

KELLER CENTER RESEARCH REPORT

The Emotionally Intelligent Salesperson

by Christopher P. Blocker, Ph.D.

Today's market offers home buyers and sellers an abundance of choices for selecting a real estate agent. In this increasingly competitive environment, communicating effectively and offering expert advice to clients can only take a salesperson so far. To go farther, recent studies show that a salesperson's *emotional intelligence* can make a real difference.

Just consider the following examples of how emotional intelligence can impact selling:

- Coca-Cola trained its leaders in emotional intelligence and found that these individuals exceeded their performance targets by 15%, while in contrast, leaders who did not develop emotional capabilities missed their targets by the same margin – a 30% gap!
- Hallmark Communities found that sales associates who developed higher levels of emotional intelligence were 25% more productive than their counterparts with low levels of emotional intelligence¹.
- American Express chose to provide a group of its salespeople with training classes to improve their emotional intelligence (EI). Subsequently, results showed that those who took the training significantly increased their sales performance relative to those who did not. The experiment was so compelling that now all incoming American Express salespeople receive several days of emotional competence training.²

Anecdotes like these are reasons why emotional intelligence has become a hot topic for salespeople in recent years. Yet, a clear understanding of EI and, specifically, how it facilitates effective sales interactions is still in its early stages. In response, this report on what it means to be an emotionally intelligent salesperson reviews the latest research to help answer several key questions.

What is emotional intelligence?

Emotional intelligence describes a set of individual abilities. In particular, an individual with high emotional intelligence can accurately recognize and express his or her own feelings, reflect on them, regulate their emotions, and even use emotions as mental input to effectively solve problems³. However, these abilities are not on equal footing nor are they easily mastered. The most basic level involves perceiving and expressing emotions. In other words, it is impossible to actively reflect on one's emotions or regulate them if you are unaware of them in the first place. As an individual masters the ability to perceive and express emotion, they can also begin to think through complex emotions, monitor them, and use emotion-based knowledge to help them make effective decisions.

Although emotional intelligence has been discussed alongside aspects of individual personality, the latest EI research frames its dimensions as a set of mental abilities that describe how well someone processes information, specifically emotional information.

Kidwell and his colleagues (2008) recently test this perspective in several large studies and find significant results. They find that EI contains four distinct abilities:⁴

- (1) Perceiving emotion: ability to perceive and express emotions accurately, meaning an individual is aware of their emotions, can distinguish between different ones, and can adequately articulate them.
- (2) Facilitating emotion: ability to generate and use emotions to facilitate one's thinking, which, for example, could involve an individual being able to weigh emotions against one another and allow emotions to direct their attention.
- (3) Understanding emotion: ability to analyze complex emotions and formulate emotional knowledge to help them reason through various problems.
- (4) Managing emotion: ability to regulate emotions to promote a desired outcome whether for oneself or with others, which, for example, could involve knowing how to relax oneself when anxious or alleviate the stress of others.



The big caveat to this framework, however, is that these emotional abilities are only truly effective when individuals are both (a) confident in their abilities and (b) correct in their application. Without both confidence and accuracy, individuals can be either cautiously under-confident or dangerously over-confident in the way they process emotions and act upon them. The bad news is that research shows people are wrong far too frequently when they believe they are right.⁵ The good news, however, is that salespeople who are determined to improve their EI have ample opportunity to differentiate themselves.

How can EI help salespeople interact more effectively with clients?

Throughout the buying process, clients rely heavily on their emotions. Some of this is conscious, meaning that buyers are actively appraising “how they feel about” an agent or a home as critical information for their decisions⁶. Yet, much of this emotion is subconscious.

This is where EI comes in. Specifically, research shows that when a salesperson has the ability to accurately appraise the emotions of other people, it amplifies their skills for adaptive and customer-oriented selling. This means that salespeople with high EI should be able to read clients' emotions better, use that emotional information to better adapt within the selling situation, help clients solve problems in a way that makes them feel valued, and as a result, improve their overall lead conversion rates. That said, although there are benefits to having a strong emotional ability, the reverse is also true. Salespeople with low levels of EI not only are limited in their ability to effectively use customer-oriented selling but research shows it can have a negative impact on sales performance.⁷

Beyond having a higher success rate for lead conversion, EI may help real estate agents make more effective use of their time by knowing when to invest more time with a client, allocate time to other clients, or even letting a potential client go elsewhere. Although it is critical for salespeople to spend time deeply understanding what customers' value⁸, as the time and resources to do so expand, this investment entails risk. Emotionally intelligent salespeople should be able to ascertain more quickly and effectively

whether they can establish a strong connection with clients or if clients are emotionally ready to advance through the sales process. All of these benefits should lead to more successful selling.

