

**EFFECTIVENESS OF PERSONAL SELLING STRATEGIES IN THE BANKING
INDUSTRY IN KISUMU COUNTY, KENYA**

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ABSTRACT

According to World Bank 2015 report, banking industry contributes enormously to socioeconomic developments of regions and countries. Banks employ, finance and contribute to GDP. However, Economic Survey 2015 reports customer satisfaction problem among commercial banks in Kisumu County. The global crisis experienced affects the banking industry in Kisumu, more so the mobilization of deposits and trade reduction coupled with increased interest margins. Banks are forced to adapt to effective personal selling strategies to promote their products/services beyond boarder's thus creating awareness and growth of their marketing share. Effective personal selling strategies may enable banks to attract and retain customers thus increased volume of sales, sales revenue and distribution outlets. Kenya can attempt to solve these problems focused on regulations as manifested in the Banking Act that allowed banks to outsource services and engage in aggressive personal selling. Prior studies have failed to address effectiveness of personal selling, factors that contribute to effectiveness and its challenges thereof in the banking industry, particularly in Kisumu County Kenya leading to implementation. Therefore, this study sought to establish effectiveness of personal selling strategies in the banking industry in Kisumu County, Kenya. Specific objectives were to: establish extent of adoption of personal selling strategies; describe factors contributing to effectiveness of personal selling strategies; and examine extent of personal selling challenges among these banks. AIDAS Theory of Personal Selling guided the study using a descriptive survey research design. Target population comprised of 102 branch managers, customer relationship managers and sales managers of 34 bank branches in Kisumu County. Primary data was collected through a structured questionnaire while secondary data through banking/government documents analysis. A pilot of 10 respondents was used to test reliability using Cronbach's Alpha at 0.7 threshold and validity through literature search and expert review which was achieved ($\alpha=0.83$) for all the instruments. Each objective was analyzed using descriptive statistics such as frequencies, means, percentages, variance, standard deviation and cross tabulation and presented in tables. An overall mean ($=2.96$, $SD=0.62$) for the extent of adoption of personal selling strategies was achieved implying that adoption of personal selling strategies was done to a large extent. The study also revealed that bank policies and regulation had an effect on personal selling (mean= 4.11 , $SD=1.11$), sales teams who use persuasion selling strategy had efficient communication skills (mean= 4.28 , $SD=.93$) and finally customer sales and preferences (mean= 3.94 , $SD=1.05$). Finally, the study found that changing nature of personal selling such as high technology involvement was perceived as a challenge to a very large extent with a (mean= 4.04 , $SD=1.11$), handling of informed customer and uninformed customers (mean= 3.16 , $SD=1.35$), and (mean= 3.20 , $SD=1.34$) respectively. The study established that there was a small extent of adoption of personal selling strategies, the mentioned factors have a large extent of influence on personal selling strategies and the main challenges were technological changes on uninformed persons. Training of sales team was recommended in order to increase adoption of personal selling strategies, improvement on bank policies and regulations and finally enhancing accommodation of elderly and disabled people during use of personal selling strategies. Findings may be useful to bank managers, marketers, financial policymakers and the academia.

CHAPTER ONE: INTRODUCTION

This chapter presents the background to the study, statement of the problem, research objectives, research questions, scope of the study, justification of the study and the conceptual framework. It also highlights the context of the study which is banking industry in Kisumu County, Kenya.

1.1 Background of Study

The current business environment has become very competitive due to the growth in technology, infrastructure and access to information around the globe. This has made the business environment very complex. Brassington & Pettit (2000) defines personal selling strategy as a two-way communication approach between a representative and an individual or group, with the intention to inform, persuade or remind them, or sometimes serve them to take appropriate actions.

Every successful business has a plan and knows where it is heading in the future. Taking time on an ongoing basis to review the company's' past performance, and predict its future performance gives it a road map to follow Thomson (2003). The banks have been aggressively marketing their products and services to determine rational, informed and strategic manner for desired customer base and to identify the current and future needs of desired prospect segments. The sales force has created need-satisfying benefits that respond appropriately and profitably to customer needs, which positively differentiate the banks from its competitors. The sales force have communicated and delivered the benefits effectively and efficiently to the market place. Whenever banks improve their systems to satisfy the needs of their customers the sales force coerce customers to be the first to benefit from their improved services. The sales force have achieved this by understanding their needs and crafting products and services in ways that uniquely meet these needs, enthusiastic customers are able to differentiate their client services from competitors.

The sales force effort cannot be underestimated; they must understand customer profile, their socio-economic and demographic background, their psychographic make-up, motivations behind their savings, awareness of and attitude to various modes of savings, and reasons for

their preference for one form of savings over another. This helps bankers in research and development of new banking services thus increased volume of sales, sales revenue and distribution outlets.

The global market have adopted personal selling in all regions - the United State, Europe, Asia-Pacific and Africa-financial institutions are launching marketing campaign slogans such as reinventing the banking industry and deepening customer relationships Szczepańska *et al.* (2011). Personal selling is focused initially on developing a relationship with the potential buyer, but will always ultimately end with an attempt to close the sale. Australia meanwhile, has seen banks looking to customer-centric industries such as fast-moving consumer goods (FMCG), with beginning-to-end lines of responsibility Gee *et al.*, (2008); Mohsan *et al.* (2011). These has contributed to effective personal selling since the sales force is well trained-acting as problem solvers and advisers to customers rather than using hard sell tactics, personal selling may help banking industries build loyal, long-term relationships. A research in Mexico indicates that, despite ubiquitous advertising and sales force presence, the large majority of account holders knew the name of the finance manager, but could not answer basic questions on fundamentals such as management fees, past returns or investment holdings Hastings (2015). Despite all the promotion strategies challenges continue to exist in the banks. Although mobile penetration is high in certain countries (such as the U.S., France, the U.K. or Germany), mobile banking is relatively new in many markets and its usage is still low in most countries over the world Gupta (2013). In search of growth opportunities, many banks are focusing on adoption strategies to satisfy the current market share. Challenges continue to thrive the banking industry with technological change and a more pro-competition regulatory regime has seen a significant increase in the number of new entrants into the United Kingdom banking sector.

In Africa, Nigeria bank managers are advised to place emphasis on mega marketing strategies since the business environment seems to thrive more on contacts, connections and linkages with people and powerful decision makers in government and society; Putting more emphasis on relationship marketing to ensure effectiveness which entails personalizing banks services offered to clients, attending to clients cultural and social activities. The poor condition of some Nigerian banks is a function of some interrelated problems. According to Sheng

(1991), the causes of bank distress, or poor performance, are due to micro-economic factors (bank management practices and strategies or macroeconomic factors (environmental factors). Mamman and Oluyeni (1994) have, however, posited that bank failure/poor performance in Nigeria is a function of mismanagement of relevant dimensions of organizational activities. Bank reputation and good image, staff politeness, kindness in addition to managerial abilities of the corporate bank managers are the salient factors implicated in bank efficiency and effectiveness Chen (1999). It involves the use of sales force to support the push strategy, that is influencing intermediaries into buying the product or the pull strategy in which the role of sales force is limited to supporting the retailers to provide services after sales.

In Kenya, the banking Industry is governed by the Companies' Act CAP (486) and the Banking Act, Chapter (488) Laws of Kenya and the Central Bank of Kenya and the various prudential guidelines issued by the Central Bank CBK (2010). The formal financial sector consists of a large banking sector, a relatively well-developed securities market, a large number of insurance and retirement benefits schemes, microfinance banks (MFBs), and deposit taking savings and credit cooperatives (DTSSs). Credit providers regulated by the Central Bank include 44 commercial banks (33 commercial banks and 1 mortgage finance company), and 12 licensed MFBs which target mostly informal microenterprises and lower income consumers. The banking sector categorizes financial institutions based on their size and shareholding structure. The size of financial institutions is categorized according to the CBK 'market-size index. The market-size index is based on net assets owned by the banks, their total deposits, total capital, number of deposit accounts, and total number of loan accounts CBK (2014). Which divides the 44 banks into three categories: six large banks (55 per cent of the market), 15 medium-sized banks (36 per cent) and 23 small banks (9 per cent), the majority of banks in Kenya are small: 15 of these small institutions are domestic banks, seven are foreign owned and two have Government participation. There are 14 mid-sized banks, six of which are domestic, six foreign, and two have Government participation.

