DIRECT SALES STRATEGY AND COMPETITIVE ADVANTAGE AMONG COMMERCIAL BANKS IN KENYA

BY

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DECLARATION

I, the undersigned, declare that this is my original work and has not been presented for award of any degree in any university.

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This research has been submitted for examination with my approval as the university supervisor.

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DEDICATION

I dedicate this work to my dear wife Eunice and lovely daughter Vanessa for their encouragement, support and endurance all through. May this work be an inspiration to you to strive for higher and greater heights in your endeavors in life.

Many thanks to my mother Pauline for her relentless support and encouragement throughout my long academic journey and for inculcating a culture of hard work and honesty in my life.

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LIST OF ABBREVIATIONS

BAU	-Business as Usual
CBK	-Central Bank of Kenya
DSA	-Direct Selling Association
FMCG	–Fast Moving Consumer Goods
GoK	-Government of Kenya
KBA	-Kenya Bankers Association
MDG	-Millenium Development Goals
NBFI	-Non Banking Financial Institution
PHB	- Platinum Habib Bank
SACCO	-Savings and Credit Cooperative Society
SME	-Small and Medium Enterprises
UBA	-United Bank for Africa

ABSTRACT

The purpose of this study was to gain a deeper understanding of the contribution of direct sales strategy towards attainment of competitive advantage among the various commercial banks in Kenya. The objectives of this study were to establish the direct sales strategy approaches adopted by the commercial banks in Kenya and to determine the impact of the direct sales strategy on the bank's competitive advantage.

A survey was carried out targeting all the 42 commercial banks in Kenya. Primary data was collected using semi-structured questionnaires targeting preferably the sales or marketing managers or their equivalent-the researcher felt that these people are well placed to offer valuable information pertaining to the direct sales strategy implementation. The data collected was analyzed using mean scores, standard deviation, frequency distributions and percentages. The findings from the study were presented in tables.

The findings from the study were reassuring in some respects and surprising in others. For instance, it was surprising to note that very few banks have more than 20 branches throughout the country. The study also revealed that though majority of the banks are predominantly local, the number of foreign owned banks is also high and therefore intense competition exists between the locally-owned and foreign-owned banks. It was reassuring to note that majority of the banks have embraced the direct sales strategy as a competitive tool. The study also revealed that direct selling stands out among all the other strategies used by banks to gain competitive advantage.

The study recommends that every bank should endeavor to have atleast 20 branches spread throughout the country in the next 5 years to enhance customer reach and market presence. The study further recommends an increase in the size of the direct sales force among the various commercial banks to enhance customer awareness and market penetration. In addition, the banks should conduct regular sales campaigns to excite the market and provide a softer landing to the direct sales people.

CHAPTER ONE

INTRODUCTION

1.1 Background

The last five years have witnessed a drastic change in the Kenyan banking sector with the conversion of many Non-Banking financial institutions (NBFI) and building societies into fully fledged banks. The increase in the number of commercial banks in Kenya has brought about a variety of banking products and services targeting various customer segments and income groups. There are products for the high, medium and low income earners which come with unique features and characteristics.

The market has also witnessed the mushrooming of religious-based banks which operate under the guidance of certain religious beliefs and doctrines. An example of these banks is the sharia complaint banks which are run and managed according to the Muslim law and principles.

Despite the increase in the number of commercial banks in Kenya, it has been noted that 80% of the Kenyan population is still un-banked. Only 20% of the population operate bank accounts in the various banks. It is interesting to note that quite a large number of people either do not operate accounts at all or save their money in the various informal groups, merry-go-rounds or the agricultural-based Savings and credit Cooperative Societies(SACCOs).

As at December 2008 there were forty six banking and non bank institutions, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector's interests. The KBA serves as a forum to address issues affecting members.

Over the last few years, the Banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering. The growth has been mainly underpinned by: An industry wide branch network expansion strategy both in Kenya and in the East African community region, automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' banking products.

Players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market. As competition among the various banks in Kenya increase, the various industry players have resulted into strategies that will enhance their survival and competitiveness. The tactics used to try and edge out competition and consolidate their economic strength include: Mergers (in the case of Cfc-Stanbic bank), coming up with specific gender-based products-the case of Grace loans from Kenya Commercial bank and converting the bank as a one-stop shop-in the case of equity which has acquired a stock broking license and is offering stock broking services, insurance services and Mpesa services.

The banking sector in Kenya plays a crucial role of providing a forum in which suppliers of funds and demanders of funds can transact business. People and organizations in need of funds are brought together by commercial banks. The banks collect funds from savers and avail the same funds to borrowers who invest or consume the borrowed funds. The development of banking in Kenya started in the 1980s and has been experiencing changes since then. The liberalization of the banking sector in Kenya in 1995 has brought about a lot of changes. One of the major changes is the stiff competition that has forced many banks to pursue strategies that enable them to compete favourably in the increasingly turbulent business environment.

