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The impact of personal selling on the productivity of selected banks in Calabar Metropolis

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Abstract

This study focused on the impact of personal selling on the productivity of selected banks (First Bank Plc and Stanbic IBTC) in Calabar Metropolis. The study determined the significant relationship between personal selling and customer relationship; determine the significant relationship between personal selling and customer retention and the significant relationship between personal selling and sales volume. Hypotheses were tested using the Ordinary Least Square (OLS) method. Findings from this study showed that personal selling had significant relationship with customer relationship. The study revealed that personal selling had a significant relationship between customer retention. The study showed that personal selling increases the sales volume of a firm. The study recommended that personal selling should continuously be adopted by banks in enhancing productivity. Banks should employ personal selling to educate and guide customers so that they can make informed choice of the services / product which will best satisfy their need.

Keywords: Personal selling, Productivity, Customer relationship, Customer retention and Sales volume.

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1. Introduction

The hallmark of every business is to identify, anticipate and satisfy customers (Kings) need; maximize profit, possess competitive advantage; remain relevant in the marketplace. This can only be achieves through the adoption of personal selling in a firm's operations. Personal selling plays a vital role of creating direct contacts and/ or interactions between customers and sellers/producers as well as enhances a firm's productivity. Productivity is the act of enhancing customer relationship, customer retention and increase in sales volume of a firm. Personal selling is a process of assisting and persuading a prospective buyer to buy a product in face-to-face situation. It involves direct and personal contact between the seller and his representative (First Bank Plc, Calabar and Stanbic IBTC/ Marketing Officers) with the prospective buyers (customers). 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; Donaldson, 1995).

The need for the adoption of personal selling in the operations / activities of the banking industry cannot be underestimated. Personal selling remains a vital method to contact the prospective buyers personally and to persuade them to purchase a firm's offerings. Banks can equally use personal selling to convenience customer about the quality of their services and the benefits there of.

Through personal selling, banks representatives explain to their clients/customers how well the services they are selling can satisfy their needs. They give their clients opportunity to make more enquiries about their services. This assists them to match their needs and the services. Banks representative (marketing officers) informs customers of new products / services and explain to them how best they can use these products. Personal selling equally assist banks to increase their sales and expand the market by identifying new customer, retaining old customers and persuading them to buy the firm's product.

Personal selling is a presentation by the firm's sales force for the purpose of matching, sales and building customer relationship (Kotler and Armstrong, 2010). The need for personal selling activities has increased because of stiff competition, widening of market, changes in tastes of customers and technology, increasing customer relationship and sales volume of the firm.

The banking industry (First Bank Plc and Stanbic IBTC, Calabar) needs to adopt personal selling in their operations to remain relevant in the market place that is full of competition, enhance customer relationship, and increase sales volume. The appeal towards the concept "personal selling" attracted the researcher to embark on a research on whether personal selling is been applied in the banking industry and to unravel the impact of personal selling on the productivity (sales volume, building customer relationship, customer retention).

1.1. Statement of the problem

The impact of personal selling on the productivity in the banking industry cannot be underestimated. Personal selling remains an effective tool in assisting and/ or persuading customer to patronize a firm's offerings or to act favourably upon an idea that has commercial significance to the firm. Esu (2012) identified the following as key roles of personal selling – managing relationship, creating customer for life, customer service, coordinating corporate resources and gathering information.

Personal selling remains a cornerstone that assist firms to build strong customer relationship; increase in sales volume, customer retention, the needs, taste and preferences of customer, stimulating demand of a firm's products. Through personal selling, information are provided about the relevant of products/services in order to reduce the risk involve in purchase and use; create awareness, arouse desire and interest.

Firms make large investments in personal selling in response to several major trends: products and services are becoming increasingly sophisticated and complex. Competition has greatly increased in most product/services areas and demand for quality, value, and service by customers has risen sharply. In response to these trends, personal selling seems to offer solution to these trends.

Personal selling implies direct communication with customers. This is the process of developing relationship, through identifying customers' needs, designing and providing products based on these needs, as well as tailoring marketing communication strategies that facilitate his purchase decision making process.

