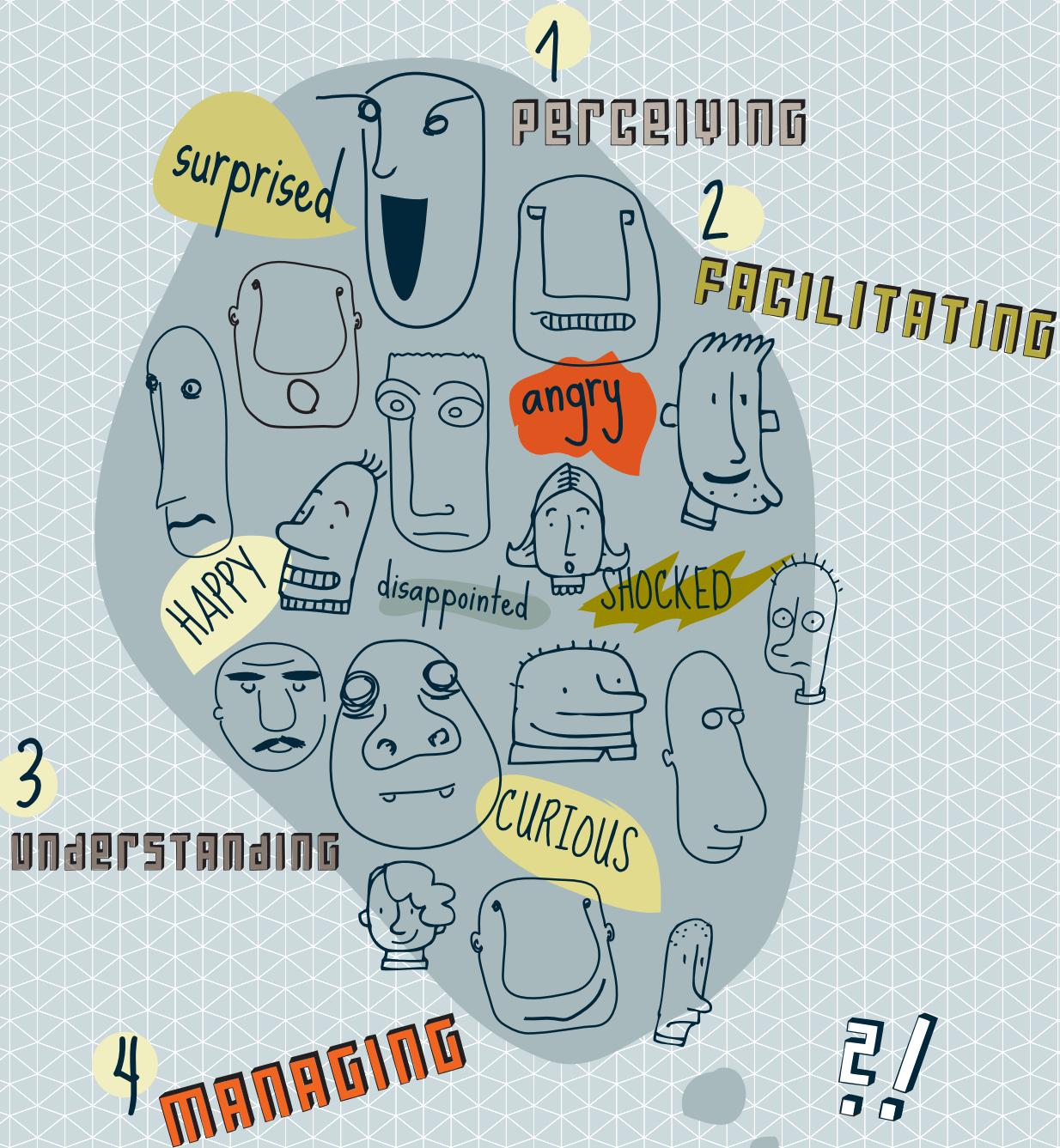


{ New Insights }



# A CLOSER LOOK AT EMOTIONAL INTELLIGENCE IN MARKETING EXCHANGE

*Blair Kidwell, David M. Hardesty, Brian R. Murtha and Shibin Sheng*

Emotional intelligence (EI) is important in many business contexts. Knowing how sales professionals use emotions to facilitate positive outcomes for their firms, themselves and their customers is particularly important for managing marketing exchanges. To leverage EI it is necessary to accurately measure it. Existing scales are of limited value and therefore a new scale to measure EI in marketing exchange is presented here. It focuses on EI related abilities in the specific context of marketing exchange and effectively demonstrates how EI interacts with sales, customer orientation, the extent of influence of a sales rep in an encounter, customer retention and cognitive ability. The new tool helps to diagnose individual levels of marketing exchange EI. It can be very useful for employee selection and designing specific sales training in order to improve exchange relationships and interactions between buyers and sellers, in particular.

