew J. Quade, PhD, Rebecca L. Greenbaum, PhD, and Mary B. Mawritz, PhD</i>	
Customer Referral Programs	17
<i>Christophe Van den Bulte, PhD, Emanuel Bayer, PhD, Bernd Skiera, PhD, and Philipp Schmitt, PhD</i>	
INSIDER: One Million Followers	21
<i>Arjun Azavedo, MBA Candidate</i>	
INSIDER: Explosive Growth	24
<i>Maria Arauz, MBA Candidate</i>	

Smartphone Use: Too Much of a Good Thing?

Meredith E. David, PhD, James A. Roberts, PhD, and Brett Christenson, PhD Candidate

The circumference of Planet Earth is 24,901 miles of land and sea that separate the 7.7 billion people that live throughout it. With modern technology and the sheer size of our population, one would think that humankind would be more connected with one another now more than ever. In many ways, we are. We can instantly communicate with someone over 20,000 miles away from



us without a second thought. Yet, in many ways, we have never been so disconnected from one another. Rates of depression, psychological distress, and suicide have increased significantly among Americans 26 and younger (Bahrampour 2019). Mick and Fournier (1998) refer to this phenomenon as the “Paradox of Technology,” as smartphones can be both freeing and enslaving at the same time.

This disconnect has even greater implications for our younger generations, who are growing up immersed in technology. To be fair, for younger generations, embracing new technology is not a new concept. Early adoption of technology by young people is a decades-long tradition that continues today with millennials and generation Z (Junco & Cotton 2012). However, the fact that smartphones have only been around for a relatively brief period means that there is still much we don’t know about them. For example, does all smartphone use have a negative effect on our well-being? Are there specific uses of the smartphone that can have a positive effect on well-being? Our team set out to answer these questions and get a better understanding of the psychological effects of this technology.

Background

The majority of existing literature tells us that smartphone use and well-being are negatively related. However, a vast amount of this research has used self-reported data (e.g. surveying users about their smartphone use) which is widely considered unreliable. Therefore, our team wanted to collect more objective data using a new function on Apple iPhones that allows us not only to obtain actual smartphone use, but also shows which apps were used and for how long. We hoped that more detailed research with less subjective data would help explain the select literature that has reported positive relationships between smartphone use and well-being.

The structure of our studies began with two simple research questions:

- How much time do college students spend on their phones?
- Which categories of apps constitute the majority of individuals' time spent on their phones?

Smart Phone Usage

To answer these questions, we enlisted nearly 150 college undergraduates to submit their smartphone use data. Participants did this by screenshotting their cellular usage data, which includes a list of specific apps that a given individual had used over the past seven days. Also included is the amount of time spent on each of the apps, as well as other information including the total time each app was in the participant's cellphone background and battery usage. By collecting the data this way, our cellphone use data is less prone to bias and less subject to error that would likely be present if participants had to recall this information. Our results showed that although smartphone use ranged from less than an hour per day to nearly eight hours per day, participants on average spent around three hours per day using their smartphones.

We then looked to classify all of the apps that were used into categories based on their type. Specifically, we categorized the apps into the 23 primary categories which appear on the Apple app store. Our results showed that Apple apps are used the most by far. These results are not surprising since the apps in this category come standard on the Apple iPhones (e.g., settings, home, lock screen, phone). The next two most used categories of apps were social networking apps (e.g., Facebook, Twitter) and photo/video apps (e.g., Instagram, Snapchat), both of which were used far more than any remaining category of app.

Association with Well-Being

We next sought to answer the following two questions on the relationship between smartphones and well-being:

- Is actual smartphone use positively or negatively associated with individual well-being?
- Are certain categories of apps more or less associated with negative well-being?

To answer these questions, we contacted the participants from the original study two weeks after they had submitted their usage data and had them fill out a short survey. The survey assessed relational and individual well-being measures, such as relationship conflict and feelings of anxiety and depression. The results showed that total time spent using smartphone apps is positively correlated with conflict in personal relationships, as well as feelings of depression and anxiety. At first glance, these initial results do not differ from the existing literature. However, our results within specific categories show that this is not the whole story.

To provide a more detailed explanation of the impact of cellphone use on well-being, we examined whether the use of certain apps is associated with relational and/or subjective well-being. These results indicated that nine of the 23 categories were significant predictors of relationship conflict. Specifically, time spent using the news, utilities, shopping, finance, health, lifestyle, and Apple apps are generally associated with more conflict in relationships. Interestingly, however, time spent on productivity apps and weather apps is associated with less conflict in relationships. These findings suggest that not all app usage is harmful to relational well-being.

In terms of overall well-being, time spent using photo/video apps is associated with higher depression and anxiety. Conversely, time spent on book apps is associated with less depression and anxiety. These results were surprising, as they gave us a better understanding of how smartphones affect our psychological state. We now know that it may be oversimplified to state that smartphone use has harmful effects on well-being. The impact of smartphone use depends on *which* apps the user spends the majority of his or her time.

Implications for Real Estate

Thinking in terms of the real estate industry, the results of our studies are relevant for multiple reasons. First of all, real estate agents typically find themselves spending a large portion of time outside of their office. These agents are on the road traveling to various properties all over the city; however, they still need to be able to communicate and interact for their business. Agents should not only be mindful of how much time they are spending on their smartphone but also what kinds of apps they are using the most often. It would be a disservice to suggest that agents should cut back on smartphone use completely, as it would be impractical and an oversimplification of the issue.

As an agent, consider what types of apps you are using most during the day. If you are using apps associated with negative well-being, consider setting aside a block of time during the day to engage on social media, post what you need to during that time, and then log off. If you have an important meeting or are having a stressful day, consider using apps associated with positive well-being, such as an e-reader or a guided meditation app. By being more conscious of your smartphone usage, as well as which applications you use, there is a good chance you will not only experience improved subjective well-being but job satisfaction as well.



The next time we are quick to blame technology for all of society's shortcomings, it is important to remember that not all of technology affects us the same way. It is up to us to decide whether technology will be a positive or a negative force in our life.

Recommended Reading

David, Meredith E., James A. Roberts, and Brett Christenson (2017), "Too Much of a Good Thing: Investigating the Association between Actual Smartphone Use and Individual Well-Being," *International Journal of Human-Computer Interaction*, 34, 265-275.

