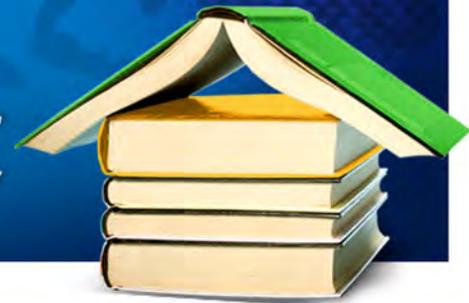


# KellerCenter Research Report



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## Extraordinary Results Require ONE Thing

*Curtis Schroeder, MBA Candidate - Associate Editor, Keller Center Research Report*

## Do Your Customers *Really* Want a Relationship With You?

*Christopher P. Blocker, PhD, Lance A. Bettencourt, PhD, Mark B. Houston, PhD, and Daniel J. Flint, PhD*

## Intergenerational Relationship Selling for Real Estate

*Michael L. Mallin, PhD and Ellen Bolman Pullins, PhD*

## It Takes Two to Tango: How Empathy Affects Sales Encounters

*Jan Wieseke, PhD, Anja Geigenmüller, PhD, and Florian Kraus, PhD*

## Diversification and the Rise of Cultural Sales

*Xiao-Ping Chen, PhD, Dong Liu, PhD, and Rebecca Portnoy, PhD*

## INSIDER: Cracking the Sales Management Code

*Dennis Thé, MBA*

## INSIDER: LinkedIn for Business Development

*Susan Monaghan, MBA Candidate*

# Intergenerational Relationship Selling in Real Estate

*Michael L. Mallin, PhD and Ellen Bolman Pullins, PhD*

The demographic makeup of the workforce is changing. Top-end Baby Boomers are turning 65 years of age and are rapidly moving towards retirement. The estimated 53 million members of the Millennial generation, born after 1981, have been earmarked to fill the needs of the 21<sup>st</sup> century workforce (Bartlett 2005). Nowhere have these trends had a bigger impact than in the field of professional sales. With such a potentially large influx of younger sellers entering the workforce, there will inevitably be generational issues to contend with as they attempt to build relationships with buyers who may be upwards of 30 years older.



Given this trend, the purpose of this paper is to investigate what we term intergenerational relationship selling (IGRS). We define IGRS as a salesperson who must establish relationships with buyers from another generation. This has obvious implications for the large Millennial sales force entering the workforce, as they will be faced with dealing with buyers who may be decades older. We discuss this trend relative to selling in the real estate market AS it impacts brokers, agents, and customers (home sellers and buyers).

Examination of IGRS can readily be studied through the lens of social identity theory. This describes the inherent social/relationship problems stemming from issues due to the inequities between groups and their fit. Based on structured interviews with Millennial salespeople, we discuss the relevance of our findings on the buyer-seller interaction in the real estate market.

## **Background: Challenges of the Millennial Salesperson**

*“... Some customers will automatically throw up a red flag. You know they are thinking how old are you, 22 or 23? You don't have enough experience to know what you are doing...”*

These illustrative comments from one of the young salespeople we spoke with sums up the core challenge Millennial salespeople face. Based on their age, the Millennial salesperson seems to be subjected to a level of scrutiny and discrimination from buyers that creates an added layer of frustrating obstacles to an already challenging trade. Due to inexperience, their competence, credibility, dependability, and overall ability to support customer needs are questioned. Compared to the generations preceding them, Millennials are more hopeful of the future, ambitious, and goal-oriented. They are more likely to lead by collaboration, and seek loyalty in

relationships (Lancaster and Stillman 2003). They view work as a way to make an impact on the world and as an opportunity to be creative with other committed people rather than viewing work as means to get results (Furlanetto et al. 2004) and personal mobile devices and email are acceptable means of communication.