The various banks have adopted the direct sales strategy by employing teams of sales personnel to market their products and services. This study seeks to find out the effectiveness of the direct sales strategy in the Kenyan commercial banks with specific reference to Barclays bank of Kenya Limited.

1.1.1 The Concept of Strategy

One of the concepts, which has been developed and is useful to management, is strategy. The importance of this concept has been underscored by various leading management scholars and practitioners such as (Porter, 1980), (Ansoff, 1987) and (Harvey-Jones, 1987) among others. Different authors have defined strategy in different ways. Some authors define the concept broadly to include both goals and means to achieve them, such authors are (Chandler, 1962), (Andrews, 1971) and (Chaffee, 1985). Others define strategy narrowly by including only the means to achieve the goals e.g. Ansoff (1965), Hofer and Schendel (1978), Gluek and Juach (1984). The various definitions suggested that the authors gave selective attention to aspects of strategy, which are all relevant to our understanding of the concept.

Drucker (1954) was among the earliest authors to address the strategy issue. He viewed strategy as defining the business of a Company. Chandler (1962) added to the view taken by Drucker (1954) and defined strategy as, "the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals". Chandler considered strategy as a means of establishing the purpose of a company by specifying its long-term goals and objectives, action plans and resource allocation patterns to achieve the set goals and objectives.

Andrews (1971) brought together the views of both Drucker and Chandler in defining strategy. To him, strategy was "the pattern of major objectives, purposes or goals and essential policies and plans for achieving these, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be". In this definition, Andrews brings in an additional dimension that strategy deals with the definition of the competitive domain of the company. This strategy should specify the competitive posture of the company in the market place. This view of strategy was later amplified by (Porter, 1980). Porter argued that strategy is the central vehicle for achieving competitive advantage in the market place.

The aim of strategy is to establish a sustainable and profitable position against the forces that determine industry competition. Gluek and Juach (1984) defined strategy as, "a unified, comprehensive and integrated plan that relates the strategic advantages of the firm to the challenges of the environment and that is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization". Gluek and Juach (1984) bring in the added dimension that strategy is a consistent, unifying and integrative plan for the whole organization. It is meant to provide guidance and direction for the activities of the organization. This idea of strategy may be seen as an amplification of an earlier view by Ansoff (1965) who saw strategy as the "common thread" among an organization's activities.

Gluek and Juach (1984) also view strategy as a Company's response to the external environment given the resources the company possesses. Chaffe (1985) directly introduced the element of stakeholder in her interpretative definition of strategy. She viewed strategy as an organization's attraction of individuals in a social contract or a collection of co-operative agreements. Strategy here is seen as a guideline that helps enhance or elicit co-operation from various stakeholders of the company. Such cooperation is essential for achieving company success.

Mintzberg (1987) argued that we could not afford to rely on a single definition of strategy despite our tendency to want to do so. He proposed five definitions of strategy. To him, strategy could be seen as a plan, a ploy, a pattern, a position and a perspective. As a plan, strategy specifies consciously intended course of action of a company. The strategy is designed in advance of actions and is developed purposefully. As a ploy, strategy is seen as a pattern emerging in a stream of actions. Here, strategy is seen as a consistency in behavior. The strategy develops or emerges in the absence of intentions. As a position, strategy is a means of locating an organization in its environment.

Lastly, as a perspective, strategy consists of a position and of an ingrained way of perceiving the world. It gives the company an identity or personality. The multiplicity of definitions given on strategy suggested that strategy is a multidimensional concept. No one definition cab be said to capture explicitly all the dimensions of strategy. As Mintzberg (1987) argues, in some ways these definitions compete in a sense that they can substitute each other. As such, their complementary nature provides additional insights that facilitate our understanding of strategy.

Advances in behavioral thinking were in view that organizations are made up of people and so behavior has always been an important factor in management. However, there has been a tendency to emphasize analytical aspects of strategic management almost to the exclusion of behavioral and political factors. Some of the writers who have drawn our attention to the importance of behavioral aspects of strategy are Mumford and Pettigrew (1975), (Kotler, 1982), (Quinn, 1978) and (Giles, 1991).

In recognizing these complementary natures of the various views on strategy, Hax and Majluf (1998) have suggested a comprehensive definition of strategy. To them, strategy is a coherent, unifying and integrative pattern of decisions which determines and reveals the organizational purpose in terms of long-term objectives, action programmes and resource priorities. They also view that strategy selects the business the organization is in or should be in and defines the kind of economic and human organizations the company is or intends to be in. This comprehensive definition is useful to the extent that it brings together the different dimensions of strategy that other authors had identified.

