

# **My Realtor, My Friend: Perceived Value in the Realtor-Client Relationship**

## **Chapter One: Introduction**

The business of residential real estate is booming; over 5 million homes were sold in the United States in 2017 alone, according to the National Association of REALTORS® (NAR) (“Quick Real Estate Statistics,” 2018). With the recovery of the housing market after the 2008 crash, more home buyers and sellers seek out real estate agents to assist with their transactions. The comeback of the industry makes it all the more critical that agents stand out from competitors, raising the question of how agents can differentiate themselves from other agents. To answer this question, this study seeks to discover what clients and agents value the most in their relationship with each other. By shaping service around such values, agents may be able to form better relationships with their clients. An agent with a stronger relationship with their clients may be more likely to receive referrals, earn customer loyalty, and even capture the attention of a first-time home buyer without the use of referral.

This study will explore what research has been conducted previously on the relationship between agents and consumers, as well as on the brands of real estate agents, brokers, and companies. After synthesizing these findings, the study conducts its own informational interviews and surveys with agents, brokers, and consumers to answer the question of what value clients and agents derive from the agent-client relationship. The study will use findings from these surveys to develop recommendations for real estate agents on how to better brand themselves to appeal to buyers and sellers.

### **Purpose of Research:**

The purpose of this research is to understand the value that a home buyer or seller, and their real estate agent, derive from their relationship with each other, and how this value can be

used to improve how agents provide service to clients. By improving service quality based on client values, agents may be able to maintain loyal clients.

### **Significance of Research:**

Real estate involves one of the most expensive purchases that a consumer will make in their lifetime. According to the U.S. Bureau of Labor Statistics, the average American spent approximately 10% more of annual income on housing in 2017 than in 2016 (“Consumer Expenditures–2017,” 2018). Given the high costs and complexity of the process of buying or selling a home, 88% of buyers in 2017 chose to conduct this transaction through an agent or broker; in addition, 89% of sellers sought the assistance of an agent (“The 2016 NAR Profile of Home Buyers and Sellers”, 2017, p. 6-7). As more buyers and sellers choose to conduct their transactions through these intermediaries, it becomes increasingly important for agents and brokers to develop a brand that will appeal to consumers seeking the agent or brokers’ services.

Although the number of buyers and sellers who seek real estate agent and brokerage services has increased, so has the number of Realtors. The number of agents who are also members of the National Association of REALTORS® (NAR) has increased from 999,824 in 2012 to 1,233,704 in 2016, with a steady increase over four years (“Historic Report”, 2018). This number fluctuates with the state of the market; there were 100,000+ more Realtors in the mid-2000s, when the housing market was thriving. Although there is potential for competition to decrease with the state of the market, current trends show an increasing number of real estate agents competing for home buyers’ and sellers’ business.

Other studies have explored many functions of marketing and their efficacy in real estate, from social media to brokerage affiliation and many more in between. There are certainly

variations in how real estate agents formulate their services to appeal to customers, and in what marketing tools they use. Other areas of past research have touched on factors which affect a client's perception of service quality. However, there is a lack of research to answer the question of what makes a real estate agent so important to their clients. Understanding the value clients derive from their relationship with their agents is key to understanding how agents can improve their service to provide greater value.

For all of the reasons discussed above, this study focuses on the relationship between clients and agents and how value can come from this relationship. The findings on the value of the consumer-agent relationship, and how the agent's actions can emphasize this value, will be useful to agents in improving their marketing performance.

### **Definitions:**

The following terms and definitions are commonly used in the real estate industry as well as throughout the research. These definitions are drawn from industry publications, as well as from the research conducted.

**Agent:** An individual who is licensed to buy and sell real estate.

**Brand:** "The associations and relationships that companies encourage consumers to forge with the product, service or organization that is behind the brand" (Bisk).

**Broker:** An individual who is licensed beyond the agent level with the capability of hiring agents to work for him/her.

**Buyer:** An individual looking to purchase a residential property.

**Firm:** A company which an agent works under as an independent contractor; for example, Century 21, RE/MAX, and Coldwell Banker. Also referred to as a brokerage or real estate firm.

**MLS:** Multiple Listing Service, a database of local and/or regional homes for sale with data aggregated by brokers.

**Seller:** An individual looking to sell his/her residential property.

**REALTOR®/Realtor:** An agent who is also a member of the National Association of REALTORS® (NAR). For the purpose of this research, members of the NAR will be referred to as Realtors.

**Real estate:** Property to be bought and sold; for the purpose of this study, the focus is on residential real estate.

This study explores how real estate agents can brand themselves in order to appeal to the value that consumers derive in their relationship with their agent. By exploring past research on this relationship and agent branding, and then conducting interviews and surveys with the stakeholders in the consumer-agent relationship, this study will gain insight on how real estate agents can improve their brand. Brand recommendations will be provided at the end of the study.

## **Chapter Two: Literature Review**

As mentioned before, many others have conducted research on aspects of real estate agent marketing and operations. Some such findings provide insights that inform this study. These findings can be divided into several themes, including ethics, empathy, attractiveness, and franchising. Each of these themes represents a factor that plays a role in real estate agent branding or potential source of value to be derived from a client-agent relationship. Ethical behavior, or that which is guided by morals, is likely to affect how an agent is perceived by current and potential clients. Physical attractiveness, or the physical appearance of an agent, can also affect agents by bringing in higher income, though this varies by agent gender. Empathy, or the ability to understand and share feelings, can be a source of agent burnout but helps clients

feel a stronger loyalty and connection to their salesperson. Broker franchising, or working under a broker's brand name, has proven to be a positive influence on an agent's performance, despite the recent trend of agents jumping from firm to firm. Perception of friendship is also a potential loyalty-building factor in the agent-client relationship, and previous studies on commercial friendship indicate that friendship is an important value for clients. Finally, the literature also gives insight as to why brand or reputation matters in the first place, as previous findings show that having a strong reputation affects customer loyalty and how an agent treats different categories of clients.

### **Ethical Behavior**

Ethical behavior is an important factor affecting the brand of a real estate agent. Recent discussions and findings on real estate agents' ethics are critical. One study found that when testing real estate agents' ethical reasoning, the agents had an average score below the average of all adults, and "just above high school students" (Pacelle, 1994, p. B1). Not only are real estate agents struggling to make ethical decisions, but they are struggling to admit their lack of ethics to others. In Brinkmann's study on agent ethics, most agents surveyed said that they seldom or never faced an ethical conflict, and very few "perceived some conflict occasionally" (2009, p. 72). Brinkmann's study also found that agents feel tension between the "admittedly bad general reputation of real estate agents and their need for a positive self-image" (2009, p. 73). Agents realize that they have earned a poor rapport with the public's perception of them and desire to do better. Whether this desire has actually encouraged positive change for real estate agents is unknown.

One source of ethical conflict is that real estate agents are reprimanded for serving their own interests, or those of a particular party, above all other stakeholders. An example of an agent serving their interests above others could be withholding information about a house to a

buyer that may make the buyer less interested, for the sake of earning a commission more quickly. Brinkmann identified three relationships that are sources of ethical conflict that an agent encounters in a transaction: agent-potential buyer, agent-eventual buyer, and agent-client (2009, p. 68). With three different parties to serve when an agent is selling a home, excluding the agent themselves, the agent faces a dilemma of serving their client best versus offering the fairest price to buyers. One may expect that the agent would always serve their client the best; however, as Brinkmann points out, an agent may find themselves in situations where they have a non-business relationship with a potential buyer as well (2009, p. 70). The agent's ethics may be affected by social relationships and the expectations that come with them. This is not uncommon. With so much of a real estate agent's business coming via referral, the agent often encounters buyers or sellers with whom they already have a connection.

Not only does the agent face the conflicting interests of the buyer and seller, but also of themselves. Lee discusses how real estate agents hold an advantage by possessing the most information in a housing transaction, and sometimes use this information to their advantage to receive a "quick commission" (2012, p. 1393). A self-serving real estate agent may disregard certain wishes of a client in order to close the sale according to the agent's preferred timeline. These preferences can be driven by a desire to quickly move sales in and out of the agent's production pipeline, or a personal need for income according to a certain timeline (Shi and Tapia, 2016, p. 416). With the average real estate agent commission rate sitting at 5.2% for Arizona, and this commission being split in half between buying and listing agents, an agent sees little personal gain from keeping a home on the market longer in exchange for a higher selling price (UpNest). As Shi and Tapia note, "the agent has incentives to push for sale, [and] effort is lower" when deciding how much time and energy to put into a particular client (2016, p. 417).

Despite the many ethical dilemmas that a real estate agent faces in their business, previous research has found that acting ethically results in better business for real estate agents. As Lee points out, “agents who behave ethically can help reduce sellers’ doubts about real estate behavior” (2012, p. 1393). Behaving unethically can also tarnish a client’s loyalty and increase complaints (Lee, 2012). Therefore, an agent who manages to behave ethically will perhaps see reward in the form of a larger loyal client base rather than quicker commissions or a faster but disloyal pipeline of clients. For these reasons, ethics may play an important part in how a real estate agent brands themselves.