The social psychological paradigm of social identity theory (SIT) can be used to explain the implications of IGRS. SIT involves self-categorizing, which entails a process where individuals within the same category emphasize similarities and individuals in dissimilar categories emphasize differences (Dwyer, Richard, and Shepherd 1998). Self-categorization is commonly based on age (Messick and Mackie 1989) and causes members of a category to form stereotypes toward the members of another. Typically, such stereotypical behavior results in in-group favoritism, inter-group discrimination and conflict, and preference for the in-group over the out-group (Richard and Grimes 1996; Riordan and Shore 1997; Tsui, Egan and O'Reilly III 1992). By nature of their age and generational differences, Millennial salespeople would represent members of the out-group while more mature-aged buyers would belong to the in-group. Inter-group discrimination and conflict here would be any selling obstacle that the salesperson faces due to his/her age group (i.e., generation). To compensate for dissatisfaction with their psychologically disadvantaged status, members of the out-group (e.g., Millennial salespeople) will try to improve their social identity through "identity management strategies" (van Knippenberg 1989). This involves an individual group member's attempt to alter an unfavorable comparison. Such strategies might center on demonstrating levels of knowledge, credibility, dependability, professionalism, and so forth that exceeds what is expected of the buyer. This notion is also confirmed based on some of the examples that our sample reported.

## **Method**

To test our understanding of how younger salespeople feel and react to their age disadvantage, we used semi-structured interviews to collect accounts of actual occurrences and analyzed the content to support our findings. We identified twenty-four Millennial-aged salespeople that would be willing to talk to us via referrals from current business student and faculty networks. Subjects were provided a definition of Intergenerational Relationship Selling (i.e., building a relationship in order to sell to a buyer from a different generation) and asked a series of open-ended questions. A member of the research team categorized a series of quotes according to the themes identified.

## **Findings**

Our research finds that Millennial salespeople seem to be frustrated and dissatisfied with their inability to relate to older generations on an interpersonal level. Despite this challenge, they feel confident that they can sell across generations. We identified five distinct identity management strategies that Millennial salespeople use to overcome their seemingly disadvantaged out-group

status. These strategies are presented below and an illustrative summary table is included as the paper's appendix.

## Overarching Theme

A common theme across subjects was that Millennial salespeople go into a sales encounter with the expectation that they will successfully relate to their buyers only to emerge disappointed. In reality, most found it hard to relate to older generations on an interpersonal level. The following are a few excerpts from the responses:

*"... We had zero in common. When he (the customer) talked of politics or business issues, I had no idea what he was talking about. I felt I was not up to date on the issues that he was most interested in. Small talk was an all time low. The hardest parts were the 'remember whens' - because you don't remember when ..."*

*"On a couple of occasions, customers would tell me that they have a daughter my age. In one particular case a customer acted like I didn't know what I was talking about. He even asked me if he should be working directly with my boss..."*

## Strategies Used to Deal with IGRS Challenges

Having established that IGRS selling is a real issue for Millennial salespeople, we turn our attention to the strategies that these salespeople use to compensate for their seemingly disadvantaged out-group status. One very clear pattern emerged where Millennial salespeople were able to credit successful sales relationships to **establishing similarities** with their buyers:

*"I deal with a customer who grew up in the same area as me but only 30 years before. I got to know him, and we shared some stories and found some things in common."*

*"...one of my clients in his early 40's likes to run and bike – I also like to do that. He was easier to crack ..."*

*"I did have some clients who would comment that they had a son/daughter my age. It was a fair rapport builder. Depending on their social style and our relationship, I would ask about their kids. Most of them liked to talk/brag about their kids."*

We also found that **establishing credibility** was a key to dealing with IGRS challenges. In situations where a group is viewed as different and in particular as less experienced, credibility as well as demonstration of product knowledge took on an increased level of importance:

*"When I go into a call, I come equipped with numbers or data ... this tends to make me look more credible in the customer's eyes ...I think that building credibility is a major issue here since we do not have the age and experience."*

*“... I feel that I need to show the customer that I know my trade despite my age...”*

Another identity management strategy that emerged was to **establish dependability**. They try to produce actions to assure their buyers view them dependable:

*“...so you say to them - yes I am new, and I am young, but I am willing to learn. I am willing to find the answer for you ... I can help you...”*

*“It is more important to build relationships with customers and other businesses by following up with any promises you make...”*

A **focus on professionalism** was considered necessary to overcome difficulties relating to older generation buyers. Demonstrating professionalism signals to the buyer that the salesperson respects his/her time, position of power, and need to accomplish business goals. This provides an opportunity for buyers to re-evaluate the seller and potential for a more satisfactory relationship to develop:

*“My overall strategy is to be polite. I always begin by calling someone Mr. or Ms. until they tell me otherwise ... I want to show them the proper respect...”*

*“A lot of times, they don't want to talk to a 'kid' so you have to come across as a very mature, well spoken person.”*