In the study for corporate strategy for Mexican banks, and market contestability theory, Lazo and Wood (1999) argue that a bank's competitive strategy is useful in pursuing growth opportunities. They see growth opportunity as being external to banks and are adapted by the most economic analysis. Walter, (1997) maintains that the strategic response of commercial banks in Western Europe in light of changes in the growth opportunity originally from the external environment during the 1980s was to adopt two main general strategies or types of organizational designs. One set of banks adopted the widespread diversity in their geographic product market and customer group focus. Another set followed a rather focused strategy by specializing in one or all of these.

A strategy is a long term plan of action designed to achieve a particular goal, most often "winning" (Thompson et al 2007). Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated, and often practically rehearsed. Strategy is a deliberate search for a plan of action that will develop a business's competitive advantage and compound it. For any company, the search is an iterative process that begins with recognition of where you are now and what you have now. Your most dangerous competitors are those that are most like you.

The differences between a firm and its competitors are the basis of its advantage. If a firm is in business and is self-supporting, then it already has some kind of advantage, no matter how small or subtle. The objective is to enlarge the scope of the advantage, which can only happen at some other firm's expense (Clayton, 1997).

1.1.2 Direct Sales Strategy

Strategy in general can be defined as the establishment of the long-term goals and objectives of an organization, including the taking of actions and allocation of resources for achieving these goals (Chandler, 1962).

Strategy not only focuses on the goals and objectives of organizations and the means of achieving them, but also gives an indication of the company and its business, both in the present and in the long run. A well formulated strategy enables an organization to marshal and allocate its resources in a unique way on the basis of its relative internal competencies and limitations, expected changes in the environment and contingent actions by competitors.

Direct Selling is the sale of a consumer product or service, person-to-person, away from a fixed retail location. These products and services are marketed to customers by independent salespeople. Depending on the company, the salespeople may be called distributors, representatives, consultants or various other titles. Products are sold primarily through in-home product demonstrations, parties and one-on-one selling.

According to Direct Selling News, the largest direct selling companies in the world, by revenue in 2008, were:

Table 1: Largest Direct Selling Companies

Company Name	Year Founded	2008 Revenues (USD
Avon Products, Inc.	1886	10.9 billion
Amway Corporation	1959	8.2 billion
Vorwerk & Co. KG	1883	3.15 billion
Herbalife Ltd.	1980	2.4 billion
Mary Kay Inc.	1963	2.4 billion
Primerica Financial Services Inc.	1977	2.3 billion
Tupperware Brands Corp.	1951	2.21 billion
Forever Living Products Intl. Inc.	1978	2.1 billion
Oriflame Cosmetics	1967	1.68 billion
Natural Cosmeticos SA	1969	1.52 billion
Nu Skin Enterprises Inc.	1984	1.23 billion

***Source: Direct Selling News, 2009*.**

A direct sales strategy is the sales technique used most of the time. It is the frontal assault on the enemy's position (The enemy in our case is the status quo or your competitor, not the customer). A direct sales strategy means going head to head, feature for feature against your competition. A direct sales strategy is a hard way to sell, unless your have clear superiority over your competition (Brown, 2009).

Direct Sales Force Strategy demonstrates how a direct sales channel is internalized and is focused on signing new customers. The advantages to this approach allows a company to focus resources like account managers and give them bonuses based on achievable and measurable goals. The disadvantage is the overhead costs incurred in managing a direct sales force and waiting for them to produce. One approach to this strategy is to find more experienced sales managers who have sold in a respective industry and for entry level sales people to be trained and molded to sell your product(s). You also need to discuss compensation which includes possibly a base salary and a bonus based on performance. You should show growth numbers and plans to leverage that increase in staff (Steve, 2007).

1.1.3 Competitive Advantage

Competitive advantage is a condition which enables a company to operate in a more efficient or otherwise higher-quality manner than the companies it competes with, and which results in benefits accruing to that company. A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices.

Competitive advantage cannot be understood by looking at a firm as a whole. It stems from the many discrete activities a firm performs in designing, producing, marketing, delivering and supporting its products. Each of these activities can contribute to a firm's relative cost position and create a basis for differentiation. A cost advantage, for example, may stem from such disparate sources as a low-cost physical distribution system, a highly efficient assembly process or superior sales force utilization. Differentiation can stem from similarly diverse factors, including the procurement of high quality raw materials, a responsive order entry system, or a superior product design.

A systematic way of examining all the activities a firm performs and how they interact is necessary for analyzing the sources for competitive advantage-the value chain is used for this purpose. The value chain disaggregates a firm into its strategically relevant activities in order to understand the behavior of costs and the existing and potential sources of differentiation. A firm gains competitive advantage by performing these strategically important activities more cheaply or better than its competitors.

As an organization's environment changes, it is necessary that the firm continuously adapt its activities and internal configurations to reflect the new external situation. Failure to do this endangers the future success of the organization (Aosa 1998). In particular, firms constantly take offensive and defensive strategic actions vis-a –vis competitors

Baum and Korn (1996) thus modifying the competitive environment. Competition exerts pressure on firms to be proactive and to formulate successful response strategies to changes in the competitive environment, all in the effort to gain competitive advantage.

