

Review Article

**SALES STRATEGIES OF BANKS: AN EMPIRICAL STUDY OF SELECT PRIVATE SECTOR BANKS IN INDIA**

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**Abstract:**

Intense competition in Indian banking industry compelled the bankers to involve in active selling. This paper aimed to identify the different sales strategies used in banks and to investigate the perceptual gap between employees and customers towards different sales strategies. Empirical study has been conducted among select private sector banks in the Barak valley region of Indian state of Assam. Perceptual gap has been analysed by estimating significance difference between two sample mean. Findings revealed that there is a significance difference between perception between employees and customers towards up-selling strategy whereas there is no such difference in case of other sales strategies. Study found that unique nature of the up selling strategy is responsible for creating such differences in perception. This study cannot be generalised in case of entire Indian banking industry as it focused only on the sales strategies of private sector banks in India. Findings help the banks to understand the gap between the thinking of employees and customers towards the importance of different sales strategies.

**Key words:** Sales strategies, Private banks, Personal selling, Direct selling, Cross Selling, Reference Selling, Up selling.  
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**INTRODUCTION:**

Services sector is growing rapidly in India as well as in the world. It has significant contribution in the world economy. Banking is one of the prominent service sectors that constitute backbone of the economy of every nation.

Marketing of banking services has become the prime interests of researchers all over the world (Odi et al. 2014; Narteh 2012; Mylonakis 2008; Ekerete 2005; Waruguru, 2015; Muthengi, 2015). Researches on the marketing practices of banks have gained significance importance in India as well. Large numbers of high quality researches have been done on the marketing practices of private banks, public banks, rural banks and cooperative banks in India (Devi, 2011; Saraswat, 1995; Kumaraswamy, 2014; Hanchinmani, 2007; Parmar, 2015). Selling is an indispensable part of marketing but it is surprising to found that researches available on the sales practices of banks are comparatively less than marketing. Considerable amount of researches have been done globally on the sales practices of banks (Muthengi, 2015; FitimiDragaqina, 2015; Li et al., 2005; Ridnour et al., 2001; Waruguru, 2015; Futrell, et al., 1984; Agbevanu, 2009). Different sales strategies such as personal selling, direct selling, cross selling, reference selling, up selling has gained importance in today's banking industry (Jobber and Lancaster, 2015; Joseph, Nsobiari, Benjamin, 2014; Stiroh and Rumble, 2006). Banks are using these sales strategies to earn revenue & profit to survive in this competitive market. Researchers all over the world studied the performance of these sales strategies in context of banking such as Personal Selling (Anyadighibe et al., 2014; Sadek et al. 2016; Nwora and Chinwuba, 2016), Cross selling (Bansal & Bhatia, 2014; Li et al, 2005; Shah et al 2016), Direct Selling (Ondieki et al 2014) etc. Little researches have been done on the sales practices of banks in India. Bansal & Bhatia, (2014), Shah et al (2016), Sadek et al. (2016) and few other researchers in India had done little researches on different sales strategies of banks. Their studies were mainly focussed on public sector banks in India. Studies are rarely available on the sales practices of private sector banks in India. This has been identified as a gap in the study. Hence researcher in this study has identified the need to study the sales practices of different select private sector banks in India. Researcher has undertaken this study in the Barak valley region of the Indian

state of Assam. Author has selected this region for study because of significant growth of private sector banks in the region in last few years compare to public sector banks & the aggressive sales practices by private sector banks in the region.

Researcher in this study has attempted to identify the different sales strategies used in banks and to analyse the perceptual gap between employees and customers towards them.

**Perceptual gap analysis:** Perceptual gap can be analysed by determining perception of two group i.e employees and customers towards sales strategies used in banks. Perception of the each group is to be measure and then gap between the perceptions could be analysed by estimating significant differences in mean of the two samples.