## EI Revisited

Ever since Daniel Goleman introduced the concept of emotional intelligence (EI) in his first book in 1995, it has been a hot topic and its effects have been analyzed in a variety of business contexts (e.g., leadership, team-building and sales). Indeed, recent estimates indicate that 75 % of Fortune 500 companies promote EI, and that 90 % of top performers in virtually every industry have high EI. Emotional intelligence is the ability to acquire and apply knowledge from one's emotions, and from the emotions of others, to produce beneficial outcomes. Common wisdom on EI suggests that "more" of it is better than "less" in almost any situation. However, a closer look reveals that a thorough examination of the concept is necessary for diagnosing EI and analyzing work-related outcomes such as individual performance and organizational productivity.

## EI in Marketing Exchange

Understanding and using emotions is particularly salient in marketing exchanges because it involves customers, suppliers and internal collaborators. The EI of sales-

people, who are key players in managing exchange processes and business relationships with important stakeholders, is therefore a very relevant topic. Emotions constitute powerful psychological forces that can strongly influence sales professionals' behavior and performance. Whereas *specific* emotions in marketing encounters, such as fear and anxiety, cheerfulness and excitement, gratitude, anger and frustration or shame and guilt, have been investigated in the context of sales force, there is not much evidence on salespeople's *ability* to recognize and respond to their own and their customers' emotions. Being "emotionally intelligent" in marketing exchange means being able to use emotions to facilitate interactions with customers. EI can be described along four different dimensions, in general and in market exchange in particular.

*Perceiving emotion* is the ability to accurately recognize and appraise emotions. It involves awareness and the ability to interpret and differentiate emotions in oneself and in others. Specific to marketing exchanges,

## THE AUTHORS

*Blair Kidwell*, Associate Professor of Marketing, [b.kidwell@uky.edu](mailto:b.kidwell@uky.edu)

*David M. Hardesty*, Endowed Professor of Marketing, [david.hardesty@uky.edu](mailto:david.hardesty@uky.edu)

*Brian R. Murtha*, Assistant Professor of Marketing, [brian.murtha@uky.edu](mailto:brian.murtha@uky.edu)

all three Gatton College of Business and Economics, University of Kentucky, Lexington, USA

*Shibin Sheng*, Associate Professor of Marketing, School of Business, Adelphi University, Garden City, NY, USA [sheng@adelphi.edu](mailto:sheng@adelphi.edu)

This article is an adapted version of *Kidwell, Blair; Hardesty, David M.; Murtha, Brian R.; Sheng, Shibin* (2011): "Emotional Intelligence in Marketing Exchanges", *Journal of Marketing*, 75, 1, 78–95, and is published with the permission of the American Marketing Association.

perceiving involves recognizing emotions from facial expressions. For example, emotionally perceptive sales professionals are more likely to recognize when a customer is bored or excited, interested or confused, relaxed or annoyed. Such perceptions can provide information that salespeople can use to adapt their approaches and effect successful exchanges.

**Facilitating (or using) emotion** is the ability to access, generate and use emotions. It includes weighing emotions against one another and against other sensations and thoughts. It allows emotions to focus attention so that emotions can help to achieve certain goals. Specific to marketing exchanges, facilitating emotion involves knowing which emotions are appropriate in sales interactions. For example, sales professionals who more effectively use emotions in marketing exchanges will better perceive the customers' feelings, will know which emotions to display, and will be aware of how their emotions affect customers.

**Understanding emotion** is the ability to analyze complex emotions and form emotional knowledge. It involves reasoning and understanding emotional problems, such as knowing which emotions are similar and what they convey. Sales professionals high in emotional understanding are better equipped to know how emotions blend – how pride and joy may lead to elation or annoyance and anxiety can lead to anger – and how these emotions can change during exchanges. For example, salespeople are at a distinct advantage when they understand that anxious customers are likely to become frustrated.