When a firm sustains profits that exceed the average for its industry, the firm is said to possess a competitive advantage. A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost(cost advantage) or deliver benefits exceeding those of competing products(differentiation advantage). Thus competitive advantage enables a firm to create superior value for its customers and superior value for itself (Porter, 1996). The principle determining whether a firm should perform an activity or compete in a business is whether or not the firm possesses resources that provide a competitive advantage in that activity or business. When the firm's resources generate no unique value in a business it should not enter that business.

The essential argument is that it should only perform those activities in which the firm's core competencies are valuable. All the remaining activities should be out-sourced to others. The first determination of the firm's scope is simply whether or not the firm's resources create a competitive advantage in each business or activity. If they do, the firm should consider competing there. If they do not then the firm should not be active in that business unless other competing reasons require it (Williamson, 1991).

1.1.4 Global Trends in Banking

The operating environment facing the banking sector has been characterized by rapid changes. Environmental changes have been catalyzed by worldwide factors including but not limited to: global capital markets activities, interest rates and currency value fluctuations, industry and worldwide economic and statutory development and the effects of competition in the geographic areas in which they operate.

Trends affecting banks comprise privatization, regulation and supervision, demographic factors, technological innovations, Mc Donnell and Keasey (2003). The privatization of banks is high on the agenda in France, Germany and Italy. As the influence of government wanes, competitive relationship in the financial sector and in the banking industry particularly will undergo considerable change. Development in regulation and supervision influence the banking industry via various channels.

Firstly, deregulation of the financial sector will further erode the obstacles that deny access to the market for new providers of financial products. On the other hand, we see an increase in national regulation, especially in the area of consumer protection. White (1998) argues that technological developments fundamentally alter the cost structure, output mix and distribution channels of banks, he goes further to say that the developments in information technology are the most fundamental forces for change in the financial sector. The growing importance of sustainable banking is a trend that cannot be denied. Banks are judged and selected in their visible social and environmental responsibility by customers as well as investors.

There is increased competition among banks and other new financial intermediaries. In order to stay competitive and achieve their goals and objectives, banks are periodically re-evaluating their strategies. Most banks strive towards achieving an integrated banking business which is operationally efficient (Pearce, 2004). Generally, banks aim to achieve strong organic revenue growth, improve customer loyalty, improve productivity and realize growth in retail market share and corporate banking market share (Pearce, 2004).

1.1.5 Commercial Banks in Kenya

The banking system in Kenya is regulated by the Central Bank of Kenya (CBK) Act Cap 491 and the Banking Act Cap 488. These Acts are intended primarily to facilitate the development and maintenance of a sound monetary policy (GoK, 1989). The industry comprises of financial institutions, among them commercial banks. Others are either non-bank financial institutions (NBFIs) or Mortgage finance companies.

According to the Commercial Banks Directory (2007), Kenya has a well developed financial sector, particularly for the region, but it is vulnerable to government influence and inadequate supervision. The central issue of interest by the central bank to the commercial banks is how best to promote access to the financial system by a wider segment of the Kenyan populace. Commercial banks' expansionary strategy targets Small and Medium enterprises (SME's)

The banking sector in Kenya, by offering financial services to the low income households and micro and small enterprises, has enormous potential to support the economic activities of the poor and thus contribute to poverty alleviation. Owing to the importance of savings and credit facilities, there is considerable emphasis on the sound development of banking institutions as vital ingredients for investment, employment and economic growth. But now the much taunted Kenyan financial system is looking tarnished.

Precisely, the attribute of the system that previously appeared to be a virtue, the willingness of banks to go on lending to firms in distress, now turns out to have led to serious problems. Borrowers who should have been cut off were not, with the result that further billions were lost. The public has had to pay twice. They pay once in the form of slowed economic growth as a result of the prolonged overhang of bad loans (and other aspects of the burst bubble), and then again as taxpayers when the government ends up footing the bill (Commercial Banks Directory, 2007).

Over and above the above phenomena, competition for survival and growth within the industry is extremely intense. This poses a major challenge owing to the poor performance of the economy in the recent decades and the decline in the inflow of investments and shrinkage of profits. The banking industry in Kenya has been dogged by a lot of controversies in the past. The general public has accused the industry of exploitation. Banks have been accused of making immoral profits by charging exorbitant fees and charges (in an economy under recession). As such, corporate social responsibility has become part and parcel of strategy among industry players (Njagi, 2003).

Industry players have taken up and embraced the millennium development goals, MDG's (the eradication of poverty, disease and illiteracy). Generally, the Kenya banking industry is more stable than it has ever been with 17 per cent core capital/deposit; with improved solvency of 8 per cent as required by the Central Bank and liquidity margin far beyond 20 per cent which is the total required reserve with most banks having 40 per cent or more in the reserves. The future of the industry looks promising with financial and legal sector restructuring (CBK, 2005).