References

Bahrampour, Tara (2019), "Mental Health Problems Rise Significantly Among Young Americans," *The Washington Post*, https://www.washingtonpost.com/local/social-issues/mental-health-problems-rise-significantly-among-young-americans/2019/03/14/5d4fffe8-460c-11e9-90f0-0ccfec87a61_story.html?noredirect=on&utm_term=.84a1ce962a8a.

Junco, Reynol and Shelia R. Cotton (2012), "The Relationship Between Multitasking and Academic Performance," *Computers & Education*, 59(2), 505-514.

Mick, David Glen and Susan Fournier (1998), "Paradoxes of Technology: Consumer Cognizance, Emotions, and Coping Strategies," *Journal of Consumer Research*, 25(2), 123-143.

About the Authors

Meredith E. David, PhD

Assistant Professor, Baylor University

Dr. Meredith David (PhD – University of South Carolina) joined the Baylor marketing faculty in 2014. Her research focuses on marketing strategies with an emphasis on consumer behavior and well-being. Recently, her research has explored how new media technologies, including smartphones, impact personal and workplace relationships. Dr. David has also published research related to customized pricing tactics, interpersonal attachment styles, and the pursuit of health goals. Her research appears in numerous journals including the *Journal of Business Research*, *Journal of the Association for Consumer Research*, *Journal of Advertising*, *European Journal of Marketing*, and *Psychology & Marketing*, among others. Dr. David has been interviewed and quoted for her research in many national and international news outlets, including ABC News, Fox News, Oprah.com, Redbook Magazine, Consumer Reports, and Health Magazine, among others.

James A. Roberts, PhD

Director of the Center for Non-Profit Leadership and Service and Ben Williams Professor in Marketing, Baylor University

Dr. Jim Roberts (PhD - University of Nebraska-Lincoln) has been a member of the Baylor marketing faculty since 1991. He has had approximately 80 articles published in numerous academic journals. He is also the author of two books, *Shiny Objects* (Harper Collins) and *Too Much of a Good Thing: Are You Addicted to your Smartphone?*

Dr. Roberts is a nationally recognized expert on consumer behavior. His research has been quoted and/or featured on The O'Reilly Factor, The Doctors on CBS, Time.com, *US News & World Report*, *New York Times*, *USA Today*, *The Wall Street Journal*, National Public Radio, *Cosmopolitan Magazine*, *Glamour*, and many other newspapers, magazines, websites, and television networks. Dr. Roberts has also appeared on the CBS Early Show, ABC World News Tonight, ABC Good Morning America, and NBC The Today Show. His current research interests include the pursuit of happiness through money and material possessions and investigating the antecedents and consequences of smartphone addiction and its impact on personal happiness and professional productivity.

Brett Christenson, PhD Candidate

The University of Alabama

Brett Christenson is a doctoral student in the Marketing Department of Culverhouse College of Commerce at The University of Alabama. Prior to joining the PhD program, he was a lecturer in the Marketing Department at Baylor University. Brett's research interest falls broadly in the area of consumer behavior, with a specific interest in cross-modal correspondence, sensory marketing, music, construal, and negative emotions. As a PhD student, Brett has received two awards for research funding through SEiR Summer Research Support as well as being part of a best poster award at the 2017 Frontiers in Service Conference.

How to Win the Sale: Adaptive Sales Techniques

Bryan Hochstein, PhD, Willy Bolander, PhD, Ronald Goldsmith, PhD, and Christopher R. Plouffe, PhD

As technology has developed and grown, so too has our collective and individual knowledge about the goods and services we buy. The world's wares are at our fingertips, so consumers now come to the table better informed and aware than at any point in the past. As a result, interpersonal selling faces questions surrounding its continued necessity, effectiveness, and future. We can now buy cars at the push of a button. Consider the purchase procedure



for Tesla. There are no stores, lots, or salespeople; yet the company continues to receive interest and orders. Consider the many real-estate apps like Zillow that provide detailed information and connect home buyers with sellers. What can salespeople do to maximize their efficacy in the modern sales environment? Disruptive technologies are changing the way the sales process occurs; therefore understanding the best methods of interacting with customers is paramount to success.

In our research, we identify and determine a link between “consumer informedness” of the product being purchased and the effectiveness of various sales techniques. Further, we aim to specify different methods and forms of adaptive sales techniques on which salespeople could capitalize. Past work is extensive on the need for adaptation by salespeople and on specific behavioral tactics to reach sales success, but little-to-no evidence exists on specific adaptive techniques. Our research provides initial clues in this area by offering insights on adaptive sales techniques based on consumers’ perceived informedness given high-involvement purchase decisions (e.g., automobiles; real estate; investments, etc.).

The research examines three broad types of seller influence tactics (SITs)—internalization, compliance, and identification—and their interaction with consumers’ perceptions of their own informedness, regardless of their true or “real” understanding of the details associated with these purchases and sales transactions. Internalization tactics are successful when the consumer determines the actions of the seller to be in his or her interest and accepts those contributions. Compliance tactics tend to involve superficial evaluation and reactionary decision-making, rather than deep reflection and evaluation. Identification tactics revolve around emotional connection

and engagement between the seller and consumer that influence purchase decisions. Each of these techniques and SITs are explored in greater detail below.

Internalization Seller Influence Tactics

Internalization involves two specific SITs: information exchange and recommendation. *Information exchange* involves a back and forth questioning and answering between the salesperson and the consumer to determine what knowledge the consumer already has about the product. Through questioning and observation, salespeople can assess the level of informedness consumers exhibit and adapt their sales approach accordingly. Once the consumer's informedness is determined, the *recommendation* element of internalization SITs offers the opportunity to recommend specific and targeted solutions to satisfy customer needs. Together, successful applications of internalization SITs acknowledge and affirm the consumer's informedness and improves likelihood of purchase.

Our expectation is that information exchange and recommendation become more effective as informedness increases, and that high informedness produces a high willingness to purchase. The results of our research in fact confirm this. Overall, higher informedness by consumers creates positive dispositions to buy when internalization SITs were used, with the most informed consumers responding in the greatest positive degree. As informedness decreases, internalization SITs are still effective, albeit to a lesser extent than with consumers who have maximum informedness.

One key point is that internalization SITs do not prompt positive consumer reactions from those with the lowest informedness. Lacking much of the information needed going into the sales interaction, consumers in this situation likely feel overwhelmed by the volume of information provided to them by salespeople. So determining the requisite level of consumer informedness should be a priority in the opening stages of the sales process, with salespeople shifting away from internalization and considering alternative SITs as informedness lessens.