How can I assess my emotional intelligence and improve it?

Given the popularity of the topic, there is no shortage of books or consultants that help individuals and teams assess and enhance their EI.⁹ Yet, it is important to know that several competing models of EI exist. For example, many books are based on models that think of EI as residing within an individual's personality, such as the EQ test, EQ Map, or Bar-On EQ.¹⁰ These models are arguably more popular in the public eye but (although helpful) they have been criticized more in recent research that questions their validity.¹¹

Other books and training models view *EI as a set of abilities*, as discussed above.¹² The most widely tested ability model of EI is called the Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT), named after its developers. The ability based models of EI assess individual's competencies by having them work through emotionally-laden situations as well as testing how accurately individuals perceive emotions through facial expressions. To this end, many of them imply that training to help understand emotion through reading facial expressions can be quite useful.¹³ Several websites and books are listed in the reference section for those interested in learning more.

Further questions about emotional intelligence we are trying to unravel

Our understanding thus far regarding EI in the context of successful selling and consumer behavior is largely prescribed as emotional intelligence for the individual. What remains uncharted is how exactly a salesperson's EI impacts buyer-seller interactions through the eyes of consumers – or how varying levels of emotional intelligence for both salespeople and consumers interacts to help develop important “emotional connections.” We are currently exploring many of these questions in the Keller Center for Research and would enjoy hearing your comments about these topics or including you in our research.

In summary

There is mounting evidence that the successful salesperson in the 21st century is one who has an expansive emotional intelligence. While there are many unknowns to be explored about this topic, real estate agents can be encouraged to learn as much as they can about their own emotional abilities and take steps to improve them over time.

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- ¹² See Caruso, David R. and Salovey, Peter (2004) *The Emotionally Intelligent Manager: How to Develop and Use the Four Key Emotional Skills of Leadership*, Jossey-Bass. The following website also discussed resources and training around an ability based model of EI: www.emotionaliq.com
- ¹³ For an example of a resource for learning to better read facial expressions see the following website: www.mettonline.com

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Chris completed his Ph.D. at the University of Tennessee in marketing. His research focuses on understanding the dynamics of customer value and its implications for important strategies like relationship management and segmentation. Prior to pursuing a Ph.D. in marketing, Chris held various marketing/sales positions in the high-tech sector, including work in professional services and as a global account manager for AT&T and in business marketing at Sprint. He has published research in respected journals such as *Industrial Marketing Management*, *The European Journal of Marketing*, *The Journal of Business and Industrial Marketing*, and in the proceedings of several international marketing organizations.

Is Your Picture Worth 1,000 Words?

by Ann Mirabito, Ph.D.

If you placed the business cards of agents at a real estate conference in a fishbowl, and then put the business cards of the people in the conference room next door in another fishbowl, you're likely to notice a big difference. Many real estate agents, especially those working in residential markets, put their photographs on their cards. While real estate agents have more experience with using their photographs for marketing, they're not completely alone. Plastic surgeons sometimes include their photographs in magazine ads. Insurance agents' photos dominate billboards. More recently, professionals in a range of fields have begun incorporating their photographs on websites and in email communications. But the practice is controversial. Many real estate agents think it is "unprofessional" to use their photo in advertising. Instead, they may rely on their firm's logo or a distinctive sales message to brand their work.

Participants in the Baylor's Keller Center Summit asked us to research this issue: Should real estate agents feature their photographs in their advertising? Our early research suggests yes: including a photograph or a very strong sales message improves buyers' perceptions of an unknown agent's quality and the likelihood of planning to call for an appointment.

Getting Inside Buyers' Heads

We knew if we asked home buyers whether they think it's a good idea for agents to use their photographs in advertising, we would get a distorted answer. It's human nature for people to respond to a complex question like that by trying to weigh the pros and cons in order to discern the "right" answer. That process can be misleading when the real answer is buried deep in the unconscious mind.