» Salespeople with high EI exhibit behaviors consistent with customer orientation because they effectively perceive, use, understand and manage emotions in marketing exchanges. «

Finally, **managing emotion** is the ability to regulate one's own emotions and the emotions of others to achieve a desired outcome. In marketing exchanges, this dimension involves salespeople's ability to maintain composure in the presence of negative emotions and being able to positively influence customers' emotional responses. Salespeople proficient in managing emotion are also effective at increasing customer enthusiasm and positive evaluations of products and services, or alleviating frustration and anxiety for perplexed customers. Some salespeople may struggle with frustration and annoyance toward certain customers, but those skilled in managing emotion will control their negative emotions, and effect positive feelings that ultimately build customer rapport and create relationships based on goodwill.

#### EI Boosts Sales Performance

Indeed EI proved to have very strong effects on sales revenue directly and indirectly via marketing exchange variables. Sales professionals perform better if they are able to keep their emotions after a lost sale or poor presentation from spilling into subsequent customer interactions. They are more successful if they appeal to current emotional states to persuade customers. For example, if a customer is frustrated by complex product features, salespeople who can ease frustration will have distinct advantage over others who fail to perceive, facilitate, understand, and manage these emotions (see Box 1).

In the sample of real estate agents of Study 1, the EI dimensions of **understanding** and **managing** emotions proved to be of particular importance. Understanding and managing emotions are essential to selling complex high-involvement products, particularly for real estate agents who deal with transactions that take considerable time and effort. An agent can greatly benefit from empathizing and understanding the emotions that accompany the complex process of buying a home. If agents can lessen customers' fear and anxiety, they are likely to develop stronger customer relationships and ultimately increase sales.

For the insurance agents in Study 2, **perceiving** and **facilitating** emotion positively related to sales revenue. Obviously, the abilities to perceive, assimilate and use emotions to decipher how to best meet customers' needs may be particularly effective. Specifically, emotionally perceptive agents attend to facial expressions, recognize when and whether emotions resonate, and effectively discern the best services. For example, it is useful to know

that customers may feel fear and anxiety when they consider purchasing insurance but joy and relaxation when offered services that alleviate risks. Integrating and using perceptual information for effective communication and positive interaction is vital to creating interactions based on goodwill and positive emotions.

Further, Study 2 showed that EI not only influences sales volume but impacts the exchange between buyers and sellers in more complex ways via *customer orientation* and the *manifest influence* of a seller in an encounter, both being crucial aspects of customer interactions. *Customer orientation* assesses commitment toward meeting customers' needs; *manifest influence* assesses influence on customers and refers to changes in customers' decisions and behaviors because of sales professionals' participation.

Moderate and high levels of EI are necessary to enhance the impact of both *customer orientation and manifest influence* on performance. Salespeople with high EI exhibit behaviors consistent with customer orientation because they effectively perceive, use, understand and manage emotions in marketing exchanges. They better assess customers' needs, offer products that will satisfy them, describe products and services more effectively based on the customer's current emotional state, and avoid high-pressure selling that can result from poor social skills. High-EI salespeople more effectively influence customers because they recognize and understand their needs and can help find the best solutions, which leads to positive outcomes for the firm, the customer and the salesperson. Without EI, interpersonal skills suffer and attempts to influence may appear divisive and pushy.

#### The Beneficial Interplay of Emotional Intelligence and Cognitive Ability

Study 3 investigated interaction effects between EI and cognitive ability of sales persons. Not only EI influences sales performance but also cognitive ability like domain-specific knowledge toward customers, products or competitors. However, without combining ones cognitive abilities with at least a certain level of EI, they might not produce the desired effects. For instance, a sales professional who has high cognitive ability but low EI may be highly knowledgeable about product features, but may not perceive that the customer is confused and thus may lose the sale. Indeed, cognitive ability proved to have a positive impact on sales revenue and on customer retention only at moderate or high levels of EI.

{ Box 1 }

### THREE STUDIES ON THE EFFECTS OF EI IN MARKETING EXCHANGE

*Study 1* was conducted among **500 real estate agents** (response rate 36 %) and had the objective of assessing salespeople's ability to perceive, use, understand, and manage emotions to influence sales revenue. The EIME measured marketing exchange-specific EI. In a follow-up survey, 69 agents completed a questionnaire containing the global EI measure MSCEIT. The company provided each agent's annual sales revenue and age, gender and years of sales experience served as control variables.

A random sample of **300 insurance agents** participated in *Study 2* (36 % response rate). The focus of this study was on the extent to which EI impacts customer orientation and manifest influence and how these two important marketing exchange variables interact with each other and sales revenues. In this study, only the EIME measure was applied. In addition to the control variables of Study 1 adaptive selling and self-efficacy (both measured with established scales for the constructs) were included.