Compliance SITs

Compliance SITs are composed of threats and promises. Threats, or “consequences” when used in reference to consumer sales, imply some degree of negative effect to the consumer as a result of noncompliance. Whether highlighting a missed opportunity (“If you don’t act now it will be gone”) or instilling a sense of urgency (“Things are moving quickly, so you need to act today”), threats allow a salesperson to increase the stakes for the consumer in an attempt to secure the sale. Promises, or “incentives” for consumer selling, on the other hand, involve consumers receiving some reward in exchange for agreement and acceptance of sales terms, demands, or the suggestions of the salesperson. These involve some external value given to consumers, such as a reduction in closing costs for a house or including upgrades in a vehicle for no additional charge if the seller's demands are met.

In a reversal from the internalization SITs, our thinking is that when consumer informedness is high, we will see a reduction in compliance efficacy, with little-to-no sales success using compliance SITs. The results of our research support these hypotheses, supplementing prior research on sales pressure to include an additional dimension of consumer informedness. For the most highly informed customers, compliance SITs meet strong opposition and significantly reduce the likelihood of successfully completing the sales process. Consumers entering the sales environment with little-to-no informedness, however, respond quite favorably to compliance SITs, which increase the likelihood of the salesperson ultimately making the sale.

These results point to a likely explanation for the link between high informedness and the failure of threats and promises as seller influence tactics. Whereas internalization tactics are successful when the customer's knowledge and information are validated, the inherently emotional appeal of compliance SITs leave little room for recognizing and capitalizing on that informedness. Compliance SITs capitalize on rapid decision-making based on external factors which typically reside beyond one's perception of informedness. In fact, misapplication of compliance SITs on the highly-informed consumer may be met with skepticism and mistrust, whereas the same tactic may find success with a less-informed consumer or those susceptible to greater emotional reactions. As before, the conclusion is that it is crucial for salespeople to identify their customers' level of informedness to best adapt their sales approach to one that will provide the highest odds of success.

Identification SITs



Identification SITs include ingratiation and inspirational appeal. Ingratiation appeals are centered on the formation of a relational bond between seller and consumer. Often manifested in the form of flattery or compliments, these appeals serve to solidify the consumer relationship with the salesperson by affirming some status point or other area of individual interest—but not necessarily their informedness—in order to build rapport and legitimacy.

Inspirational appeals target and highlight shared values and communal similarities between buyer and seller, with a goal of producing favorable emotional reactions and connections that lay the foundation for a completed sale. From appeals at a macro level (such as national pride) with the “Buy American” movement, to more micro-level appeals such as fund-raising for a local school (e.g., a chocolate bar drive), inspirational appeals give the buyer reasons to buy based on

inclusion and belonging to some shared group, geography, entity (e.g., a company, university etc.) which is important to them.

Similar to compliance SITs, ingratiation and inspirational appeal are far more shallow in their reach than internalization SITs. Understanding this, we proposed in our research that increasing informedness levels by consumers will correspondingly decrease the efficacy of identification SITs to generate sales. In other words, those consumers with the highest levels of individual informedness will exhibit significantly lower willingness to buy; and their less-informed counterparts should respond much more favorably to identification approaches. Our results show all of this to be the case. The effect of identification tactics on consumer purchase at the highest level of informedness is insignificant, greatly increasing in significance as informedness drops. Consumers with the lowest level of informedness again respond heavily to identification tactics in driving sales to completion.

So rather than centering on the affirmation of consumer informedness and knowledge, salespeople need to understand that emotionally charged attempts can appear forced and illegitimate by the most informed consumers. As such, identification tactics may prompt resistance to the sales process by these individuals. On the other hand, consumers lacking information (low informedness) do provide an opportunity for salespeople to step in and use emotional influences to push consumers towards a positive sales outcome.

Conclusion

The addition of the lens of “consumer informedness” when analyzing the sales process can yield great benefit for the salesperson. Determining the requisite level of consumer informedness early in the sales process will provide key clues as to the best course of action for salespeople in adapting sales techniques to the situation at hand. That evaluation makes possible the application of the present research’s findings—namely that salespeople interacting with consumers who exhibit high levels of informedness should employ internalization SITs (information exchange and recommendation). As salespeople identify lesser informed consumers, however, successful adaptation requires a shift away from internalization approaches towards greater compliance (threats and promises) and identification (ingratiation and inspirational appeal) approaches.

As the efficacy of the three types of SITs evaluated in this research vary among consumers, sales managers should therefore ensure that each time their team enters a sales interaction, an individualized and unique design is used. Important here is the identification of which sales techniques individual salespeople are able to apply to all consumers, and which must be tailored based on observations of informedness. While some tactics are generally useful across all consumers (e.g., identification), specific application of internalization and compliance tactics requires careful attention. In order to avoid use of inappropriate tactics, train your salespeople to look for measures and clues to “actual” consumer informedness, and apply these lessons above to maximize the probability of the sale closing in their favor.

Recommended Reading

Hochstein, Bryan, Willy Bolander, Ronald Goldsmith, and Christopher R. Plouffe (2019), “Adapting Influence Approaches to Informed Consumers in High-Involvement Purchases: Are Salespeople Really Doomed?,” *Journal of the Academy of Marketing Science*, 47, 118-137.

Hochstein, Bryan W. and Willy Bolander (2018), "The Disruptive Impact of Customer Engagement on the Business-to-Consumer Sales Force." In *Customer Engagement Marketing*, pp. 203-218, Palgrave Macmillan, Cham.

About the Authors

Bryan Hochstein, PhD

Assistant Professor of Marketing, University of Alabama

Dr. Bryan Hochstein’s (PhD – Florida State University) research has been published in the *Journal of Marketing*, *Journal of the Academy of Marketing Science*, *Industrial Marketing Management*, *Journal of Personal Selling and Sales Management*, *Journal of Business Research*, *Marketing Letters*, and the *Journal of Marketing Theory and Practice*. His industry experience includes a twenty-year career in the service/sales industry. Bryan’s *research experience* is within the broad topic of sales. Bryan is a thought leader of research and education on Customer Success Management (CSM), and his research and teaching on CSM are among the first on the subject. Recent research topics include the CSM and the sales-service interface, CSM ambidexterity & role, and the customer’s view of CSM.