Instead, we created an experiment to test the effects of an agent's photograph on buyers' perceptions. Our research participants were told they would be moving to San Diego and were asked to look through an online relocation guide. The guide consisted of four pages: a welcome from the mayor, then three pages of business card-sized ads for services likely to be of interest to people relocating. The ads included a dental practice, a veterinary hospital, a moving and storage service, a realtor, a car repair shop, and a pest control service. After reviewing the ads, the participants spent a few minutes completing an unrelated task. Then they were told they would be buying a new home in San Diego and were asked a series of questions regarding the relocation guide. First, they were asked to recall elements of the realtor's ad. Then, we showed them the ad again, and asked a series of questions about their perceptions of the real estate agent's quality and about the likelihood they would contact this agent.



All respondents saw the same relocation guide, except that the elements in the realtor's ad differed. We created four versions of the realtor's ad in which we varied the inclusion of a photograph and sales message. Half the respondents saw an ad featuring a moderately attractive, middle-aged (about 35), female real estate agent. The other half saw the same ad but without the image. The sales message also differed. Some people saw a tag line stating, "Rated top agent in the area by readers of *San Diego City Magazine*, 2006, 2007, 2008, 2009"; the others saw no tag line. In summary, we created four versions: photograph/sales message, photograph/no sales message, no photograph/sales message, and no photograph/no sales message.

Research participants were in their early 20s; their attitudes are likely to simulate those of first time homebuyers.

Does a Photograph or a Sales Message Influence Buyers' Behavior?

Because everyone saw the same relocation guide and only the realtor ad varied, we can isolate the effects of the photograph and the sales message on buyers' perceptions of the agent. We compared the reactions of buyers who saw the photograph with those who saw the same ad but without the photograph. Similarly, we compared the ratings of buyers who saw the sales message with those who saw the same ad but without the sales message. **Bottom line:** Buyers generally had more favorable impressions of the agent in ads featuring the agent's photograph and in ads featuring the strong sales message.

Buyers who saw an ad featuring the agent's photograph were more likely to agree that the agent does excellent work for her clients. They credited the agent with strong interpersonal skills, rating her as likable and fun to work with. They also expect her to be a good communicator who will listen carefully and also explain the house buying process. The favorable impressions extend to the agent's office. Buyers expected the agent to have a well-trained, responsive support staff and well-organized processes that would ensure transactions proceed smoothly.

The strong sales message ("Rated top agent in the area by readers of *San Diego City Magazine*, 2006, 2007, 2008, 2009") also led buyers to think the agent does excellent work for her clients. Buyers believed both past clients and other real estate agents respected the agent's work. While the presence of the photograph signals the agent's interpersonal skills, the strong sales message signals the agent's technical skills. The message signaled integrity, experience, and strong negotiating skills and led buyers to conclude they'd expect to be satisfied with the agent's work.

But will this make the phone ring? It will help. Respondents who saw an ad with either the photograph or the sales message or both were more likely to plan to make an appointment with this agent.

Is It Time to Redesign Your Ad?

As a service advertiser, you grapple with the challenge of visually illustrating an intangible product. Some services create a brand identity by illustrating the tangibles elements of the service.

Holiday Inn Express showcases a sleek edifice, comfortable bedding, wireless Internet, and hot

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August 2009

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breakfasts. You face a bigger challenge, because your competitive edge lies in an intangible aspect of the service. How do you deal with this challenge?

Our findings suggest that novice buyers respond favorably to the agent's photograph and to an objectively worded sales message. If you're working in a residential market, particularly with inexperienced buyers, consider building your photograph into all of your print advertising. While we didn't test the effect with seasoned residential buyers, we would expect photographs to resonate favorably with those buyers as well. Research on visual and verbal cognitive processing conducted in the context of tangible products shows that visuals can illustrate product attributes and benefits and help create the brand's personality.

Similarly, if you can demonstrate objectively that buyers like working with you, then include that message in your business advertising. Your evidence might come from an independent third party like the readers of your local city magazine or from surveys of past clients.

Stay Tuned!

Does the attractiveness of the agent matter? What if the ad features a photograph of something other than the agent? Do these findings apply in commercial markets? Our research is continuing and we will report our findings in the next issue of the Keller Center Research Report.