Through critical observation it has been noticed of stiff competition (maintaining customer relationship, retention, sales volume) in the banking industry and customers (prospective / actual) are usually faced with an abundance of choice. It seems that personal selling remains an essential marketing tool in assisting banks (First Bank Plc and Stanbic IBTC, Calabar) to remain relevant in the market place, possess competitive advantage, enhance productivity (customer relationship, customer retention, sales volume, product or service awareness, stimulating demand). This study intends to reveal whether personal selling can be practice in the banking industry.

1.2. Objectives of the study

- To determine the significant relationship between personal selling and customer relationship First Bank Plc and Stanbic IBTC Calabar.
- To determine the significant relationship between personal selling and customer retention First Bank Plc and Stanbic IBTC Calabar.
- To ascertain the relationship between personal selling and sales volume First Bank Plc and Stanbic IBTC Calabar.

2. The concept of personal selling

Personal selling has long been recognized as the oldest and probably the most vital component of the promotional mix. The people who do the selling go by many names: sales person / sales force, sales representative, district managers, account executives, sales consultants, sales engineers, agents, and account development reps to name just a few. Personal selling is the personal presentation by the firm's sales force for the purpose of making sales and building customer relationship (Kotler and Armstrong, 2010; Agbonifoh et al., 2007).

The impact of personal selling on the productivity of banks cannot be underestimated. Personal selling is the personal contact with one or more purchase for the purpose of making a sale. Personal selling is more persuasive among the marketing communication mix element. Personal selling (service selling) task is to consolidate existing customers, to preserve and expand the volume of business these customers do and maintain inertia in the buyer-seller exchange relationship. It is an interpersonal, face-to-face interaction for the purpose of creating, modifying, exploiting or maintaining a mutually beneficial exchange relationship. It involves direct face-to-face contact and thus the only promotional tool that can encourage and make use of on-the-spot consumer reaction. Personal selling is the process of assisting and / or persuading a prospective customer to buy a product or service or to act favourably upon an idea that has commercial significance to the seller (First Bank Plc/ Stanbic IBTC, Calabar) (Donaldson, 1995; Agbonifoh et al., 2002).

According to Kotler and Armstrong (2010) in today's hypercompetitive markets (including Banking industry) buying is not about transaction anymore; Company salespeople must know their customers' businesses better than customers do and align themselves with customers' strategies. Personal selling remains an essential promotional mix element that listens to customers, assess customer needs, and organize the company's efforts to solve customer problems.

Personal selling is a direct spoken communication between sellers and potential customers, usually in person but sometimes over telephone. Personal selling serves as a communication bridge between the organization and the target audience. It is effective because it permits a direct two-way communication between buyer and seller. This gives the organization (First Bank Plc / Stanbic IBTC, Calabar) a much greater opportunities to investigate the needs of their consumers and a greater flexibility in adjusting their offers and presentation to meet these needs (Perreault and McCarthy, 2000; Doyle and Stern, 2006).

It is been said that personal selling is very expensive to embark upon by firms but it is also important for firms to view its role and usefulness in their operations.

2.1. The role of personal selling to organizations (First Bank Plc/Stanbic IBTC)

Donaldson (1995) opined that the role of personal selling has two interrelated function - information and persuasion. The information role is part of a two-way process whereby information about the company's (First Bank Plc and Stanbic IBTC) product or offer needs to be communicated to existing and potential customers and, in the reverse direction, customers' needs are correctly interpreted and understood by management. Salespersons from First Bank Plc and Stanbic IBTC impact knowledge about the product or serve which provides benefits to customers and also a range of information on promotional support, finance, technical advice, service and other elements which contribute to customer satisfaction. Salespersons are also the face-to-face contact between purchasers and the company and for good reason are referred to as the eyes and ears of the organization.

The second role of personal selling is the persuasive nature of personal selling. Identifying customers' needs and market opportunities can never be overstated. Nevertheless, in competitive markets (banking industry) prospective customers are usually faced with an abundance of choice. Customers / purchasers will have to be convinced that their needs have been correctly identified by the company (First Bank Plc and

Stanbic IBTC, Calabar) and that the offer provides benefits over any other firm. Personal selling remains an essential marketing tool in convincing customers to patronizing a firm's offering. Personal selling plays a key role in the marketplace and for the organization.

