Relationship Selling: The Personalization of Relationship Marketing

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Relationship selling is a process that involves attracting the right type of customers and then building, maintaining and enhancing interactions with them in order to develop long-term satisfaction through mutually beneficial partnerships. Key components of relationship selling are reviewed, different levels of relationships are explored and benefits of building relationships are summarized. Five key antecedents of relationship selling are also developed. These include customer/prospect analysis, service quality, trust, personalized service and value added. Finally several research questions involving relationship selling and sales management of relationship salespeople are offered.

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Introduction
A key element of many relationship marketing programs is the association between the buyer and the salesperson. This might especially be the case for services such as insurance, securities or trusts and for many business-to-business situations where the salesperson is a major component of the firm’s marketing strategy. In those cases, where long-term partnerships are sought, salespeople need to adopt a relationship-selling perspective. Historically, the principles of personal selling and negotiation have been viewed from a transaction-orientation; that is, their aim was to help marketers close a specific sale with a customer (Kotler 1988). An alternative way to look at selling is from a relationship viewpoint. As Kotler points out, “The seller who knows how to build and manage strong relationships with key customers will have plenty of future sales from these customers” (Kotler 1988, p. 695). Many firms are finding that relationship selling is working. Dupont, for example, spends a large portion of its sales training teaching its salespeople the importance of building customer relationships and the procedures for developing relationships (“Dupont Turns Scientists into Salespeople” 1987).

The purpose of this paper is to give an overview of relationship selling and provide insight into some key antecedents which are necessary for salespeople to develop relationships with customers.

Components of Relationship Selling
Relationship selling is a process that involves attracting the right type of customers, and then building, maintaining, and enhancing interactions with them in order to develop long-term satisfaction through mutually beneficial partnerships (adapted from Berry 1983). Each of these components, along with key antecedents that support them, are shown in Figure 1.

Figure 1
Antecedents and Components of Relationship Selling

<table>
<thead>
<tr>
<th>ANTECEDENTS</th>
<th>COMPONENTS</th>
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<tr>
<td>CUSTOMER/PROSPECT ANALYSIS</td>
<td>ATTRACTING</td>
</tr>
<tr>
<td>QUALITY SERVICE</td>
<td>BUILDING</td>
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<td>TRUST</td>
<td>MAINTAINING</td>
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<td>PERSONALIZED SERVICE</td>
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<td>ADDED VALUE</td>
<td>RELATIONSHIP SELLING</td>
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Attracting
It is important for the relationship salesperson to attract the right kind of customer for the relationship. Customers’ accounts must be large enough to warrant the additional time and effort the relationship salesperson must invest in the account. Clearly, spending a great deal of time and effort on small accounts with low potential would not be in the salesperson’s best interest.

Building
The second component of relationship selling is to build relationships with customers. This is done by gaining their trust and by providing quality service. Gaining a customer’s trust means developing a bond of mutual respect so that customers feel comfortable with the salesperson and feel that the salesperson is looking out for their best interest. Salespeople must also provide their customers with quality service. Even if salespeople are selling products, they provide service to their customers through their problem solving, post-sales activities, and question answering. Customers must view these services as high quality for a relationship to build.

Maintaining
If relationships are not nurtured and maintained they will decay and eventually dissolve. In such cases customers may continue to use the product or service, but the relationship will suffer and repeat business and referrals will not result. More business is lost every year through neglect than through any other cause (Kerndt 1989). Also, it has been estimated that it costs five times as much to generate new business than to keep existing customers (The Sales Arsenal 1990). To maintain relationships, salespeople must offer personalized service.

Enhancing
Enhancing relationships involves providing extra value to customers, above and beyond what they expect in a normal interaction. These extra values might include such things as advising customers or helping them to network with other professionals. There are two important aspects of enhancing relationships. First, enhancements are generally little things that add up to make a big difference in the relationship. Second, enhancements must be over and above normal levels of service. Normal service is expected, and if it is not given, providing extras will not do anything to enhance the relationship. Salespeople can get an idea of customers’ normal expectations by asking questions, by observing what other salespeople do and by observing advertisements. Customer’s expectations vary, however, and salespeople must try to determine the unique expectations of each customer.