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Ann researches how consumers make complex decisions related to value (quality evaluations, price fairness, risk management) and the role of biases and heuristics in those decisions. Ann earned a PhD from Texas A&M, MBA from Stanford, and BA in Economics from Duke. Before becoming a professor, she was a marketing executive with Time Warner, Frito Lay, and Rapidforms, specializing in revitalizing companies by reinvigorating product lines and infusing employees with a desire to make magic happen for customers.

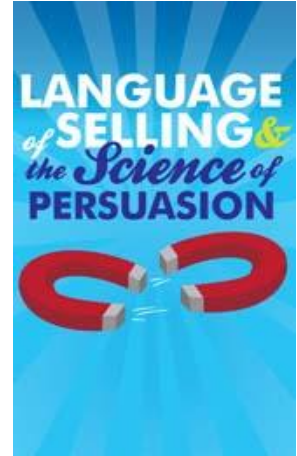
Language of Selling and the Science of Persuasion

By Gwilym Pryce, Ph.D.

Two and a half thousand years ago the grandfather of modern philosophy set out his thoughts on the science of persuasion:

“Of the modes of persuasion furnished by the spoken word there are three kinds. The first kind depends on the personal character of the speaker; the second on putting the audience into a certain frame of mind; the third on the proof, or apparent proof, provided by the words of the speech itself.”
(Aristotle, 350 BC, p. 3)

Aristotle labelled these three elements: *ethos* (reliability of the speaker), *pathos* (the manipulation of the emotional predisposition of the audience) and *logos* (logical argument). All attempts to persuade – from a politician seeking re-election to a real estate agent trying her utmost to sell homes in difficult times – can be decomposed into these three essential elements.



The most exotic, and of greatest interest, is the second of these components. And *pathos*, the use of emotive words and hyperbole, is what realtors are most famous for. The idiom of estate agency is seen as its defining characteristic. “Des. Res.”, “rarely available”, “viewing essential” – these are the grist of the peculiar parlance of housing advertisements that contain a readily identifiable combination of euphemism and superlative. Indeed, many of the jokes about estate agents rest on an accepted set of popular assumptions about their particular use of language as the following extracts from online humorous “dictionaries” demonstrate:

- ‘*Bijou*’: Would suit contortionist with growth hormone deficiency.
- ‘*Compact*’: See Bijou, then divide by two.
- ‘*In Need of Modernisation*’: In need of demolition.
- ‘*Internal Viewing Recommended*’: Looks awful on the outside.
- ‘*Original Features*’: Water tank still contains cholera bacterium.
- ‘*Studio*’: You can wash the dishes, watch the TV, and answer the front door without getting up from the toilet.
- ‘*Secluded location*’: It was in the middle-of-nowhere - barren and desolate. Suitable film set for Mad Max 5.

But should buyers be concerned about realtors’ creative abuse of language? Probably not. These humorous dictionaries of estate-agent jargon are testimony to the fact that buyers decode before swallowing the claims of house adverts. One does not actually expect a ‘stunning lounge’ to render one unconscious or an ‘exclusive neighbourhood’ to literally screen out undesirable people who want to move to the area. There is a commonly understood language of real estate, one that moves far beyond a mere description of the physical nature of a property (or even a rather one-sided, optimistic version of the attributes). The real question is the extent to which the pattern of *pathos* varies across housing submarkets and overtime. Applying textual analysis to a unique dataset of 49,926 property adverts, a recent study at the University of Glasgow, Scotland, tests a number of competing and complementary theories regarding how and why we might (or might not) expect the language of estate agency to vary over time and space.

For example, one might reason that estate agents are sufficiently well-established as a profession to have arrived at a common set of communication norms which, in turn, have led naturally to a widely accepted and stable form of marketing language. This uniformity is likely to be reinforced by household mobility and the widespread use of the internet. In the same way that television has been blamed for the cross-fertilisation of regional accents, the explosion of web-based property advertising has all but eradicated temporal, regional

and intra-urban variation in realtor dialect. This theory suggests that we should not expect any secular, cyclical or seasonal variations in language.