**Perceptual Gap = Employees perception ----- Customers perception**

**REVIEW OF LITERATURE:**

Jones, Brown, Zoltners and Weitz (2005) analysed the changing environmental factors that affects selling and sales management. Authors revealed that changes in the external environment such as high competition, demanding & choosy customers, advanced technology, regulatory changes affects selling & sales management. Moreover there are some internal factors such as Product complexity, organizational policies, strategies, employees etc. have significant impact on selling & sales management. Bansal and Bhatia (2014) investigated the growth of cross selling strategies in banking sector. Authors pointed out that growth of cross selling depends on the extent of relationship between the bankers and the customers. If relationship is strong there will more cross selling and vice versa. Cross selling is very effective sales strategy in banks. Meera and Eswari, (2011) investigated the factors that influence customer satisfaction towards cross selling strategies of banks. Authors pointed out that customer satisfaction towards cross selling is influenced by the income, occupation & education of the customers. Agbevanu (2009) studied the impact of personal selling on sales volume in banking sectors. Author found that personal selling has positive impact on the sales volume. It increases the

productivity and enhances the sales volume in banks. Vukoja (2017) analysed the impact of personal selling on the choice of banking services. Author revealed that personal selling has positive impact on the choice of banking services. It increases the customer choices of availing banking services. Jobber and Lancaster (2015) studied the reference selling technique. Authors argued that reference selling helps the salesperson to get a reference of a new prospect from existing customers. A customer will give reference only when he is satisfied with the products or services of the organization. FitimiDragaqina (2015) studied the impact of direct selling on the promotion & selling of banking services. Author found that agents & salesman played an important role in the promotion & selling of banking services by using direct selling strategy i.e. direct face to face interaction with the customers. Sharma and Ganguli, 2015 studied the importance of up selling techniques. Author argued that up selling is an innovated technique that generates more revenue for the seller by convincing the customers to buy more of the products or buying expensive items from the seller.

### **THEORETICAL FRAMEWORKS OF DIFFERENT SALES STRATEGIES AND HYPOTHESIS FORMULATION**

Selling has become a prime job responsibility for today's bankers (Muthengi, 2015; FitimiDragaqina, 2015; Li et al., 2005). Different sales strategies such as personal selling, cross selling, direct selling, up selling reference selling etc. have gained significant importance in today's banking industry.

**Personal selling:** Personal selling is the face to face interaction between seller and the buyer (Jobber and Lancaster, 2015; Kotler and Armstrong, 2010). Personal selling enhances productivity and as well as sales volume (Joseph et al. 2014). Personal selling is found to be beneficial for both buyer and seller. It helps the buyers to resolve all their queries and doubts about the products and help the seller to understand customers need easily. Personal selling is found to be effective for complex product like banking, where face to face interaction is very important (Agbevanu, 2009; Joseph et al. 2014).

**Direct Selling:** Direct selling is also a form personal selling strategy from the operational perspectives (Jobber and Lancaster, 2015). Direct selling involves selling products without the intervention of any middleman or retail outlet (Bernstein, 1984). Commercial banks use the concept of direct selling as door to door selling, where salesman visits customers' home or office to sell the goods. Direct selling is flexible in nature as it is not restricted by times or place. Salesman visits any place at any time as per the customers' convenience.

**Cross Selling:** Cross selling is an innovative selling technique that involves raising additional revenue from the existing customers by selling additional products to them (Bansal and Bhattia, 2014). Cross selling gained significant importance in banking sector (Kumar, 2012, Lau et al. 2004). It gives an opportunity to the customers to buy different products under one roof. Polonsky, (2000) claimed that customer proffered cross selling strategy as it is customer oriented and improves customer service. Cross selling helps the organization to increase revenue, reduce cost of selling, increase customer retention etc. (McDaniel and David, 1995; Kumar, 2012; Bansal and Bhattia, 2014).

**Reference Selling:** It involves getting new customer by using reference of the existing customer (Jobber and Lancaster, 2015). It makes the task of the sales person easy as he has been referred by an existing customer to a prospect. It reduces the cognitive dissonance of the prospect about the new product or services or the sales person who is unknown to the

prospect. An existing customer would give reference only when he/she is satisfied and happy with the products or services of the organization.

**Up Selling:** Up selling is a selling strategy that involves selling expensive or premium products to the potential customers (Sharma and Ganguli, 2015). It also involves upgrading normal product of a premium customer to a premium product with additional charges. It helps the organization to generate additional revenue from potential & profitable customers.

### **Objectives of the study:**

Researcher has conducted this study to achieve the following objectives:

- To study the different sales strategies used in banks for selling financial services.
- To investigate the perceptual gap between employees and customers towards sales strategies of banks.

### **Hypothesis:**

Researcher has framed the following hypothesis to understand if there is any significance differences between the two samples means i.e. employees and customers.

**H=** There is a significant difference between the perception of employees and customers towards different sales strategies used in banks.