*Study 3* examined the complementary relationship between EI and cognitive ability on sales performance. **300 agents from an insurance company** were randomly selected (29 % response rate). In this study the EIME measure and the self-report measure (SREIS) were applied. The participating firm for each salesperson supplied annual sales results and agents provided the percentage of customers they had retained in the past 12 months to measure customer retention as a second dependent variable. To measure cognitive ability 8 items were carefully developed to provide moderately difficult questions that salespeople with higher cognitive ability would be likely to answer correctly. Correct answers were determined through the company. Additional control variables were sales experience and sales role (indicating the different sizes of the sales territory).

In all studies regression analysis was applied to determine the impact of EI on sales or one of the marketing exchange variables. To understand the impact of the individual dimensions of EI in each setting, a structural equation modeling approach utilizing PLS analysis was applied.

|                             | MSCEIT                                                                                                                                                                                                            | SREIS                                                                                         | EIME                                                                                                                                                                                                                                                                                                |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Type of scale</b>        | ability-based                                                                                                                                                                                                     | subjective self-report                                                                        | ability-based                                                                                                                                                                                                                                                                                       |
| <b>Domain of scale</b>      | general                                                                                                                                                                                                           | general                                                                                       | specific                                                                                                                                                                                                                                                                                            |
| <b>Number of dimensions</b> | 4                                                                                                                                                                                                                 | 4                                                                                             | 4                                                                                                                                                                                                                                                                                                   |
| <b>Number of items</b>      | 141                                                                                                                                                                                                               | 19                                                                                            | 15                                                                                                                                                                                                                                                                                                  |
| <b>Sample items:</b>        |                                                                                                                                                                                                                   |                                                                                               |                                                                                                                                                                                                                                                                                                     |
| Perceiving                  | Indicate how much of each emotion is expressed by this picture/landscape:                                                                                                                                         | By looking at people's facial expressions, I recognize the emotions they are experiencing.    | Indicate how much "surprise" is expressed [in the picture to the left] (see Figure 1)                                                                                                                                                                                                               |
| Facilitating                | What mood(s) might be helpful to feel when meeting in-laws for the very first time?                                                                                                                               | When making decisions, I listen to my feelings to see if the decision feels right.            | How useful might it be to feel "guilt" when attempting to persuade someone to make an expensive purchase?                                                                                                                                                                                           |
| Understanding               | Natalie had never been more surprised in her life. But as she recovered a bit from the shock of the loss and realized she could gain some advantage from the situation if she planned carefully, she became_____. | I have the vocabulary to describe how most emotions progress from simple to complex feelings. | A customer was interested and ready to make a purchase. Later, he felt embarrassed and guilty. What happened in between?                                                                                                                                                                            |
| Managing                    | Debbie just came back from vacation. She was feeling peaceful and content. How well would each action preserve her mood?<br><br>Action : She started to make a list of things at home that she needed to do.      | I can handle stressful situations without getting too nervous.                                | Bill is presenting the product well, although the couple is starting to look bored and disinterested. How well would the following behavior help Bill keep their interest and close the sale?<br><br><i>Behavior:</i> Bill should accept the fact that the couple probably won't make the purchase. |

**TABLE 1:**  
Overview of Common  
Measurement Scales of  
Emotional Intelligence

### How to Measure EI in Marketing Exchange

The results of the studies not only show how EI works in a marketing exchange context but also that not all the applied measurement instruments perform well. In general, EI is measured either by self-report measures or by ability-based measures. In self-report scales respondents evaluate themselves on specific EI dimensions. Such approaches are often inadequate because individuals tend to report their abilities inaccurately and they encourage socially desirable responses. Further, people are generally notoriously poor at reporting their emotions. Therefore self-reported EI inadequately assesses emotional skills. Not surprisingly, the associations are rather low between ability models and self-report, indicating that these approaches yield different information about the same individual.

Ability-based approaches actually test specific EI related skills and more accurately assess emotional abilities. Global measures of EI exist, but it can be questioned if they are suitable for measuring EI in a specific field like marketing exchange. Domain-general

measures sacrifice specialization for generalization and often fail to overcome unique contextual distinctions within a domain. For example, knowing which emotions are useful when interacting with customers involves more specialized emotional abilities than managing emotions in general. A specific scale for a domain does not imply that those who are generally emotionally skilled cannot perform well in that particular field. However, assessing skills within EI that are of particular importance in a specific field can help identify unique emotional abilities that make individuals more effective. To overcome the weaknesses in measuring EI in marketing exchange, the authors developed and suggest a new instrument, the EIME scale. It consists of 15 items for the four dimensions of EI. For its development a standard procedure for insuring validity and reliability was applied.