This industry comprises of 44 registered commercial banks licensed to operate in Kenya (CBK, 2014). The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the bank's' interests and addresses issues affecting its members (Kenya Bankers Association Annual Report, 2008). Adoption of personal selling in banks

has seen them shifting from the traditional product focus to a more client-centric strategy focusing on customer needs. Personal selling allows the salesperson to pass the message specifically to an audience and receive immediate feedback. A few banks have embraced personal selling this include Kenya Commercial Bank, Standard Chartered, Chase, Cooperative and Barclays. In Kenya the banking sector is facing many challenges banks that cultivate a deep knowledge of their customers, regulatory pressure their financial-services preferences, information technology and online banking, economic demographics, and consumer behavior can tailor offers to individuals in a timely manner based on activity in their accounts and lifestyle changes or choices Challenges continue to affect the services of the banking sector. Despite availing all the aforementioned important services Commercial banks in Kenya have been criticized for their high lending rates which have discouraged many from borrowing Xinhua (2013). The Kenyan banking sector registered improved performance as indicated by the size of assets which stood at Kshs.1.6 trillion loans and advances worth Kshs.897 billion, deposits on Kshs.1.3 trillion and profit before tax of Kshs.53.2 billion as at 30th September, 2010. The number of customer deposit accounts stood at Kshs.11.14 million with a branch network of 1,030 CBK (2010). Although most banks have virtually identical products, their customers are obviously distinct and offer these firms a pathway for differentiation.

Despite perception of sales people as effective contributor to personal selling in banks in Kisumu County, the realization of adoption has insignificant value, this effect is slow in becoming noticeable. Kisumu County has a long history, selling of non-legitimate bank products and services in form of shylock, credit groups, table banking, pyramid schemes, unregistered trust funds have long been practiced. The increase in the number of banks network in Kisumu County has brought variety of products and services targeting various customer segments and income groups. The first is regulation, which includes setting up and enforcing MFS policies that incorporate the structure of the MFS framework for non-banks, guidelines for the use of MFS agents, and government initiatives Boston Consulting Group (2011). Adoption of Personal selling is yet to be achieved banks offer incentives increasingly for superior performance by empowering their sales force equipping them with the right tools. Banks are yet to embrace sales force in Kisumu County door to door, digital platform, online banking, advertising and sales promotions are means used to

reach out prospects with dismal results. Personal selling remains a vital method to contact the prospective buyers personally and to persuade them to purchase a firm's offerings.

Despite the increase in banking network, it's unfortunate that most banks recruit sales force without good sales background this has compromised the services offered contributing to ineffectiveness of personal selling in banks. Most banks have their branches in Kisumu County, skilled sales force is lacking. The sales forces in the banking industry are not passionate, enthusiastic and knowledgeable about their products. Marketing is a science and the sales person should be able to understand the unique needs of prospects and be able to describe and guide the technical aspect of products or services for credibility reasons to satisfy the needs of prospect. Rentz (2002) categorized selling skills into three dimensions namely, interpersonal skills, salesmanship and technical skills. These sales skills dimensions have been found to be useful predictors of sales persons effectiveness. Although a few banks like Kenya Commercial Bank have taken the initiative to recruit sales persons, in addition, they offer internship to graduate trainees and management trainees programmes leading to employment opportunities within the banking sector this has improved the socio-economic standards and livelihood for most households in Kisumu, County. These sales skills have been recognized as predictors of sales effectiveness, unfortunately since inception of Banks in Kisumu County, there have been no empirical researches to ascertain individual level skill factor that contribute to the effectiveness of personal selling.

Personal selling enhances quick customer response, but it is quite time consuming and most expensive of all the promotional mix elements Gupta and Khanta (2003). The need for adoption of personal selling, factors contributing to effectiveness and challenges affecting personal selling strategies in the operations of the banking industry cannot be underestimated. Unlike other personal selling strategies online banking and virtual marketing are virtual in nature and customers may not have opportunity to interact with the sales team. One of the strategies which should be implemented by banks offering online transaction in order to attract customers is to make customers aware of availability of such a service. It helps customers to understand the way that online banking leads to more convenience, lower costs and also time-saving performance of daily transaction as cited in Sathye (1999); Howcraft et al. (2002).

Howcraft et al. (2002) confirms that inadequate awareness of online banking system causes customers to be reluctant to use internet banking. Sales representatives use their personal selling skills to increase the chances of successful sale by persuading prospects. Their mandate is to understand prospect's needs and offer solutions to those needs in form of product or service that provides strong benefits and represents value for money. If prospects pose objections, sales representatives use their powers of persuasion to overcome the objections and convince prospects that they are making the right choice by buying a product or service unlike online banking where sales people do not interact with prospects. Similar to any internet-based transaction, quality of connection is one of the overriding elements of internet banking. The use of internet banking is highly associated with the speed of internet access Almgobil (2005). Virtual selling strategies rely on connectivity for clients to access reliable services online, selling of bank products virtually may not be effective. Complex products need demonstration or explanation of products to potential customers. Sales representatives present products in a logical way, focusing on the benefits that are relevant to different decision-makers. Relationship cannot be built easily on digital platform due to its virtual nature. Developing customer relationships, to build long-term revenue for the future, representatives use personal selling skills to develop strong relationships with customers.

Online banking have been embraced in Kisumu Country but prospects demands cannot be achieved due to access challenges on e-banking services due to poor connectivity in some parts of the County, introduction of smartphones to the elderly age groups without proper skills on how to adopt mobile banking has continued to challenge this people. However, a research conducted by Lee and Chung (2009) argued that in both online and offline banking trust is still an important factor in Korea. The sales force have taken lead in Kisumu to market agency banking offered by banks like Coop Cash, KCB Mtaani and Equity Agent. The three giants are all competing for the same market share, all their products are user friendly the users are expected to download an apps on the mobile phone, the greatest challenge is poverty, power outage and illiteracy level for the user groups, age related issues and lack of technical skills needed to access the Smartphones. System quality and information quality are more important factors in building trust than user satisfaction in mobile banking context Lee and Chung (2009). Since transactions of online banking include

sensitive information that customers are strongly concerned about inaccessibility to files and information transformed by other parties or people, trust is more important in online banking as opposed to offline banking Al-Somali et al., (2009); Suh and Han (2002). Some people have not embraced online banking claiming that it is marred with online crimes, misplaced transactions, working with unprofessional leads. Personal selling strategy cannot be underestimated and it remains an effective way of communication in selling situations.

AIDAS theory of selling Sheldon (1911) will guide the study, it stands for Attention, Interest, Desire, Action, Satisfaction. The AIDAS theory's objective is to put the prospect into the right state of mind to continue the sales or to convince the prospect by engaging in an interactive session by using social and psychological skills to draw the attention of the prospect to his sales presentation and make a decision. The sales force induces interest by intensifying the prospect's attention to have a deep interest. To achieve this, the sales force must have selling techniques combined with other promotional mixes and be enthusiastic about the product and services. The prospect can be allowed to handle the product or issued with other promotional samples like brochures and other visual aids. The sales force should have in-depth product and services knowledge with the hope that is likely to be effective. When the prospect needs are met, goods and services will be purchased to satisfy the need of the prospect.

Personal selling strategy is a two-way form of communication hence in selling situations the message salesperson can adjust the message as they gain feedback from the customer. If a customer does not understand the initial message the salesperson can make adjustments to address questions or concerns. Sales persons provide Information especially in case of new products or customers, the salesperson needs to fully explain all attributes of the product or service, answer any questions and probe for additional questions (Comer et al., 1999).

The other strategy is features selling strategy recognizes that information on product and services features is inadequate. The purpose of a sales force is communicating information about the product or services offered to the customer. The sales force systematically presents both tangible and intangible features to the buyer, where he relates the beneficial aspects of the product to the buyer to stimulate purchase.

Personal selling can apply customer-oriented strategy refers to behaviors toward determining and understanding the needs of the target customer through a coordinate set of activities such as gathering information, effective listening, understanding customer needs and tailor offering to customer and adapting the selling in order to satisfy those needs better than the competition (Pelham and Kravitz, 2008). Customer-oriented selling is consistent with the building of long-lasting positive relationships between the buyer and the seller and is widely recognized as an important aspect of relational selling behaviors Pappas and Guenzi (2009). In order to have a successful long-term relationship with customer, the bank should be customer-oriented.