### **Attractiveness**

Attractiveness may also play an important role in how successful a real estate agent’s brand is, although past research has shown conflicting results as to whether attractiveness can be a universal productivity-enhancing factor for real estate agents. Research on salespeople in general has found that attractive salespeople generally make customers more likely to make a purchase, and leave the customer feeling more satisfied at the end of a transaction (DeShields, Jr. et al, 1996; McColl and Truong, 2013). One would think that these results would apply similarly to real estate agents, who are similar to salespeople in that much of their job involves interpersonal relations and sales. Between the studies conducted that test the effect of attractiveness on real estate agents specifically, the effects are varying based on the agent’s gender and role as a listing or selling agent.

Although there are a number of factors used to measure how well an agent is performing, attractiveness has been found to affect overall productivity in a positive manner (S.P. Salter et al, 2012, p. 823). Researchers found connections between the number of transactions, time on market, selling price of home, and agent attractiveness. An attractive selling agent, compared to an average or unattractive selling agent, typically conducted fewer transactions but with higher

selling prices and the same time on the market. For listing agents, it was found that although they also conducted fewer transactions with higher commissions, they also dealt with longer times on the market, making attractiveness impact the listing agent either neutrally or positively (S.P. Salter et al, 2012). Although an attractive agent may choose to take on fewer transactions, they are often able to bring in a higher price for each sale. This effect occurs to the point that attractive agents make a higher income than less attractive agents. This is a reflection on the agent's productivity and does not determine the exact reasons that attractiveness allows agents to sell homes for higher prices. Thus, while this study signals that attractiveness is a good thing for agents to have regardless, it does not signal if attractiveness is valuable to an agent's personal brand.

This factor may also have varying effects on the agent based on their gender. Another study found that agent attractiveness may have different effects given the agent's gender or by pairing attractiveness with persuasive selling strategies (Arndt et al, 2017, p. 40). In this study, attractive female agents using persuasive language earned the highest approval from study participants, while attractive male agents using the same language earned the lowest approval. Arndt et al identify that customers stereotype agents based on appearance, and that an attractive male agent using persuasive and unnecessary language may seem less trustworthy than the attractive female agent employing the same tactics (2017, p. 44-46). Although the study did not pinpoint what exactly the customer's stereotype of attractive, persuasive salesmen was, it ranked this particular combination of gender, attractiveness, and sales technique factors as the least trustworthy.

While attractiveness may have an effect on how much money a real estate agent makes, it can have varying effects on the client's impression of the agent themselves. Attractiveness is certainly a factor in the exploration of agent brand, but as previous research indicates, it must be



weighed carefully against other brand factors or characteristics. Attractiveness can be a powerful tool, but when combined with other certain characteristics such as gender and sales techniques, it can backfire. That being said, increased attractiveness cannot yet be considered a reliable or universal means of having a successful real estate business. The antithesis—that is, if unattractiveness would be guaranteed to negatively impact business—remains unanswered. Despite the many findings on how attractiveness affects perceived service, the results of this study do not indicate an answer to these questions. It is worth exploring further whether or not attractiveness could be a useful or even necessary factor in developing a real estate agent's brand.

## **Franchising**

Franchising can also make a difference in an agent's brand. Franchising is when a real estate agent chooses to operate under a real estate franchise or firm, as opposed to operating independently. As Chen found, real estate agents in recent years have been disloyal to such franchises, with high turnover and constant switching to other firms (2015, p. M.4). Chen cites reasons such as varying commission rates and different tools and resources offered to the agent, but does not discuss the value that a strong firm's brand can carry to the agent (2015, p. M.4). This could be due to the fact that real estate agents themselves are unaware of how an intangible such as a strong firm brand can impact their business as positively as tangible and easily quantifiable factors like pay and marketing resources.

Real estate franchises offer a wide variety of advantages to those who choose to operate under them. Flint-Hartle and Bruin were able to identify such advantages under the theme of ownership, acculturation, market share, focus, resource capability, and internationalization (2010, p. 65). Real estate agents' unique role as independent contractors who arrange their own business, while still operating under a licensed broker, makes for a complicated relationship

between a firm and an agent. Agents desire a sense of independence and self-employment, while also valuing a sense of group belonging (Flint-Hartle and Bruin, 2010, p. 68). For many of those interviewed for the study, they achieved both independence and group belonging by working under a firm. They saw a fair trade-off: “the benefits of franchise brand and support offset the desire to be autonomous...respondents do not see their independence compromised” (Flint-Hartle and Bruin, 2010, p. 70). There are enough positive aspects of belonging to a larger brand that most respondents in this study did not feel overwhelmingly restricted by the franchise.

Other studies have explored how franchising can positively affect a real estate agent's business if they choose to operate under a larger brand. In one study, operating under a franchise boded well both for selling and listing agents with higher selling prices and shorter time-on-market (S.P. Salter et al, 2012, p. 820). These outcomes signal that the strong brand of a large real estate firm can draw in more customers more quickly than standalone agents, with buyers being willing to pay more for a home as well. S.P. Salter et al. cite reasons such as buyers being unfamiliar with the area they are moving to, and thus, desiring the guarantee of good service that they feel a national real estate brand can provide (2012, p. 820). This guarantee of good service could be relevant to the buyer who is coming into town from outside of the area, but the relevance of a franchised brand to consumers who are from the area and simply switching neighborhoods has not been explored.

Overall, previous research has identified that belonging to a franchise can enhance an agent's productivity. Thanks to the value of the brand as well as the resources, market share, and sense of belonging that it brings, many agents who operate under a franchise are comfortable despite other policies they may be restricted by as they work under a large brand. If these are both the case, it is concerning that many firms still see high turnover of agents. Perhaps agents

are undereducated as to how a large brand can impact them, or they do not believe that a brand name can guarantee better business. Another possible reason is that they believe their personal brand is stronger than that of a parent firm. It seems that working as a part of a real estate franchise leads to better business for an agent; however, despite these findings, research in this study did not indicate that franchising has any effect on how clients perceive service as clients did not find value in the firm brand that agents worked under.

### **Empathy**

Whether a real estate agent is capable of showing empathy to their clients can also determine how well-perceived the agent's brand is. Real estate agents operate in a role that requires daily personal communications with clients regarding a major investment. Understandably, these interactions are sometimes emotionally taxing. Clients face stress when dealing with an investment as large as a home, and the real estate agent's job is to guide them through this process. The real estate agent has a duty to act in the client's best interest, and past research has found that this duty can be draining to the agent. However, when agents exercise empathy correctly, it can inspire loyalty among clients and a successful experience for the agent.

As agents resolve client issues, they come face-to-face with the client's negative emotions. When this happens, they will react in one of two ways: with empathic concern ("feeling for") or contagion of negative affect ("feeling with"). Snyder et al found that real estate agents who exercise empathic concern rather than contagion of negative affect will face less burn-out than those who "feel with" their clients (2011, p. 313). If an agent can offer the client support without allowing negative emotion to transfer to themselves, they will be better at responding authentically and solving the client's issues. For those who do not use this method, there is a higher risk of emotional exhaustion and seeing clients as objects rather than people

(Snyder et al, 2011, p. 314). These agents set themselves up for further failure; to protect their pride, they detach themselves from the client.

Real estate agents have a necessity to respond to clients with empathy and concern. This is considered to be part of the service. Not only does an agent have the role of filing paperwork and negotiating price, but they must also establish a relationship with their clients. As Lee discovered, “service quality will have a positive impact on customer satisfaction” (2012, p. 1387). Thus, when service quality is improved by communicating effectively and with empathic concern rather than detachment, a real estate agent would benefit the client as well as themselves. As further evidence of the fact that empathy on the agent’s part is effective, Gerlach et al found that customer satisfaction is greater when a customer senses genuine empathic attitudes in their salesperson; additionally, this customer satisfaction leads to customer loyalty (2016). Customers benefit from an empathetic agent, and will show appreciation for this empathy.

Overall, being empathetic leads to a positive outcome for both parties. The agent themselves will find it easier to respond to client issues with a sense of genuineness and concern. The client will feel cared for, leading to satisfaction and eventually loyalty to the agent. Though developing empathic concern instead of contagion of negative effect may require a conscious effort for a real estate agent, this effort could be useful to developing the brand as well. If empathic concern and genuine empathic attitudes are integrated into the service provided, one may hypothesize that it can provide value for the client in the agent-client relationship.

### **Commercial Friendship**

An important factor in shaping how a client feels towards their agent is perceived friendship. Previous studies on commercial friendship have compared and contrasted feelings of service providers and their clients in how they evaluate their relationships with each other. Theories of commercial friendship describe how a transactional relationship can evolve to

become a social relationship, though the friendship may be perceived differently from service-provider to client (Price and Arnould, 1999). Regardless of differences in perception, commercial friendship has strong marketing implications in terms of garnering customer loyalty and improving overall relationship quality (Lou, Zhou and Zheng, 2011).