Nevertheless, Kenya's banking sector has been evolving quite fast and adapting to the challenges in its environment which include a poor and declining economy, cyclical interest rates, high incidence of non performing loans, changes in the regulatory environment and a fluid and volatile political environment. The issues and challenges facing the corporate sector have never been as turbulent and unpredictable as they are today due to the globalization and liberalization of the economy, intensive competition, emerging multilateral trading order, hence the need for development of sustainable strategies.

The banks compete mainly on products and pricing. Though the banks compete on all fronts like the use of new technology, new products and pricing, there exists differences in the levels of customer service provided in each of the banks and one can easily differentiate them from the levels of customer service delivered. Superior customer service coupled with product segmentation is deemed to have a competitive advantage in which a product whose attributes differs significantly from the rivals' products.

According to the Commercial Banks Directory of 2007 provided by the Central Bank of Kenya, the peer grouping of this sector has been categorized into small, medium and large banks. The various banks compete for customers and as service providers direct selling forms an integral part of their day to day marketing activities geared towards attainment of superior financial performance, market share growth and customer retention.

The fact that 80% of Kenyans are unbanked has presented an opportunity for the West African banks to consider setting foot in Kenya. According to The Standard Newspaper's Financial Journal dated 18th August 2009 page 5, two West African banks are getting ready to enter the Kenyan market: United Bank for Africa (UBA), the largest bank in West Africa is ready to start its operations in Kenya in early September 2009. The second bank is PHB which is closely monitoring the strategies of UBA bank before rolling out its operations. The entry of the West African banks into the Kenyan banking industry adds impetus into the already competitive market. However, customers will have a variety of banks to choose from as far as their banking needs are concerned.

1.2 Statement of the Problem

The increase in the number of banks has seen an equal increase in the number of banking products and services from the various industry players. The banking products have become so similar in features and similarity and this have left the customers torn between the various banks-this has made the banks adopt aggressive differentiation and marketing strategies to be able to out-smart their competitors.

Among the strategies banks pursue towards meeting their broad goals and objectives is the adoption of direct sales strategy. In this strategy, banks employ a large and competent sales force which is charged with the responsibility of selling the various bank products and services. The banks have formed formidable direct sales teams whose supervision is done by the sales managers or sales team leaders. In most banks, the direct sales representatives are divided as per the various product lines namely: liabilities, assets and card products.

Through the use of the direct sales teams, the various banks have managed to sustain high product sales levels which translate into high profits. The banks have also managed to command a high market share and increase its customer base. Since the direct sales representatives are the face of the bank in the market, they are taken through a thorough product and organizational training before being allowed to go to the market to avoid misrepresentation and misselling.

Studies done relating to competitive strategies have not touched on direct sales as a competitive strategy. Mukule (2006) looked at retail marketing strategies adopted by commercial banks in Kenya-his study identified the retail marketing strategies to be: market segmentation, product strategy, distribution, pricing, relationship marketing and promotion. Mwarey (2008) looked at strategic responses to competition by Barclays Bank of Kenya.

Maina (2006) looked at Key success factors in the banking industry-a case of major commercial banks in Kenya. He identified these key success factors as comprising of: technology, business location, size of an organization and distribution system, product range, packaging and image, service delivery, customer convenience, cost of services, robust human resource management, corporate governance and role of leadership. Atela (2006) conducted a survey of the responsibility for internal marketing activities in the Kenyan banking sector. Kamumu (2008) looked at the competitive strategies adopted by Equity bank Limited- the study did not point out direct sales strategy as one of the competitive strategies.

From the above previous studies and to the best of the researcher's knowledge, no study has been done in the field of direct sales as a Competitive strategy in Kenyan Commercial banks. The researcher sought to study the direct sales strategy applied by the various commercial banks in Kenya.

The study was intended to bridge the knowledge gap and provide answers to the following research questions: which are the direct sales approaches adopted by commercial banks in Kenya? and how has the adoption of direct sales strategy contributed to the profitability and competitiveness of the various commercial banks in Kenya?

1.3 Research Objectives

The objectives of the study were:

i. To establish the direct sales strategy approaches adopted by commercial banks in Kenya.
ii. To determine the impact of direct sales strategy on the banks' competitive advantage.

1.4 Importance of the Study

This study will be beneficial to various groups:

Sales Managers: The findings from this study will help the sales managers better understand how to manage their sales force with a view to improving their productivity.

Human Resource Managers: The findings from this study will enable the human resource managers make critical recruitment decisions-direct sales representatives are usually employed on contract basis and their pay is pegged on their performance. They do not enjoy most of the fringe benefits as the permanent and pensionable employees. An organization can decide to increase the number of direct sales staff who will deliver more value and sales volumes for the organization at minimum cost as compared to having many permanent employees.