Willy Bolander, PhD

Carl DeSantis Associate Professor of Marketing, Florida State University

Dr. Willy Bolander’s (PhD – University of Houston) research focuses on influence, persuasion, and leadership in selling and sales management and has been published in various academic outlets, including the *Journal of Marketing*, *Journal of the Academy of Marketing Science*, *Journal of Personal Selling and Sales Management*, and *Journal of Business Ethics*. Willy’s insights have also been featured in a variety of non-academic business publications, including *Forbes.com* and *Training and Development (TD) Magazine*. Dr. Bolander teaches courses in selling and sales management to undergraduate, graduate, and corporate students. These students have gone on to build successful careers in the world’s top sales organizations.

Ronald Goldsmith, PhD

Richard M. Baker Professor of Marketing (Retired), Florida State University

Dr. Ronald Goldsmith’s (PhD – University of Alabama) research focuses mostly on the role of personality in consumer behavior and measurement issues, especially in the areas of innovation diffusion, consumer involvement, and services marketing. Prior to his retirement in 2016, Ron was a co-editor (North America) for *The Service Industries Journal* from 1991 to 2010. He has published over 180 articles in journals such as the *Journal of Services Marketing*, *Journal of*

Consumer Behaviour, Journal of Advertising, European Journal of Marketing, Journal of Social Psychology, Journal of the Academy of Marketing Science, and the Journal of Business Research. His book co-authored with Gordon Foxall entitled *Consumer Psychology for Marketing* was first published in 1994 and now is distributed globally in Chinese, Polish, Russian, and Korean editions. In his retirement, Ron has continued teaching, conducting research, and traveling to historical locations across the United States and abroad.

Christopher R. Plouffe, PhD

Robin T. Peterson Endowed Chair & Professor of Marketing, New Mexico State University

Dr. Christopher R. Plouffe (PhD – Ivey Business School, Western University) serves as a Full Professor within the Dept. of Marketing, College of Business, New Mexico State University (NMSU). At NMSU, he is just the second ever holder of the Robin T. Peterson Endowed Chair & Professorship in Marketing. Prior to joining NMSU, Chris was Associate Professor at the College of Business Administration, University of Akron in Ohio (2012-16). While at UA, Chris was Director of the Fisher Institute for Professional Selling, one of the nation's oldest and most storied programs in Professional Selling. Earlier in his career (2001-12), Chris held tenure-track positions at Florida State University, Washington State University, and the University of Georgia. Chris's research has appeared in: *Journal of Marketing, Journal of the Academy of Marketing Science, Information Systems Research, Personnel Psychology, Industrial Marketing Management, the Journal of Personal Selling & Sales Management, the Journal of Product Innovation Management, the European Journal of Marketing,* and elsewhere. In the first part of his career pre-PhD, Chris spent years in the high-tech industry at Hewlett-Packard (HP) selling mainframe class commercial and technical super-computers across a wide range of industry verticals. Chris's insights on marketing and sales-related issues have been quoted or mentioned in both *Fortune* magazine and *BusinessWeek*, as well as *Sales & Marketing Management, the Globe & Mail,* and elsewhere. Chris engages in strategic consulting work as well as sales training with a number of leading firms including: United Parcel Service, Eli Lilly, OE Connection, The Davey Tree Company, Carlisle Interconnect Technologies, Bell Canada Enterprises, the Home Depot and others.

The Risks of Ethical Behavior

Matthew J. Quade, PhD, Rebecca L. Greenbaum, PhD, and Mary B. Mawritz, PhD



It may seem that we are in a golden age of business ethics. Following the collapse of “too big to fail” companies like Enron and Lehman Brothers, business ethics have come to the forefront of how we define contemporary capitalism. With the passage of Sarbanes Oxley in 2002 and Dodd-Frank in 2010, corporate governance has been reshaped to foster ethical business practices. As businesses seek to take on more social

responsibility, ethics has seen a revival as well. Even business schools across the country have started mandating that students take courses in business ethics to instill the importance of ethical behavior in future business leaders.

We are now faced with entirely new ethical dilemmas in arenas such as social media and data sharing. The age of technology has muddied the waters of business ethics and created challenges for newly anointed managers. Even in light of mission statements and values that businesses implement while focusing on “doing the right thing,” the cold truth is that if managers and executives are not performing to the shareholders’ expectations, then they better keep their resumes handy. While this may be considered cynical, it is important to view both sides of the ethics argument. At every job, there are employees that will adhere to a strict ethical standard and those who value performance above all else. This stark contrast creates effects that you have probably experienced in your work life but may have never seen formalized.

Our team set out to capture what happens when there are disparities in ethical practice and job performance between employees. We also examine how ethics may have unintended consequences on the social landscape of the office.

Background

In 1954, Leon Festinger developed the social comparison theory, which states that individuals determine their own social and personal worth based on how they stack up against others. At work, it is easy to fall into the comparison trap when you are slighted for a promotion or not recognized for the excellent report you submitted, but your coworker is. It is easy to see how the negative emotions may intensify if your colleague is doing something that is deemed unethical,

such as manipulating accounts or double counting sales. You may think to yourself “If I did that, then I would probably be promoted, too...”. Does this sort of thinking create retaliatory actions among coworkers?

We used the social comparison theory as the basis for our study in determining how ethical and performance comparisons affect how employees interact with one another. The majority of existing literature on ethical behavior focuses on the benefits it may provide to your organization. However, there is little focus placed on the potential *risks* of ethical behavior.

Overview of Study

When relationships are unbalanced in terms of ethical standards, the more ethical individual will often experience negative emotions—sort of an internal alarm—that the relationship could be detrimental to them. The more ethical person’s negative emotions indicate that the less ethical person is harmful, because he or she does not play by the same set of ethical rules. These negative emotions stem from perceptions that ethical behavior can put the more ethical person at a disadvantage to his or her less ethical counterpart because following high ethical standards can come at the expense of competence and adaptability and can undermine one’s self-interests.

There is an abundant amount of research that suggests that behaving ethically may come at the expense of appearing competent, in part because upholding ethics is time-consuming and could create inefficiencies (Bird & Waters 1989). Having an ethical agenda may slow down decision-making (Brown et al. 2005) and may be considered a waste of time when making important financial, technical, and administrative decisions (Bird & Waters 1989). Furthermore, more ethical employees may believe that they are held to higher standards than less ethical coworkers, which may limit their ability to adapt. On top of all this, research has shown that behaving ethically may undermine one’s self-interest and leave an ethical employee open to be taken advantage of by an unethical employee (Wojciszke 2005).