Persuasion strategy is a selling strategy where persuasion level requires the sales representatives to go beyond the role of mere communicator to the role of understanding at least the immediate and narrow needs of the customers. At this stage, the sales representative tries to fit the customer into the existing product or service mix by skillfully anticipating and overcoming objection.

Business Management strategy is a strategy in personal selling where professional representative is responsible for managing territory as a strategic business unit-investing time and expenses in most profitable manner. Territory representatives along with sales managers and accounts managers develop business strategies and bottom line responsibility to meet objectives of the organization.

Gupta and Mittal (2008) conducted a comparative Study of Promotional Strategies of Public and Private Sectors Banks in India and found that a well -designed promotional strategy is very important to promote banking services effectively. They studied that the promotional strategies of private and public sector banks are almost similar. Both types of banks take the help of almost all type of media to promote their services. The major difference in the promotional strategies adopted by banks is in the two techniques of the promotion and they are "Personal Selling" and "Direct Marketing". The difference is that public sector banks do not adopt the strategies of promotion as personal selling and direct marketing; on the other hand the same are adopted by private sector banks.

Muhanji and Ngari (2015) explored influence of integrated marketing communication and sales performance of Commercial banks in Kenya. This study addressed influences of advertising, sales promotion, public relations, personal selling and direct marketing on the sales performance of commercial banks in Kenya. Though descriptive survey and census of all the staff within the department of marketing of 44 commercial banks operating in Kenya, regression analysis revealed that there is a positive relationship between independent variables (advertising, personal selling, sales promotion, public relations and direct marketing) and dependent variable (Sales Performance of Commercial Banks in Kenya).

The studies above concentrate on promotional strategies in integrated selling strategies in banks. Although Gupta and Mittal (2008) conducted a comparative study while Muhanji and Ngari (2015) explored on a descriptive survey and census of banks. Their studies extend to correlate to the study variables. Both studies did not reveal effectiveness of personal selling strategies in banking industry in Kisumu. Personal selling was presumed to be existing in the study sites. Its adoption is unknown.

1.2 Statement of the Problem

Banks provide employment, finance economy and contribute to GDP. Their continued existence is paramount but provision of quality services among commercial banks has remained a challenge. Banks in Kisumu continue to face a challenge of providing customer satisfaction. They recommended that apart from e-banking strategies, banks should also explore other strategies to enhance effectiveness. The banks in Kisumu contract sales force for some of their services to improve on quality and customer satisfaction but this is yet to be realized these banks engage in personal selling strategies as a marketing and promotional tool. Marketing strategies is covered in a broad way. Similarly, they generalize on promotional strategies. There is no evidence that detail the extent of adoption, factors contributing to effectiveness and investigation on challenges of personal selling strategies that have been addressed in Kisumu banking.

1.3 Objectives of the Study

The main objective of this study was to determine the effectiveness of personal selling in the banking industry in Kisumu County.

The study was guided by the following specific objectives:

- i. To establish extent of adoption of personal selling strategies in the banking industry in Kisumu County.
- ii. To determine the factors contributing to effectiveness of personal selling in the banking industry in Kisumu County.
- iii. To examine the extent of personal selling challenges in the banking industry in Kisumu County.

1.4 Research Questions

- i. What was the extent of adoption of personal selling strategies in the banking industry in Kisumu County?
- ii. What factors contribute to effectiveness of personal selling in the banking industry in Kisumu County?
- iii. What was the extent of personal selling challenges in the banking industry in Kisumu County?

1.5 Scope of the Study

The study covers banks in Kisumu County, which is situated in western part of Kenya. Kisumu County is one of the new devolved counties of Kenya. Its borders follow those of the original Kisumu District, one of the former administrative districts of the former Nyanza Province in western Kenya. Its headquarters is Kisumu County. The land area of Kisumu County totals 2085.9 km². Kisumu County's neighbours are Siaya County to the West, Vihiga County to the North, Nandi County to the North East and Kericho County to the East. Its neighbor to the South is Nyamira County and Homa Bay County is to the South West. The county has a shoreline on Lake Victoria, occupying northern, western and a part of the southern shores of the Winam Gulf. The banks are concentrated in Kisumu County but others have branches within the sub-counties. The aim of study is to focus on the extent of adoption of personal selling strategies, factors contributing to effectiveness of personal selling and investigate challenges on personal selling strategies. The study is a descriptive cross sectional, concerned responses from March to June, 2017.

1.6 Justification for the Study

The study gives opportunity to banks in Kisumu County to assess effectiveness of personal selling strategies in marketing activities. It is expected that the findings of the study may be beneficial to policy makers within the function of marketing of these banks and also to policy

makers within these governments but outside the function. The banks concerned may base their argument for and against personal selling strategies as a promotional tool on these findings. The national government may also likely to benefit from the outcome of the study as it may inform it on the direction of regulation and policy for the banks. Researchers could also benefit from the study by applying knowledge provided by the study and using it as a basis for additional research.

1.7 Theoretical Framework

The AIDAS theory of selling Sheldon (1911) is one of the widest known theories and is the basis for training material across numerous banks. According to this theory potential buyer's mind passes through a number of stages. When a sales person goes around with the products and services to seek the attention of a prospects mind it is the crucial step in the AIDAS process. The objective is to put the prospect into the right state of mind to continue the sales or to convince the prospect by engaging in an interactive session by using social and psychological skills to draw the attention of the prospect to his sales presentation and make a decision. AIDAS theory aided the study in establishing adoption of personal selling strategies by assessing what aspect of the model as used by sales people. The salespeople induces the interest by intensifying the prospect's attention to have a deep interest. To achieve this, the salesperson must have selling techniques combined with other promotional mixes and be enthusiastic about the product and services. Effective execution of AIDAS theory can help identify factors contributing to personal selling strategies. The prospect can be allowed to handle the product or issued with other promotional samples like brochures and other visual aids. The salesperson should have adequate product and service knowledge and excellent presentation skills with the hope that would be effective. When the salesperson have poor interpersonal skills objection would arise, leading to challenges of effective personal selling. When the prospect needs are met, goods and services would be purchased to satisfy the need of the prospect.

CHAPTER TWO: LITERATURE REVIEW

2.1 Theories Guiding the Study

This section focuses on the theoretical foundations on which the study was built and explores comparative empirical literature which helps to explain the gaps which the study seeks to address after discussing concepts of personal selling strategies and its effectiveness and challenges experienced in formulating and executing personal selling. Research efforts by behavioral scientists and marketing scholars have examined whether selling was an art or science and developed various theories to explain the buyer-seller buying process.

2.1.1. AIDA Theory of Personal Selling

The AIDAS theory of selling Sheldon (1911) is the widest known theory and is the basis for training material across numerous banks. AIDAS stands for Attention, Interest, Desire, Action and Satisfaction. The AIDAS theory simply states that a prospect goes through five different stages before finally responding satisfactorily to a product. Therefore, he should be led comfortably through all five stages. According to this theory potential buyer's mind passes through a number of stages. First is attention getting, it is the crucial step in the AIDAS process. The objective is to put the prospect into the right state of mind to continue the sales talk. The salesperson has to convince the prospect for participating in the face-to-face interview. A good beginning of conversation may set the stage for a full sales presentation. The salesperson must apply his social and psychological skills to draw the attention of the prospect to his sales presentation. The second step is interest creating where the lead intensifies the prospect's attention to have a deep interest. To achieve this, the salesperson has to be enthusiastic about the product. Another method is to hand over the product to the prospect and let him handle it. Brochures and other visual aids serve the same purpose. Throughout the interest phase, the hope is to search out the selling appeal that is most likely to be effective.

Next step is desire stimulating, after the attention getting and creating interest, the prospect must be kindled to develop a strong desire for the product. This is a ready-to-buy point. Objection from the prospect will have to be carefully handled at this stage. Time is saved and the chances of making a sale improved if objections are anticipated and answered before the prospect raises them. The fourth step is action inducing, If the presentation has been perfect,

the prospect is ready to act, that is, to buy. Very often there may be some hesitation on the part of the prospect at this stage. The salesperson should very carefully handle this stage and try to close the deal effectively. Once the buyer has asked the seller to pack the product, then it is the responsibility of the seller to reassure the customer that the decision will be correct. The final step is satisfaction, the customer should be left with the impression that the salesperson merely helped in deciding. After the sale has been made, the salesperson should ensure that the customer is satisfied with the product. The salesperson should sense the prospect's mind and brief his talks.

