

# Personal Selling Strategy and Firm's Productivity: A Study of Selected Microfinance Banks in Calabar, Cross River State

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## ABSTRACT

The study was anchored on personal selling strategy and firm's productivity of microfinance banks (Nirsal microfinance & Uncial microfinance) in Calabar, Cross River State. The researchers investigated the relationships between personal selling strategy and customer relationship and personal selling strategy and firm's sales volume. The methodology followed was cross-sectional survey research design (exploratory research). Data for the study were collected with the use of a questionnaire, which was developed on a five-point Likert scale. Simple random technique was adopted by the researchers. The hypotheses were analysed using simple regression statistic. Findings from the study showed that personal selling strategy had a significant positive relationships with customer relationships. The study also revealed that personal selling strategy had a significant positive relationship with firm's sales volume. Based on the findings, the researchers concluded that personal selling strategy significantly enhances firm's productivity among microfinance banks. The researchers recommended that firms wishing to maintain mutual relationships with customers and enhance sales volume should adopt personal selling strategy for free flow of communication between the buyer and seller.

**Keywords:** Personal Selling Strategy, Productivity, Customer Relationship, Sales Volume

## INTRODUCTION

Microfinance banks are financial firm's license by the Central Bank of Nigeria (CBN) to target client/customers and small business owners who lack access to conventional banking. These firms are close to the grassroots and provide services that include savings, loans, domestic fund transfer and any other financial services needed by the economically active poor population, who are marginalised or geographically more isolated, to assist them in expanding their daily businesses (Caramela, 2018; Kagan, 2018; Kpune, Nwaoji & Wali, 2018). Nonetheless, the ultimate desire of these financial firms is to satisfy customers' needs and wants, at the same time maximising profit and maintaining current marketplace position (Anyadighibe, Awara & Esu, 2014). These firms' desire can only be achieved through the adoption of personal selling strategy in their daily operations.

Personal selling strategy, over time, has been observed to be one of the oldest professions in the world and probably

the most efficient and effective promotional practice. The term personal selling was first coined in 1965 by John Wanamaker, in the United States (Agbonifoh, Ogwo Nnolim & Nkamnebe, 2007; Firmasyah, Margono, Rohman & Khusniyah, 2018). Personal selling creates communication in the process of contact between buyers (customers) and sellers (bank representatives), which in turn plays an essential role in building a relationship between them. Personal selling is seen as a personal presentation by the firm's sales force for the purpose of making sales and building strong mutual relationships (Yousif, 2016; Kotler & Armstrong, 2010).

Personal selling is a unique promotional technique, because it has the skills to transform firms' finished products into cash. Personal selling strategy involves trained sales representatives calling on target customers to make presentations with the aim of building a favourable attitude towards the products or services (Isiwa & Tijjani, 2016). The need for personal selling strategy in firms has increased; this is because of the firm's need to build customer relationships, gain a competitive advantage,

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increase sales volume and enhance productivity (Adewale, Adeniran & Oluyinka, 2019).

Productivity is an economic measure of the efficiency of production to customers' retention, customers' relationship, satisfaction and increase in sales volume of the firm. Murithi (2015) asserts that personal selling is a process whereby a firm's sales persons sell to the customers face-to-face. According to Kotler (2013), personal selling strategy is a vital tool for communicating with actual customers and potential buyers. Through personal selling, banks train staff explain to their customers how accurately the services they sell can satisfy their desire.

Most worrisome is the fact that microfinance banks view personal selling strategy as an expensive promotional technique, undermining its impact on firm's productivity. Personal selling helps the bank's representatives (marketers) inform customers of new services and explain to them how best they can use those services. Personal selling builds relationships through communication for the purpose of making sales. Personal selling assists banks to increase their sales volume and increase their market share, through identifying new/potential customers, retaining old/existing customers and convincing them to purchase the firm's products (Anyadighibe et al., 2014).

Indeed, microfinance banks need to adopt personal selling strategy in their daily operations to gain competitive advantage, build strong customer relationships, increase sales volume and enhance productivity. This study examines the impact of personal selling strategy on firm's productivity of microfinance banks and to ascertain whether personal selling strategy is adopted in the microfinance banks, a sub-sector of the banking industry, as a strategy in enhancing productivity.