These findings suggest that an ethical employee will experience negative emotions such as stress, apprehension, and contempt when comparing themselves to an unethical coworker. This leads to our first hypothesis that a more ethical comparison (employee deems themselves more ethical than another) is positively related to negative emotions towards the unethical employee.

So, what could make this situation any worse? If the unethical employee is not competent at his or her job, then you likely will not feel that strongly about how they are behaving. After all, many organizations believe that performance should be the most important basis for evaluating and rewarding employees (Greenbaum et al. 2012). Therefore, if you are outperforming your unethical coworker, the impact of their unethical behavior is lessened. However, what if they are outperforming you? We found that when ethical employees view themselves as being lower performers than the unethical coworker, negative emotions were exacerbated. This makes sense when you consider that many organizations base rewards on performance alone, and that

performance is often seen as an indicator for competence. When more ethical employees perceive that they are less competent, the negative emotional reactions of stress, contempt, or disgust are exacerbated. This leads to our second hypothesis: When an ethical employee perceives a coworker as unethical and a higher performer, negative emotions are exacerbated.

Negative Emotions to Toxic Behavior

Now that we have established how the employee feels about a coworker's unethical ways, we need to think about how these negative emotions manifest themselves. When people are exposed to harmful social relationships and subsequent negative emotions, they typically respond with two types of protective behaviors—to either *fight* back or *flee* the situation. These behaviors are more commonly known as “fight or flight” instincts that are engrained in human neurology to protect us from risky or dangerous situations (Elliot & Covington 2001). While we are not likely to physically fight someone in our office (although we may like to), “fighting” may include gossiping about a coworker, delaying the coworker’s work to make them look bad by giving them misleading information (social undermining), or by doing anything to harm them in terms of their work-related success, reputation, and social relationships.



“Flight” on the other hand, may include actions to minimize a person’s exposure to an unfavorable situation, thereby allowing the person to continue to survive. This could include ostracizing the employee by leaving the room when he/she enters, not including him/her in work conversations, and not inviting him/her out to lunch or coffee. The potential for these toxic behaviors leads us to our third and final hypothesis:

Employees deal with negative emotions related to comparisons of less ethical and higher performing coworkers through (a) social undermining and (b) ostracism.

Conclusion

All three of the aforementioned hypotheses were upheld in our results. When an employee views another employee as more unethical, the first employee has negative emotions toward that employee. Also, these negative emotions are strongest if the less ethical employee is perceived as a better performer. Finally, these exacerbated negative emotions often lead to retaliatory behaviors toward the more unethical employee, including “fight” or “flight” responses.

When we think more broadly about these results, it is important to first think about the incentives. Are you solely incentivizing agents to focus on performance above all else? If you are

running a firm or managing people, make it clear that high performance coupled with unethical behavior will not be celebrated. Consider recognizing staff who are making a difference and serving in the community. Restructure incentives to reward not only performance but quality work and customer service carried out with high ethical standards.

It is also important to set firm boundaries up front of what will and what will not be tolerated in terms of ethical behavior. By clearly communicating expectations, you are decreasing the ambiguity and “range of ethical standards” for different employees. New employees may have worked in an environment where a certain practice was commonplace but is frowned upon in your firm. By setting firm expectations and limiting the difference in ethical standards of employees, you will help cut down on toxic behavior and build a more supportive work environment.

Recommended Reading

Quade, Matthew J., Rebecca L. Greenbaum, and Mary B. Mawritz (2018), “If Only My Coworker Was More Ethical,” *Journal of Business Ethics*, <https://doi.org/10.1007/s10551-018-3841-2>.

References

Bird, Frederick B. and James A. Waters (1989), “The Moral Muteness of Managers,” *California Management Review*, 32(1), 73–88.

Brown, Michael E., Linda K. Treviño, and David A. Harrison (2005), “Ethical Leadership: A Social Learning Perspective for Construct Development and Testing,” *Organizational Behavior and Human Decision Processes*, 97(2), 117–134.

Elliot, Andrew J. and Martin V. Covington (2001), “Approach and Avoidance Motivation,” *Educational Psychology Review*, 13(2), 73–92.

Greenbaum, Rebecca L., Mary B. Mawritz, and Gabi Eissa (2012), “Bottom-Line Mentality as an Antecedent of Social Undermining and the Moderating Roles of Core Self-Evaluations and Conscientiousness,” *Journal of Applied Psychology*, 97(2), 343–359.

Wojciszke, Bogdan (2005), “Morality and Competence in Person- and Self-Perception,” *European Review of Social Psychology*, 16(1), 155–188.

About the Authors

Matthew J. Quade, PhD

Assistant Professor, Baylor University

Dr. Matthew J. Quade (PhD – Oklahoma State University) teaches Leadership & Organizational Behavior as well as Principled Leadership to undergraduate students. He also conducts research on behavioral ethics, including ethical leadership, ethical behavior comparisons, customer unethical behavior, abusive supervision, and ostracism. His research has been published in the *Journal of Applied Psychology*, *Personnel Psychology*, *Journal of Management*, and the *Journal of Business Ethics*, among others.

Rebecca L. Greenbaum, PhD

Professor, Rutgers University

Dr. Rebecca L. Greenbaum's (PhD – University of Central Florida) research interests include behavioral ethics, dysfunctional leadership, organizational justice, workplace deviance, and the effects of social media on workplace relationships. Her research appears in the *Academy of Management Journal*, *Journal of Applied Psychology*, *Journal of Management*, *Organizational Behaviour* and *Human Decision Processes*, and *Personnel Psychology*, among others.

Mary B. Mawritz, PhD

Associate Professor of Management, Drexel University

Dr. Mary B. Mawritz's (PhD – University of Central Florida) research interests include abusive supervision, deviant behavior, and leadership. Her research appears in the *Journal of Organizational Behavior*, *The Leadership Quarterly*, *The Journal of Management*, and *Academy of Management*, among others. Mary has served on the Editorial Review Boards of *Journal of Organizational Behavior*, *Human Relations* and *Personnel Psychology*. She also received the Drexel University Excellence in Research Award in 2014, 2015, and 2016.