Levels of Relationships
According to Kotler (1992), there are five different levels of relationships:

Non-Existent Relationship
In this approach the salesperson doesn’t do anything but say “thanks for the business” and then goes on to sell to someone else. In a sense the non-existent relationship is not a relationship at all since the salesperson does not provide any service or maintain any contact after the sale. This type of arrangement will eventually decay.

Reactive Relationship
In this approach the salesperson says, “If anything goes wrong please give me a call.” In this level of relationship salespeople try to show that they care and are available if needed by customers.

Accountability Relationship
Here the salesperson contacts the customer a week or two after the sale to ask if the customer is satisfied. Thus, the salesperson takes the initiative to get feedback from the customer.

Showing-Continuing-Interest Relationship
This approach involves contacting customers on a continuing basis to tell them about new developments, such as a new product. This level of relationship is more permanent and involves continued two way communications.

Real-Partnership Relationship
This approach involves really working with customers to develop the best and most appropriate products and services to satisfy their needs. To establish this partnership, salespeople should involve customers in determining their needs and shaping the type of products and services that will continue to meet their needs. It also requires the salesperson’s involvement with customers over time. In a mutually beneficial partnership, both the customer and the salesperson benefit. Thus, these types of relationships are win-win situations. Customers benefit from having their needs satisfied, receiving quality service, and by having a salesperson they can trust and respect. Salespeople also benefit by gaining customers who give them referrals and who purchase additional products.
**Benefits of Building Relationships**

There are several benefits which accrue from relationship selling:

**More Opportunities to Cross Sell**

Building strong relationships with customers allows salespeople an opportunity to offer them more products or services. Since salespeople have developed a close relationship with these customers and have a great deal of knowledge about their needs, they are in a position to suggest other products or services which meet the customers’ needs.

**More Referrals**

Building strong relationships with customers and providing enhancements can lead to more referrals. Highly satisfied customers who have developed trust for their relationship salesperson and who feel their needs are being satisfied are much more likely to recommend their salesperson to others. Having trust and the knowledge that relationship salespeople will work closely with them makes customers feel more comfortable making referrals. Satisfied customers can be the best unpaid sales force a relationship salesperson can have.

**Word-of-Mouth Support**

In addition to referrals, customers who have developed strong relationships with their relationship salesperson are also more likely to tell their friends about the salesperson and the salesperson’s services. Recommendations from friends are a potentially strong influence on consumer preferences (Brown and Reingen 1987).

**Less Costly**

As stated earlier, it costs five times more to cultivate a new customer than to keep an existing customer (The Sales Arsenal 1990). Thus, keeping customers satisfied means less turnover and keeps costs down.

**Higher Persistency**

Since relationship salespeople keep in contact with customers and stay aware of their needs, they are less likely to lose business to another salesperson. One of the major reasons for this higher persistency is that as relationship salespeople build strong relationships, they get to know the customer’s individual needs and are able to provide extra value to the customers. Relationship salespeople can do this by forming both social and structural bonds with customers. These will create substantial barriers to competition (Turnbull and Wilson 1989). Building and enhancing a relationship makes termination of the association unattractive (Dwyer, Schurr and Oh 1987). Customers will view their costs of switching to another salesperson in both time and money as high (Jackson 1985). That is, customers believe that it would take a long time to make another salesperson knowledgeable about their needs and they believe that they would be giving up a great deal of value by switching to another salesperson. These high switching costs keep customers from giving their business to another salesperson.

**Relationship Selling as a Process**

Relationship selling cannot be viewed as a one-time transaction. Rather, relationship selling is a process which takes place over time. Relationship selling must be done continually. In a non-existent relationship, the major goal in dealing with a potential prospect is to make a sale, regardless of the effects on the relationship. If a sale results, the outcome is considered successful in spite of the tactics used. When a sale is made in this manner, however, the relationship between salesperson and customer may be damaged, referrals are less likely, customers are unlikely to give positive word-of-mouth, and they are more likely to switch to another salesperson.

In a relationship selling context, if a salesperson made a sale but injured the relationship with the customer in the process, it would damage trust and the encounter would not be viewed as successful. In order to have a good relationship, the customer must feel positive after every transaction. A successful relationship salesperson must look at the process used as well as the outcomes. Any process that damages the relationship with a customer is not worth the cost. To avoid damaging a relationship for a short-term gain, salespeople must always be concerned with the effect their actions will have on their relationships with customers (Fisher and Brown 1988).