### Statement of the Research Problem

Despite the growing importance of personal selling strategy in extant literature, personal selling is still viewed as an expensive promotional strategy, forgetting the vital role it plays in communicating the firm's products to customers, creating relationships and increasing sales volume of the firm. However, critics still believe personal selling does not encourage patronage of firm's products and as such, does not enhance productivity. The plague

of personal selling keeps worsening, as most of the firm's sales representatives (marketing officers) are half trained and lack the communication ability and self-confidence. Some sales persons are not good listeners and sometimes, they do not allow potential customers to ask questions about their firm's products.

The impact of personal selling cannot be overemphasised. Its remains an effective promotional tool in persuading prospective/actual customers to patronise a firm's products or act favourably upon an idea that has commercial value to the firm. Against this backdrop, this study then raises the question of how well personal selling strategy has impacted firm's productivity (Nirsal and Unical microfinance banks) and to what extent personal selling assisted in enhancing customer relationship and increasing sales volume of Nirsal and Unical microfinance banks in Calabar, Cross River State.

### Objectives of the Study

This study was aimed at investigating the impact of personal selling strategy and firm's productivity of microfinance banks (Nirsal & Unical microfinance) in Calabar, Cross River State.

The specific objectives include:

- Determining the significant relationship between personal selling and customer relationships of microfinance banks (Nirsal & Unical microfinance banks) in Calabar, Cross River State.
- Examining the relationship between personal selling and sales volume of microfinance banks (Nirsal & Unical microfinance banks) in Calabar, Cross River State.

### Research Questions

The following are the research questions that must be asked for the stated objective to be achieved.

- Is there a significant relationship between personal selling and customer relationships?
- Does personal selling have any significant positive relationship with sales volume of microfinance banks?

## Research Hypotheses

The hypothetical statements of the study include:

H<sub>01</sub>. There is no significant positive relationship between personal selling strategy and customer relationships.

H<sub>02</sub>. There is no significant positive relationship between personal selling and sales volume.

## CONCEPTUAL, THEORETICAL AND EMPIRICAL FRAMEWORK

### Concept of Personal Selling Strategy

Interpersonal communication in the promotional mix largely involves personal selling. The people who practice personal selling go by different names: sales representatives, sales persons, sales people, sales force, agents and sales consultants, to name just a few. Personal selling is the process whereby the firm's salespeople persuade and assist a potential/actual customer to purchase a firm's product or act upon an idea in a way that is useful to the firm (Kotler & Armstrong, 2010; Ebitu, 2015). Anyanwu (2000) noted that the basic task of personal selling is to inform and persuade prospective customers and create in the customer's mind orientations that will lead to purchase action either immediately or subsequently.

Personal selling aims at bringing firm's product/services in contact with customers for the purpose of making a transfer of title and ownership. According to Esu (2005), personal selling is a function of marketing that ensures the availability of firm's product/services at the right place and at the right time and facilitates the transfer of ownership in order to build relations. Personal selling is a direct verbal communication between sellers and prospective customers, usually in person, but sometimes over the telephone. Personal selling serves as a communication bridge between the firm and the target customer. Personal selling allows a straightforward (two-way) communication between the buyer and the seller. This gives the firms (Nirsal & Unical microfinance banks) a much greater opportunity to study the needs of their customers and a greater flexibility in adjusting their

offers and presentations to meet these needs (Perreault & McCarthy, 2000; Doyle & Stern, 2016).

According to Kotler and Armstrong (2010) personal selling entails individual presentation by the firm's salesperson with the aim of making sales and building a mutually strong relationship with prospective customers. The personal selling process consists of several steps that the sales persons must master when making sales. Kotler and Armstrong (2008) observed that the selling process commonly used by salespeople includes prospecting, pre-approach, approach, presentation, handling objections, closing the sale and follow-up. The aim of these steps is to acquire new customers and get orders from them (Adesoga, 2016).

### Productivity in the Microfinance Banks (Nirsal & Unical Microfinance)

Productivity refers to the ratio of output to input in production. Productivity is critical for the long-term competitiveness and profitability of the banking industry (Nirsal microfinance banks). Productivity in the banking industry measures the effectiveness and efficiency of a given input to output. Productivity is an economic measure of the efficiency of production to customer's retention, customer's relationship, satisfaction and increase in sales volume of the firm (Solaris, 2011).