Maximizing the Benefits of Customer Referrals

Christophe Van den Bulte, PhD, Emanuel Bayer, PhD, Bernd Skiera, PhD, and Philipp Schmitt, PhD

You may already intuitively know that customers referred by other customers are the best kind. They are, in fact, more loyal and profitable than customers that come from other sources. While past research has shown as much, what had not been investigated before were the reasons behind these benefits. Two explanations are better matching and social enrichment.

Better matching refers to the notion that referred customers match with a firm and its offerings better than non-referred customers do. Social enrichment refers to the idea that the relationship between the referred customer and a firm is better because of the presence of the referrer—a person who is familiar with both sides.

In our study, we analyzed data from a German bank on almost 1,800 referred customers and their referrers. Referrers who brought in a new customer received a €25 voucher. We first checked that referred customers generated higher margins and were more loyal than non-referred customers, resulting in a customer lifetime value that was 16 to 25% higher. Then, we tested for behaviors and patterns that should occur if referred customers' superior profitability and loyalty stem from better matching and social enrichment.



Our findings indicate that better matching is indeed at work when it comes to the referred customers' higher margins and that social enrichment plays a role in their superior loyalty. These tests and conclusions shed light on why referred customers are more valuable, and can help firms and real estate agents maximize the benefits of customer referrals. Below, we explain better matching, social enrichment, and our findings more in detail.

Better Matching: Active and Passive

The idea that referred customers match with a firm's product or service better than non-referred customers do—better matching—can be the result of active or passive matching. Active matching involves a deliberate effort to screen and select referrals for a firm. Because referrers already know a firm's offerings as well as the people they refer, they can act as matchmakers between the two.

Passive matching, on the other hand, stems from the tendency of people to connect with people like themselves. This idea implies that a referrer and the new customer the referrer brings in share several characteristics. Since an established customer is already likely to be a good match with the firm, it follows that his or her referred customer will be, too.

Shared Characteristics Are Relevant to Profitability

These shared characteristics between a referrer and their referred customer must be traits that firms cannot easily identify on their own (otherwise, the firm would not need a referrer to acquire a better match). For better matching to occur, these characteristics must also be related to the potential value an individual can bring to the firm. Trust, budget flexibility, and openness to advice from real estate professionals may be examples of such characteristics that apply to the real estate industry.

The result of our first test supports the idea that these shared, hard-to-observe characteristics are associated with the contribution margins of both the referrer and the customers they bring in. In short, because referred customers are similar to their referrers in ways that are significant for the firm, they are more profitable than non-referred customers.

More Experienced Customers Bring in The Money (At Least For A While)

The relationship between the firm and a referrer is important because it influences how well the referral will match with the firm. The better the relationship, the better the match. If a customer has been with a firm a long time, then it is likely that this relationship is positive, and that the customer is a particularly good match with the firm. As stated earlier, it follows that their referred customer will be, too.

Additionally, customers who have a longer history with the firm typically understand its offerings well and are fond of the firm. This translates into successful efforts to pick good referrals, instead of just trying to pocket the reward. The results of our second tests suggest as much: referrers who have been customers of the bank for a longer period brought in referred customers with better margins than more recently acquired referrers did.

However, these superior margins are only temporary. Since referred customers are good matches with the firm, they easily find offerings they like, are willing to pay for them, and require less help to understand and use them—all which lead to initial high margins. But, as non-referred customers learn more about a firm's products or services and as a firm learns more about what these non-referred customers want, the difference in margin between referred and non-referred customers decreases, until it eventually disappears.

Social Enrichment Makes Your Customers Stay Longer

Referred customers are more loyal than non-referred customers because they have a relationship with a fellow customer—their referrer. Referred customers can get guidance about the firm’s offerings and procedures, or receive help from their referrers in other ways. Having this relationship strengthens their trust, attachment, and satisfaction with the firm.

At the same time, this relationship means that if the referrer leaves the firm, his or her referred customer will no longer experience these benefits and, as a result, become just as likely to leave the firm as other customers. The findings from our last two tests corroborate these ideas.

Application and Real Estate Perspective

It is no secret that customer referrals are vital in the real estate industry. As a real estate professional, you may already have a system in place where you provide incentives for customers to refer their friends, family members, and acquaintances. To obtain more attractive referrals from your program, our research suggests, you should focus your attention on generating referrals from your more loyal and profitable customers. The resulting referred customers are likely to be more profitable, as they will be similar in key ways to their referrers. They will also be more loyal due to social enrichment, as long as the referrer is still a customer. Fine-tuning your referral program to take these findings into account may help you improve the value of your referrals.

Recommended Reading

Van den Bulte, Christophe, Emanuel Bayer, Bernd Skiera, and Philipp Schmitt (2018), “How Customer Referral Programs Turn Social Capital into Economic Capital,” *Journal of Marketing Research*, 55(1), 132-146.

About the Authors

Christophe Van den Bulte, PhD

Gayfryd Steinberg Professor, The Wharton School, University of Pennsylvania

Dr. Christophe Van den Bulte (PhD – Pennsylvania State University) teaches marketing strategy and data analysis at Wharton. His research focuses on new product diffusion, word-of-mouth, and social networks. Professor Van den Bulte is Associate Editor at *Marketing Science* and the *Journal of Marketing Research*, and also serves on the Editorial Boards of the *Journal of Marketing*, the *International Journal of Research in Marketing*, and the *Journal of Business-to-Business Marketing*.

Emanuel Bayer, PhD

Goethe University Frankfurt

Dr. Emanuel Bayer (PhD – Goethe University Frankfurt) works as a Management Consultant in the financial services industry and is affiliated as researcher with the Goethe University Frankfurt. His research projects are located at the interface between marketing, finance, and accounting.

Bernd Skiera, PhD

Chaired Professor for Electronic Commerce, Goethe University Frankfurt

Dr. Bernd Skiera's (PhD – University of Lueneburg) research interests include electronic commerce, online marketing, marketing analytics, consumer privacy, and value-based customer management. Dr. Skiera founded Marini Systems (www.marini.de), supporting companies when implementing robotic selling solutions. He is a member of the managing boards of the [eFinance-Lab](#) as well as the Schmalenbach Society, and he serves as the National Representative for Germany at the European Marketing Academy (EMAC).