Other Companies: The findings from this study can be used by other firms and not necessarily banks to enhance their competitive advantage. The Direct sales strategy have been adopted by many other firms namely insurance companies, Media houses, FMCG companies, pharmaceutical companies, security firms-all these firms have employed competent sales personnel charged with the responsibility of driving sales volumes and creating product awareness.

Other Researchers and Scholars: The researchers will benefit from the study because it will contribute to existing literature in strategic management and stimulate a basis for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Personal Selling and the Selling Concept

Academically, selling is thought of as a part of marketing (Kotler, 2008) and (Armstrong, 1996). However, the two disciplines are completely different. Sales often form a separate grouping in a corporate structure, employing separate specialist operatives known as salespeople (singular: salesperson). Selling is considered by many to be a sort of persuading "art". Contrary to popular belief, the methodological approach of selling refers to a "systematic process of repetitive and measurable milestones, by which a salesperson relates his or her offering of a product or service in return enabling the buyer to achieve their goal in an economic way" (Jack, 1993).

On the other hand, personal selling is a formal, paid- for, personal presentation of some aspects of a company to an individual or group. It is the part of promotion that brings the human element into marketing transactions. Think about the persons who come to you to sell goods and commodities. What do they do?

They show certain variety of goods to you, try to explain the features of the products, if required demonstrate the functioning of the items, inform you about the price concession available, persuade you to buy the product and also in some cases promises you to bring certain items of your choice in future. So not only do they inform and explain to you about the product but also persuade you to buy those items and want you to buy from them in future also. On the other hand, you also gather more information about the product, see and handle it personally to judge it better.

The person who sells goods to you in this way is called a 'salesman' and the technique of selling is known as 'personal selling' or 'salesmanship'. Thus, personal selling refers to the presentation of goods before the potential buyers and persuading them to purchase it. It involves face-to-face interaction and physical verification of the goods to be purchased. The objective is not only just to sell the product to a person but also to make him/her a permanent customer (Jobber and Geoff, 2000).

According to Armstrong and Porter (1996), direct sales is a form of personal selling since it involves the presentation of goods and services before the customers and convincing or persuading them to buy the products or services. The personal selling process consists of several steps/stages which the sales person must master-the stages focus on the goal of getting new customers and obtaining orders from them.

The first stage is prospecting and qualifying which involves identifying qualified potential customers-this can be done by looking at their financial ability, volume of business, special needs, location and possibilities for growth. The second stage is the pre-approach where the sales person learns as much as possible about a prospective customer before making a sales call. Here, the sales person has to decide on the best approach, which might be a personal visit, a phone call, or a letter.

The third stage is the approach where the sales person meets the prospective customer and gets the business relationship off to a good start. This step involves the salesperson's appearance, opening lines and the follow up remarks. The fourth stage is the presentation and demonstration-the salesperson tells the product "story" to the buyer, showing how the product will make or save money. The salesperson describes the product features but concentrates on presenting customer benefits.

The fifth stage entails handling objections where the customer raises questions or reservations during the presentation or when asked to place an order. In handling objections, the salesperson should use a positive approach, seek out hidden objections, ask the buyer to clarify any objections, take objections as opportunities to provide more information, and turn the objections into reasons for buying. The sixth stage is closing the sale-after handling the objections, the sales person tries to close the sale by asking for an order. The salesperson may offer the buyer special reasons to close the sale such as lower price or an extra quantity at no charge.

The final stage is the follow up-this is necessary if the salesperson wants to ensure customer satisfaction and repeat business. Right after closing, the salesperson should complete any details on delivery time, purchase terms and other matters. The salesperson should then schedule a follow up call when the initial order is received to make sure there is proper installation, instruction and servicing. This visit would reveal any problems, assure the buyer of the salesperson's interest and reduce any buyer concerns that might have arisen since the sale(post purchase dissonance). During the follow-up calls, the salesperson can get an opportunity to ask for referrals from the already satisfied customers and this will most likely generate more sales.

2.2 Direct Sales Strategy

Direct Selling is a retail channel for the distribution of goods and services. At a basic level, it may be defined as marketing and selling products direct to consumers away from a fixed retail location. Sales are typically made through party plan, one to one demonstrations, and other personal contact arrangements. Direct sales involve the direct personal presentation, demonstration, and sale of products and services to consumers, usually in their homes or at their jobs (Michael et al, 2006) and (Xardel, 1993).

Glenn (2009), argues that direct selling provides important benefits to individuals who desire an opportunity to earn an income and build a business of their own; to consumers who enjoy an alternative to shopping centers, department stores or the like; and to the consumer products market. It offers an alternative to traditional employment for those who desire a flexible income earning opportunity to supplement their household income, or whose responsibilities or circumstances do not allow for regular part-time or full time employment.