### **RESEARCH METHODOLOGY:**

This is an empirical study based on exploratory research design. This study has been conducted in the Barak valley region of Indian state of Assam. Study has been conducted among five major private banks: HDFC Bank, ICICI Bank, AXIS Bank, IndusInd Bank & Yes Bank. Self administered questionnaire has been designed separately for customers as well as employees of the banks. Responses have been collected from 100 samples of customers and 100 samples of employees of the five select private sector banks of the region using convenience sampling.

### **Sales strategies in select private sector banks**

Strategies vary from organization to organization based on the customer types, market structure, types of competition in the market etc. An attempt has been made by the researcher to understand the use of different sales strategies in select private sector banks. Review of literatures have identified five different sales strategies commonly used in banks such as Personal Selling, Cross Selling, Direct Selling, Up Selling & Reference Selling. Researcher have made an attempt to investigate if these sales strategies are used in select private sector banks and is there any other sales strategy adopted by these banks. Respondents were asked to give responses on five point ratings scale on degree of usage. Mean score were calculated for each of the sales strategies using indexing method. Score of each of the category of the rating scale has been calculated by multiplying frequency with rating category of the scale. On scale 1-5, where 1 indicates the lowest value and 5 indicates the highest value, threshold value of the scale has been calculated as 2.5. Threshold value indicates the minimum accepted score of the scale. Any value of the mean score less than 2.5 would be discarded as it indicates the very less percentage of responses by the respondents. Here in this study, if the mean score of any sales strategy is less than 2.5, then it indicates that this particular sales strategy is not regularly practised in banks. On the other hand, if the mean score is higher and is close to 5 then it indicates that the particular sales strategy is regularly practised in banks.

**Table: 1 Sales strategies in banks**

Sales Strategies	Always		Most of the time		Sometimes		Rarely		Never		Mean Score
	F	Mean Score	F	Mean Score	F	Mean Score	F	Mean Score	F	Mean Score	
Personal Selling	59	295	37	148	4	12	0	0	0	0	4.55
Cross Selling	49	245	41	164	10	30	0	0	0	0	4.39
Direct Selling	47	235	39	156	14	42	0	0	0	0	4.33
Up Selling	26	130	31	124	35	105	6	12	2	2	3.73
Reference Selling	25	125	36	144	29	87	6	12	4	4	3.72
Others (If Any)	0	0	0	0	0	0	0	0	0	0	0

Source: Primary data

Result showed that mean score for each of the aforesaid sales strategies is higher than 2.5 and no additional sales strategies have been highlighted by the respondents. Hence it indicates that sales strategies commonly used in select private sector banks are Personal Selling, Cross Selling, Direct Selling, Reference Selling and Up Selling. Mean score for personal selling (4.55) is highest closely followed by Cross Selling (4.39) and Direct Selling (4.33). It indicates that these are commonly used sales strategies that are regularly practised in select private sector banks. Up Selling (3.73) and Reference Selling (3.72) are less commonly used sales strategies in select private sector banks.

**Perceptual gap analysis**

Perception of employees and customers towards different sales strategies were recorded on five point rating scale.

Perceptual gap has been calculated by estimating significance difference between two sample mean. Independent sample t test has been used to investigate the significance difference between two sample mean for each of the variable used.

**Independent sample t test:**

Sales strategies have been considered as dependent variable whereas respondent type is considered as Independent variable. Employees and customers have been considered as respondent types which is the grouping variable here. Grouping variable has been coded and analysed using Independent sample t test for each sales strategies individually. Employees have been coded as 1 and Customers have been coded as 2 in the grouping variable.

**Table: 2 Independent sample t test**

Sales Strategies	N	Employees		Customers		Levene's test for equality of variances		t-test equality mean		GAP (E-C)	Test of significance
		Mean	Std. Dev.	Mean	Std. Dev.	F	Sig.	t value	Sig. (2tailed)		
Personal Selling	100	4.88	.326	4.85	.385	1.528	0.218	0.593	0.554	0.42	p > α, No difference between the mean
Direct Selling	100	4.46	.500	4.42	.496	1.166	0.282	0.567	0.571	0.04	p > α, No difference between the mean
Cross Selling	100	4.34	.685	4.32	.679	.039	0.843	0.207	0.836	0.02	p > α, No difference between the mean
Reference Selling	100	3.70	.745	3.62	.749	.059	0.808	0.757	0.450	0.08	p > α, No difference between the mean
Up Selling	100	4.16	.748	2.01	1.27	26.43	.000	14.541	0.000	2.15	P< α, Significance difference between the mean