Dr. Philipp Schmitt, PhD

Goethe University Frankfurt

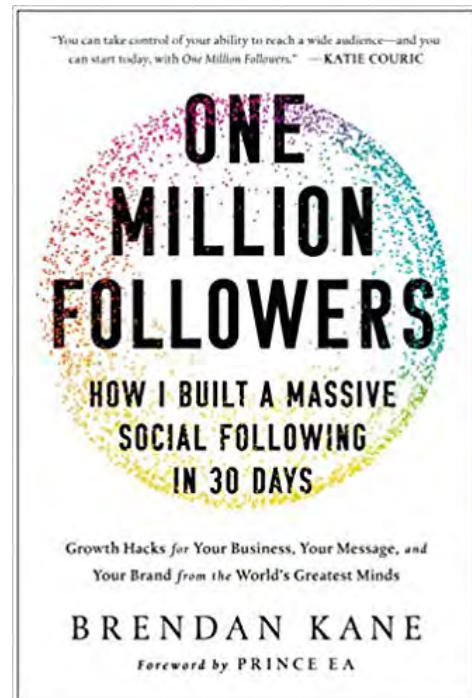
Dr. Philipp Schmitt (PhD – Goethe University Frankfurt) works in the financial services industry and is affiliated as researcher with the Goethe University Frankfurt. His research focuses on drivers of customer value and managerial decision-making. Current projects investigate the impact of recommendation intention on customer value, and the extent to which managers use heuristics and whether doing so leads to good results.

INSIDER: One Million Followers

Arjun Azavedo, MBA Candidate

Twenty years ago, if you asked business owners how to reach ten thousand people, or even a million, they would talk about the use of print or telemarketing ads and marketing campaigns that were resource intensive. Recently, social media has developed means to support the concept of branding and marketing, making it available to the masses at a minimal cost. In his book *One Million Followers*, author Brendan Kane uses his own experiences and research to demonstrate how a person or organization can reach millions of eyes. He focuses on concepts and processes that are simple and require no major investment—but that have proven to build social media followings in the millions.

In this book, Kane demonstrates precise examples where the use of YouTube, Facebook, Instagram, Snapchat, and LinkedIn have helped different businesses to reach millions of people. This article, however, focuses on how you can use these concepts in your real estate business social media platform to grow your own following.



THINK POINT #1: Target Your Audience

The first and most important idea Kane stresses is *focused outreach*. He explains that he never had trouble reaching millions, but rather had trouble understanding who in those millions wanted to be reached. Similar to the concept of targeted marketing, social media campaigns must also be highly specific. A large amount of wasted time and effort could go into creating a campaign with little to no results if the wrong group was initially targeted. There are two processes Kane suggests to target an audience.

The first concept is *simple targeting*, which requires research. The idea here is to know your audience. Use surveys and interviews to understand everything about an audience, and then tailor the message to the group. For example, a campaign for high-end condos would be wasted on a lower income group, or a Facebook post for a low-cost commercial rental space is wasted on a couple looking to buy their first home. A simple checklist that asks for age, location, and buying preference of a user can help segment your audience into groups. Furthermore, a detailed interview or online form can ask for their interests and price range of their ideal property. This will allow you to build a message for each group and maximize the benefits of the digital campaign.

The second concept Kane explains is *hyper-targeting*, which means to multiply the reach of your message by using others' resources. He first suggests targeting influencers. Instead of creating a message to reach a specific audience, create a message for those who have a following of their own or those who frequently reshare posts and news. This could create a ripple that would help your message reach a large audience very quickly. Secondly, you must ensure messages are repeated to the same or similar audience groups, because frequency drives your point home. Assuming the audience understood the message in the first viewing may be a mistake—it will likely take a several views to make your message resonate. Finally, make messages specific so that you can reach the same people who will convert a click to purchase. This concept of hyper-targeting uses filters on social media sites to reach the group for which you may be looking.

THINK POINT #2: Create a Message for the Masses

Similar to the concept of clickbait, which uses catchy phrases or images to attract an audience—your message must have a hook point. The effects of a large percentage of social media campaigns are lost because the audience glances over the titles and are not “hooked.” When writing a social media post or campaign slogan, ensure it captures the idea behind your hook point. Kane demonstrates that Tim Ferris' bestseller *The Four-Hour Workweek* would never have been a bestseller had it been called “How to Work Fewer Hours in a Week.” The headline must be short, catchy, and appeal to people. It is also important to test the post or campaign slogan. Create a crowdsourcing platform or ask your team or colleagues to vote on the best option.

It is also important to appeal to the correct emotion. Understanding the person who is receiving your message is vital to this process. Kane believes every person has a personality trait that can be tapped to ensure a message is most effective. For example, the thinker can be reached with logic, while the rebel can be reached with humor. The persistent can be reached by showing value, and some can be charmed. For example, a young businessman who wants the most cost-effective house but with all the amenities may be reached using logic rather than humor in the message. However, no matter who the message is for, the effects can always be amplified if the message is relevant and draws emotion. Finally, there is nothing worse than a message falling on deaf ears. Ensure that your messages are constantly tested. Use social media analytics or surveys to listen to your audience feedback, and then improve the message constantly to be more effective.

To ensure that a wider group appreciates the message, increase the value in your message. If the customer can satisfy multiple needs through one message, then the value of the ad increases immensely. For example, if a potential client needs assistance with rental information and interior design, then an ad that caters to both areas will have a higher value. Partnerships and collaboration with other businesses or individuals who offer complementary products or services will help you reach these dual-need customers. Such an approach may also help double the

audience the message reaches. Apart from individual collaboration, you can also leverage influencers and social groups to grow your network.

THINK POINT #3: Follow Through

Every day, we see new trends going viral on social media and dying out within the week. As much as the audience and message are important to success, the main driver to grow a business is consistency. Once you gain a following and reach your target market, how well can you hold on to them? You have successfully sold a condo as a vacation home to a family, but are you the one they will call to sell their flip or rent an office space? Rather than just being a firework on social media, it's important to act as a guiding star that other real estate professionals can use as an example to grow their own influence. One of the key aspects of sustainability on social media platforms is authenticity. Know who you are and what you can offer, and then build a brand around that idea. You must be continuously communicating with your audience and only then will they stay engaged with the brand. Repetition is key, so use multiple channels to drive your point home, and always offer new opportunities to keep your audience interested.

Conclusion

The idea behind Brendan Kane's *One Million Followers* is not to show how he or celebrities he knew became famous overnight, but rather to show how anyone can leverage the tools available in this digital world to grow their reach. From the book, we learn about small changes and simple concepts that may require a little time and ingenuity, may help readers reach millions with just a click.