There are recent modifications to AIDAS Model. The alternative models such as AISDALS Love model Wijaya (2012) seek to accommodate changes in the external environment for example, the rise of social media. Other theorists, including Christian Betancur (2014) have further modified AIDAS model and proposed that need recognition should be included as the initial stage of any hierarchical model. Betancur (2014), for example, has proposed a more complete process referred to as the NAITDASE model. Betancur's model begins with the identification of a need, following the attention and interest stages, consumers form feelings of trust. Without trust, customers are unlikely to move forward towards the desire and action stages of the process. Purchase is not the end stage in this model, as this is not the goal of the client; therefore, the final two stages are the Satisfaction of previously identified and agreed needs and the evaluation by the customer about the whole process. If positive, it will repurchase and recommend to others. In Betancur's model, trust is a key element in the purchase process, and must be achieved through the important elements; business and personal image, superior brand support, empathy with the customer, professionalism, ethics without exceptions, Competitive Superiority and commitment during the process and toward the customer satisfaction.

2.1.2 Situation Response Theory (Right Set of Circumstances Theory)

It is also called the "situation-response" theory Milgram et al (1969). It has its psychological origin in experiments with animals. The major emphasis of the theory is that a particular circumstance prevailing in a given selling situation will cause the prospect to respond in a predictable way. The set of circumstances can be both internal and external to the prospect. This is essentially a seller-oriented theory and it stresses that the salesman must control the situation in such a way as to produce a sale ultimately. Situation-Response Theory

emphasizes the rightness of circumstances for the sale. Particular circumstances prevailing in a given selling situation cause the prospect to respond in a predicted way. If the salesperson succeeds in securing attention & gaining interest of the prospect and presents proper stimuli and appeals the desired response resulting into sales.

2.1.3 Behaviour Equation Theory of Selling

This theory is a sophisticated version of the “Situation Theory” and this theory is proposed by Howard (1977), using a stimulus response model and using large number of findings from behavioral research. This theory explains buying behaviour in terms of purchasing decision process, viewed as a phase of the learning process, four essential elements of learning processes included in the stimulus response model are drive, cues, response and reinforcement. Drive is a strong internal stimulus that impels buyers’ response. Innate drives stem from psychological needs and learned drives such as striving for status or social approval. Cues are weak stimuli that determine when the buyer will respond. Triggering cues activate the decision process whereas new triggering cues influence the decision process. Response is what the buyer does. Reinforcement is any event that strengthens the buyers’ tendency to make a particular response.

Howard believed that selling effort and buying action variables are multiplicative rather than additive. He incorporated these four elements into a behavioral equation, that is:

$$B = P \times D \times K \times V$$

P = Response or internal response tendency, i.e. the act of purchasing a brand or a particular supplier.

D = Present drive or motivation level

K = “Incentive potential” that is, the value of product or brand or its perceived potential value to the buyer.

V = Intensity of all cues: triggering, product or informational.

The first two of the theories above-mentioned theories, are seller oriented. However the second focuses on both internal and external circumstances that drive purchase decision. The third is also buyer oriented and emphasizes the buyer’s decision process but also takes the salesperson’s influence process into account. From the foregone, it can be concluded that AIDAS Theory of personal selling forms the best foundation for this study since this study

focuses on the seller's decisions and actions that will yield a sale to the buyer and keep the buyer on the relationship. It is more explicit as concerns selling strategies which are seller - formulated.

2.2 Empirical Literature Review

2.2.1 Extent of Adoption of Personal Selling Strategies in the banking industry

Personal selling refers to oral communication with potential buyers of a product with the intention of making a sale.

Gupta and Mittal (2008) conducted a comparative Study of Promotional Strategies of Public and Private Sectors Banks in India and found that a well - designed promotional strategy is very important to promote banking services effectively. They found that the promotional strategies of private and public sector banks are almost similar. Both types of banks take the help of almost all type of media to promote their services. The major difference in the promotional strategies adopted by banks is in are "Personal Selling" and "Direct Marketing". The difference is that public sector banks do not adopt the strategies of promotion as personal selling and direct marketing; on the other hand the same are adopted by private sector banks.

Olumoko et al. (2012) studied the role of personal selling in enhancing client satisfaction in Nigerian Insurance market. A descriptive cross-sectional survey research was adopted and 110 respondents from selected insurance firms were randomly selected. Findings revealed that personal selling strategy is the most beneficial marketing communication tool that should be embraced by Nigerian firms. It may also be used to improve the image of the industry.

Aliata et al. (2012) examined the nature and influence of the relationship between the bank's promotional strategies and its performance and sought to determine the importance of promotional strategies in explaining the bank's performance. The study location was at the National Bank of Kenya. A descriptive research design employing a simple random sampling technique selected 88% of the bank branches whose managers were contacted using questionnaires. Correlation analysis revealed positive relationship between promotional strategies expenditure and bank performance. Spending on promotional mixes individually had little effect on bank performance.

The studies above concentrate on promotional strategies in various industries and locations. Gupta and Mittal (2008) and Aliata *et al* (2012) have reported studies in the banking industry while Olumoko *et al* (2012) on the insurance industry. Personal selling strategy in all studies except Aliata *et al* (2012) where the combined promotional expenditure positively relates to performance but not personal selling as an individual mix. Although Aliata *et al* (2012) reports usage of descriptive research design like the other studies their study extends to correlates the study variables. Unfortunately all studies did not reveal the extent of adoption of personal selling strategies. Personal selling was presumed to be pre-existing in the study sites personal selling is relatively new phenomenon within Kisumu banking industry. Therefore the extent of adoption is not known.

2.2.2 Factors Contributing to Effectiveness of Personal Selling in banking industry

Effectiveness refers to the degree to which objectives are achieved and the extent to which targeted problems are solved. According to Drucker (2006), effectiveness is the capability of producing a desired result. When something is deemed effective, it means it has an intended or expected outcome, or produces a deep, vivid impression.

Jaramillo and Marshall (2004) conducted an empirical investigation of Critical success factors in the personal selling process among Ecuadorian salespeople in the banking industry. This article identifies the selling techniques that are Critical Success Factors (CSFs) for salespeople who sell banking products and services in Ecuador. The study examines the selling techniques that differentiate top and bottom sales performers in the Ecuadorian banking industry. Both self-reported and supervisor ratings are used to measure salesperson performance. The results suggest that differences in performance between top and bottom performing salespeople relate to the use of five selling techniques: examining records at the prospecting stage of the selling process; approaching prospects using statements about the salesperson, the bank, or the names of persons who referred the prospect; using customer friendly language during the sales presentation; being knowledgeable of the benefits of the bank's products and being able to clarify the products' benefits; and ensuring post-purchase satisfaction of existing customers.

Ikpefan (2013) investigated the impact of marketing of financial services in the Nigerian banking industry with specific focus on deposit money banks. The method used in testing the

hypotheses is the T-test method. One hundred and twenty (120) questionnaires were distributed to selected deposit banks and One hundred and one (101) was retrieved. The hypotheses tested found that marketing of bank's products and services improved the efficiency of deposit money banks banking system and created satisfied bank customer.

Mbugua (2014) explored personal selling strategies and performance of pharmaceutical firms in Nairobi, Kenya. The objective of the study was to establish the effectiveness of personal selling strategies and performance of pharmaceutical firms in Nairobi, Kenya. The study used descriptive cross sectional survey research design. The population of the study consisted of all the pharmaceutical firms operating within Nairobi. The study found out that the pharmaceutical firms were using personal selling strategy to market their products and it resulted in improved performance in terms of greater volume of sales, faster movement of drugs, improved profit margin, pharmaceutical firm education and sponsorship of events and increased financial performance. Canned strategy of personal selling resulted in sales people providing stimuli sought by the buyers until decision is arrived.

Muhanji and Ngari (2015) explored influence of integrated marketing communication and sales performance of Commercial banks in Kenya. This study addressed influences of advertising, sales promotion, public relations, personal selling and direct marketing on the sales performance of commercial banks in Kenya. Though descriptive survey and census of all the staff within the department of marketing of 44 commercial banks operating in Kenya, regression analysis revealed that there is a positive relationship between independent variables (advertising, personal selling, sales promotion, public relations and direct marketing) and dependent variable (Sales Performance of Commercial Banks in Kenya).