Table 1 provides an overview of a widely used self-report EI scale (SREIS), a highly popular domain-general EI scale (MSCEIT) and the newly developed specific marketing exchange EI scale.

All three measures included in Table 1 were applied within the three studies (see Box 1) on EI in marketing exchange. The new EIME scale outperformed the other scales in explaining effects of EI in marketing exchange. Study 1 showed that EI, measured with EIME, had a significant effect when regressed onto sales revenue together with control variables and explained 15 % of the variance. When the MSCEIT measure was included in a second hierarchical regression analysis, no change appeared in explained variance, although EIME and MSCEIT were clearly correlated. Still, only EIME significantly predicted sales revenue. Study 3 showed that the SREIS self-report measures did not have a significant impact on customer retention or sales volume whereas the EIME measure showed a highly notable impact. EIME significantly predicted both customer retention and sales revenue beyond self-report EI, cognitive ability, self-efficacy, adaptive selling, sales experience and sales role. Therefore, the new EIME scale (see Figure 1) can be considered superior compared to the traditional approaches and is recommended for diagnosing and strengthening the emotional skills of the sales force.

### Key Findings and Managerial Implications

#### > *High EI salespeople add to the bottom line*

Emotional intelligence provides an important key for understanding how sales professionals interact with customers in ways that not only facilitate the interactions but also lead to positive outcomes for the firm, customer and salesperson. Beyond directly impacting performance, being able to attend to customers' needs (customer orientation) and influencing them (manifest influence) are more positively related to performance when individuals possess high EI. While cognitive abilities are important, they deploy their full potential only in combination with an at least moderate level of EI.

#### > *Selection procedures should include EI*

Sales managers must select highly talented candidates from applicant pools, knowing that sales-force turnover affects recruiting and selection costs. Many selection procedures test cognitive ability and could easily include an EI assessment. The elaboration of EI dimensions in marketing exchange and the results of which dimensions are of particular importance in specific fields can be used as a guideline for integrat-

ing EI into selection procedures. Besides the positive effects on exchange outcomes, selecting individuals with high EI can have other benefits critical to performance such as better communication among co-workers, teammates, and supervisors; facilitation of positive work climates; enhanced citizenship behavior; reduced role conflict, and reduced turnover.

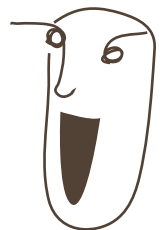
#### > *A domain-specific, ability-based EI scale is superior in assessing EI in marketing exchange*

Measuring EI using a domain-specific assessment better helps to explain and predict EI effects in marketing exchange and sales. Older domain-general measures like the MSCEIT scale have a rather modest correlation with the domain-specific EIME measure and only limited capacity to predict in such specific domains as marketing exchanges. The same is true for self-report scales that are highly susceptible to falsification and invalid for assessing ability.

#### > *Training for EI*

According to previous findings, people can learn emotional intelligence and therefore such training could help sales professionals improve their performance. Companies might assess EI to discern which dimensions are lacking and then focus training on overcoming EI weaknesses. For example, sales professionals scoring low on managing EI can be taught to better manage their own and customers' emotions. Those with at least moderate levels of cognitive ability may be the best candidates for focused EI training, as these individuals may have the most to gain. Those with low cognitive ability do not appear to benefit from EI training. •

UNIQUE



» Ability-based approaches actually test specific EI related skills and more accurately assess emotional abilities. «

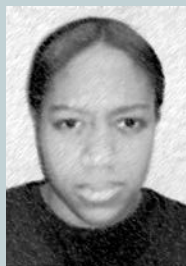
Figure 1:

**EIME SCALE**

(the figures behind each item show the expert scores)

**Section A**

In this section, we are interested in emotions expressed in facial expressions and pictures.  
Please circle the answer that corresponds to the emotion(s) expressed in each face or picture.