On the other hand, as the market booms, new staff are needed to cope with the rising turnover of properties. New employees are typically less experienced and possibly more prone to hyperbole. (Experienced staff know that buyers are not, in the end, duped by excessive exaggeration, and that a judicious approach is more profitable in the long run.) When the market slows, there are insufficient sales to maintain the expanded workforce. Staff are laid-off on a last-in-first-out basis, increasing the share of experienced agents, and leading to a pro-cyclical pattern in the language of selling. This theory would lead us to expect cyclical variation in language, but not regular seasonal or secular patterns.

Then there is the theory of *irrational exuberance*. Market value is not an intrinsic constant, and neither is the propensity to enthuse about property features. A mid-terraced house described as “well-maintained” during the dark valley of a market slump, may become “truly fantastic” at the dizzy heights of a boom. Once the zenith has passed, however, the property is seen for what it is, and more restrained descriptions become the norm. This theory would suggest that particular types of emotive expression – those less grounded in reason – will be more volatile and more sensitive to market swings, but will not affect long-term trends or induce changes over the selling season.

We must also consider the strategies employed to market difficult-to-sell properties. Prolonged time on the market occurs because the market is experiencing a downturn or because there are rarely many buyers for houses in that location or of that type. Under these circumstances, agents may adopt a strategy of exaggerating a property’s attributes in an attempt to attract interest. During a hot market, properties “sell themselves” so there is less need for strained descriptions. This theory suggests that we should anticipate the incidence of effusive language to fall during a boom and rise during a slump.

An opposing theory is one based on the opportunity cost of viewing. The argument goes something like this. No sane person buys a property without viewing, so why should the parlance of property adverts have an effect on whether (and what) buyers are willing to offer? The answer may lie in the forgone opportunities associated with visiting a particular property. Buyers have a fixed (or at least preferred) window of time within which to secure a new home. Even if viewing is something of a disappointment in comparison with the agent’s description, house-hunters still have a strong incentive to submit an offer. Turning down a property after viewing introduces the risk that a continued search will not yield a superior alternative within the buyer’s timeframe. As far as the estate agent is concerned, viewing is all that is important because it shifts the probability of a buyer submitting an offer from zero to some positive value, and the greater the number of bidders, the greater the expected selling price (see Levin and Pryce, 2006).

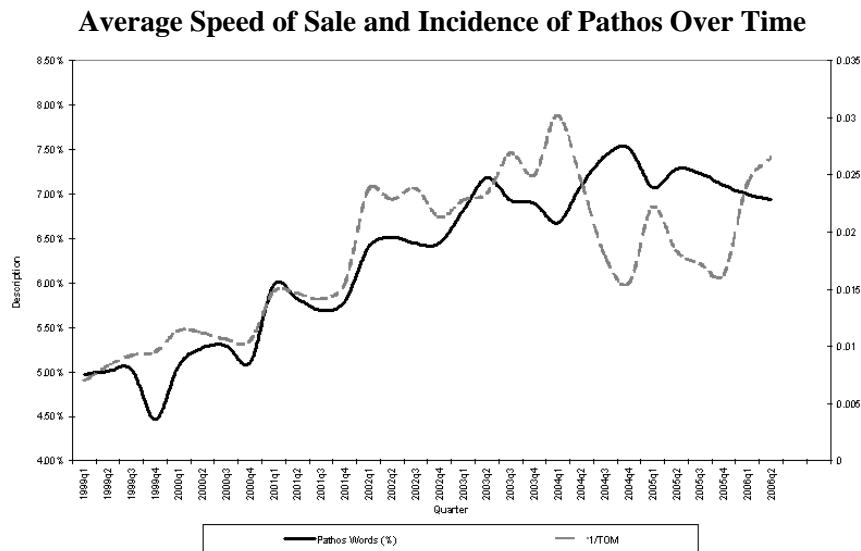
So, according to this theory, agents know that property adverts are not the basis on which purchases are made – that is not their purpose. Their purpose is simply to attract viewers and increase the potential number of bidders. *Language variation occurs when there are changes in the opportunity cost of viewing.* While agents may not understand the theory behind the strategic manipulation of language, they will be aware that it is more profitable, at certain times of the year and in certain phases of the cycle, to use emotive terminology. When properties are selling very quickly, the effective range of choice facing a buyer may be very limited. Even though there are many properties coming onto the market, there is also a rapid flow of properties leaving the market. A buyer might view x properties over a particular period, but by the end of that period, only a small proportion of those properties are still available for purchase. Consequently, there is a very strong incentive during such periods to bid for a property as soon as it is viewed, and therefore a very strong incentive for estate agents to use any means possible to get potential buyers to view. The implication of this theory is that we should observe strong seasonal and cyclical variation in the incidence of *pathos*.