For some, they are able to **use their youth and energy** to overcome unfair age comparisons. Our interviews revealed that some were actually motivated by the age gap and used their energy, personality, and character to create a positive selling advantage:

*“Being younger provides some positives ... having more energy, not having to worry about a family ... the hunger to succeed seems to be a function of someone my age. Older customers tend to respond to all this favorably.”*

*“...customers see the fire and enthusiasm that I bring, and they get excited when I am around...”*

## **Conclusions and Implications for Selling in the Real Estate Market**

Based on our interview data with Millennial salespeople, we can confirm that intergenerational selling challenges exist and salespeople must deal with and overcome the difficulties from the age/generation gaps with their buyers. Our findings have implications that can be discussed relative to the real estate sales environment.

From a managerial standpoint, brokers of real estate agencies must recognize that hiring younger agents (particularly those directly from college) will require additional training effort and

investment. We found that few sales organizations include IGRS as a training topic (yet salespeople mentioned that they wish they had exposure to this type of training). At the very least, brokers should make their younger salespeople aware that they are going to face such issues and challenges and invest time to coach and role-play scenarios – teaching young sellers to respond appropriately when faced with a comment, objection, or IGRS obstacle as exemplified from our research findings.

For agents who find that the majority of their customers are from older generations, having an awareness of the likelihood that they may be initially judged relative to their age can be an advantage in of itself. Sensitivity to this issue may encourage younger agents to establish their credibility by investing extra time and effort to prepare housing market data, neighborhood “comps,” trends, and home selling/buying strategies and present this information to their clients during initial meetings. Keeping and being on time for appointments and home showings will be a clear signal of dependability. Preparation and presentation of a marketing plan for selling a home will demonstrate professionalism and maturity. Such actions, demonstrated during the beginning stages of a customer relationship, will serve to squelch any concerns of inexperience due to youth.



From the buyer’s perspective, IGRS can provide some advantages. A client from the Baby Boom generation may not have bought or sold a home in decades. Changes in real estate valuations, the ubiquity of online real estate resources (home search engines, transaction information, etc.), and available information about neighborhoods (e.g., school ratings, tax basis, etc.) are valuable resources that make the home buying/selling process more efficient. It is well documented that the

Millennial generation is the most tech-savvy group (Howe and Strauss 2000) and buyers stand to gain from these young agents’ proficiencies using social media, online search engines, and mobile devices (e.g., data phones, iPads, etc.).

As the buyer population ages and the number of Millennial salespeople entering the workforce increases, understanding the challenges and strategies of this generation of salespeople are of paramount importance for both theory and practice. Millennial salespeople must be equipped to deal with the age disadvantage they may encounter. Strategies they use will serve them well in fostering productive buyer-seller relationships.

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**Appendix**

**IGRS: Social Identity Management Strategies and Findings**

<b><i>STRATEGY</i></b>	<b><i>FINDINGS</i></b>	<b><i>QUOTES</i></b>
<i>Establishing Similarities</i>	<i>Millennial salespeople attempt to establish common ground/interests with their customers.</i>	<i>“I deal with a customer who grew up in the same area only 30 years before. I got to know him, and we shared some stories and found some things in common.”</i>
<i>Establishing Credibility</i>	<i>Establishing credibility seems to be a viable mechanism for Millennial salespeople to cope with their disadvantaged out-group status.</i>	<i>“When I go into a call, I come equipped with numbers and data...this tends to make me look more credible in the customer’s eyes...”</i>
<i>Establishing Dependability</i>	<i>Millennial salespeople attempt to establish a sense of dependability with their customers early on in the buyer/seller relationship.</i>	<i>“...to make the customer feel that I am dependable, I need to go the extra mile for them...”</i>
<i>Demonstrating Professionalism</i>	<i>Millennial salespeople need to demonstrate a high level of professionalism.</i>	<i>“... the customer called my presentation ‘professional’ because I grouped their needs and went over each of them one by one. I told them ‘what was in it for them’ and kept it very clear and crisp...”</i>
<i>Using Youth as an Advantage</i>	<i>Millennials can use their energy, personality and character to create a positive selling advantage.</i>	<i>“...for me, it (IGRS) is an advantage. Since I have less experience using these products, I am able to ask a lot of questions and make them feel that they are helping me understand more of the products’ applications.”</i>

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