There are several differences between the process used in relationship selling and the process used in traditional selling. Both forms of selling are composed of six basic steps (Cathcart 1988): Planning the call, meeting the customer, studying the customer’s needs, proposing a solution to the customer’s needs, confirming that an agreement has been made, and assuring that the customer is satisfied. Figure 2 shows the relative time that is spent in each of these steps in traditional selling and in relationship selling.
### Relative Amount of Time Spent in Each of the Six Steps of a Sale

<table>
<thead>
<tr>
<th>Traditional Selling</th>
<th>Selling Steps</th>
<th>Relationship Selling</th>
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<tr>
<td>Low</td>
<td>Planning</td>
<td>High</td>
</tr>
<tr>
<td>Low</td>
<td>Meeting</td>
<td>High</td>
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<tr>
<td>Low</td>
<td>Studying</td>
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<tr>
<td>High</td>
<td>Proposing</td>
<td>Low</td>
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<tr>
<td>High</td>
<td>Confirming</td>
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<tr>
<td>Low</td>
<td>Assuring</td>
<td>High</td>
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As can be seen from this figure, the relationship salesperson spends much more time planning, meeting, studying needs and assuring than the traditional salesperson and much less time proposing and confirming than the traditional salesperson.

### The Antecedents of Relationship Selling

In order to develop effective relationships with customers, relationship salespeople must engage in customer/prospect analysis, provide quality service, gain customer trust, offer personalized service, and deliver value added.

#### Customer/Prospect Analysis

The first antecedent of relationship selling is customer/prospect analysis. This analysis is a prerequisite to attracting the right type of customer into a relationship. There are two different kinds of situations the relationship salesperson may face: selling to existing clients and selling to prospects. In cases where salespeople are selling to existing customers, they must determine how much service each customer warrants. As with other types of account analysis this could be done by ABC analysis (Stanton, Buskirk, Spiro 1991). Using this method, customers could be categorized by volume, potential and the amount of service they require. Then the intensity of the relationship offered by the rela-
As pointed out earlier, it is important that the level of the relationship should match the customer’s situation. A non-existent relationship would be appropriate for a customer who required little personal service, and who was low in profit and potential. (See Figure 3). On the other end of the continuum, a real-partnership relationship would be appropriate for a customer who required a great deal of personal service, and who was high in profit or potential.

Figure 3

Relationships Should Match Each Customer’s Situation

Low profit, low potential: Needs little personal service

High profit, high potential: Needs much personal service

Non existent relationship Reactive relationship Accountability relationship Showing continuing interest relationship Real partnership relationship

On the other hand, in cases where the salesperson must prospect for new business, the salesperson should try to target specific markets. It is easier to attempt to build relationships with specific definable groups of prospects who have similar needs than to try to satisfy everyone (Berry and Thompson 1982). The salesperson must also try to attract the type of prospects who will be candidates for the type of investments which relationship selling requires. When prospecting, relationship salespeople should seek out prospects who will be profitable, who will have potential and who will respond favorably to personal services.

Service Quality
The second antecedent of relationship selling is service quality. Service quality is an important contributor to building a relationship. According to Crosby (1991), service quality is a necessary but not sufficient condition for relationship quality. Berry and Parasuraman (1991) propose five dimensions that influence customers’ evaluations of service quality: Reliability, responsiveness, assurance, empathy and tangibles.

Reliability
Reliability is the ability to perform the service dependably and accurately. Customers want salespeople to do what they promised they would do and to provide service without making mistakes. Customers want their needs to be handled reliably so they will not have to worry.

Responsiveness
Responsiveness is the willingness to help customers and to provide prompt service. When customers have a problem they want it handled quickly by someone who is eager to help them. Responsiveness means providing
service within a time frame that meets or exceeds customers’ expectations. Since customers’ expectations will differ across situations, relationship salespeople must ask questions and listen in order to determine their expectations.

Assurance
Assurance is the knowledge and courtesy relationship salespeople and their staff display and their ability to convey trust and confidence to their customers. Customers want to be assured that they have made correct decisions. The way relationship salespeople treat them and answer their questions will help make them comfortable.