Finally, we might also theorise that, given the tendency for local conventions to occur in accents, pronunciation, idiom, and terminology generally, it would be surprising if similar patterns did not occur in the

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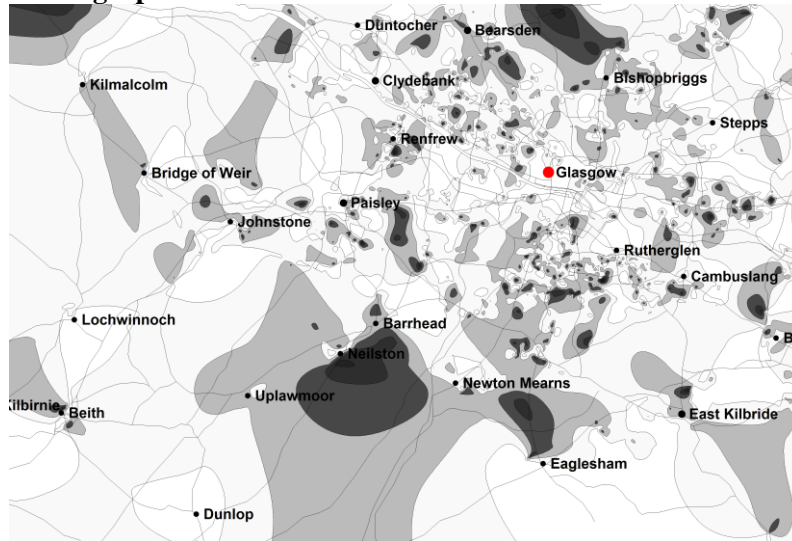
language of selling. Local house moves (which the majority tend to be) foster and preserve a common dialect between estate agents and those in the surrounding community. Elaborate idiosyncrasies evolve because of persistence in the geographical and cultural proximity of the parties involved in the majority of transactions. While moves are infrequent, the interaction between punters and agents is not. Estate agents are engaged in an ongoing process of persuading residents to move. Real estate voyeurism – the propensity of consumers to window-shop – facilitates this ongoing dialogue. This line of reasoning leads us to expect persistence over time in local patterns of language and the use of *pathos*.

So what does the Scottish data reveal? By calculating the proportion of *pathos* words in each of the 49,926 records of real estate transactions in the West of Scotland over the period 1999 to 2006 the research revealed distinct seasonal variation in the average incidence of *pathos*, one that bore a distinct correlation with how quickly properties were selling on average at a given time (measured as one over the average number of days on the market).



There was also very strong evidence of geographical concentrations in the use of *pathos*, demonstrated in the following contour map where the dark regions reveal hot-spots of *pathos*. These spatial patterns proved to be persistent over time. The line graph below compares two cross sections taken along the same straight line connecting Bearsden and Renfrew, first for 1999 and then for 2005. While the level of *pathos* had shifted upwards almost everywhere by 2005, the peaks and troughs in the cross section occur at similar points in space. Statistical analysis using fairly sophisticated regression techniques confirmed these findings, controlling for property type and other factors.

Geographical Variation in the Incidence of Pathos in 1999



So, what has an application of Aristotle’s science of persuasion to realtor adverts told us? A peak into the language of estate agency has revealed a world rich with local conventions and seasonal variation, complex mesh of idiom and hyperbole, interacting with submarkets, selling times, opportunity costs and irrational exuberance. The internet may have transformed the way we buy and sell houses but it has done nothing to suppress the linguistic creativity of those whose passion and profession is the selling of homes.

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Gwilym currently leads the Cities, Markets And Regions Research Group and the Urban Resilience Research Cluster in the Department of Urban Studies, and is Director of SHEFRN (Scottish Housing Economics and Finance Research Network). His work spans a wide spectrum from highly technical/theoretical work published in leading international academic journals in his field (such as *Real Estate Economics* and *Journal of Urban Economics*), to applied policy reports for government departments. His work has been cited in major policy reports (such as the HM Treasury Barker Review of Housing Supply, 2003) and in high-level commercial documents (such papers prepared for the Basel conference of Central Bank Economists in 2003). His paper "Social Segmentation, Housing Submarkets and Dwelling Substitutability" recently won the The Hypotecní Banka Award for the best European Network of Housing Research 2009 Conference Paper.