2.2. The personal selling process

The process involves the following stages:

- Stage 1:

Pre-sale preparation: The first step is the selection, training, and motivation of sales persons. The sales personnel must be knowledgeable of the firms; its products/offerings, the market environment, be skillful in selling, and be well informed about the competitor's products and the degree of competition. They should also be acquainted with the techniques of effective selling and the policies of the firm

- Stage 2:

Prospecting/qualifying: these entail finding and identifying prospects who need the product and possess the ability to make a purchase decision. For example, a child may be a prospect for a toy, but the qualified prospect is the parents who make the purchase decision.

- Stage 3:

Approach: After prospecting/qualifying, the salesperson should approach the customer in a polite and dignified way. He should make the customer feel that he is getting proper attention of the salesperson. The salesperson should be very careful in his approach as the first impression lasts for long.

- Stage 4:

Presentation/ Demonstration: At this stage, the sales person actually gain customer's attention and presents the products by describing or explaining its attributes and benefits to the prospect. However, selling products may require their demonstration/workings to the prospect in order to arouse interest and convince the prospects to make a decision. A good demonstration often results in sales decisions by prospects.

- Stage 5:

Handling objectives: The salesperson should clear all doubts and objections without entering into controversy and without losing his temper. He/she must be articulate and possess the ability to convince and persuade the prospect. He should not lose patience if the prospect puts too many queries and takes time in arriving at any decision.

- Stage 6:

Sales decision: At this stage, the prospect makes a decision to buy or not to buy. However, the sales person could guide but not cajole the prospect to make the decision. He should assure the customer that he has made the right choice if he/she chooses to buy. But if the prospect closed the sales by not buying, the sales person could politely request a repeat visit at his/her convenience.

- Stage 7:

After sales activities: At this stage, the sales person investigates if the customer was satisfied with the purchase/decision. On the other hand, prospects who did not buy now, are revisited to enhance sales probably at subsequent visits. It helps to secure repeat sales, to identify additional prospects and to evaluate salesman's effectiveness.

2.3. Personal selling and customer relationship

For a firm to be successful it has to be able to relate to consumer; customers have to be satisfied with its offerings to be able to do business and to build a relationship with mutual trust. Personal selling plays an important role in enhancing customer-firm relationships. Customer relationship is the approach of firm to winning and retaining customer. One of the unique ways of providing satisfaction to consumer is through personal selling. Currently, the banking industry is characterized by stiff competition arising from the fact that most banks offer the same or equal services, leaving customers with the absent of choice. It is then vital for customers to be properly or correctly informed, convinced and provided with benefits about a firms offering. This can only be achieved with the use of personal selling in a firm's operations.

The Bennett (1999) study using data collected through a mail survey examined the role of personal selling in enhancing customer – firm relationship.

A questionnaire was sent to 677 foreign companies across a variety of product sectors. The questionnaire was mailed to the Head of Marketing (China) at the registered domicile address of the subsidiary or joint venture (typically in the home country of the foreign partner).

111 complete questionnaires were received. 49 of the respondents were based in Hong Kong, 23 in the USA or Canada, and 17 in Western Europe. The rest of the respondents were located in Australasia, Singapore and a variety of other countries. The study obtained the following findings for the sample revealed that strong personal selling and social relationships are a prerequisite to developing a close customer-firm relationship.

In view of the intense competition in consumer banking in Singapore, banks engage sales representatives (sales agencies) to sell their credit cards to consumers which in turn lead to customer-firm relationship and increase in the profit margin of the bank. The Standard Chartered Bank (A British Bank) in Singapore sells their products through sales representative (agents) to potential and actual customers. Through this form the bank possess a competitive advantage over other banks (So and Speece, 2000).

Backstorm (2002) in his study "Personal selling and customer relationship" revealed that personal selling activities (examples sales presentations, customer visits, trade fairs, entertaining the customer) are performed by the investigated companies in order to have a reason to contact the customer and develop the customer relationship. Backstorm (2002) in his study – Personal Selling and Relationships, examined industrial selling in Swedish Manufacturing Small and Medium-sized enterprises (SMEs). The research work used survey research design by employing the personal interview technique. A total of 19 respondents of various cadres of the selected companies were interviewed. The study revealed that personal selling activities (example sales presentations, customer visits, trade fairs, entertaining the customers) developed long term customer-relationship i.e. personal selling have significant relationship with customer relationship.

