

## RESEARCH BRIEFS

# GUT REACTIONS OR DELIBERATE JUDGMENTS: WHICH IMPROVE SALES PERFORMANCE?

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### RESEARCH QUESTIONS

Everybody has gut reactions to situations. We often meet people and form impressions based on limited information, make decisions based on what we find intuitively appealing, and rely on our hunches when forming judgments. In the workplace, salespeople may use their intuition to determine a customer's wants, needs, and budgetary constraints, which will in turn guide their discussions and dictate what products and services are presented to the customer. Consider the scene from the movie *Pretty Woman* in which the character played by Julia Roberts enters a boutique wearing a risqué outfit and is immediately treated with disdain based on a salesperson's gut reaction. Rather than seeking out more information and formulating judgments based on sound evidence, the salesperson let her intuition drive her actions, losing a potentially large sale in the process.

This begs the question of how accurate a quick, gut (intuitive) judgment is relative to a well-thought-out (deliberative) assessment. In addition, what happens when a salesperson has accurate intuitive judgments but inaccurate deliberative judgments, and vice versa? And, are there personal characteristics or skills that can improve one's ability to make accurate judgments, thereby improving sales performance? These questions are important because the accuracy of intuitive and deliberative judgments can influence profits and selling efficiency, which are important elements of overall sales performance.

To tackle these questions, Zachary Hall (Texas Christian University), Michael Ahearne (University of Houston), and Harish Sujana (Tulane University) examined the influence of accurate intuitive and deliberative judgments on sales interactions. They argue that individuals are able to make accurate intuitive judgments about people even after only

a brief observation of their behavior. Accordingly, they propose that when salespeople make accurate intuitive judgments about customers, including those concerning customers' needs and budgetary constraints, their sales performance will increase (i.e., higher sales in less time).

Hall and his colleagues also sought to examine *how* accurate intuitive judgments influence sales performance. They argue that the appropriateness of the initial sales strategy explains how accurate intuitive judgments influences sales performance. In other words, when initial intuitive judgments about the customer are accurate, this can lead to better sales performance because it allows the salesperson to select a selling strategy that matches the customer's situation. For example, if a customer has a limited budget, it would not be an appropriate selling strategy to first show the customer the most expensive product.

Hall and his colleagues also examined *when* the accuracy of intuitive judgments influences sales performance. Because the sales interaction unfolds over time, the salesperson has an opportunity to engage in more deliberate judgments. This provides an opportunity to "correct" their initial intuitive judgments about the customer by adjusting their sales strategy. For example, the salesperson may initially make an intuitive judgment that the customer prefers a product with feature "A." However, after interacting with the customer, the salesperson may change his or her judgment to reflect the customer's preference for feature "B" instead. In this case, it is possible that the initial judgments regarding feature "A" were inaccurate, and the sales strategy was improved by shifting the focus to feature "B." It is also possible that the original judgment was correct (the customer actually preferred feature "A"), and adjusting the sales strategy based on the inaccurate deliberative judgments hinders the sale. So

Hall and his colleagues predict that when a salesperson has both accurate initial intuitive judgments *and* later deliberative judgments, sales performance will be better than when either or both judgments are inaccurate.

Finally, Hall and his colleagues sought to identify personal characteristics that influence the accuracy of intuitive and deliberative judgments. They argue that experience, salesperson-customer similarity, and empathy should each be positively related to intuitive accuracy. Because domain-specific experience can greatly influence the patterns people readily identify, and intuitive sales judgments require salespeople to quickly recognize patterns in customers' verbal and nonverbal behavior, sales experience should be associated with greater intuitive accuracy. Similarly, when the salesperson is interacting with someone similar to him or herself, the salesperson should be better able to recognize patterns and make more accurate intuitive judgments about the customer. And, salespeople who are empathetic should make more accurate intuitive judgments because empathetic individuals are adept at recognizing patterns in people's behavior, which enhances their ability to size people up correctly.

Hall and his colleagues contend that deliberative judgments can be improved by the salesperson's customer orientation (e.g., extent to which they focus on understanding customers' needs, asking them appropriate questions, etc.) and listening skills. In other words, when a salesperson asks questions about the customer's purchasing needs and listens carefully to the answers, it should help the salesperson form more accurate deliberative judgments about the customer's needs.

## STUDY DESIGN AND METHOD

To address their research questions, Hall and his colleagues recruited the participation of a retail mattress company. The data collection occurred in two primary stages. In the first stage, Hall and his colleagues conducted 45 semi-structured, 30-minute interviews with sales and marketing executives, store managers, sales associates, and customers. From these interviews, they identified a list of six shopping-related needs for the typical mattress customer that would be used in the second stage of the study.