The concept of commercial friendship explores how instrumentality, sociability, and reciprocity foster the formation of social relationships between clients and service-providers unique to the transactional setting of services (Price & Arnould, 1999). Price and Arnould found that, in the context of hairstylists and their clients, clients clearly refer to stylists as friends while stylists are more likely to discuss clients as “regulars,” and though they may appreciate the intimacy, loyalty, and reciprocity within the relationship, the “friendship” is bound to interactions in the service setting (1999). This creates the commercial friendship. It is unique from a typical social friendship, but still requires the same elements of a social friendship in terms of sociability and reciprocity.

Even if these friendships differ from strictly social friendships, they have an impact on client loyalty and thus, provide significant marketing implications. Previous research has found a clear positively correlative relationship between commercial friendship and customer loyalty; commercial friendship and relationship quality; and relationship quality and customer loyalty (Lou, Zhou & Zheng, 2011). It is reasonable to assume, then, that commercial friendship may also be applicable in the real estate industry, where clients and agents interact frequently as the service is produced and consumed.

## **Reputation**

Reputation is synonymous with brand, and several other studies have been previously conducted that help show why reputation is crucial for a real estate agent’s success. In the real estate industry, successful agents often rely on a strong reputation to help bring in new clients.

The National Association of REALTORS® found that 64% of home sellers found their real estate agent via a family or friend's referral (2016). As previously mentioned, when clients new to the area are looking for an agent to work with, they also rely on the reputation of a national firm (S.P. Salter et al, 2012). This sense of knowing who an agent or firm is, or at least the quality of their work, before working with them provides clients with a sense of security and trust.

Because a strong reputation is such a vital component to maintaining loyal customers and bringing in new clients, it makes sense that the more experienced or serious agents would work harder to strengthen this reputation. Such agents are the ones who will stay in the business even when the market takes a downturn. As Shi and Tapia discuss, it is in these "cold" moments when "an agent's reputation is of more importance to capturing business" (2016, p. 414). Thus, matters of establishing a strong reputation by means of creating an agent's brand are of more importance to agents who intend to make this role a longtime career.

Agents who do place higher value in their reputation and intend on staying in the industry as a career see a reward in the form of higher commissions. Shi and Tapia found that more committed agents sold houses for 1.2% more than their less-committed counterparts (2016, p. 445). With a higher selling price, these agents benefit both themselves and the client whose house they are selling by bringing in more income. Bringing in a higher price signals the agent's ability and commitment. Both of these factors are elements of establishing a reputation that a client, new or old, can trust. By being more committed to a career as a real estate agent, agents can find greater success in establishing their reputation.

With this being the case, the following study is of great importance to agents who plan on staying in the industry. For those who see real estate as a side business and will leave when the market takes another downturn, it is worth evaluating whether taking the time to establish a brand is worth it. For these less-serious real estate agents, it may also be more difficult to do

anyway, assuming that they have fewer clients to help solidify their reputation and brand via word-of-mouth/referral.

In summary, though previous research has indicated particular traits which may be valuable to clients, no studies identified worked to evaluate many traits against each other. This study explores where agents and clients derive value in their relationship using qualitative methods. With the purpose of research being to understand the most valuable factors within the relationship, the study moves forward by asking both agents and clients what they value, while the literature provides potential explanation for some findings.

### **Chapter Three: Procedures**

This study looks to provide a greater understanding of the value that consumers find in the relationship that they have with their real estate agent, and how real estate agents can improve their own brand practices in order to better satisfy consumers and inspire brand loyalty. In order to achieve this understanding, the researchers conducted interviews with real estate agents and their past clients to compare how agents perceive their brand versus how their clients perceived the agent's brand.

#### **Design**

This study consisted of qualitative research in the form of individual interviews with real estate agents and their clients. This study is most heavily concerned with real estate agent brand and how stakeholders portray and/or perceive this. Given the nature of brands being unique, with widely varying perceptions from individual to individual, it made the most sense to gather data by interviewing individuals. The method allowed participants to express their opinions in their own words, and with as much elaboration as they wanted. This was key to fully understanding perceptions of real estate agent brand.

## **Participants**

Real estate agents and their former clients were asked to participate in this study, in order to compare and contrast the agent's perception of their own brand versus their client's perception of the agent's brand. Agents from Tucson, Arizona were identified by colleague referral. The three who interviewed came from a variety of real estate backgrounds, with one agent having been in the industry for over fifteen years, and another having been in the industry for only a few years. Agents also varied in the price ranges of homes they typically sold, as well as what geographic areas they listed in. All agents, however, had worked with both buyers and sellers in the past, and all worked under the same broker. Clients were referred to the researchers by their respective agents. Two agents referred one client each for interview, while the other agent referred a married couple. These clients differed in age, gender, and geographic area in which they lived. Clients varied in whether they had previously had a relationship with their agent before conducting a transaction with them. Clients also varied in whether they approached their agent as a buyer or seller, but some had experienced both types of transactions with their agent. All clients interviewed were purchasing or selling homes in the mid- to high-range of prices. Finally, all clients interviewed considered themselves current friends with their agents. The variations in clients and agents were important to see if differences in brand portrayal and perception could be found regardless of such factors. However, some similarities, such as brokerage for agents and consumer-agent relationship acted as controls to ensure that such factors did not affect perception on the client's part.

## **Setting**

Interviews took place in Tucson and Oro Valley, Arizona. Interviews were conducted in office conference rooms, personal offices, and client homes. Real estate agents were exclusively interviewed in the broker's private conference rooms. For the sake of client convenience and



comfort, most interviews took place in the client's home, with one exception for an office space. Interviews were conducted in private, with only the researcher and the interviewee present, to encourage full and honest answers from the interviewee.

### **Instruments**

Instruments used in this study included a recruitment letter, consent form, interview questions, and analysis tools. Interview questions can be found in Appendix A, p. 52.

### **Procedures**

Each participant chose a time and date for their informational interview to take place. On the specified time and date, the researcher traveled to their home or office to conduct the interview. Interviews were conducted in a private office/room containing only the researcher and the participant. Participants first read and sign the form of consent. Then, with the interviewee's approval, a DSLR camera was turned on to record the interview. From there, the researcher read questions from the list of interview questions, and occasionally asked clarifying questions in cases where answer meanings were unclear. At the conclusion of the interview, the camera recording was stopped. Later, recordings were transcribed for use in analysis.

### **Analysis**

The interview questions themselves, as well as post-interview analysis, intended to use previous literature related to real estate agent branding to confirm and delve further into previous findings. The literature review identified several factors that are important to a real estate agent's brand, and data analysis will compare and contrast those factors with the factors identified in the interviews. In addition, Dr. Nancy Gray's model of brand personality, promise, and actions will be used to compare and contrast each agent's answers with their respective former client. This analysis will provide insight into how effective agents are at creating the brand which they intend to.

## **Summary of Chapter**

The interviews conducted provided different perspectives on real estate agent brands. Answers from agents and their respective clients indicate areas of overlap and differences in their perceptions of the same brand. Though questions were framed in the context of brand personalities and promises, these descriptions are interpreted as values derived from the agent-client relationship. These findings will be further analyzed to see where the most similarities and differences are found, and most importantly, where clients derive value from their relationships with their agents and how agents may be able to use these findings to better formulate their own brand.

## **Chapter Four: Analysis**

The literature suggests what clients and agents have been found to value in their real estate agents or other service providers. Each value provided insight into how possessing traits such as attractiveness or empathy may have a positive or negative impact on client perception or loyalty. With this in mind, open-ended questions allowed agents and clients to introduce their own values which impact their view of the real estate agent brand. In-depth interviews with real estate agents and their clients reflected various qualities of real estate agents' brand personalities and promises, with differences in common descriptors between the aggregate agents' self-described brand personalities and aggregate clients' perception of brand personalities. That is to say, all agents interviewed conveyed that *x* trait was a part of their personality or promise, though clients may not have shared this perception and instead said that *y* trait was a trait of their agent.

These descriptors of personality and promise can be interpreted as what interviewees *value* in real estate agent brands. Though each client and agent may be able to use many different words to describe the agent's brand, each interviewee commonly referred back to only

a few core traits of the brand. For an agent, they may feel that their brand conveys and promises honesty, but rarely if ever used this word to describe their brand. Clients similarly focused on a few descriptors in their responses to questions of personality and promise. As such traits were the clear focus for interviewees rather than other positive and true descriptions, it is apparent that the most common traits across clients or across agents reflect what each side values the most.

Discrepancies in client versus agent values became clear after comparing and contrasting qualitative interview transcriptions in search of common themes. Reasons for differences in values involve service marketing theory as well as literature previously discussed. Not only are there common themes in what each side values, but there are also relationships that can be found between values. Rather than being a series of unconnected values, some were found to be causative of others. Findings from interviews presented a framework of how agent values work together to form something of value to clients, while client values work in unison to create the most important value for clients in the client-agent relationship.