Source: Field survey, SPSS.16

Result showed that in case of sales strategies such as personal selling (t value: 0.593 & sig. 0.554), direct selling (t value: 0.567, sig. 0.571), cross selling (t value: 0.207 & sig. 0.836) & reference selling (t value: 0.757 & sig. 0.450), the p value is less than α value (0.05). It indicates that the t test is insignificant. Levene's test for equality of variance also revealed that there is no significance difference between two groups: employees & customers in above four cases. It indicates that statistically there is no significance difference between the perception of employees and customers towards the importance of personal selling, direct selling, cross selling & reference selling used in banks. Both employees and customers feel that all the above stated sales strategies are important for banks.

On the other hand, t test is significant in case of up-selling, where t value is 14.541 and p value is 0.000, which is less than α value (0.05). Levene's test for equality variance also revealed the significant difference between two groups: employees & customers. Hence null hypothesis can be rejected and alternative hypothesis can be accepted by stating that there is a significant difference between the perspective of employees & customers towards the importance of up selling strategy used in banks. It indicates that perspective of employees and

customers are different in case of up selling strategy. On interviewing the bank employees, it has been found that up selling strategy is very important for the banks as it generates more revenue for the bank but customers have different perspectives. Customers feel that up-selling strategy is not important as it deals with the selling of expensive products. Majority customers feel that if their financial need can be satisfied by regular financial products then why they should go for expensive products by giving more money.

**RESULTS & DISCUSSION:**

Study has been conducted among the different private sector banks to understand their sales practices. Study revealed that there are different sales strategies which have been emerged as important sales strategies for banks such as personal selling, direct selling, cross selling, reference selling and up selling. Researcher has made an attempt to understand the perceptual difference of the employees and customers towards importance of the above stated sales strategies used in banks. Result showed that there is no significance difference between employees and customers perception towards the importance of personal selling, direct selling, cross selling and reference selling. Customers and employees feel that all these four sales strategies are important for the bank as well as for customers.

Employees and customers have different perception towards up selling strategy. Employees feel that up-selling strategy is very important for the bank like other sales strategies. Up-selling helps the bank to generate more revenue as it deals with selling expensive products to the potential customers. Moreover employees believe that if the customers have the potentiality to buy expensive products then bank should sell them the same. On the other hand, customers feel that up selling strategy is not much important as it deals with selling expensive products. Customers feel that if their financial need gets fulfilled by normal products then why they should buy expensive products. Though majority customers have the same feelings but there are some customers who want to buy expensive products as it provides privilege benefits and enhance their social status. These customers are high profile customers having higher income level.

#### SUGGESTIONS & CONCLUSION

Today's banking industry has emerged as a sales organization adopted different sales strategies such as personal selling, direct selling, cross selling, reference selling, up selling etc. Literature revealed that these sales strategies have contributed in enhancing banks productivity. Though all these strategies used in banks but customers and bank employees have different perspectives towards the importance of these strategies. Customers and employees feel that personal selling is important for both banks & as well as customers. It helps the banks to understand customer need very easily and at the same time it helped the customers to resolve their all queries & doubt due to face to face interaction with bank employees. Customers and employees have similar preferences towards direct selling. Direct selling helps the banks to visit customer home or office to provide customised service and at the same time it helped the customers to get the door step banking as per their convenience without visit banks. Cross selling also has similar preference from both employees and customers. Cross selling helped the bank to generate additional revenue from existing customer and enhance customer engagement & building customer relationship. It also helps the customers to get all the products under one roof. Reference selling also has equal importance for both employees and customers. It helps the banks to take the reference from existing customers to visit new customers. It helps the banks to measure customer satisfaction of the existing customers. It also helps the customers to save their time & reduce cost of searching the bank for deposits & investment.

It is surprising to find that customers and employees have different perspective towards the up selling strategy. Employees believe that up selling helps the bank to generate more revenue from potential customers by selling expensive products or upgrading regular products to premium products. Customers feel that if their financial need can be satisfied by regular products then why they should go for premium products by spending additional money.

Finally researcher has suggested the banks to educate the customers about the benefits of up selling techniques. Potential customers should be informed about the privilege of having premium products. At the same time, banks should give proper training to their employees about all these sales strategies. Right strategies should be use at the right time to the right customers. It will increase bank's productivity and enhance customer satisfaction.

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