Gwilym has been an expert advisor at a senior policy level in Central Government (to the Minister for Housing and Planning – on Housing Wealth Inequality, and to the Treasury Review of Housing Supply). He

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has also been appointed to the Expert Panel on Planning and Housing (UK Department of Communities and Local Government).

Selling Is Really Shorthand for Storytelling

By Charles S. Fifield, M.B.A.

When we buy something, we're really buying a story. A salesperson's job is to tell a story. For example, last year Americans bought six billion dollars worth of bottled water. What happened to tap water? Did tap water start to taste bad nationally? No. When we buy bottled water, we buy a story of freshness, cleanliness, and sometimes taste. It's not about which brand we like the best, because essentially all bottled water is the same. It's about storytelling.

The most skilled salespeople understand that the story is not about the product/service or the company, but about the customer. Different customers are looking for different stories, and the salesperson's job is to figure out which story they want to hear.

“The salesperson has the chance to embody the story, to feel out the perspective/worldview of the person they're talking to and tailor the story, an authentic [customized] story, to that particular person,” says Seth Godin (*How to Stand Out in a Crowd*). “Very few people are going to give \$100,000 to a university on the Internet. You need that development officer to show up. And when she does, she's telling a story. That story might be about your legacy, it might be about your kids, it might be about what you owe yourself.”

When Godin recently went shopping for a mattress, he noticed right away that without the signs and prices, you can't tell one mattress from another. “It's 100 percent about selling,” he says. “It's not about brands. And I spent four hours in Queens talking to an amazing sales guy about how he sells mattresses. You can learn an enormous amount, because customers are buying stories.”

Maybe the customer wants to hear a story about how he'll sleep better. Maybe he wants to buy the mattress that's half off, and believe he got a good deal. Maybe he wants the best mattress ever made or he simply wants it because an influential person said it was the mattress for successful people. Maybe he wants a mattress made with space-age technology. “The customer comes to exchange [information and] money for a story, and they'll believe the one that best matches their worldview,” Godin explains. “If you tell the salesperson your back hurts, you're saying, ‘please tell me a story about the very best mattress that will help my back.’”

This doesn't mean that the customer is losing out on value or being tricked. On the contrary, the story's happy ending is what they are paying for. Remember, however, that customer relationships are delicate and must be nurtured. You need to tell honest, authentic stories, or customers will stop believing you in a hurry. “The minute a company asks you to sell out your customer, to charge more than you should, or bring them a product that's no good, you need to think hard about sacrificing that thing you own, because that relationship of permission – your reputation – is everything.”

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After 33 years in sales with an emphasis on financial services, Professor Fifield has spent eight years teaching undergraduate and graduate courses including Professional Selling and Communications, Negotiations and Conflict Resolution, and Operations Management. He serves as the coach for the Baylor Sales Team and coordinates the Music and Entertainment Marketing Degree. He holds an MBA in Finance and International Business from the Kellogg School of Management at Northwestern University and a BBA in economics from Southern Methodist University.

Insider: Consumer Emotional Confidence

By Preston Sneed, M.B.A. Candidate December 2009

How does emotional intelligence affect consumer choices? In *Emotional Calibration Effects on Consumer Choice* published in the *Journal of Consumer Research* in December 2008, authors Blair Kidwell, David M. Hardesty, and Terry L. Childers explore the effects of emotional intelligence on the decision making process of consumers. The researchers look at the effects of consumers’ emotional confidence and its relation to the consumers’ emotional ability in making decisions.

THINK POINT #1

The authors point out that consumers make decisions based on both a thoughtful component (knowledge gained through experience) and an emotional component (knowledge of one’s own feelings). Both of these components are made up of both ability and confidence (i.e. consumers have intellectual ability and confidence as well as emotional ability and confidence). It should be noted that there is a wide spectrum of consumers who fit into different levels of ability and confidence with respect to both thoughtful and emotional intelligence. Depending on where a particular consumer fits on the spectrum, the quality of his/her decisions is greatly impacted when the customer is faced with different scenarios. The following table, constructed from the information in the article, shows differences in emotional confidence and ability levels, their characteristics, and their impact on decision making.