### Theoretical Framework (Lavidge & Steiner, 1961)

The underpinning theory for this study is the 'hierarchy of effects theory. This theory was introduced in 1961 by Robert J. Lavidge and Gray A. Steiner. The theory states that prospective customers go through a series of steps when making purchase decisions. These steps to consumer buying behaviour are: awareness, knowledge, liking, preference, conviction and purchase. This theory was further modified by Lavidge and Steiner into three broad stages: cognitive (awareness or learning); affect (feeling, interest and desire) and behaviour (action).

*Awareness:* This is the starting point for purchase; the customer, at this point, is aware of the firm's products.

*Knowledge:* At this stage, the customer evaluates the product offers.

*Liking:* This is when a customer builds a positive attitude towards the seller's products.

*Preference:* The consumer is persuaded to try the products.

*Conviction:* This is when consumer preference is converted into action.

*Purchase:* The final stage of the consumer buying circle, this is the actual purchase behaviour. This theory is relevant to this study as it explains the behaviour of customers in patronising the microfinance banks' products/services.

## Empirical Review

Empirical studies have been done in the area of personal selling as it relates to customer relationships and sales volume. Some of the studies are as follows:

Anyadighibe et al. (2014) investigated the impact of personal selling on the productivity of selected banks in the Calabar metropolis. Their hypotheses were tested using the Ordinary Least Square (OLS) method. Findings from the study showed that personal selling had a significant relationship with customer relationships. The study revealed that personal selling had increased sales volume of a firm.

Adewale et al. (2019) examined the effect of personal selling and marketing on firm's sales growth using PZ Nigeria Ltd., Lagos and Dangote Nigeria PLC, Ogun. The researchers adopted a descriptive study. A sample of 100 respondents were selected with the aid of convenience sampling technique, of which 98 respondents were considered useable. Their study revealed that there is a relationship between personal selling and organisational sales volume. The study recommended that sales representatives in an organisation should be well trained on what is expected from them on the job.

Murithi (2015) conducted a study on 'Effects of personal selling on sales: A case of women group in Imenti North District, Meru County, Kenya'. The study aimed at evaluating the effects of personal selling on sales of agricultural products produced by women groups. The population of the study was composed of 100 women

groups registered with the Ministry of Sports, Culture and Social Services by December 2012 in Imenti North District in Meru County, Kenya, engaging in agricultural activities to generate income. Simple random sampling techniques were used to determine the sample size of 79. Primary data was collected using a structured questionnaire. Data was presented by use of frequency tables, then analysed using descriptive statistical techniques such as frequencies and percentage. Chi-square test was used to test the hypotheses. The findings showed that personal selling was found to be a widely used promotion method by women groups, where they largely target women. Personal selling was found to have an influence on sales of agricultural products produced by women groups.

Adesoga (2016) investigated the relevance of personal selling in selected bottling companies in Lagos, Nigeria. Survey research method was adopted. The study population was the staff in marketing positions of selected companies. A questionnaire was administered on selected samples, while weighted mean was used to determine the relevance of personal selling which accentuated relationship building, fostered creative selling and represented the company well to the customers. The study concluded that personal selling was still relevant and a critical success factor in today's marketing activities, despite the advent of digital marketing.

## METHODOLOGY

The researchers employed a cross-sectional survey research design (exploratory research). The main purpose for choosing this design was to obtain a representative sample from the population to generalise the findings of the study. The population of the study comprises permanent and non-permanent staff of Nirsal and Unical microfinance banks in Calabar, Cross River State. The questionnaire was used as the main instrument for data collection, which was developed on a five-point Likert scale. The sample size of the study was 118, determined using the Taro Yamani formula. Hence, 118 copies of the questionnaire were administered to the permanent and non-permanent staff of the selected microfinance banks under study. Out of the total number of questionnaires distributed, 100 copies, representing 97.99%, were retrieved in useable form, which constituted the workable sample for the study. Simple random technique was adopted by the researchers. The hypotheses were tested using simple linear regression techniques.

## PRESENTATIONS OF RESULTS AND DISCUSSION OF FINDINGS

Table 1 and 2: Show regression result between personal selling and customer relationships in Nirsal and Unical microfinance banks.

**Table 1: Model Summary**

<i>Model</i>	<i>R</i>	<i>R-Square</i>	<i>Adjusted R-Square</i>	<i>Std. Error of the Estimate</i>
1	.404	.636	.377	.987

a. Predictor: (constant), Personal selling.

b. Dependent variable: Customer relationship.