1. Indicate how much  
"sadness" is expressed in  
the picture to the left:

1. Not at all present (.89)
2. Slightly present (.11)
3. Moderately present (.00)
4. Quite present (.00)
5. Extremely present (.00)



2. Indicate how much  
"surprise" is expressed in  
the picture to the left:

1. Not at all present (.00)
2. Slightly present (.00)
3. Moderately present (.10)
4. Quite present (.73)
5. Extremely present (.17)



3. Indicate how much  
"fear" is expressed in  
the picture to the left:

1. Not at all present (.76)
2. Slightly present (.24)
3. Moderately present (.00)
4. Quite present (.00)
5. Extremely present (.00)

**Section B**

In this section, we would like you to indicate how useful each emotion might be in response to the scenario that is presented.  
How useful might it be to... (check column that applies for each question)

|                                                                                    | Not at all Useful | Slightly Useful | Moderately Useful | Quite Useful | Extremely Useful |
|------------------------------------------------------------------------------------|-------------------|-----------------|-------------------|--------------|------------------|
| 4. Feel "hostility" when interacting with an angry supervisor?                     | (.92)             | (.04)           | (.04)             | (.00)        | (.00)            |
| 5. Feel "anxiety" when determining the needs of a customer?                        | (.68)             | (.28)           | (.04)             | (.00)        | (.00)            |
| 6. Feel "guilt" when attempting to persuade someone to make an expensive purchase? | (.82)             | (.14)           | (.04)             | (.00)        | (.00)            |
| 7. Feel "frustration" when negotiating compensation issues with your supervisor?   | (.70)             | (.21)           | (.09)             | (.00)        | (.00)            |

**Section C**

In this section, we would like you to circle the emotional response that is the most likely to be felt in the situations described below.

8. Matthew works best when his supervisor lets him do things the way he believes is best. When his supervisor began to micro-manage his activities, Matthew felt \_\_\_\_\_.

1. pleased (.00)
2. disappointed (.00)
3. relaxed (.00)
4. frustrated (.92)
5. guilty (.08)

10. A customer was interested and ready to make a purchase. Later, he felt embarrassed. What happened in between?

1. The customer received a brief phone call. (.00)
2. The customer realized he could not afford to make the purchase. (.88)
3. The customer realized that he should compare prices before making the purchase. (.00)
4. The customer said that he/she was not interested in making the purchase. (.12)
5. The customer continued to search for more information about the product. (.00)

9. A man went into an electronics store feeling rested. Later, he felt anxious. What happened in between?

1. He was approached by an aggressive salesperson. (.78)
2. He saw an old friend that he hadn't seen in several years. (.00)
3. He was helped by a cashier whom he thought he recognized. (.00)
4. He found an alternative product that he liked almost as well. (.04)
5. He couldn't find the brand of cell phone he wanted. (.18)

11. Happiness is a combination of which group of three emotions listed below:

1. Envy, joy, pride (.00)
2. Pleasure, activeness, arousal (.10)
3. Joy, pleasure, satisfaction (.82)
4. Satisfaction, joy, excitement (.08)

Section D

In this section, we would like you to indicate how effective each action might be in response to the scenario that is presented.

Bill never received clear instructions about how to do his job. One day he found out he was reassigned to a supervisor who had a reputation for setting clear goals and objectives. Bill felt relieved and calm for the first time in a long while. How well would the following behaviors help Bill maintain his feelings?

12. Behavior: He could tell his new supervisor how much he didn't like the previous supervisor.

- 1. Not at all effective (.79)
- 2. Slightly effective (.17)
- 3. Moderately effective (.04)
- 4. Quite effective (.00)
- 5. Extremely effective (.00)

A customer agreed to make a large purchase from you. Later, however, you found out that the customer never had enough money to make the purchase. How well would the following behavior help you reduce your disappointment?

13. Behavior: Call back the customer and yell at him for wasting your time.

- 1. Not at all effective (.90)
- 2. Slightly effective (.10)
- 3. Moderately effective (.00)
- 4. Quite effective (.00)
- 5. Extremely effective (.00)



FURTHER READING

*Brackett, Marc A. and John D. Mayer (2003), "Convergent, Discriminant, and Incremental Validity of Competing Measures of Emotional Intelligence", Personality and Social Psychology Bulletin, 29 (9), pp. 1.147 – 58. (SREIS)*

*Goleman, Daniel (1995), Emotional Intelligence, New York, NY: Bantam Books.*

*Mayer, John D. and Peter Salovey (1997), "What is Emotional Intelligence?" Peter Salovey and David Slusher, eds. Emotional Development and Emotional Intelligence: Implications For Educators (3 – 31), New York, NY: Basic Books.*

*Mayer, John D., Peter Salovey, David Caruso and Gill Sitarinos (2003), "Measuring Emotional Intelligence with the MSCEIT V2.0", Emotion, 3 (1), 97 – 105.*

KEYWORDS:

Emotional Intelligence, Measurement, Scale, Marketing Exchange, Cognitive Ability, Sales Performance