His further study of small-to-medium-sized financial services marketing firms in South Africa revealed that personal selling enhances long term customer relationship that drives the sales transaction, which in turn have important implications for selling.

There is a dramatic shift in the impact of the selling process from the 20th century to the 21st century. Thus, as customers become more sophisticated and better-informed (McDonald et al., 2000), the sales process is much less about selling a product and much more about creating a relationship.

2.4. Personal selling and customer retention

Customer retention can be made possible only when customers derive satisfaction from a firm's products/services. Customer retention is the ability of a firm to keep / hold customer to continuously patronize its products / services.

A research work conducted by Roman and Iacobucci (2000) on relationship between salesperson and customer retention of three financial service institutions of approximately the same size. A confirmatory factor analysis was used in the test of hypothesis and the result revealed that personal selling (salespersons) assisted financial institutions in enhancing customer retention. Increasingly, personal selling encourage after sales services. This in turn results to customer retention.

2.5. Personal selling and sales volume of a firm

According to Smith and Harrison (1996) and Bubnjevic (2011), a cordial seller-buyer relationship enhances sales. Sales volume is the profit a firm gets in activities / operation over a period of time. Knowing customers' needs and providing same would create customer value and firm's profitability. Personal selling as a two way communication process creates direct face to face contacts between sellers and buyers, as well as facilitate quick customer response. Personal selling to a large extent directly increases the sales volume of a firm.

3. Research methodology

The study adopted exploratory research design (cross-sectional) and descriptive research design (in-depth interview). This indepth interview was employed to obtain information from staff of First Bank Plc and Stanbic IBTC, Calabar**.** The stratified random sampling method was employed for this study. This study adopted three (3) strata: current account, savings account and fixed deposit accounts. Data were analyzed using the Ordinary Least Square (OLS) method.

4. Presentation of result and interpretation

Table 1. Regression result on the relationship between personal selling and customer relationship Coefficients [a]

Mode	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. Error	Beta		
1 (constant)	20.615	2.709		7.611	.000
PS	.191	.070	.174	2.718	.001

a. Dependent variable: CREL
R = .974; R-square = .948; Adjusted R-Square = .922; F - ratio = 7.387; Durbin Watson = 1.964.*
**Significant, $p < 0.05$, $df_1 = 1$ and $df_2 = 238$, crit. F = 3.84*

The coefficient of determination R-square of 0.948 implied that 94.8 per cent of the sample variation in the dependent variable customer relationship is explained or caused by the explanatory variable while 5.2 per cent is unexplained. This remaining 5.2 per cent could be caused by other factors or variables not built into the model. The high value of R-square is an indication of a good relationship between the dependent (customer relationship) and independent variable (personal selling).

The value of the adjusted R^2 is .922. This shows that the regression line captures more than 92.2 per cent of the total variation in customer relationship is caused by variation in the explanatory variables specified in the equation with less than 7.8 per cent accounting for the error term.

Testing the statistical significance of the overall model, the F-statistic was used. The mode is said to be statistically significant at 5 per cent level because the F-statistics computed of 7.387 is greater than the F-statistics table value of 3.84 at $df_1 = 1$ and $df_2 = 238$.

The test of autocorrelation using D/W test shows that the D/W value of 1.964 falls within the inconclusive region of D/W partition curve. Hence, we can clearly say that there exists no degree of autocorrelation.

Finally, since the calculated t-statistics of 2.718 is greater than the critical value (i.e. 1.64) the null hypothesis is rejected and the alternative accepted. This means that there is a significant relationship between personal selling and customer relationship.