In many cases, direct selling opportunities develop into a fulfilling career for those who achieve success and choose to pursue their independent direct selling business on a full time basis. The cost for an individual to start an independent direct selling business is typically very low. Usually, a modestly priced sales kit is all that is required for one to get started, and there is little or no required inventory or other cash commitments to begin. This stands in sharp contrast to franchise and other business investment opportunities which may require substantial expenditures and expose the investor to a significant risk of loss.

Consumers benefit from direct selling because of the convenience and service it provides, including personal demonstration and explanation of products, home delivery, and generous satisfaction guarantees. Moreover, direct selling provides a channel of distribution for companies with innovative or distinctive products not readily available in traditional retail stores, or who cannot afford to compete with the enormous advertising and promotion costs associated with gaining space on retail shelves.

Direct selling enhances the retail distribution infrastructure of the economy, and serves consumers with a convenient source of quality products. An important component of the Direct Selling industry is multilevel marketing. It is also referred to as network marketing, structure marketing or multilevel direct selling, and has proven over many years to be a highly successful and effective method of compensating direct sellers for the marketing and distribution of products and services directly to consumers.

Glenn also emphasizes that direct selling should not be confused with terms such as direct marketing or distance selling which may be described as an interactive system of marketing that uses one or more advertising media to effect a measurable response and/or transaction at any location, with this activity stored on a database. Some commonly known types of direct marketing and distance selling techniques are telemarketing, direct mail, and direct response. Although direct selling organizations occasionally use some direct marketing or distance selling techniques and technology to enhance their businesses, the primary difference between the two methods of marketing is the face to face, or personal presentation that is always an aspect of the direct selling relationship.

Direct Selling is distinct from direct marketing because it is about individual sales agents reaching and dealing directly with clients. Direct Marketing is about business organizations seeking a relationship with their customers without going through an agent/consultant or retail outlet. By far the majority of Direct Selling companies use a multi-level compensation plan, where the agent is paid not only for their own sales but also a percentage of the sales of other representatives they introduce into the organization and help train.

2.2.1 History of Direct Selling

According to the Direct Selling Association (DSA, 1996-2009), early direct sellers - hawkers, peddlers, traders, itinerant merchants and caravans - are part of an ancient tradition that originated in man's basic need to exchange goods and to communicate. Doorbells, catalogues and purchase orders were centuries away from the early direct seller who relied on his instincts and common sense to make a living through selling. As he established economic ties with his neighbors, he traveled extensively despite geographical barriers. The development and use of roads and or water routes for commercial activity were pivotal points in the history of direct selling.

Early man had the option of either contending with geographical barriers like mountains and foothills, or refining the surroundings that hindered trade movements. At the outset, during a period of time called "prehistoric," trade followed naturally-defined routes. Traffic between neighboring people of Eastern Europe, for instance, was hampered by a mosaic of densely and sparsely inhabited areas covered with ridges, foothills and valley floors. These ecological niches were an impediment to commercial exchange between Northern and southern Europe.

Early traders developed easily accessible routes to facilitate land travel. Along ruggedly constructed roads treaded the early direct seller with his goods. Even before the advent of wheeled traffic, the early direct seller did not hesitate to exchange pottery, stone weapons, tools, agricultural products and raw materials with people from other lands. Barter, the direct exchange of goods for goods, was his principal means of trade.

Among the early civilizations, Egypt, Syria, Babylonia and India were actually involved in trade. Ivory and ebony were exchanged for pottery and stone vessels. Indian beads and vases, believed to have originated in remote localities, were found in Babylonia. In Greece, the caravan trade that connected the Greek world with Asia, prospered. Everyday articles, domestic tools, metal kitchenware and ordinary clothes were exchanged. Markets, in their fundamental stages, were meeting places for customers and direct sellers. Frequently, the direct seller used the market as one of his stopping points before continuing his village-to-village journey.

Anatolia, which is presently Turkey, was an area in which direct sellers, traveling by donkey, sold cloth to people he encountered along the way. The purchase price was generally higher than at trading centers because of the length of the haul and the hazards of the expedition. The early direct seller seized all opportunities to trade his goods when traveling. Fairs connected with religious feasts brought him to the armies stationed in the fields. Swarms of salesmen procured for the troops all the goods they needed.

The direct seller's activities were influenced, certainly, by the cultures from which they emerged. As early as 2000 B.C., the Code of Hammurabi, a monument of Babylonian law, protected the general welfare and integrity of the Babylonian direct seller, who was then referred to as the "peddler." The Code stated that "the peddler shall swear the oath of God" if any enemy caused him trouble in the travels. It also said that the merchant who sells the goods must be aptly compensated. Trade by land, though hindered by poor roads, continued to grow after the birth of Christ.

In the 5th century A.D., Athens was involved in a great deal of direct selling. Many producers who sold direct to the consumer without the intervention of a middleman, continued to sell their goods in this fashion, despite the growing urban population which spawned a new class of retailers. The direct seller of the 5th century either sold his wares about the street or exhibited them for sale on stalls and in shops. Others traveled from place to place, following armies on the march. They visited great festivals and fairs as well, and sold from village to village.