**Table 2: Coefficient**

<i>Model</i>	<i>Unstandardised Coefficient</i>		<i>Standardised Coefficient</i>	<i>T</i>	<i>Sig</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
1 (constant)	1.023	.745		1.374	.18.3
Personal Selling	.685	.177	.174	3.862	.001

Source: Field survey, 2019.

a. Dependent variable: Achievement of customer relationship through personal selling.

The above tables reveal the results of regression analysis carried out to test hypothesis one. According to the results, there is a significant relationship between personal selling and building customer relationship ( $\beta = 0.685$ ,  $p < 0.05$ ). The coefficient of determination R-square, which is 0.636, implies that 63.6% of the sample variation in the dependent variable customer relationship is explained, while 36.4% is unexplained. The 36.4% could be caused by other factors. The value of R-square, 63.6%, is an indicator of the relationship between the dependent variable (customer relationship) and the independent variable (personal selling). Since the regression analysis has a significant predictive ability, we reject  $H_0$  (there is no relationship between personal selling and customer

relationship) and accept  $H_1$  (there is a relationship between personal selling and customer relationship).

Table 3 and 4: Regression result of personal selling and firm's sales volume.

**Table 3: Model Summary**

<i>Model</i>	<i>R</i>	<i>R-Square</i>	<i>Adjusted R-Square</i>	<i>Std. Error of the Estimate</i>
1	.493	.802	.470	817

a. Predictors: (constant), Personal selling enhances firm's sales volume.

b. Dependent variable: Firm's sales volume.

**Table 4: Coefficient**

<i>Model</i>	<i>Unstandardised Coefficients</i>		<i>Standardised Coefficients</i>	<i>T</i>	<i>Sig</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
1 (constant)	2.013	.452	.702	.453	.000
Personal Selling	.537	.116		.628	.000

Source: Field survey, 2019.

a. Dependent variable: Firm's sales volume is achieved through personal selling.

The above tables show the regression analysis carried out to test hypothesis two, there is a significant relationship between personal selling and firms sales volume ( $\beta = 0.537$ ,  $p < 0.05$ ). Table 3 show that regression analysis has a significant predictive ability ( $R^2 = 80.2\%$ ,  $p < 0.05$ ). The coefficient of determination R-square, which is 0.802%, implies that 80.2% of the sample variation in the

dependent variable customer relationship is explained, while 19.8% is unexplained. The 19.8% could be caused by other factors. The value of R-square is an indicator of the relationship between the dependent variable (firm's sales volume) and the independent variable (personal selling). Since regression analysis has a strong significant predictive ability, we reject  $H_0$  (there is no relationship

between personal selling and firm's sales volume) and accept  $H_1$  (there is a relationship between personal selling and increase in sales).

### Discussion of Findings

The result of the hypothesis posits a significant positive relationship between personal selling strategy and customer relationship and personal selling strategy and firm's sales volume, with the regression coefficient  $\beta$  of 0.685 and 0.537, respectively. This is an indication of a positive impact of personal selling on firm's productivity. The finding is in accordance with the works of Anyadighibe et al. (2014); Murithi, (2015); Adesoga, (2016); and Adewale, Adeniran and Oluyinka (2019).

### IMPLICATION OF THE STUDY

This study has a number of implications on personal selling strategy. It has been able to establish that there is a significant relationship between personal selling and customer relationships and firms' sales volume in microfinance banks (Nirsal & Unical microfinance) in Calabar, Cross River State. The study has shown that personal selling is adopted and applied as the marketing strategy to reach customers and it enhances effective communication between customers and banks' representatives in building relationships.

### CONCLUSION

From the study conducted it is evident that personal selling is the marketing strategy that can enhance customer relationships and predict sales volume of microfinance banks in Calabar, Cross River State.

The empirical results of the study underscore the following:

- Personal selling strategy enhances firm productivity among microfinance banks.
- Firms that are mindful of personal selling are likely to have an increase in sales of their offers.
- Personal selling has a lot of advantages that could bring about a long-term business relationship.

### RECOMMENDATIONS

On the basis of the findings, the following recommendations were made:

- Firms wishing to maintain mutual relationships with customers and enhance sales volume should adopt personal selling strategy for free flow of communication between buyer and seller.
- Firms (microfinance banks) and any other service firm should pay attention to how they obtain information concerning customers' needs from their sales force.
- Firms wishing to adopt personal selling strategy should carefully recruit and select sales persons who possess good communication skills.

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