While terms will be defined in further depth as each value is presented, Figures 1 and 2 (next page) demonstrate what these relationships consist of for reference. Figure 1 displays how the overlap of having knowledge of the industry as well as understanding of clients' needs and wants are where agents form acumen, or a deep understanding of the how to best serve clients. Figure 2 displays how for clients, agents who could provide their time, trustworthiness, and acumen simultaneously were ultimately able to provide them with friendship deeper than what agents felt towards their clients. The most important conclusion to be drawn is that clients who believe they are friends with their agents will be more loyal to their agents. Agents who are able to provide time, trust, and acumen to their clients are able to inspire loyalty within their clients.

Figure 1

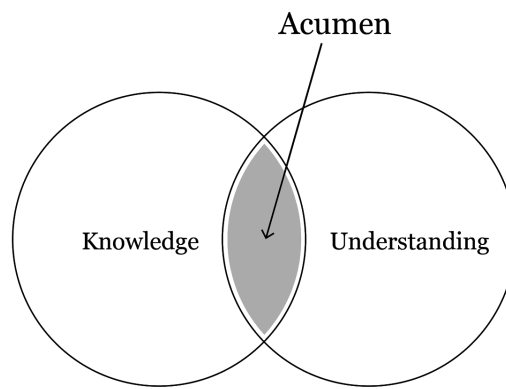


Figure 1: Agent Value-Adding Factors

Figure 2

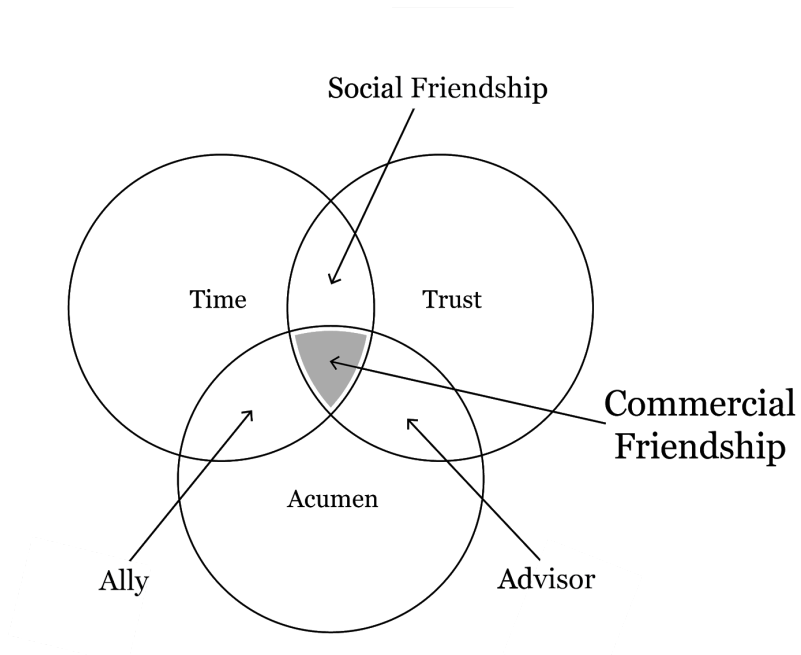


Figure 2: Client Value-Adding Factors

## **Value-Adding Factors in Brand**

### ***Knowledge***

Knowledge or expertise was one of the most commonly recurring themes amongst agents describing their brand personalities. This knowledge refers to knowledge of the industry. When asked to describe his brand's personality, Norman included that "we're the most knowledgeable" compared to competitors in his area. Britney also described her brand as knowledgeable, and that this expertise extends to her showing assistants. Britney vets showing assistants by hiring only licensed Realtors working with [her broker]; licensing implies having a proper real estate education. Norman confirms this description later on in a discussion of brand promise. These promises of intelligence were confirmed with action, as agents like Norman described how he made a concentrated effort to become more knowledgeable:

"I ran the tours with this company and I wanted to know Tucson very well. I approached [my broker] and said 'If you don't know anybody doing tours, let me do them.' It gave me an opportunity to understand where places are, how to get around, what does Sahuarita and the west side of town look like, and that was a huge factor in getting us started in this business."

Such actions as these allow agents like Norman to do their job well. Knowledge of the geographic area is considered a priority to these agents, as having this knowledge enables them to show their clients homes anywhere in the Tucson area.

Each agent found various types of knowledge, from emotional to industry to geographic intelligence, to play a large role in their brand. It seems that they find this trait to be so important because of how it propels their business. Norman often cited this trait as the reason for his success. By understanding clients, he is able to find them their dream home and earn their loyalty. By understanding the geographic areas of Southern Arizona, he is able to handle

transactions from a much larger pool of potential clients. For these reasons, knowledge is a major factor for agents when determining their brand's promise.

However, despite each agent's emphasis on knowledge as a part of their brand, clients rarely brought up this same point. This is not to say that clients viewed their agents as lacking knowledge. Rather, it was not mentioned as a distinguishable trait. In terms of knowledge of the industry, reason for this may likely be related to notions of adequate experience. According to Bitner, Gremler, and Zeithaml, adequate experience expectations are in part formulated by implicit service promises, or tangibles which "lead to inferences about what the service will be like" (2017, p. 64). For the agents interviewed, implicit promises can be found on their marketing materials. Each agent interviewed is a member of the NAR and as such, holds the proper certification to be a licensed Realtor. A member's licensing can be displayed using the NAR logo, which all three agents included on their marketing materials such as business cards. This licensing as a Realtor implies that an agent has been thoroughly trained and adheres to standards set by the NAR. As such, clients may infer from the agent's use of the logo that they are knowledgeable enough to have become licensed. This implicit promise helps clients develop their expectation that adequate service consists of knowledgeable, educated agents.

In reference to geographic knowledge, clients likely cannot identify knowledge in agents due to lack of experiences. Given that clients interviewed had not experienced multiple transactions in different areas with their agent, it is understandable that they would not also identify this wide geographic knowledge as a part of the brand. Without interacting with an agent enough to understand their breadth of expertise, this brand trait is difficult to identify. Turnbull and Waller note that, given a typical homeowner's infrequent participation in the home buying or selling process, clients are less likely to be able to identify specific productivity-related

traits in their agents (2009). Similarly, clients are perhaps less likely to be able to identify an agent as knowledgeable relative to other agents they work with.

### ***Understanding***

In addition to being knowledgeable of the industry, it is also important for agents to understand client needs. However, agents did not draw this conclusion themselves. Rather, agents described their abilities as specialists and generalists. Although previous research does not indicate whether specialization or generalization of an agent's real estate experience is meaningful, interviews demonstrated that being able to be *both* is largely valuable for agents. All agents were asked whether they were specialists in an area of real estate. Common specializations for real estate agents are in real estate type (ex: commercial or residential), listing versus buying, geographic area/county, and demographic served. Norman and Britney self-identified as being demographic specialists, with Norman considering himself largely a geographic area specialist as well. However, in contradiction to practices of specialization, agents all described their ability to cater to most any area within the Southern Arizona area. Agents were sure to discuss how they could help virtually anyone in the region, and even if they could not, they could certainly provide a referral. Although no agent specifically mentioned "understanding" in the discussion of specialization versus generalization, these paradoxical traits allow for agents to provide the impression that can understand and serve any client's needs. Meanwhile, clients did not frame this discussion in the terms of specialization or generalization. Rather, they perceived the agents' ability to understand and serve their needs. This perception of agents' understanding plays an instrumental role in developing insight, a key trait for developing friendship between clients and agents.

For agents, specialization provides a number of benefits in terms of convenience, marketing strategy, and sales volume. For example, specializing in a geographic area provides

agents with the benefit of staying close to home. “We live in Dove Mountain, a major benefit because in Real Estate 101 they tell you to farm an area you’re close to, so we do so much business within 2 and a half minutes of our home,” as Norman describes. This specialization is convenient for the agent; with less time and resources spent on travel to listings, they can focus on other parts of selling.

In addition, Norman’s specialization means that he can offer better services to this area, including his open house strategy. “That’s exactly how we built our business in that community of 1300 homes to where people even walking by come into our open houses and it may just be a simple 10-minute time that they’re in the open house, but they come by those open houses a lot.” This lends itself well to establishing a strong presence within a community. Norman’s open house strategy allows him to be actively in the community every weekend for several months of the year. For Norman, this increased presence correlates with his sales volume, making him “always the top 1 or 2 realtors that are selling during the course of the season, the year.”

Britney follows a similar strategy of selling close to her home in Rancho Sahuarita; she is the “number one in sales” in this area. As a result, she works with certain demographics common to her geographic area:

“My specialty is in families, and in Green Valley, retirees. 80% of that town is 55-plus age-restricted. People are going there to either have a winter home or downsize into their little forever-home. One [client says] ‘I’ve got 5 kids and I need a 6-bedroom home,’ in which case I can get them there, and 5 miles down the road [another says] ‘Hey I just wanna play pick-up ball and bridge, and have a 2-bedroom place to go to in the winter,’ so those are my specialties there.”