Empathy
Empathy involves providing caring, individualized attention to customers. Empathy is knowing customers situations and letting them know that salespeople understand their situation. Once customers know that a relationship salesperson has empathy, they will open up and be comfortable dealing with the salesperson.

Tangibles
Tangibles are the physical facilities, equipment, personnel and communication materials relationship salespeople use. Since service is not tangible, customers evaluate the quality of service by the quality and appearance of the tangible things they can judge, such as the people, paperwork, brochures and office environments (Bitner 1992).

Trust
The third antecedent of relationship selling is trust. Gaining trust is a contributor to building a strong relationship with customers. The customer’s trust, in a relationship-selling context, is a confident belief that the salesperson can be relied upon to behave in such a manner that the long-term interest of customers will be served (Crosby, Evans, Cowles 1990).

There are five things relationship salespeople must do to gain customers’ trust: they must be dependable, candid, competent, customer-oriented, and establish rapport (Swan, Trawick and Silva 1985).

Dependable
Being dependable means that relationship salespeople must set realistic expectations in customers’ minds and not promise things they cannot deliver. Also, backing up statements with proof helps to reinforce dependability. Relationship sales peoples’ actions must also conform to their promises. This can be done by writing down key promises and due dates and utilizing a client file which is updated after every contact with a customer. Finally, relationship salespeople should show an interest in customers’ needs. This lets them know that the relationship salesperson can be counted on to look out for them. The bottom line is that in order to trust the salesperson, customers must feel that the salesperson’s actions are predictable and that the salesperson will look out for their interests.

Candid
Another way that a relationship salesperson can gain trust is to be candid. Being candid means telling customers both sides of the issues they are faced with and giving them both the pros and the cons of the products and services that are recommended. Also, it is important that relationship salespeople don’t overstate when they describe products or services or what they can do for the customer. Overstating raises customers’ expectations, and if salespeople can’t deliver, customers are unhappy. Being candid with customers increases the relationship salesperson’s credibility. Customers tend to believe relationship salespeople and have more confidence in them. This dimension of trust also makes customers more comfortable in recommending relationship salespeople to their friends and associates.

Competent
It is important to be dependable and candid, but relationship salespeople also must back up these qualities with competency. Competency involves being knowledgeable about offerings so the relationship salesperson can provide customers with correct information. If relationship salespeople don’t have knowledge, they won’t be trusted. Competency also involves having the relationship salesperson available to customers when they are needed. There are numerous ways to be accessible (eg., beepers, pagers, giving out home telephone numbers, car phone, voice mail, fax numbers). Being accessible gives the relationship salesperson a professional image and increases customers’ trust.

Customer Oriented
Being customer oriented means that customers feel that relationship salespeople care about them. In order to have them feel this way, relationship salespeople must ask questions about customers and their needs and must listen to their responses.

Establish Rapport
Another way to gain trust is to establish rapport. Customers should enjoy being around relationship salespeople. Relationship salespeople must be friendly, polite and courteous. Some sure
ways of doing this include being customer oriented and listening to customers. It is also useful to establish common interests with customers. The more common interests a relationship salesperson can uncover, the easier it is to spend time with customers and the greater the breadth of topics the relationship salesperson has to share. Interests may be uncovered by constantly observing and being on the lookout for signs that reveal common interests. This would include such things as observing pictures, trophies and certificates in the customer’s office and taking advantage of small talk to explore the customer’s interests (Jackson, Cunningham and Cunningham 1988).

Personalized Service
The fourth antecedent of relationship selling is personalized service. Personalized service is necessary in order to maintain a relationship. Personalized service recognizes the importance of treating each relationship customer individually and in a totally customized fashion (Vavra 1992). Personalized service involves staying in touch with customers, customizing relationships, and conducting relationship check-ups.

Staying in Touch with Customers
It is important for the relationship salesperson to communicate regularly with customers. According to Crosby, Evans and Cowles (1990), relationship salespeople seek out their customers on a relatively frequent basis. Staying in touch with customers is a key ingredient in maintaining relationships in a wide variety of selling fields (Crosby, Evans and Cowles 1990).

