The Importance of Relationship and Consultative Behaviors on Realtor-Client Relationships
By Stephen J. Newell, PhD and Richard E. Plank, PhD

In real estate, as well as other sales-related jobs, creating strong partnerships between buyers and sellers is one of the keys to business success. Understanding the types of behaviors that help foster this partnership is of great importance to salespeople who want to build lasting relationships. By developing strong loyalty among their customers, salespeople create a competitive advantage because these long-term relationships help drive repeat sales as well as provide references and word-of-mouth that help to attract new customers.

Developing Relationship Loyalty

Relationship loyalty can be defined as the client’s perception that it is in their best interest to continue buying from the supplier (Plank et al. 2006). In essence, if customers perceive that value is inherent in the products and services provided, as well as in the relationship between buyer and seller, the buyer is more likely to remain loyal to that supplier. According to Newell and his colleagues (2011), there are at least three major salesperson attributes and behaviors that significantly affect loyalty: perceptions of trust, personal relationship behaviors, and consultative behaviors.

Trust

A significant amount of research has confirmed the importance of the client’s assessment of salesperson trust on perceptions of loyalty and the likelihood of pursuing future business with the salesperson/company (Doney and Cannon 1997). Specifically, trust has been shown to decrease a buyer’s decision-making uncertainty, increase cooperation, reduce functional conflict, and reduce the propensity to leave a relationship. The trust that a client has for a sales person is affected by perceptions of that rep’s expertise. Expertise is the special knowledge, skills and/or experience attributed to an individual. A buyer’s perception of salesperson expertise is influenced by the effectiveness of the solutions offered to solve client problems as well as developing trust between the sales rep and the buyer (Liu and Leach 2001). Other research has indicated that empathy plays a role in perceptions of competency as well as trust. Specifically, Spaulding and Plank (2007) found that in new sales relationships, empathetic behavior by the sales representative was particularly important in developing perceptions of expertise. In established relationships, however, empathy tended to characterize assessments of trust.
addition, trust is strongly affected by the personal relationship behaviors exhibited by the salesperson (Newell et al. 2011).

**Personal Relationship Behaviors**

Personal relationship behaviors focus on non-business related discussions and interactions that help to develop a more in-depth knowledge of each other’s personal experiences and personality traits. Usually in any relationship, first attempts of personal relationship behaviors are considered to be “rapport building.” Often rapport building, the necessary first step before relationship behavior begins, consists of finding common areas of interest or similarities (Gremler and Gwinner 2000). As a buyer and seller spend more time together and get to know each other better, the relationship often grows and deeper more profound personal communications and connections may occur. Personal relationship behaviors specifically refer to those exchanges that help to uncover a deeper understanding of the buyer and his or her interests, opinions, and activities. These behaviors are very powerful in developing evaluations of trust as well as directly affecting relationship loyalty (Newell et al. 2011).

**Consultative Behaviors**

Consultative task behaviors by sales people can be seen as a way to better understand and develop solutions that help address the wants and needs of their respective clients (Liu and Leach 2001). Consultative task behaviors tend to be fact-driven, focusing on the problem-solving nature of the relationship. The key aspect of consultative selling is the ability of the salesperson to analyze, solve, and present viable solutions to customer problems. Overall, consultative task behaviors are used to help customers solve needs and achieve strategic goals. Consultative behaviors have been shown to have a significant effect on both the perceived expertise of the sales rep, as well as relationship loyalty (Newell et al. 2011).

**What This Means for Real Estate Professionals**

Recent research indicates that there are a number of important factors that affect business relationships. Specifically, consultative, as well as, personal relationship behaviors have been found to be essential elements in developing a long-term loyalty between sales people and their clients.

A salesperson’s consultative task behaviors significantly affect buyer perceptions of both salesperson expertise and loyalty to the relationship. Consequently, the salesperson has to become more adept at determining and analyzing the buyer’s business-related needs and to develop creative solutions to address these concerns. These consultative behaviors within the context of real estate professionals consist of three major categories: 1) Determining needs through questions, discussion and listening; 2) Providing insightful analysis and providing supporting materials that aid in defining and clarifying the buying situation; and 3) Determining appropriate solutions that fit the needs of the client.
Consequently, good listening, analytical and problem-solving skills need to be basic background requirements for firms looking to hire agents. The required cognitive skill set must be determined and a quantifiable way to measure candidate’s abilities in these areas need to be developed. In addition, the real estate firm needs to develop initial training sessions that help to teach and refine those cognitive abilities that will be necessary for successfully interacting with clients. In addition, continual learning must be a part of a firm’s goal for its agents. This can be either in the form of formal seminars or information that sales reps access on their own in order to become better able to fulfill the client’s needs.

Salespeople also need excellent interpersonal communication skills in order to encourage stronger personal connections with the client. These communication skills are important in utilizing personal relationship behaviors to help develop long-term relationships. By cultivating a stronger personal bond, realtor and client will develop stronger levels of trust and loyalty. The research indicates that though perceptions of expertise and competency (often reflected in consultative behaviors of the sales rep) are important, without the strong personal connection, loyalty would be significantly weakened. Specifically, research indicates that personal relationship behaviors have a greater direct impact on loyalty than either consultative behaviors or perceptions of salesperson trust. Consequently, real estate firms need to be aware of the importance of interpersonal skills in the sales interaction and focus their hiring efforts on those individuals who possess (or who have significant potential to develop) those attributes that foster good communication. Training programs, for both new hires and on-going seminars for current employees in the sales area, need to include programs that will enhance the interpersonal skills of their salespeople.

Conclusion

Overall, the importance of both the analytical/business problem solving skills (consultative behaviors) and the more affective/interpersonal communication skills (relationship behaviors) are essential ingredients in creating long lasting partnerships with business clients. When hiring sales people for their company, a real estate firm needs to select those with the ability to not only be able to ask questions to determine needs and be logical problem solvers, but also have the aptitude to be able to connect with buyers on a personal level. In addition, it becomes imperative that business managers develop initial (as well as on-going) training programs that help sales reps to develop and enhance their consultative- and relationship-related skills.

References


**About the Authors**

**Stephen J. Newell**

**Professor of Marketing, Haworth College of Business, Western Michigan University**

Stephen J. Newell holds a PhD in Business Administration from Florida State University, an MBA from Indiana University and an undergraduate business degree from Michigan State University. He has published numerous articles which have appeared in publications such as: *Journal of Advertising, Journal of Consumer Affairs, Psychology & Marketing, Industrial Marketing Management, Journal of Marketing Theory and Practice*, and the *Journal of Business Research*. Before getting his advanced degrees he worked as a sales representative for a consumer product goods company and as a sales manager for an environmental consulting firm.

**Richard E. Plank**

**Associate Professor of Marketing, University of South Florida Polytechnic**

Richard E. Plank holds a PhD in Business Administration from City University of New York, an MBA from Seton Hall University and an undergraduate degree in marketing and economics from St. Peters College. He has published numerous articles which have appeared in publications such as: *Industrial Marketing Management, Journal of Business and Industrial Marketing, Journal of Personal Selling and Sales Management, Journal of Marketing Theory and Practice*, and the *Journal of Business Research*. Prior to his academic career he spent almost 10 years in sales, marketing and purchasing in medium technology business-to-business firms in several industries.