Onditi (2012) evaluated promotional elements influencing sales of agricultural and non-agricultural products among women groups in Homa Bay District, Kenya. The objective of this study was to evaluate the influence of promotional mix elements on sales. The population of the study included two hundred and four women groups a selection of sample of sixty-six is selected. Chi square test revealed that most women groups mainly use sales promotion but face the problem of cost due to lack of finance for carrying out promotion.

The studies above have concentrated on different factors contributing to sales performance in various service industries and locations. Jaramillo *et al.* (2004), Muhanji *et al.* (2015) and Ikpefan (2013) have reported studies in the banking industries. While Mbugua (2014) explored personal selling strategies and performance of pharmaceutical firms whereas Onditi (2012) on Agricultural & Non-Agricultural products in Homabay. Integrating promotional mix elements is the most effective trend used by all studies except Jaramillo and Marshall (2004) where selling examined the top and bottom sales performers, self-reported and supervisor ratings were used to measure sales force performance but not integrating promotional mix to influence the effectiveness of sales output. Muhanji and Ngari (2015) reports usage of qualitative research design like other studies. Their study extends to correlate with Mbugua (2013), Onditi (2012) study variables and Ikpefan (2013) hypotheses of the T-test method to services in improving efficiency. Influence on promotional strategies was presumed to be pre-existing in the study sites. Despite all the five studies information detailing emphasis on factors contributing to effectiveness of Personal selling in banking industry in Kisumu County is not known.

2.2.3 Extent of Personal Selling Challenges in the banking industry

A challenge is something that requires extra mental and physical effort to execute. Personal selling challenges therefore refer to difficulties faced when formulating and executing personal selling strategies Lambert and Dugdale (2011).

Muriuki (2013) explored challenges affecting marketing of insurance services by insurance agencies in Nairobi, Kenya. The objective of the study is to investigate the challenges affecting marketing of insurance services by insurance agencies in Nairobi, Kenya. The study used a descriptive survey approach in collecting data from the respondents. A questionnaire was used as primary data collection instruments. The study concluded that complex procedures in claims management, failure to adopt information technology strategy affected the marketing of the insurance service and mistrust in insurance relationships between insurance and the customers, lack of innovativeness in insurance product development affected the marketing of insurance services, cost of insurance services and pricing of the insurance policies challenged marketing of insurance services in insurance agency industry. The study also concluded that choice of communication channel, lack of reliability, fraudulent claims and high premium insurance brand affected by marketing of insurance

services by the insurance agencies, an unattractive building, poor landscaping and poor interior furnishing of insurance agency offices, inaccessibility of the insurance policies greatly affected marketing of insurance services

Ngamau (2016) determined the challenges facing the marketing of pharmaceutical products in Kenya by distributors. Specifically, the study determined if there are any company specific, regulatory and market challenges affecting the marketing of pharmaceutical products in Kenya. Descriptive research design is used to determine the challenges facing the marketing of pharmaceutical products in Kenya by importers and distributors. The respondents were 199 marketers from 300 target population in the three selected pharmaceutical distribution companies. The findings showed that the Pharmaceutical distribution companies face lack of adequate product knowledge from the customers and their clients, competition from other marketers with similar products at cheaper prices, company deadlines and commission based salaries therefore a lot of pressure to perform, regulatory hindrances from the aggressive promotion of pharmaceuticals and receipt of funding from the pharmaceutical company to conduct medical education event(s) locally.

Comer *et al.* (2013) investigated diversity in the sales force: problems and challenges. The review presents a knowledge assessment concerning diversity on the sales force. After briefly discussing the present state of diversification of mainstream sales jobs, it identifies four social determinants that may underlie problems non-traditional salespeople encounter (stereotypes, devaluation, tokenism, communication style compatibility, and perceptions of selling careers). It describes some road blocks that such salespeople face including such things as getting hired, corporate networking, customer resistance, upward mobility, and supervisory support, these details challenges confronted by management that are generated by these social determinants and road blocks.

The above studies concentrate on challenges of personal selling in various industries and organizations. Ngamau (2016) and Muriuki (2013) have reported studies on challenges on Pharmaceutical and Insurance industries while Comer *et al.* (2013) generalized challenges of personal selling. Challenges affecting marketing of service has been experienced in both Insurance and Pharmaceutical industries. Ngamau (2016) and Muriuki (2013) reports usage

of descriptive research design, like other studies their study contend with Comer *et al.*, (2013) study variable. Unfortunately all studies did not reveal the challenges of personal selling in the banking industry, it was presumed to be existing in the study sites. Challenges in personal selling are relatively a new phenomenon in the banking industry in Kisumu. Despite all the above studies the extent of challenges on personal selling strategies in Kisumu is not known.

CHAPTER THREE: RESEARCH METHODOLOGY

This section presents the methodology that the researcher used to conduct the study. It outlines the research design, study area, target population, sample size, sampling technique, data type and source, data collection method, instrument validation and reliability test, data analysis and presentation.

3.1 Research Design

This study adopted a descriptive cross sectional survey design. This provided insights into the dynamics of the variables under study. Cross sectional surveys have been used for profiling, defining, segmentation, estimating, predicting, and examining associative relationships Mugenda and Mugenda (2003). This is because the data is collected at a point in time. The descriptive approach helps establish explore and describe extent of adoption of personal selling strategies and factors contributing to effectiveness of personal selling strategies. Further the approach supports establishing challenges personal selling strategies among the banks.

3.2 Study Area

The area of study is Kisumu County. It is situated in western part of Kenya. Kisumu County is one of the new devolved counties of Kenya. Its borders follow those of the original Kisumu District, one of the former administrative districts of the former Nyanza Province in western Kenya. Its headquarters is Kisumu City. The land area of Kisumu County totals 2085.9 km². Kisumu County's neighbours are Siaya County to the West, Vihiga County to the North, Nandi County to the North East and Kericho County to the East. Its neighbour to the South is Nyamira County and Homa Bay County is to the South West. The county has a shoreline on Lake Victoria, occupying northern, western and a part of the southern shores of the Winam Gulf. The banks are concentrated in Kisumu County but others have branches within the subcounties.

3.3 Target Population

A target population is the entire population of interest in a particular catalog. It represents the requisite population in focus that was under study and comprises of the sample of the population under study that is reflective within the confines of a research study Cooper (2006). It is from the population that the specific units of analysis are derived. For the current

study the population of 102 comprising of 34 sales managers, 34 Customers Relationship Managers and 34 branch managers of the 34 banks in Kisumu County was used.

3.4 Sample Size and Sampling Method

Sample size is the number of observations used for calculating estimates of a given population; it is a very important issue because big samples are expensive in terms of time and resources. Samples that are too small on the other hand may lead to inaccurate results Peter & Olson (2008) emphasizes that research must clearly define the features of the population, ascertaining the required sample size and select the best method for selecting members of the sample from the larger population in order to ensure that the sample accurately represents the population. There is no need of using any sampling technique for the research since the population is relatively small. This has been used in a number of studies Thuku (2009). All the 102 managers were targeted as respondents. Questionnaires should be administered to a 10 respondents on two separate occasions about one week apart. The purpose of the pilot is to measure how relevant the questions are and the return rate.

3.5 Data Collection Methods

3.5.1 Data sources

Primary data was collected using semi-structured questionnaires. The questionnaire had closed ended statements. The items were rated on a 5-point Likert-like scale. Respondents are expected to indicate whether they agree **5= very large extent, 4=large extent, 3=small extent, 2=very small extent 1=no extent** Secondary data was gathered through review and analysis of documents from media publications, library materials, reports, bank journals and internet search engines. These documents provided rich information on the business process management of banks in Kenya.

3.5.2 Data Collection Procedures

Secondary data was collected through document review and analysis. Pilot study was carried out to 10 respondents. Primary data administration of questionnaires to respondents was done, then collection and analysis of the data carried out. For those who had no time drop and pick was applied to increase the response rate calls can be made.

3.5.3 Data Collection Instruments

Questionnaires were used to collect data. Semi-structured questionnaires based on the objectives which the research sought to achieve. Data for research objectives a, b, c and d

was collected using questionnaires administered to 34 sales managers, branch managers and customer relationship managers. See Appendix IV.

3.5.4 Reliability Test

The study instrument was pre-tested on 10 conveniently chosen respondents to check for reliability. Reliability test was ascertained through Cronbach's Alpha determination at a coefficient of 0.7 and above was considered acceptable by George & Mallery (2003). The findings on reliability test are presented as shown in Table 3.1 that below.