There are numerous opportuni-
ties to stay in touch, including telephone calls, newsletters, written correspondence, delegating contacts, cards, clippings, etc. When salespeople talk to customers more often, they can achieve better customer service, improved understanding of customer needs, more contacts in the customer’s organization and protection against competitors trying to make inroads (Masser 1986). Furthermore, staying in touch allows the salesperson to reinforce key selling points.

Where possible, these communications should be personalized to the customer. In this regard, a personal note accompanying an article about a customer’s favorite sports celebrity is worth more than a year’s worth of holiday cards, because it shows that the salesperson cares about the customer. Relationship salespeople can use account profiles to help them remember personal aspects about each of their customers (Oberhaus, Ratliffe and Stauble 1993, pp. 193-195).

Customizing Relationships
The relationship salesperson’s objective in building a relationship with customers is to customize the relationship based upon the customer’s product or service needs, their personal needs and their relationship needs. The point is, relationship salespeople must be adaptive and customize the relationship based upon what they learn about customers’ needs (Weitz, Sujan, Sujan 1986). Relationship salespeople should constantly be on the lookout for clues about customers’ needs. These might be things the customer says, things they do, or things in their environment that indicate their needs.

Relationship Check-Up
A relationship check-up is a periodic, systematic review with customers of their personal situation to make sure their needs are being met and that they are satisfied with the performance of the relationship salesperson. Performing this review is a good way to stay in touch with customers’ needs, to let customers know that salespeople care and that their needs are being met effectively. Checking a relationship with a customer periodically can prevent serious difficulties from arising. Thus, an occasional “check-up” on a relationship, much like an annual physical, can help maintain a healthy relationship (Fisher and Brown 1988).

By asking customers if everything is satisfactory, the relationship salesperson might uncover some aspects of the relationship that the customer is unhappy with. If dissatisfaction is discovered, relationship salespeople must deal with the situation quickly or let customers know why they can’t. Otherwise the salesperson may make the customer more unhappy. If customers are asked to reveal their problems, relationship salespeople must be responsive to them.

Value Added
The fifth antecedent of relationship selling is value added. Value added is the way salespeople can enhance relationships. Added value can help strengthen relationships and build loyalty (Gill 1991). Value-adding services are services that the relationship salesperson can provide that would be difficult or expensive for customers to provide for themselves. Value binds the relationship salesperson and the customer together. Value reflects the “total benefit” customers receive for the “total cost” they pay. Value-adding services are extras over and above what the
customer expects. According to Kotler (1992), value added is the key to relationship marketing. Relationship salespeople must identify extras that are valued by customers, not easily copied by competitors, and which are financially and operationally feasible to offer. Often this can be done by providing customized, personalized service that recognizes the unique situation faced by each customer. Such personalized services are likely to be valued by customers and least likely to be copied by competition (Berry 1983). According to Crosby (1991), “Value can be added by providing social reinforcement, reassurance, benefit reinforcement, problem solving assistance, customization and labor substitution” (p. 285).

Conclusions

It would appear that relationship selling has a great deal of merit in an era where partnering is being hailed as a potential solution to many business problems. However, this is an area where there is a serious need for empirical work. Many questions exist, such as:

- What variables contribute to relationship strength?
- Is there a relationship life cycle? (Dwyer, Shurr, Oh 1987)
- What effects do service quality and trust have on relationship quality?
- What are the costs and benefits of building relationships?
- When do the costs of developing a relationship exceed the benefits?
- What type of customers are the best candidates for building relationships?
- What are the effects of social and structural bonds on relationship strength in various types of situations?
- What effect does changing salespeople have on relationships in terms of both relationship strength and outcomes?
- What is the relative importance of variables such as social bonding, product/service quality and price on relationship strength in various types of situations?
- How does relationship strength influence outcome variables such as sales or referrals?

There are also a number of sales management questions which need to be addressed:

- What factors should be evaluated to measure the performance of relationship salespeople?
- Which activities of relationship salespeople contribute the most to performance?
- What is the best way to motivate relationship salespeople?
- What is the best method to compensate relationship salespeople?
- What qualities should be looked for when selecting relationship salespeople?
- How should relationship salespeople be trained (Doyle and Roth 1992)?

While this list of potential research questions could be greatly expanded, it is evident that there are many questions that need to be answered. Hopefully, this paper will serve as a catalyst to investigating these and other areas of relationship selling.

References


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