Though she specializes within one geographic area, she is able to serve both types of households with the same level of expertise. Within the family category, she often works with



particular career types and backgrounds. Her clientele consists of “law enforcement or government agencies,” given “the military bases and how close we are to the border.” Such clients are concerned with “privacy and security,” a consideration that Britney keeps in mind while working with them.

Though neither Britney nor Norman advertise themselves as retiree-, family-, or federal worker-specialists, they find that they are able to serve these communities better given their proximity. Specialization in geographic area or demographic was not mentioned by any client as an identifying factor in their agent’s brand. However, stories from clients like Bonnie, who happened upon Norman’s open house while taking a walk around her neighborhood, demonstrate how this specialization may aid in attracting business.

Despite the descriptions of specialization from Norman and Britney, all three agents also insisted that they can serve clients throughout Southern Arizona. When a homebuyer asks to be shown properties outside of the agent’s specialized area, each agent interviewed had a solution ready—whether it was to recruit help from other agents, or show the client themselves. “But if somebody needs to go elsewhere like this lady we just worked with- we got the chance to show her markets all over town, West side, Northwest side, Central, all the way to Oro Valley,” Norman describes. Though his business is concentrated in northern Tucson retirement communities, he notes that any location in Tucson is possible if a client wants it. Veronica also describes how she is able to maximize the areas she serves:

“So I will go to Casa Grande, I have a listing in Benson right now, Saint David. I won’t go to Sierra Vista, I have people to refer to out there just because the drive is a little much for us. Vail, Sahuarita, Three Points, Marana, Oro Valley—we cover all of it. Catalina—we’ll even go out to Oracle. We will help families in our area and in our surrounding areas.”

Agents like Veronica are prepared to serve any area in Southern Arizona. Even when those are areas that the agent herself does not serve, she has a prepared contact for an agent in that area. Though referring a client to another agent is not the same as working with the client yourself, Veronica finds value in having these resources available because it further emphasizes the point that she can help any client who comes to her, even if they do not ultimately do business with her.

This principle of being able to help any client regardless of location was echoed by Britney as well. “I belong to 5 MLS’s. When I take a listing I can maximize exposure to my sellers. If I pick up a lead for Sierra Vista I have showing assistants there,” she describes her ability to reach far and wide. Though she is not capable of going to all of these places herself, she is able to enlist help from assistants in order to help a potential client regardless of where they are located.

The paradox of being both a specialist and a generalist is confusing, but both parts of agents’ brands are important and serve unique purposes. By specializing and focusing on certain demographic or geographic client groupings, agents like Britney and Norman are able to dominate sales in those categories. However, generalization—or the appearance of being able to help anyone anywhere—is considered important to being as helpful to clients as possible. Turning down a client because they are outside of an agent’s area of expertise is considered a risk by agents. Thus, regardless of whether they are specialized or not, these agents will tout their ability to serve most of Southern Arizona.

As valuable as this paradoxical trait may be in the eyes of agents, no client made mention of how their agent was a specialist or generalist. Bob and Bonnie made several mentions of Norman being a part of their community, but this was appreciated more for the social value it provided than for how it may reflect Norman’s knowledge or ability to serve the community.

Though specialization was cited as a large contributor to sales volume by the agents themselves, clients do not have enough interaction with agents to understand how they specialize. For clients, it likely does not matter because regardless of whether agents are specialists or generalists, agents simply need to be able to help their client. Clients interviewed perceived their agents as being able to fulfill their needs, though each client had different needs.

Client needs can range from any number of areas. For Sarah, one of her needs was for her agent, Britney, to include Sarah's family in the homebuying process:

"I think what Britney has is what you're looking for. For me, it was someone who was friendly, that would talk to my children, that would communicate with me, with my parents. You know, if we were out looking at houses, that's what we did, we had our family with us, and that is centered around us."

One of Sarah's needs was for her family to be involved. Though an agent has no responsibility to include a client's family in the process, Britney made sure that she engaged with all the parties that Sarah wanted to include as a part of her home buying process. Sarah describes Britney's inclusiveness as what she was "looking for" in a real estate agent, and thus, something that she highly values in any agent. Sarah perceived that Britney understood this need and served it by engaging with her family as they accompanied the two when looking at potential homes. While this is not an example of specialization or generalization, it is a demonstration of how the agent understands the client's needs.

There are several reasons as to why clients do not identify their agent's knowledge in discussing stand-out factors of their brand. Being a generalist or specialist is a less visible personality factor for clients, who only have experience with their own transaction with their agent. Again, Turnbull and Waller also identify this as a reason for clients not understanding what traits distinguish their agent as more productive than other agents (2009). In addition to a

lack of experiences within this service industry, many clients likely view knowledge of the industry as a part of the core service offering, or the main service being provided. Butcher, Sparks and O'Callaghan found that over various service industries, social regard had a greater impact on client satisfaction than perceived core service quality (2003, p. 203). Given the greater impact of social regard over perceived core service quality, it is likely that real estate clients also place less importance on knowledge of the industry and more on peripheral service offerings, such as agent understanding which is similar to social regard.

### ***Acumen***

As previously mentioned, Figure 1 (p. 20) provides an illustration of how knowledge and understanding work together to create acumen. Acumen was not something described by any client or agent. Rather, it captures two distinct elements which were described by agents: their knowledge and their understanding of client needs. Acumen captures both the agent's expertise of the industry, built off of a strong foundation of both formal education and sheer length of exposure to the industry; as well as understanding client needs, a trait that for some is an innate sense of empathy and for others, a skill learned through experience in client interactions.

When real estate agents possess both knowledge of the industry as well as an understanding of client needs, they are able to use both in tandem to provide the best service possible to clients. While knowledge is a basic requirement necessary to perform any real estate function, thoughtful realizations come from marrying this knowledge with understanding client needs. These thoughtful realizations are what drive the quality of the core service being performed, whether it is leading a client in buying or selling a home. This core service often also requires unique problem-solving of navigating a client's wishes at the same time that they navigate industry processes.

It is necessary for agents to use their industry knowledge and client understanding in unity to best serve their clients. If an agent only possessed industry knowledge and not client understanding, they could assist a client with the logistics of buying or selling their home but would not understand how to customize service to fit their client's needs best. If an agent only possessed understanding of their client, they would make critical mistakes in the home buying or selling process. Though the latter situation is far less likely to occur given industry requirements for licensing, the former is certainly a possibility among less emotionally intelligent agents. Agents who do possess acumen are not only capable in that they understand the market and the process; they are able to use that information in a meaningful way when they assist their clients, by aligning decisions they make to their clients' needs.

Though clients did not use acumen as an identifying factor in what they valued from their agent, stories they told about their experience signaled acumen's importance to clients. As previously discussed, clients were able to clearly describe how their agent understood their needs. Sarah spoke of how Britney helped her find her perfect home: "...She listens to what you want, listens to your needs, and then she really thoroughly hand-picks options for you." While Sarah directly addresses how Britney understands her needs, she indirectly addresses how Britney applied that understanding of needs in tandem with knowledge by hand-picking options for her to browse. Britney is an expert of the industry and is aware of the many styles and options for homes, and because she understands Sarah, Britney was able to focus her knowledge on finding a home that would satisfy Sarah's needs. This exemplifies how clients may not be able to put perceived acumen into words, but can appreciate it nonetheless.

### ***Trustworthiness***

To further support the literature, trustworthiness, a trait linked to ethical behavior, was commonly described as part of the value that clients derived from their relationships with their

agents. Trustworthiness was described as being established through means of personal or community interaction as well as agents' professional experience and proven processes.

Previous studies point to reasons as to why trustworthiness is a top-of-mind brand personality trait for clients, given agents' reputation for poor ethics. Still, agents did not use this trait as a primary descriptor for their own brands.

When asked to describe the personality of Norman's brand, Bonnie spoke of how "[she trusts] them" and as a result has referred many of her own friends to Norman, all of whom have been happy with their experiences. Further on in the interview, she compares her experience with Norman to those she had with another agent, who she viewed as "offensive," "overzealous," and negative. The contrast between Norman and her previous agent provide the foundation of trust for Bonnie. Though they could be considered additional brand traits, they are also actions that exemplify Norman's brand traits: providing fair prices and not pressuring the couple into hasty decisions largely influenced Bonnie's opinion of him.

Bonnie's husband, Bob, also described how his previous experience with salespeople made him wary of working with them. The contrast between the typical salesman and a good real estate agent helps Bob strongly identify trust as a part of Norman's brand, as well:

"I've not seen them say something that wasn't factual or truthful...or deceiving or tricky which you might find in some sales endeavors. They're not aggressive, they leave the decisions up to you, they'll help you if you have questions, but they won't coerce you.

They guide you very honestly through the decision-making process. So it's comfortable to work with someone selling a product."

For Bob, there is an understanding that salespeople often work with sales, and not customers, as their top priority. Clients are wary of real estate agents being like their counterparts in other industries. When an agent like Norman behaves in a way that contradicts

the client's stereotype of an agent, it becomes an especially prominent trait of the agent's personality from the client's perspective.