That second stage involved a four-month field study conducted at 15 store locations, with survey and observational data collected from 330 salesperson-customer dyad interactions. The salesperson and the customer were each asked to rank the

customer's mattress-buying needs in order of importance both before and after the sales interaction. The absolute difference between the customer's rankings and the salesperson's rankings *before* the sales interaction represented the degree of accuracy of the salesperson's intuitive judgments about the customer. On the other hand, the absolute difference between the customer's and the salesperson's rankings *after* the sales interaction represented the degree of accuracy of the salesperson's deliberative judgments about the customer.

To measure the appropriateness of the selling strategy, the first product that the salesperson showed to the customer was compared to the customer's initial rankings of his or her needs. The amount of the customer's purchase as well as the length of time of the sales interaction were measured to assess sales performance. Tenure with the mattress retailer was used to measure each salesperson's domain-specific experience. Demographic information was collected to assess salesperson-customer similarity. After the sales interaction, salespeople were asked to complete a survey that included the measures of customer orientation, empathy, and listening skills.

## KEY FINDINGS

Hall and his colleagues found that salespersons' intuitive accuracy influenced customer purchases and the final purchase amount, but not the selling time. Moreover, the appropriateness of the initial sales strategy explains *how* initial intuitive accuracy influences sales performance. In essence, when a salesperson makes an accurate intuitive judgment about the customer, the salesperson is able to select a more appropriate selling strategy. The appropriate selling strategy in turn leads to the customer actually making a purchase—and at a higher price.

In terms of *when* accuracy influences sales performance, the influence of intuitive accuracy on sales performance depends on the accuracy of deliberative judgments. That is, when a salesperson's intuitive judgments and deliberative judgments are accurate, sales performance (i.e., purchase, purchase amount, and decreased selling times) is at its best. On the other hand, when a salesperson's intuitive judgments or deliberative judgments (or both) are inaccurate, sales performance suffers.

Regarding personal characteristics, sales experience, demographic (gender and ethnic) similarity, and a salesperson's level of empathy positively influenced the salesperson's intuitive accuracy. In

other words, more sales experience, gender and ethnic similarity, and high levels of empathy are associated with more accurate intuitive judgments about customers. Similarly, a salesperson's customer orientation and listening skills positively influenced deliberative accuracy. When a salesperson has a stronger customer orientation and better listening skills, he or she will tend to have more accurate deliberative judgments of customers.

### CONCLUSIONS AND IMPLICATIONS

Hall and his colleagues highlight several important issues regarding the sales interaction. Specifically, they show that accurate intuitive judgments improve actual sales as well as selling efficiency. Additionally, they demonstrate that sales performance is influenced by *both* the intuitive accuracy and deliberative accuracy of judgments regarding customers' needs. In short, salespeople need to be "perceptually ambidextrous"—they must be able to make accurate intuitive judgments *and* accurate deliberative judgments about customers' needs. In fact, when salespeople were perceptually ambidextrous, sales performance increased by 138%.

This study also identifies when selling behavior is less effective. Specifically, sales performance suffers when salespeople make inaccurate initial judgments about customers, when salespeople use inappropriate selling strategies (i.e., those that do not match the customer's needs), or when salespeople do not accurately adjust their judgments. Finally, this study shows that the personal characteristics that influence intuitive accuracy and deliberative accuracy are distinct. Specifically, sales experience, ethnic and gender similarity, and salesperson empathy influence intuitive accuracy, whereas customer orientation and listening skills influence deliberative accuracy.

All of this has important implications for managers interested in improving employee sales performance. Specifically, it's important to assess the accuracy of salespeople's judgments. In some cases, the cost of inaccurate judgments is enormous. In a famous incident, Oprah Winfrey asked to see a \$38,000 handbag while visiting a boutique in Europe. The saleswoman made an intuitive judgment that the bag was too expensive for Winfrey and refused to show her the bag. Like the example in *Pretty Woman*, the salesclerk made an inaccurate intuitive judgment that negatively impacted sales performance. By identifying the accuracy of salespeople's judgments, managers can tailor training interventions that will help salespeople become more accurate in their judgments and identify more appropriate selling strategies. Moreover, this study suggests that teaching salespeople to be more empathetic can improve sales performance by helping them better recognize customers' feelings and behavior, which, in turn, should lead to more accurate judgments. Hall and his colleagues also recommend that managers encourage salespeople to adapt their selling strategies to each customer. By using a strategy that matches the needs of the customer, salespeople may be able to greatly improve their sales performance. After all, it does not make sense to try to sell a \$3,000 product to a customer with a \$500 budget. Ideally, these sorts of interventions will improve the accuracy of salespeople's judgments, which should ultimately improve sales performance.

### SOURCE

Hall, Z. R., Ahearne, M., & Sujan, H. (2015). The importance of starting right: The influence of accurate intuition on performance in salesperson-customer interactions. *Journal of Marketing, 79*, 91–109.