Recommended Reading

Kane, Brendan (2018), *One Million Followers*, BenBella Books: Dallas, TX.

Reference

Ferriss, Timothy (2007), *The 4-Hour Workweek*, Crown Publishing Group.

About the Author

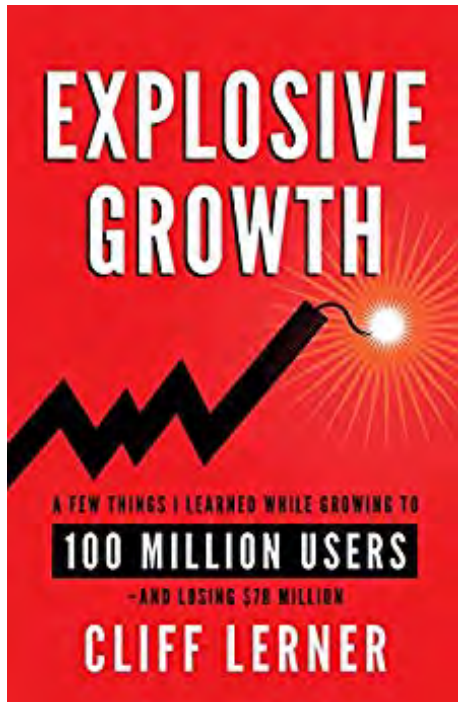
Arjun Azavedo, MBA Candidate

Baylor University

Arjun Azavedo is a graduate student from Pune, India. He earned his Bachelor of Science in Economics and has experience in consulting, food and hospitality and the software industry working on automating delivery processes of HCM software. Arjun is pursuing an MBA with a dual MIS focus and plans to pursue a career in sales or marketing in the technology space with a focus on AI and Machine Learning.

INSIDER: Explosive Growth

Maria Arauz, MBA Candidate



Most real estate agents are familiar with managing one's own business. Although not commonly linked to entrepreneurship, real estate shares many similarities with start-ups and their growth. This growth and how to manage it is the focus of Cliff Lerner's book, *Explosive Growth: A Few Things I Learned While Growing My Startup To 100 Million Users & Losing \$78 Million*, where he shares his experience starting and growing an online dating site and gives useful advice to professionals growing their own business.

THINK POINT #1: The Impact of a Growth and Marketing Strategy

In most industries, businesses and their offerings are difficult to distinguish from one another. Lerner shares that, in these cases, what makes the difference between a successful and unsuccessful company is the execution of a unique growth strategy that can cause a substantial increase in customers in a short period of time. Examples of businesses that have successfully implemented this type of growth strategy include dating sites JSwipe and Plenty of Fish (POF). JSwipe sought partnerships with key organizations and POF became a leader in the use of search engine optimization (SEO) tactics. Both strategies provided massive visibility to potential clients and led to significant growth.

In the real estate industry, differentiation can be difficult to achieve as well. Therefore, thinking of creative ways to market and grow your business can be game-changing. An example of how realtors could implement a growth and marketing strategy is by leveraging technology and social media. For instance, by becoming great at creating relevant content for your customers or partnering with social media influencers, you could reach significantly more customers and accelerate your growth. Regardless of what your growth and marketing strategy looks like, Lerner emphasizes that it should be priority, not an afterthought.

THINK POINT #2: The Threshold Question

Corporate culture is a key factor in the success of any business or team. Lerner points out that the first few members of your team will set the tone for your culture; so, you should hire carefully and concentrate on securing top talent. As your team grows, you may be tempted to hire mostly based on expertise, but Lerner warns against this approach. He shares that, as his business grew, he felt pressure to hire "experts" who looked great on paper but who did not reflect the values of

his company. This incompatibility caused issues that led to deteriorating profitability and corporate culture.

To solve this culture clash, Lerner reached the conclusion that employees who don't reflect the culture of the team should be let go sooner rather than later. When faced with this situation, he recommends asking yourself a threshold question to evaluate employees: "Would I hire this person again, if I could do it over?" If the answer is "No," you should let that person go. Firing a person is unpleasant, but sometimes it's better for both parties to have this discussion early and move on. If that person is not a good fit, regardless of his or her acumen or knowledge, he or she won't thrive and won't help your team thrive. Thus, according to Lerner, you should make cultural match a priority when growing and evaluating your team.

THINK POINT #3: Turning Down Mark Cuban, Tim Ferriss, and Gary Vaynerchuk

In the words of motivational speaker Jim Rohn, "We are the average of the five people we spend the most time with." Lerner advocates that this idea is a key rule of successful entrepreneurship. Lerner shares that, as his business grew, he had discussions with Mark Cuban about working together to build new apps Cuban wanted to develop. However, Lerner turned Cuban down. At around the same time, Lerner also turned down Tim Ferriss and Gary Vaynerchuk, two superstar entrepreneurs and bestselling authors, from joining his board of directors. Back then, he was concerned about spreading himself too thin and losing focus.

However, Lerner now regrets these decisions. He recognizes that surrounding himself with the most successful and smartest people he knew could have led to better results for his business and given him unique opportunities. As a result, Lerner advises you to think about the five people you spend the most time with and ask yourself, "If you become the average of them, would you be happy with that outcome?" The answer will help you decide if you need to make changes to your inner circle and team. Additionally, this story shows the importance of taking chances, pushing your boundaries, and broadening your sphere of connections.

Conclusion

Cliff Lerner's *Explosive Growth* is a useful and entertaining read with tips on how to achieve and sustain growth for your business. Lerner shares, among several other lessons, that prioritizing your growth strategy, corporate culture, and inner circle can help businesses in diverse industries, including real estate, grow and stay ahead of the competition. *Explosive Growth* holds engaging stories and tips that can benefit you and the growth of your real estate business.

Recommended Reading

Lerner, Cliff (2017), *Explosive Growth: A Few Things I Learned While Growing My Startup To 100 Million Users & Losing \$78 Million*, Clifford Ventures Corporation.

About the Author

Maria Arauz, MBA Candidate

Baylor University

Maria Arauz earned her Bachelor of Science in Business Administration from Towson University. Her past work experience includes roles for companies such as Procter & Gamble and Dell. Maria is currently pursuing an MBA at Baylor University and plans to further her career in the technology industry.

Keller Center Research Report

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

*Keller Center Research Report is a trademark owned by Baylor University.
© Baylor University. All rights reserved.*