For Bob, trustworthiness was based on other factors as well. Norman's community involvement seemed to play heavily into this aspect of his brand:

"What impresses me about them is their sense of being within the community that we live, their interest in not only the product they sell, but an interest in the properties, the valuations, the community itself, the residents. Whether they sold or buy from him necessarily is important, but they also include the community in their activities which I really like. They're very social, trustworthy I think is maybe a good word."

Bob and Bonnie live in the same age-restricted community that Norman and his wife reside in, and with the agent's constant presence within the community, Bob is assured that he can be trusted. Bob later goes on to say that "trust comes from association and experience with [people you work with]," and he was able to have more experiences than a typical client would have with their agent by way of Norman's proximity and the way in which he commits himself to his neighborhood, both socially by getting to know residents and professionally with his frequent open houses and outreach efforts. This results in "a sense of good feelings about the way they handle and conduct their business" for Bob; ultimately, a very positive thing for a brand.

Frida also made mention of trustworthiness, which was important to her because of her lack of familiarity with the home buying process. When a client like Frida, who has not bought a home in decades, goes to an agent they have "to be able to trust that that's going to happen because they are making plans that that's going to happen." Frida described trustworthiness as a prominent trait of Veronica's brand personality due to the way that Veronica communicated what was happening at every point throughout the process. This helped put Frida at ease: "The

paperwork is huge and a lot of times people won't read everything but Veronica goes through it and I just have a feeling, a trust that she's not hiding anything." For Frida, the amount of paperwork and the potential for discrete, unwanted clauses within it is a worrisome part of the home buying process. Her worries were assuaged because she could trust her agent to read through any paperwork carefully. Though she describes this trust as an intuitive, gut feeling, she also describes how Veronica's honesty and transparency lends itself to feelings of trust. This demonstrates how, though honesty and trustworthiness are similar traits, they are not interchangeable. There is a cause-and-effect relationship between the two: clients know that their agents are honest, and trust them because of this.

Each of these three clients described their agent as trustworthy for different reasons. Ethical conduct, community involvement, and transparency each lent themselves to providing foundations to allow trust to be a brand personality trait of their agents. All of these factors contribute towards one of Berry, Zeithaml, and Parasuraman's five dimensions of service quality: assurance. Assurance is largely defined by how well a service provider can instill trust and confidence within customers; it can come from sources from advertising to the transactional interactions themselves. In the cases of all three clients, the agents' actions and behavior contributed positively to trust and thereby, assurance. This contributes to perception of good service quality, meaning that trust has major influence on a client's satisfaction. With all of this being true, it is understandable that trustworthiness would stand out more to clients as they evaluate their agents' brands.

In addition to assurance, services marketing theory describes how customer emotions can drive perceptions of satisfaction (Bitner et al, 2017, p. 81). Though traditionally, negative emotions are more likely to translate into negative overreactions towards service quality, Frida's nervousness towards home buying gave her a heightened sense of appreciation for her agent's



honesty. Past experiences contribute to predicted service expectations (Bitner et al, 2017, p. 62). As such, Bob's past experiences with sales gave him poor service expectations for real estate agents. Bob perceived Norman as providing service of higher quality than Bob's expectations in part because of honesty. Thus, trustworthiness was a key differentiator in improving perceived service quality.

Though agents like Norman discussed trust as being necessary to relationships, agents did not use trustworthiness as a main descriptor of their own brands. There is a likelihood that agents simply do not think that trustworthiness is as important as other traits which are unrelated to ethical behavior. Black and Rabianski found that American and Canadian real estate agents ranked knowledge of ethics as the 20th most important topic out of 40 real estate subject areas (2003). Though it is possible that these rankings have shifted since the time of that study, it is just as likely that agents still believe that ethics, and in turn trustworthiness, are less important than other topics which pertain more to their knowledge of the industry.

### ***Time***

In addition to insight and trustworthiness, time spent together plays a large role in the formation of a client's feelings of friendship towards their agent. Not only is the amount of time spent in face-to-face interaction important. Equally important for clients is that they perceive the agent as valuing this time by focusing on the client and taking note of conversation or information that presents itself during time spent together. Clients and agents both considered the time factor to be critical to relationship-building.

Time spent together is valued not only for the sole purpose of having proximity to the agent, but also for the information that can be gathered from face-to-face conversations. As Sarah describes her agent, Britney, "she spends a lot of time and when you're out with her she'll listen to the conversations you're having and she remembers." It would not be enough for

Britney to join Sarah in touring listed homes; the information that is gathered during these interactions is just as important, if not more. Also worth noting is that this time is more valuable because it is taken seriously. The agent, as Sarah describes, remembers the conversations they have when they are together.

This theme of not only time spent together, but time being valued appeared again in talking to Frida about her experience. For Frida, it was important that her agent Veronica made sure that her time was not wasted.

“I want one that will listen and not waste my time going out with them. Veronica actually will even preview some homes before she would take me to look at them because she kind of knew what I was looking for after going out with me for a couple times, she kind of knew, ‘Ehhh she’s not going to like this or that,’ and I appreciated that. So I liked that, as that’s what I’m looking for with somebody.”

This demonstrates how clients do not derive value from the amount of time spent with their agent, but rather, how agents value the time spent and use that time to more effectively serve their clients. In fact, Frida’s words may be seen as completely contradicting the idea that sheer length of time will have a positive impact on their relationship. However, Frida is not advocating for less face-to-face interaction with her agent. She specifies how, if she will be spending time looking at homes, she appreciates her agent being thoughtful about how the time is being spent.

Some agents also recognize the value of time spent together and how it affects the relationship between the agent and client. One prominent description from Norman, for example, described one of his favorite practices for getting to know his clients when showing them houses:

“That vehicle’s one of the most important areas of business. It’s tight quarters, I got you now, I make a lot of fun with people, I lock the door after they get in, I say “I have you, you can’t get out until you sign a contract.” [laughs] We’re kidding, we’re developing relationships. But I’m learning a lot from them with every stop we make, every house we see, and it’s all that interaction-when we get back into the vehicle, “what’s your overall impression?” and you start to understand people just from the look on their face. [...]

Maybe you’re looking at 8 houses, 10 houses. I had this lady the other day-we showed them 14 houses! They were there for 10 hours in my car. It was wonderful. That is what you get, and you’ve got to find a way to continue that relationship. You’re picking up valuable information and that car is one of the best avenues. Don’t meet people at houses. Maybe to start off-the first one. Let them leave their vehicle, and go in your vehicle. It’s that interaction that you’re getting that’s going to benefit you and them in the long run. In the first 15, 20 minutes, you’re going to know whether you’re going to really have a good experience with them. They’re testing you at the same time-how am I really feeling about this guy?”

Norman spends as much time as possible with his clients by traveling in the same vehicle as his clients when he takes them to view potential homes. Though Frida described how she does not want her time wasted, Norman sees this vast amount of time spent with clients—even as much as 10 straight hours—as a positive thing. For Norman, this is a relationship-building tool that allows him to understand the client’s needs and desires more intimately than if they spent less time together. From his perspective, he is able to see the entire spectrum of emotions that may pass through a client when considering a home. He is privy to all of the thoughts that may usually be hidden in the privacy of the client’s own vehicle as they travel from showing to showing.

Though amount of time spent together cannot definitively be described as positive or negative, the common theme through all agents and clients in discussing face-to-face interaction was that time spent in those interactions needed to be handled with care. For clients and agents alike, this time is best spent when used to understand the clients' needs, wants, and feelings regarding both the home itself and how they prefer to work with their agent.

### ***Commercial Friendship***

The literature supports that agent empathy improves service quality on the client side, but has the potential to be negatively impactful for agents in terms of emotional and mental health. In line with these findings, clients interviewed found their agent to be a good friend to them, perceiving their agents as being there and "feeling for" clients as a friend would. In contrast, agents seemed to be cautious of being too emotionally close to their clients. Interviews displayed how agents and clients view their relationships differently such that clients identify relationships clearly as friendships, transcending the transactional nature of the their interactions. They elaborated on how agent actions demonstrated their clear friendship, though agents did not describe their relationships with clients as friendships. The difference in perceived relationship also aligns with literature on commercial friendship which suggests that clients will become closer to their service-provider than vice-versa and that these feelings of friendship inspire loyalty within clients.

For clients like Bonnie, there was a distinct difference in their agents' behavior versus previous agents' behavior, with Norman being more friendly, less aggressive, and most importantly, more involved in Bonnie's social life. One anecdote she told was telling of how Norman became a friend in her eyes:

"Our street has Wine Wednesday, the culs-de-sac, and the neighbors come-they bring an appetizer and what they want to drink...and I invited Norman and [his wife]. I not once

heard him talk real estate-I had said that he's a Realtor, but he fits in with most any group."