Table 2. Regression result on the relationship between personal selling and customer retention Coefficients [a]

Mode	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. Error	Beta		
1 (constant)	15.232	1.737		8.767	.000
PS	.251	.045	.340	5.582	.000

a. Dependent variable: CRET
R = .994; R-square = .988; Adjusted R-Square = .966; F - ratio = 31.157; Durbin Watson = 2.11*
**Significant, p < 0.05, $df_1 = 1$ and $df_2 = 238$, crit. F = 3.84*

The coefficient of determination R-square of 0.994 implied that 99.4 per cent of the sample variation in the dependent variable customer retention is explained or caused by the explanatory variable while 0.6 per cent is unexplained. This remaining 0.6 per cent could be caused by other factors or variables not built into the model. The high value of R-square is an indication of a good relationship between the dependent (customer retention) and independent variable (personal selling).

The value of the adjusted R^2 is .966. This shows that the regression line captures more than 96.6 per cent of the total variation in customer relationship is caused by variation in the explanatory variables specified in the equation with less than 3.4 per cent accounting for the error term.

Testing the statistical significance of the overall model, the F-statistic was used. The model is said to be statistically significant at 5 per cent level because the F-statistics computed of 31.157 is greater than the F-statistics table value of 3.84 at $df_1 = 1$ and $df_2 = 238$.

The test of autocorrelation using D/W test shows that the D/W value of 2.111 falls within the inconclusive region of D/W partition curve. Hence, we can clearly say that there exists no degree of autocorrelation.

Finally, since the calculated t-statistics of 5.582 is greater than the critical value (i.e. 1.64) the null hypothesis is rejected and the alternative accepted. This means that there is a significant relationship between personal selling and customer retention.

The coefficient of determination R-square of 0.972 implied that 97.2 per cent of the sample variation in the dependent variable sales volume is explained or caused by the explanatory variable while 2.8 per cent is unexplained. This remaining 2.8 per cent could be caused by other factors or variables not built into the model. The high value of R-square is an indication of a good relationship between the dependent (sales volume) and independent variable (personal selling).

Table 3. Regression result on the relationship between personal selling and sales volume Coefficients [a]

Mode	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. Error	Beta		
1 (constant)	31.146	4.819		6.462	.000
PS	.402	.125	.204	3.218	.001

a. *Dependent variable: SV R = .972; R-square = .945; Adjusted R-Square = .919; F^* - ratio = 10.354; Durbin Watson = 1.999*
**Significant, $p < 0.05$, $df_1 = 1$ and $df_2 = 238$, crit. F = 3.84*

The value of the adjusted R^2 is .919. This shows that the regression line captures more than 91.9 per cent of the total variation in customer relationship is caused by variation in the explanatory variables specified in the equation with less than 8.1 per cent accounting for the error term.

Testing the statistical significance of the overall model, the F-statistic was used. The model is said to be statistically significant at 5 per cent level because the F-statistics computed of 10.354 is greater than the F-statistics table value of 3.84 at $df_1 = 1$ and $df_2 = 238$.

The test of autocorrelation using D/W test shows that the D/W value of 1.999 falls within the inconclusive region of D/W partition curve. Hence, we can clearly say that there exists no degree of autocorrelation.

Finally, since the calculated-statistics of 3.218 is greater than the critical value (i.e. 1.64) the null hypothesis is rejected and the alternative accepted. This means that there is a significant relationship between personal selling and sales volume.

5. Conclusion

Personal selling is an essential marketing tool in enhancing customer relationship, customer retention and increasing sales volume of a firm. Personal selling to a large extent creates awareness about a firm's offering; stimulate demand of a firm's offerings.

Personal selling assist to identify, anticipate and satisfy their needs. It handles customers' compliant and takes care of customers' need. Personal selling educates and guides consumers so that they can make informed choice of the products/services which will best satisfy needs. Personal selling resolve/change negative attitudes of customer to positive ones. To a large extent personal selling persuade customers to purchase a firm's products/services. Through personal selling customers making favourable decisions about a firm's offerings.

6. Implication of findings

- Banks should employ personal selling to educate and guide customers so that they can make informed choice of the services/products which will best satisfy their needs.
- Banks should adopt personal selling in resolving/changing negative attitudes of customers to positive ones about their offerings.
- Personal selling should be adopted by banks in making favourable decisions about their offerings.
- Banks need to adopt personal selling in persuading customers to patronize their offerings.

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