3.1 Reliability Test

| | Cronbach's Alpha |
|---|------------------|
| Adoption of personal selling strategies | .78 |
| Factors contributing to effectiveness of personal selling | .724 |
| Challenges of personal selling strategies | .816 |

The findings on reliability test indicates that all the instruments were reliable at an alpha valued more than 0.7 thus an indication that the instruments were reliable.

5= very large extent, 4=large extent, 3=small extent, 2=very small extent 1=no extent

3.5.5 Instrument Validation

Validity being the appropriateness, meaningfulness and usefulness of a specific inference made from test scores, instrument validity was ascertained in a number of ways which included, discussing the questionnaire with colleagues in the department, there after adjustments were done before submission to the supervisor who assessed the face validity. The instrument was then pre-tested after which the content validity was measured (James Key, 1997) This helped to assess the appropriateness of sentence construction, comprehensiveness of instruments and language clarity. Comments were received on the accountability of the instrument length, and the privacy of respondents. The comments were useful in designing the final instrument that would be used to generate data.

3.6 Data Analysis and Presentation

As supported by Sandals (2007) and Horner and Swarbrooke (2009), quantitative data should be analyzed using descriptive statistics. Means, frequencies, variance, cross tabulations and standard deviation were used. The findings were presented in tables.

3.7 Ethical considerations

Prior to taking part in the study, the researcher required participants to participate on a voluntary basis without any form of coercion Cohen et al. (2013). To uphold confidentiality throughout the study, the researcher instructed all participants not to provide any information such as names that can be used to identify them.

CHAPTER FOUR: RESULTS AND DISCUSSIONS

This chapter presents the findings and discussion of the study and consequent comparison with the previous literature review. The findings are presented as per the objectives of the study using frequency counts, percentages, means and standard deviations. Pre-analysis of the response return rate and demographic characteristics of the respondents is first presented.

4.1 Response Return Rate

The study administered 102 questionnaires to the population of the study which comprised of 34 sales managers, 34 Customers Relationship Managers and 34 branch managers of the 34 banks in Kisumu County. After data collection, a total of 100 questionnaires were successfully returned. This means that there was a response return rate of 98.04%, which is a satisfactory response return.

4.2 Bank Characteristics in Kisumu County

The study sought to establish the characteristics of the bank under study. Various bank traits were therefore analyzed. These included duration of the bank operation, size of the bank in terms of capital base, and finally age of the bank. The findings are presented as shown in Table 4.1 below.

Table 4.1 Bank Characteristics

| Orientation | Category | Frequency | Percentage | Mean | SD |
|---------------|--------------------|------------|--------------|------|------|
| Bank Duration | 2-5 years | 20 | 20.0 | 3.12 | .715 |
| | 6-10years | 48 | 48.0 | | |
| | 11-15 years | 32 | 32.0 | | |
| | Total | 100 | 100.0 | | |
| Bank Size | 1-3 billion | 9 | 9.0 | 2.01 | 1.04 |
| | 4-7 billion | 29 | 29.0 | | |
| | 8-11 billion | 19 | 19.0 | | |
| | 12-15 billion | 43 | 43.0 | | |
| | Total | 100 | 100.0 | | |
| Age of bank | 10 years and below | 45 | 45.0 | 2.96 | 1.17 |
| | 11-20 years | 32 | 32.0 | | |
| | 31-40 years | 23 | 23.0 | | |
| | Total | 100 | 100.0 | | |

Source: Survey data, 2017

The results in Table 4.1 show characteristics of banks in Kisumu County. From the findings on bank duration, majority of the respondents, 48 (48.0%) indicated that the banks had lasted for 6-10 years, followed by 32(32.0%) who indicated that the banks had lasted for a period of 11-15 years, and finally 20(20.0%) indicated that the banks had lasted for a period of 2-5 years. Averagely, the findings indicated an approximate duration of 6-10 years as indicated by a mean of 3.12. This means that most of the banks have a satisfactory duration that forms a basis of a research unit. Bank size was the second bank trait that the study sought to establish. From the findings, the study established that averagely, bank size in monetary value was 4-7 billion as shown by a mean of 2.01, even though majority of the respondents, 43(43.0%) indicated that the banks had a size of 12-15 billion while a few indicated that the banks had a size of 1-3 billion. Finally, banks were found to have an average age of 10 years and below as indicated by majority of the respondents, 45(45.0%) with a mean of 2.96. This implies that these banks were still undergoing intensive sales promotion to market themselves and hence appropriate study units.

4.3 Extent of adoption of personal selling strategies in the banking industry in Kisumu County

The first objective of the study was to establish extent of adoption of personal selling strategies in the banking industry in Kisumu County. The study therefore sought views from the respondents on the extent to which personal selling strategies in the banking industry was carried out. The findings are presented as shown in Table 4.2 below using frequency counts, percentages, means and standard deviations.

Table 4.2 Extent of adoption of personal selling strategies

| Frequency | 1 | 2 | 3 | 4 | 5 | M | SD |
|---|----------|----------|----------|----------|----------|------|-------|
| The Bank uses tele-selling for sales | 0(0.0) | 21(21.1) | 27(27.0) | 29(29.0) | 23(23.0) | 3.54 | 1.068 |
| Promotional strategies(personal selling) is not highly used in the bank | 37(37.0) | 26(26.0) | 14(14.0) | 11(11.0) | 12(12.0) | 2.35 | 1.388 |
| The bank does not use online selling promotion | 6(6.0) | 5(5.0) | 14(14.0) | 18(18.0) | 57(57.0) | 1.85 | 1.201 |
| Direct Marketing is practiced in the bank than online banking | 2(2.0) | 14(14.0) | 23(23.0) | 36(36.0) | 25(25.0) | 3.68 | 1.062 |
| The bank services are not customer driven | 52(52.0) | 20(20.0) | 4(4.0) | 12(12.0) | 12(12.0) | 2.12 | 1.458 |
| Team selling is not competent | 49(49.0) | 23(23.0) | 13(13.0) | 6(6.0) | 9(9.0) | 2.03 | 1.298 |
| The bank employs innovative managers | 0(0.0) | 11(0.0) | 0(0.0) | 22(22.0) | 65(65.0) | 4.37 | 1.107 |
| Benchmarking with global companies | 0(0.0) | 0(0.0) | 11(11.0) | 19(19.0) | 70(70.0) | 4.59 | .683 |
| Promotional strategies do not influence the performance of the bank | 49(49.0) | 17(17.0) | 6(6.0) | 22(22.0) | 6(6.0) | 2.19 | 1.398 |

Source: Survey, 2017

Key: 5= very large extent, 4=large extent, 3=small extent, 2=very small extent 1=no extent

Table 4.2 above presents the findings on the extent of adoption of personal selling strategies. From the findings, it emerged clearly that the banked uses tele-selling for sale to a very large extent as supported by a mean of 3.54 with a standard deviation of 1.06, though majority of the respondents indicated a large extent of use. However, majority of the respondents, 37 (37.0%) indicated that promotional strategies (personal selling) is not highly used in the bank, a finding that was also supported by a mean of 2.35 and standard deviation of 1.38 which indicated very small extent of use. It also emerged from the findings that the bank did not use online selling promotion as indicated by a mean of 1.85 and a standard deviation of 1.20 with majority, 57(57.0%) response indicating very large extent of disapproval. Furthermore, the findings revealed that direct marketing is practiced in the bank than online baking to a large extent (M=3.68, SD=1.06) and majority, 36(36.0%) response approval with large extent. The findings on whether bank services were not customer driven revealed a very small extent as

indicated by a mean of 2.12 and standard deviation of 1.45 even though majority, 52(52.0%) indicated no extent of bank services being not customer driven. This implies that they were customer driven to a large extent. In addition, the findings indicated that team selling was not competent to no extent as indicated by majority, 49(49.0%) of the respondents who indicated no extent and 23(23.0%) who indicated very small extent. A mean of 2.03 and a standard deviation of 1.29 were obtained implying that the response averaged on very small extent. This result means that the extent of competence of team selling was to a large extent.