In a social setting such as a "Wine Wednesday," inviting your real estate agent may lead to your agent looking to bring themselves more business from your other friends at the event. For Bonnie, it was a pleasant surprise when Norman did not use his invitation to Wine Wednesday as another marketing opportunity for himself. She mentioned later in the interview that Norman and his wife are "normal. Contrasting the realtor who's-you know, just knows everything and will tell you everything he's done or sold and you kind of, almost feel trapped." Though he could have brought up real estate to other neighbors present, he refrained. This shows Bonnie how Norman can be a part of not just her home-owning life, but also her social life.

Norman provided a number of reasons for Bonnie, as well as her husband, to view him as more than their agent. Some acts described were as simple as attending social events, but others required more time and emotional effort, as Bob describes:

"Bonnie has a twin sister in San Diego and Norman has a son in San Diego, so when they would go over they would visit Bonnie's sister who's in some pretty bad times. There was no reason for them to do that outside of the fact that they just had that compassion and I just thought that was really nice, and they did it more than once, they did it a number of times."

Though Norman and his wife were already in San Diego to visit their own family, they took time to visit Bonnie's sister in an assisted living home. As Bob says, this seems to be an act of compassion given the poor state of the sister's health. Events such as Wine Wednesdays are within Norman's own neighborhood and provide him the benefit of social interaction, while visiting Bonnie's sister requires traveling and provides less social reward. This act was

understandably significant to Bob and his wife, and provided another reason that Bob can describe them as “good friends... nice people, good people, family people.”

Veronica’s client Frida was also able to consider her agent a friend. As previously mentioned, Frida had not gone through the homebuying process in a long time prior to her experience with Veronica, and was nervous and unsure of how to proceed in many aspects. She had a good experience with Veronica that gave her reason to remain friends with her agent after the transaction was over, and found that even when there was opportunity for Veronica to earn more commission in another transaction, Veronica prioritized Frida’s needs first:

“I’m thinking about downsizing and wanting to move because the house is just too big for me and we had talked about that and she kind of calms me down and says ‘You need to wait a little bit until you know what you want to do and then we’re gonna work it out together.’ So even though I’m not actively looking for a house with her, she’s still my agent and she still helps me and I know she’s there for me.”

Though the word “friend” is not used here, giving Frida advice that puts Frida’s needs first rather than pushing her towards a decision that would earn Veronica more income is an action one would expect to see from a friend, not a real estate agent. Friends are often “there for” each other in the same way that Frida feels that Veronica is towards her. Frida feels as though her own best interest is Veronica’s priority, making for a lasting relationship between the two.

Also worth noting in Frida’s description of her relationship with Veronica is that she realizes their friendship is not unique. Frida describes how “[Veronica] kept me around as a friend and she keeps many of her clients as friends. She has this network of people that I’m always amazed with.” Though Frida understands that her relationship with Veronica is not unique and that the agent has a very large network of “friends,” she still values their friendship

and appreciates how the agent is able to make others feel like a top priority in the same way Frida herself feels like a continuing priority in her agent's life.

Again, all four clients interviewed were able to describe their agents as friends. Though specific reasons for this differed, all acts of friendship centered on making the client feel like a priority within the agent's life. Acts of empathy, compassion, friendliness, helpfulness, and more made clients feel as though they had a deeper relationship than transactional. There were three components to fostering commercial friendship that were shared by all three clients: acumen, time spent together, and trust. Clients expressed other values of commercial friendship as well as described above, but the three factors of acumen, time and trust in combination lend themselves well to fostering friendship. Literature suggests that need fulfillment is a common factor towards forming commercial friendships from the client's perspective. In the context of other services, clients felt stronger friend-like relationships when they felt that their service provider went out of his or her way to provide extras and "accommodate the client's needs" (Price and Arnould, 1999, p. 42). In the context of the relationships examined, agents were able to accommodate needs on account of their insight. The same literature notes that there is correlation, but not causation, between trust and friendship (Price and Arnould, 1999, p. 44). In addition, the time agents and clients spend together may be felt as a "captive setting" where self-disclosure becomes easier, due to the fact that services like home buying give clients and agents no choice but to get to know each other (Price and Arnould, 1999, p. 47).

Despite clients' feelings of friendship, agents themselves may not view the relationship in the same capacity. Agents recognized the need to care about their clients as people rather than sales figures. Stories of getting to know their clients, and even performing actions unique to their own practice to learn more about clients, were common. However, previous research on commercial friendships between service-provider and customer indicated that often, clients feel

a stronger social bond to service-providers such as hair stylists; some service-providers are uncomfortable with forming too close of a social bond with clients (Price and Arnould, 1999, p. 44). The stories agents told of how they interact with clients outside of transactions seem to describe a relationship beyond transactional; whether this relationship could be described as pure social friendship is questionable.

The three agents interviewed never used the word “friend” to describe their clients, current or former. The exception to this is when Veronica referred to remaining friends with clients after closing for the purpose of receiving referral business from clients. Despite no explicit use of the word “friend,” agents described actions that are not typically performed by a real estate agent for their client.

According to his clients, Norman performed more of these “friendly” behaviors than the other two agents interviewed, as well as actions requiring more time and emotional investment. Visiting a client’s family in hospice or coming over to help a client rearrange their patio furniture are just some of the actions that Bob and Bonnie appreciated during their interviews. However, in describing these relationships with clients, he simply describes them as “relationships.” Norman heavily addresses the importance of building relationships with clients throughout his testimony, but without descriptors of close social relationships. Rather, relationships are described as importance in order to understand client preferences in their home search as well as to receive referrals from clients.

Other agents perform series of smaller tasks to promote lasting relationships with their clients. These tasks require less emotional investment than some that Norman’s clients described him performing, but Veronica described many tactics that would be commonly used in a friendship to promote goodwill, as well. Some such tasks included giving gifts and meeting clients for lunch or coffee, even after ending the home buying transaction.



The many tasks performed to inspire goodwill between agents and their clients do resemble actions which may be performed within a friendship. However, there was a distinct difference between agents and clients in how relationships were described. Agents almost never used the word “friend,” which brings to question whether goodwill-inspiring actions were performed to inspire customer loyalty as opposed to developing a friendship. All three agents described the importance of referrals for their business. It is worth investigating further whether relationship-building efforts are made with the intent of inspiring customer loyalty and referrals. It is definite that there is a difference in how the agent views their relationship with their client.

Even if agents do not see their clients as true friends, they all believed that being personable and friendly was a large source of value for their brand. Norman proudly proclaimed that he and his partner are “the friendliest Realtors,” and though a difficult claim to quantify, Norman is certainly outgoing and upbeat when it concerns potential or past clients. In Norman’s case, he was not only hosting open houses to attract buyers; these were social gatherings with friends in the neighborhood. In direct observation of an open house which took place in the neighborhood where he lives and does much of his business, an old friend visited Norman to chat for a bit while he was on his neighborhood walk. Norman and his past client greeted each other warmly and shook hands, making small talk for a few minutes before his client offered to speak with me regarding his experience with his agent. (This testimonial was brief and was not included in transcriptions, as it was a general albeit very positive review.) Later, Norman described this man as a former client and neighbor. Such drop-ins are not uncommon for him:

“One reason realtors don’t like open houses is because nobody shows up. But because we’re in that closed community we’ve got so many people out walking the dog or cruising by on their golf cart... looking for [a home for] a friend, neighbor, family member, who

was in town and decided ‘hey, this is a pretty cool place.’ So they’ll stop in—and this is people that we’ve known and done business with—and even people just stop in to say hello.”

Norman is prepared for this type of social success due to the community in which he holds open houses. In such a community where residents commonly walk the neighborhood on afternoons looking for things to do, consistently holding open houses provides residents in the area with an acquaintance to stop and chat with. Though “open houses” are primarily selling tools, the warm welcome with refreshments and pleasant company also reinforces the friendly nature of the agent’s brand.

Interestingly, agents interviewed also understood that they may not mesh well with absolutely everyone, as friendly as they may be. Though eager to help potential clients, for agents like Norman, his business necessitates getting to know them before committing to transactional relationship:

“...It comes down to just being able to get together with people. In our business, it’s real easy. Within 15 minutes of time, you know whether you’re gonna like working with the client and they also know whether they’ll like working with you. So it’s very important to come across as very professional and have the ability to relate to people.”

Those first 15 minutes of interaction with a client are key to determining whether there is potential for a harmonious relationship between the client and agent, which is why it is important for Norman to relate to a variety of types of people. Though there was no mention of what type of people he is not able to work with, it is dependent on personalities of both agent and client. Being “friendly” does not necessarily mean that Norman will be liked by every potential client.

Agents like Veronica prepare for potential mismatches by having diverse teams of varying genders and ages, providing clients with options of who to conduct their transaction through:

“Because again, we won’t work with everybody. We will help anybody who wants to have it. We’re very positive, we have good energy, good culture, we wanna make sure that we’re a good fit. Which also is a benefit of having the team—if someone doesn’t get along with me, they’d rather work with a man, I’ve got a couple of them on the team, there you go.”