Level	Emotional Confidence	Emotional Ability	Characteristics	Quality of Decision
1	Low	Low	Underperformance when compared to other groups	Lowest
2	High	Low	Too much confidence without the emotional ability	Lower
3	Low	High	Suffer anxiety which may lead to frustration when making consumer-related decisions	Low
4	High	High	Prideful in decision making; without frustration or anxiety	Highest

THINK POINT #2

For a buyer, purchasing a home can be stressful. Anything that you can do to reduce uncertainty in a consumer's purchase decision will help the consumer overcome their own doubts and other emotions. Being transparent and upfront about a property with respect to condition and price can help aid those individuals who have lower emotional confidence and ability.



THINK POINT #3

If emotional miscalibration was written as a formula it would be equal to either a lack in emotional confidence, emotional ability, or both. Consumers who are balanced emotionally would have a high level of emotional confidence and ability meaning that they would be prideful in their decisions and have little anxiety or frustration. If a consumer is unbalanced in emotional ability and emotional confidence, then they are more likely to make poor purchase decisions.

THINK POINT #4

Presentation is everything. Vivid images and displays influence consumer purchase decisions. Make sure that the things you can control such as presentation of advertising and photographs are aesthetically pleasing to the eye. This can be pictures of a selling property or even your personal business cards. With pictures of the property, make sure sharp photos are taken from different angles, in different light, in good weather conditions, etc. to make the photo as vivid as possible. For personal business cards, make sure that your self-photo is in color and is a sharp image. Vivid photos will paint an image with a lasting impression in the buyer's mind and will go a long way in making a potential sale or gaining future business. Do not mislead the customer or take advantage of his or her lack of emotional intelligence, but do create a vivid display of property photos, logos, business card photos, etc.

THINK POINT #5

When you are selling a property, venture out into the future with the buyer. Speak of the surrounding environment that could impact the buyer's emotional knowledge. This could take the form of speaking about a strong school system in the area that the buyer's children would be attending in the future, or it could be more development in the surrounding area which may increase the property value of the home in the future.

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

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

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Chris completed his Ph.D. at the University of Tennessee in marketing. His research focuses on understanding the dynamics of customer value and its implications for important strategies like relationship management and segmentation. Prior to pursuing a Ph.D. in marketing, Chris held various marketing/sales positions in the high-tech sector, including work in professional services and as a global account manager for AT&T and in business marketing at Sprint. He has published research in respected journals such as *Industrial Marketing Management*, *The European Journal of Marketing*, *The Journal of Business and Industrial Marketing*, and in the proceedings of several international marketing organizations

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Ann researches how consumers make complex decisions related to value (quality evaluations, price fairness, risk management) and the role of biases and heuristics in those decisions. Ann earned a PhD from Texas A&M, MBA from Stanford, and BA in Economics from Duke. Before becoming a professor, she was a marketing executive with Time Warner, Frito Lay, and Rapidforms, specializing in revitalizing companies by reinvigorating product lines and infusing employees with a desire to make magic happen for customers.

KELLER CENTER RESEARCH REPORT

Gwilym Pryce, Ph.D. Professor of Urban Economics and Social Statistics

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Gwilym currently leads the Cities, Markets And Regions Research Group and the Urban Resilience Research Cluster in the Department of Urban Studies, and is Director of SHEFRN (Scottish Housing Economics and Finance Research Network). His work spans a wide spectrum from highly technical/theoretical work published in leading international academic journals in his field (such as Real Estate Economics and Journal of Urban Economics), to applied policy reports for government departments. His work has been cited in major policy reports (such as the HM Treasury Barker Review of Housing Supply, 2003) and in high-level commercial documents (such papers prepared for the Basel conference of Central Bank Economists in 2003). His paper "Social Segmentation, Housing Submarkets and Dwelling Substitutability" recently won the The Hypotecní Banka Award for the best European Network of Housing Research 2009 Conference Paper.

Gwilym has been an expert advisor at a senior policy level in Central Government (to the Minister for Housing and Planning – on Housing Wealth Inequality, and to the Treasury Review of Housing Supply). He has also been appointed to the Expert Panel on Planning and Housing (UK Department of Communities and Local Government).

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