However, further findings on the bank employee innovativeness indicated a very large extent as shown by a mean of 4.37 though with some variations as indicated by a standard deviation of 1.107. Majority response on innovativeness, 65(65.0%) indicated that bank employed innovative managers. Findings were also obtained on the extent to which the banks benchmarked with global companies. From the findings, majority of the respondents, 70(70.0%) indicated a very large extent followed by 19(19.0%) who indicated a large extent. A mean of 4.59 with a standard deviation of 0.683 implies that benchmarking is done to a very large extent and these response did not vary from the mean response. Finally, the results on whether promotional strategies do not influence the performance of the bank are presented. Majority response, 49(49.0%) shows no extent with a mean of 2.19 and standard deviation of 1.39. This implies that there is a large extent of influence of promotional strategies on performance of the bank. In general, these findings indicate that there is a small extent of adoption of personal selling strategies by banks.

The studies above concentrate on promotional strategies in various industries and locations. Gupta and Mittal,(2008) and Aliata *et al* (2012) have reported studies in the banking industry while Olumoko *et al* (2012) on the insurance industry. Personal selling strategies in all studies except Aliata *et al* (2012) where the combined promotional expenditure positively relates to performance but not personal selling as an individual mix. Although Aliata *et al* (2012) reports usage of descriptive research design like the other studies their study extends to correlate with the study variables. Unfortunately all studies did not reveal the extent of adoption of personal selling strategies. Personal selling was presumed to be pre-existing in the study sites, personal selling is relatively new phenomenon within Kisumu banking industry.

4.4 Factors contributing to effectiveness of personal selling in the banking industry in Kisumu County

The aim of the second objective of the study was to determine the factors contributing to effectiveness of personal selling in the banking industry in Kisumu County. The study therefore sought views from respondents on various aspects whose results would spell the outcome of the factors. The findings are presented in Table 4.3 below using frequency counts, percentages, means and standard deviations.

Table 4.3 Factors contributing to effectiveness of personal selling in the banking industry

| Frequency | 1 | 2 | 3 | 4 | 5 | M | SD |
|--|----------|----------|----------|----------|----------|------|-------|
| Bank policies and regulation have effect on personal selling | 6(6.0) | 3(3.0) | 12(12.0) | 32(32.0) | 47(47.0) | 4.11 | 1.118 |
| Sales representatives' prospecting using | 41(41.0) | 28(28.0) | 6(6.0) | 23(23.0) | 2(2.0) | 2.17 | 1.248 |
| Features selling strategy have no in-depth knowledge of product/services | | | | | | 4.28 | .933 |
| Sales teams who use persuasion selling strategy have efficient communication skills | 7(7.0) | 12(12.0) | 0(0.0) | 27(27.0) | 54(54.0) | 2.20 | 1.385 |
| Sales team do not apply customer oriented strategy in their operations | 48(48.0) | 15(15.0) | 14(14.0) | 15(15.0) | 8(8.0) | 2.89 | .931 |
| Circumstance prevailing in a given selling situation will not cause the prospect to respond in a predictable way | 3(3.0) | 32(32.0) | 46(46.0) | 11(11.0) | 8(8.0) | 3.94 | 1.052 |
| Customer tastes and preferences do not vary in the bank | 11(11.0) | 25(25.0) | 0(0.0) | 23(23.0) | 41(41.0) | 2.01 | 1.185 |
| Sales team is not able to make follow up of their clients | 46(46.0) | 27(27.0) | 10(10.0) | 14(14.0) | 3(3.0) | 3.71 | 1.380 |
| Sales team able to reach clients network within Kisumu County | 8(8.0) | 17(17.0) | 14(14.0) | 18(18.0) | 43(43.0) | 1.79 | 1.175 |
| Bank is not economically stable to efficiently roll out new products to the market | 58(58.0) | 22(22.0) | 9(9.0) | 5(5.0) | 6(6.0) | 2.24 | 1.248 |
| Resources are limited to undertake personal selling adequately | 36(36.0) | 27(27.0) | 23(23.0) | 5(5.0) | 9(9.0) | 1.68 | 1.062 |
| Sales representatives are not educated | 60(60.0) | 26(26.0) | 3(3.0) | 8(8.0) | 3(3.0) | | |

Source: Survey data, 2017

Key: 5= very large extent, 4=large extent, 3=small extent, 2=very small extent 1=no extent

Table 4.3 presents the results on factors contributing to effectiveness of personal selling in the banking industry in Kisumu County. The findings indicate that bank policies and regulations have an effect on personal selling as shown by majority, 47(47.0%) of the respondents who indicated a very large extent with a mean of 4.11 on the statement and a standard deviation of 1.18 indicating some variation in the finding. The findings on whether sales representatives' prospecting using features selling strategy have no in-depth knowledge of product/services indicated a mean of 2.17 and standard deviation of 1.24 with a majority of respondents 41(41.0%) indicating no extent. These findings imply that sales representatives' prospecting using features selling strategy have an in-depth knowledge of product/services to a large extent. The results also clearly indicate that sales teams who use persuasion selling strategy have efficient communication skills ($M=4.28$, $SD=0.93$) with majority response, 54(54.0%) indicating a very large extent.

The findings on application of customer oriented strategy indicated that a mean of 2.20 and standard deviation of 1.35 implying that majority, 48(48.0%) of the respondents indicated no extent of sales team failing to apply customer oriented strategy in their operations. This means that there was a large extent of application of customer oriented strategy in sales team operation. Furthermore, the findings indicated that to a small extent, circumstance prevailing in a given selling situation will not cause the prospect to respond in a predictable way (mean=2.89, $SD=0.93$). There is also a large extent of lack of variation ($M=3.94$, $SD=1.05$) in customer tastes and preferences in the bank as supported by majority, 41(41.0%) of the respondents. The respondents however declined (with no extent) that the sales team is not able to make follow up of their clients as indicated by a mean of 2.02 and standard deviation of 1.18 and majority response, 46(46.0%) concurring with the mean. This implies that sales team is to a large extent, able to make follow up of their clients. The findings on whether the banks are not economically stable to efficiently roll out new products to the market indicated no extent ($M=1.79$, $SD=1.17$) with majority response of 58(58.0%) support. This implies that to a large extent, the banks are economically stable to efficiently roll out new products to the market.

It is clear from the findings that resources are not limited to undertake personal selling adequately as indicated by majority of the respondents, 36(36.0%) showing no extent with a mean and standard deviation ($M=2.24$, $SD=1.24$) implying that the resources were not

limited. Finally, the findings indicated that sales representatives are educated from the majority, 60(60.0%) response that showed that there was no extent to which sales representatives were not educated and an overall mean of 1.68 and standard deviation of 1.06 showing some variations. This finding implies that sales representatives are educated to a large extent.

The studies above have concentrated on different factors contributing to sales performance in various service industries and locations. Jaramillo and Marshall (2004) and Muhanji and Ngari (2015) and Ikpefan (2013) have reported studies in the banking industries. While Mbugua (2014) explored personal selling strategies and performance of pharmaceutical firms and Onditi (2012) on Agricultural & Non-Agricultural products in Homabay. Integrating promotional mix elements is the most effective trend used by all studies except Jaramilo and Marshall (2004) where selling examined the top and bottom sales performers, self-reported and supervisor ratings were used to measure sales force performance but not integrating promotional mix to influence the effectiveness of sales output. Muhanji and Ngari (2015) reports usage of qualitative research design like other studies. Their study extends to correlate with Mbugua (2013), Onditi (2012) study variables and Ikpefan (2013) hypotheses of the T-test method to services improving efficiency. Influence on promotional strategies was presumed to be pre-existing in the study sites. Unfortunately all studies did not reveal the factors contributing to effectiveness of Personal selling in banking industry in Kisumu County. Factors contributing to effectiveness was presumed to be pre-existing in the study sites, factors contributing to effectiveness is relatively new phenomenon within Kisumu banking industry.

4.5 Examine extent of personal selling challenges in the banking industry in Kisumu County

The last objective of the study sought to examine extent of personal selling challenges in the banking industry in Kisumu County. Respondents were asked to share their views on a five point Likert scale, on the extent to which some selected challenges had been experienced. The findings are presented in Table 4.4 below using frequency counts, percentages, means and standard deviations.