Veronica is willing and eager to help anyone who will accept her help, but it also the first to admit that not everyone will work well with her team. Despite considering herself a positive and personable agent, those two traits of her brand are not guaranteed to satisfy every customer. By keeping several agents within her fold who fit her same brand criteria, she is able to still retain business and maintain the positive brand personality she portrays.

Past research has examined how personality traits of salespeople can affect their sales performance, with findings indicating that an achievement-oriented personality may be more successful (Bartram, Martin and Warr, 2005, p. 90). Others have indicated that there are no personality types that generate more sales volume over others, particularly in residential real estate (Davenport, 2018, p. 50-51). Agents interviewed described friendliness, or similar descriptors, as being integral to their brand. Though it is not a proven fact that being personable is beneficial to an agent, it is seemingly a common belief amongst agents that being friendly and personable is vital to success in the industry.

Given the many acts of friendship, and common belief in the benefits of “friendliness” as a service provider, it is strange that agents were not as forthcoming to describe clients as friends. There are numerous potential reasons for this. In Price and Arnould’s study of hair styling, they

also observed that the service provider was less likely to view their client as a friend than vice-versa (1999, p. 44). For other industries, though there are less discrepancies in perceptions of friendship, service providers more strictly compartmentalize their relationship with clients from their other traditional social friendships (Price and Arnould, 1999, p. 51). In addition, the three agents interviewed were identified by their broker as top performers in relation to sales volume. Higher volume implies more clients worked with, and maintaining friendships with a larger client pool would be more difficult. The literature reminds us that service providers who are empathetic may be more likely to experience emotional exhaustion and burnout; this is another reason why agents may be more wary to commit themselves not only as a service provider, but as a friend (Snyder and Claffey Sr, 2011, p. 313).

### ***Social Friendship, Advisors, and Allies***

It is worth questioning whether or not the presence of all of these factors are a necessity to facilitating commercial friendship. Although each of the themes of acumen, trust, and time are valuable as standalone traits, the interplay between combinations of each form different relationships between the client and agent. While clients interviewed described all three factors in discussing their agent, the relationships formed when lacking any of the three can be inferred by analyzing what each factor brings on its own. The overlap of any two of the commercial friendship factors create different relationships. These relationships are social friendship (the overlap of time and trust), advisors (the overlap of trust and acumen), and allies (the overlap of time and acumen).

Regarding social friendship, time and trust are factors which would be present in a friendship where high-quality service is not being provided. The missing factor in a social friendship is acumen. As previously discussed, acumen requires both the knowledge of an industry and the understanding of a client's needs. In a situation where acumen is not present, a

client could not be well-served. Missing acumen could signal that an agent possesses either knowledge or understanding, but not both at the same time. That being said, an agent who lacks acumen makes a better fit as a purely social friend to the client than as a commercial friend. Social friendship may not be enough to garner loyalty or repeat patronage with an agent, as the service is lacking.

In terms of the advisor relationship, trust and acumen are present, but not time. Here, a client could trust that their agent is being fully transparent and making decisions for the good of the client. The client is also being well-served through the agent's use of acumen. Without the presence of valued time spent together, however, the agent is only able to serve in a role as a trusted advisor. The quality of time spent together was identified by clients like Sarah to be indicative of how much the agent prioritized the client. Frida reflected similar thoughts; as her agent Veronica was careful to make the most of their time spent together, she felt that Veronica cared for her as a friend would. While an agent who garners trust and possesses acumen holds the minimum to guiding their client in the buying or selling process, the client will not feel that their agent cares enough about them to be worth more than advisors.

Finally, the ally relationship lacks trust and is instead built off of time and acumen. While the agent possesses the acumen to do their job well and the client perceives their time spent together as valued by the agent, the client may be slower to take to their agent's advice or recommendations. Clients like Bob discussed how, in their previous relationships with salespeople, they found that they were often deceitful or not fully transparent: "I've not seen them say something that wasn't factual or truthful...or deceiving or tricky which you might find in some sales endeavors." These traits are the opposite of what one would associate with trust, and Bob expressed his hesitation to work with salespeople given this reputation. Additionally, Bonnie discussed how a previous, particularly pushy agent she worked with caused her to

terminate the relationship before completing the transaction. As these examples show, trust is essential to fully allowing an agent to serve as a commercial friend in the process. When a client feels that they cannot trust their agent, they will take their agent's guidance only so seriously. While the agent and client are working towards a seemingly common goal of buying or selling a house, the client may believe that the agent is not exclusively working with the client's best interests in mind.

Given the relationships that result from a lack of any one of the three traits identified by clients, it is necessary for all three to be present simultaneously for a strong commercial friendship between clients and agents. As previously discussed, commercial friendship is linked to increased loyalty with clients. Thus, in order to provide such value that a client will remain loyal, an agent cannot simply be a social friend, advisor, or ally.

### **Recommendations**

After evaluating the relationship between themes like honesty and trust; knowledge and understanding; and trust, time, acumen, and friendship; several recommendations can be drawn to help agents to inspire loyalty within their clientele. As mentioned, perceived friendship encourages clients to remain loyal to their service provider. In addition, clients interviewed described how they often referred others to their agent. Thus, even if home buying is not a frequent transaction for the average person, there are still ways for agents to benefit when their client considers them as a friend. With this being the case, the following recommendations are prescribed to instill the key factors of client-perceived friendship into an agent-client relationship.

Relating to trust, clients described how this factor made them feel secure in their relationship with their agent. During interviews, there were several mentions of how honesty is a great factor in developing trust. Bob described how he felt that Norman guided him "very

honestly through the decision-making process,” making him feel “comfortable” to work with Norman. In general, honesty regarding the process will go a long way towards making clients trust their agent. Even if an agent does not explicitly let their clients know that they are honest, clients may be able to gather that impression simply by the amount and accuracy of information the agent is able to provide to their client, whether the information is good or bad. When agents are able to garner the trust of their clients, their clients feel safe referring the agent to friends, as Bonnie described: “I trust them, um, they’ve just-and I have referred so many people here to [Norman and his wife] and they’re all been happy.” Trust allows for clients to feel safe not only in conducting their own transaction through their agent, but also to feel that their friends and family will be in good hands when working with their agent.

In addition to instilling trust in clients, it is recommended that agents also take care that they are spending time with their clients face-to-face. More importantly, time spent face-to-face needs to appear to be valued by the agent. For clients interviewed, agents were able to demonstrate how they valued time by focusing on the client as well as using information gathered to guide future service. In order to show that a client’s time is valued, an agent must demonstrate focus on their client while with their client, and take care to guide decisions based on information that the client has already conveyed to the agent. Sarah describes how Veronica made her feel this way: “We’re her client at that time, there’s not another focus, and that makes you feel good that you’re her top priority.” Even though agents have many clients who are demanding their time, agents can make clients feel valued by using their time spent together carefully. Clients feel that their time is well-spent when an agent shows that they value what occurs during these interactions, and this feeling also inspires friendship.

Finally, acumen is extremely important to being able to serve the client. Acumen is what allows agents to apply industry knowledge in a way that serves client needs. This trait is formed

through the combination of knowledge and an understanding of client needs. As agents described, this knowledge was not limited to the minimum that is taught in real estate licensing classes, but also the knowledge gained from years of working in the industry. Clients may not recognize knowledge as a stand-out trait because it enables the core service, but it is necessary for agents to possess acumen. Knowledge can be used productively when paired with an understanding of client needs which allows for the agent to provide the best possible service. For example, when Veronica previewed homes for Frida, she was able to identify potential homes using her knowledge but decide whether or not to show listings to Frida using her understanding of Frida's needs. Client needs can vary from the preferred style of their desired home to their preferred communication method. When armed with that information, agents can be more effective at assisting clients.

Above all, real estate agents should strive for commercial friendship in the clients' eyes. Though agents may not consider their clients as friends at the same level that clients see agents as friends, as demonstrated in the analysis, they can inspire loyalty within clients through friendship. The recommendations provided operate within the framework of client's perceived friendship, and thus, are for the purpose of satisfying the client as opposed to making the agent's job easier. Regardless, the client's satisfaction is critical to maintaining loyalty. As such, these recommendations should be followed by agents who wish to retain customers, both for future transactions as well as for referrals.



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## **Appendix A: Interview Questions**

### **Brand Strategy for Real Estate Industry: Interview Questions**

1. Please tell me about [your/your real estate broker or agent's] brand.
  - a. What is the personality of the brand?
  - b. What promise does this brand represent?
    - i. For brokers or agents: does this promise vary whether working with a buyer or seller?
  - c. What actions do [you/your real estate broker or agent] perform to confirm the promise of the brand?
    - i. For brokers or agents: do these actions vary whether working with buyer or seller?
    - ii. For consumers: were there any actions that disaffirmed this promise?
  - d. How do you think this brand is similar or different to that of other real estate professionals?
  - e. For consumers: What aspects of brand personality or promise do you desire in an agent?
  - f. For brokers/agents: Are there any aspects of your brand that you wish to make more prominent?

*Additional clarifying questions as needed.*