Table 4.4 Extent of personal selling challenges in the banking industry in Kisumu County.

| Frequency | 1 | 2 | 3 | 4 | 5 | M | SD |
|---|----------|----------|----------|----------|----------|----------|-----------|
| Changing nature of personal selling e.g. high technology involvement | 3(3.0) | 8(8.0) | 18(18.0) | 24(24.0) | 47(47.0) | 4.04 | 1.118 |
| Difficulty in explaining superiority of products | 29(29.0) | 17(17.0) | 31(31.0) | 17(17.0) | 6(6.0) | 2.54 | 1.243 |
| Handling informed customers is a problem | 14(14.0) | 22(22.0) | 18(18.0) | 26(26.0) | 20(20.0) | 3.16 | 1.354 |
| Cost of face to face interaction | 11(11.0) | 20(20.0) | 25(25.0) | 32(32.0) | 12(12.0) | 3.14 | 1.198 |
| Difficulty in discovering unexpressed needs of a customer | 14(14.0) | 26(26.0) | 18(18.0) | 27(27.0) | 15(15.0) | 3.03 | 1.306 |
| Lack of differences between sales person's products and competitors' products | 18(18.0) | 20(20.0) | 46(46.0) | 11(11.0) | 5(5.0) | 2.65 | 1.058 |
| Not satisfying customers taste and preferences | 34(34.0) | 32(32.0) | 19(19.0) | 15(15.0) | 0(0.0) | 2.15 | 1.058 |
| difficulty in explaining superiority of products | 37(37.0) | 22(22.0) | 23(23.0) | 15(15.0) | 3(3.00) | 2.25 | 1.192 |
| handling un-informed customers | 17(17.0) | 12(12.0) | 23(23.0) | 30(30.0) | 18(18.0) | 3.20 | 1.341 |
| regulatory hindrances do not affect personal selling strategies | 26(26.0) | 36(36.0) | 12(12.0) | 14(14.0) | 12(12.0) | 2.50 | 1.337 |

Source: Survey Data, 2017

Key: 5= very large extent, 4=large extent, 3=small extent, 2=very small extent 1=no extent

Table 4.4 presents the findings on the challenges of personal selling strategies in the banking industry in Kisumu industry. From the findings, it is clear that changing nature of personal selling such as high technology involvement was perceived as a challenge to a very large extent by majority, 47(47.0%) of the respondents. The mean on this challenge was 4.04 with a standard deviation of 1.11. Another challenge that was experienced to a large extent was

handling of informed customers as indicated by majority, 26(26.0%) of the respondents with a mean of 3.16 and standard deviation of 1.35. The findings further indicate that handling of un-informed customers was a challenge as well to a large extent as revealed by a mean and standard deviation (M=3.20, SD=1.34) and a majority response of 30(30.0%) indicating a large extent. Other challenges were cost of face to face interactions (M=3.14, SD=1.19) with majority response of 32(32.0%) indicating large extent and difficulty in discovering unexpressed needs of a customer (M=3.03, SD=1.31) respectively. Other selected aspects such as difficulty in explaining superiority of products (M=2.54, SD=1.24), lack of differences between sales person's products and competitors' products (M=2.65, SD=1.05), not satisfying customers taste and preferences (M=2.15, SD=1.05) and difficulty in explaining superiority of products (M=2.25, SD=1.19) were perceived to be challenges to a small extent. It can however be concluded that all the selected variables tested were a challenges of personal selling strategies in banking industry.

The findings above are in line with findings by Ngamau (2016), that Pharmaceutical distribution companies faced lack of adequate product knowledge from the customers and their clients, competition from other marketers with similar products at cheaper prices, company deadlines and commission based salaries exert a lot of pressure to perform, regulatory hindrances from the aggressive promotion of pharmaceuticals and receipt of funding from the pharmaceutical company to conduct medical education event(s) locally. The main similarity here is the lack of adequate product knowledge, which to the current studies can be compared to handling of informed customers and changing technology. In addition, the findings also resonate with those of Muriuki (2013) who isolated, failure to adopt information technology strategy as a challenge affecting the marketing of the insurance service. Comer *et al.* (2013) also support these findings from their conclusion that generalized challenges of personal selling. However, all these previous studies hardly addressed the situation in the banking industry in Kisumu County but only concentrated on insurance and medical areas of study. It can be deduced that the nature of findings follows the same concept and trend in terms of personal selling challenges. Personal selling challenges was presumed to be pre-existing in the study sites, personal selling challenges is relatively a new phenomenon within Kisumu banking industry.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Overview

This chapter presents the findings on the three objectives of the study starting with the summary, followed by conclusions, recommendations, suggestions for further studies and finally limitations of the study.

5.2 Summary Findings

The first objective of the study sought to establish extent of adoption of personal selling strategies in the banking industry in Kisumu County. Descriptive statistics were used to present the findings. The study revealed that there was large extent of adoption of personal selling strategies that were; use of tele-selling for sales, Direct Marketing was practiced in the bank than online banking. The bank employed innovative managers and benchmarking with global companies. The extent of adoption of personal selling strategies was achieved implying that adoption of personal selling strategies was done to a small extent.

The second objective of the study sought to determine the factors contributing to effectiveness of personal selling in the banking industry in Kisumu County. From the findings on descriptive statistics, the study revealed that the most highly occurring factors were bank policies and regulation effect on personal selling, sales teams who use persuasion selling strategy had efficient communication skills and finally customer sales and preferences. This implied that there was some extent to which the perceived factors contributed to effectiveness of personal selling in the banking industry.

The final objective of the study sought to examine extent of personal selling challenges in the banking industry in Kisumu County. The findings revealed that the main challenges were; changing nature of personal selling such as high technology involvement was perceived as a challenge to a very large extent, handling of informed and handling of un-informed customers had large extent. These imply that these challenges largely affected personal selling.

5.3 Conclusions of the Study

From the aforementioned findings of the study, it was clear from objective one that adoption of personal selling strategies was done to a small extent. It can be concluded that there is small extent of adoption of personal selling by banking industry in Kisumu County, Kenya.

The second objective of the study indicated that bank policies and regulation effect on personal selling, sales teams who use persuasion selling strategy had efficient communication skills and finally customer sales and preferences. This implies that there was some extent to which the perceived factors contributed to effectiveness of personal selling in the banking industry. It can be concluded that these factors had a large extent of influence on the effectiveness of personal selling strategy.

Finally, the study revealed that the main challenges facing personal selling were; changing nature of personal selling such as high technology involvement, and handling of informed and un-informed customers. These challenges were large and are likely to influence personal selling either positively or negatively.

5.4 Recommendations of the Study

The findings of the study indicated that adoption of personal selling strategies was done to a small extent. The study recommends that banking industry intensify personal selling strategies to conform with the market. Their clients with extremes, elderly people who could not cope with heightened dynamic technologies and visually impaired such as the blind who could not embrace internet banking without personal selling strategies. Banks should do a feasibility study and embark on research and development for unique and innovative products to satisfy their clients' tastes and preference the bank should introduce new improved innovations or special machines to ensure that personal selling accommodates everyone in the society. From the second objective of the study, it can be recommended that bank policies and regulation be revised by banking institution since they are one of the greatest determinants of personal selling. The study also recommends that sales teams be thoroughly trained on unique persuasion selling strategies so as to improve their communication skills for better sales. The study recommendation on customer sales and preferences, banks should invest more on what customers prefer and improve customer care in order to retain their customers. The final recommendation of the study related to the personal selling challenges

suggests that banks should adopt interactive apps for their clients, introduce free education and open days to educate its clientele on the dynamic technological trends in the market so as to enable them uptake banking. Sales people should be trained on ways of ensuring that they reach out to clients, banks should have in-house trainings to sensitize their sales team on how to handle both informed and un-informed customers in order to improve their sales.

5.5 Limitations of the study

The current study though brings out new knowledge on adoption of personal selling strategies, there is however no clear theory that links personal selling strategies and performance of financial institutions. However, to counter this, the study variables were thoroughly revised to reflect bring out a clear theoretical review on the same topic.

The second limitation of the study was the use of banking industry administrators as the main study respondents. This was however justified as they were the only people who had relevant information on personal selling strategies theoretically and in practice. This was because when employees were recruited, they spent time under sales promotion before being promoted to managerial positions.

5.6 Suggestion for Further Studies

The first objective of the study sought to establish the extent of adoption of personal selling strategies in Kisumu County. Even though this has been established, more studies can be done on significant differences in the extent of adoption of different personal selling and promotional selling strategies by banking institutions.

The study further suggests a correlation study on the effect of personal selling strategies on performance of microfinance institutions in Kenya.

Finally, the study recommends studies on the relationship between personal selling challenges and profit/loss made in banking industry in Kenya.

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