The 10th century marked the beginning of worldwide economic expansion. As commercial opportunities grew, so did the opportunities for the direct seller. He was the native merchant in Western Europe, for example, during the middle Ages, and he played an important role in bringing about the perpetuation of trade during the Commercial Revolution of the 10th to 13th centuries. He witnessed great progress in road building at this time. In France, the direct seller contributed to the growth of trade by bringing "novelties" from the large cities to small villages. Many of the more prosperous French towns were graces with the opportunity to buy woolen and silk belts, bonnets, brass rings, thimbles and writing tablets from the direct seller.

The traveling merchant was cited in mythology as a notable direct seller. Ulysses, the mythic hero, once posed as a merchant. The little tale, repeated by many ancient authors in many different forms, makes reference to Ulysses as a traveling merchant. The antedates the American peddler by almost 3,000 years. At a palace, Ulysses offered ornaments for sale that he had placed on his arm. The king's daughters were "engrossed with the contents of the merchant's pack."

In the 17th century, "The Winter's Tale" by William Shakespeare, was inspired by a girl peddling flowers. This flower girl was reminiscent of the direct seller of the middle Ages who walked tirelessly through the village streets displaying his goods.

In early America, for instance, the renowned Yankee Peddler walked to his customers while those of grander stature rode horseback. The prosperous sellers rode in wagons or carriages.

As emigrants began to filter into early American territories in the 18th and 19th centuries, many became direct sellers. Like their predecessors, these direct sellers began their treks on trails marked by nature. Good roads developed slowly on the frontiers of early America. Early Indian trails evolved into major roads and eventually turnpikes. As the roadways expanded, the Yankee Peddler's influence on trade was reinforced.

Yankee notions consisted of items like pins, needles, hooks, scissors, combs, small hardware and perfume. The Yankee Peddler carried his goods in oblong tin trunks slung on his back by a harness or a leather strap. Sometimes he used large wagons. He traveled by land primarily until rivers and lakes became connected by canals. Then, direct selling in early America branched out to the frontiers of the West and the Canadian territory in the north. The Yankee Peddlers, as did the Phoenicians, preferred to trade via water routes.

DSA further points out that nearly every culture shares a heritage of direct selling. The direct seller of tropical Africa walked the streets of cities and towns crying out his wares. Some cycled from village to village. "Colporteurs" of France sold flowers directly to their customers and used purchase orders as early as the 14th century. The Chinese direct seller sold, bought, exchanged, mended, entertained and catered to personal wants of man in almost every conceivable way.

European gypsies, after immigrating to America, practiced their native trade of direct selling in their new land. They brought the direct selling tradition from England, Scotland, Ireland, Germany and Hungary to Colonial America and took to tinkering, peddling and horse dealing.

The selling tradition continued to thrive through the end of the 19th century and into the 1900s. The advent of the home party in the 1950s added a new dimension to direct selling as customers gathered at the home of hostesses to see product demonstrations and socialize with friends. Direct selling offered opportunities for many who had previously run into barriers because of age, education or sex. The growth of the industry allowed many to become successful where no opportunity has existed before.

Today, at the beginning of the 21st century, the customer still benefits from a personal and convenient way of purchasing products. The Internet has become an important element of direct selling - essentially giving each direct seller a worldwide customer base. Direct sellers have been empowered by use of the Internet and find direct selling to be a rewarding way to improve their quality of life, reach specific earnings objectives, facilitate social contact and sell products they love.

2.2.2 Benefits of Direct Selling

Research shows some of the most popular reasons people choose direct selling are: direct selling is a good way to meet and socialize with people, it offers flexible work schedules, it is a good way to earn extra income, it is also a good way to own a business and earnings are in proportion to efforts (DSA 1996-2009). It should be noted that anyone can do personal selling since there are no required levels of education, experience, financial resources or physical condition. People from all ages and from all backgrounds have succeeded in direct selling.

Direct sellers are independent contractors. You're your own boss, which means you can: work part-time or full time-you choose when and how much you want to work, you set your own goals and determine for yourself how to reach them. The level of success you can achieve is limited only by your willingness to work hard.

2.3 Direct Sales Approaches

This refers to the direct sales strategy tactics applied by organizations in ensuring that their sales and marketing efforts are successful and for enhancing competitive advantage. Steve, (2007) has come up with the following four direct sales strategy approaches:

2.3.1 Direct Sales Force Approach

This is about demonstrating how a direct sales channel is internal and is focused on signing new customers. The advantages to this approach is that it allows a company to focus resources like account managers and bonus them based on achievable and measurable goals. The disadvantage is the overheads entailed with managing a direct sales force and waiting for them to produce. One way to make this approach succeed is to find more experienced sales managers who have sold in a respective industry and for entry level sales people to be trained and molded to sell your product(s). You also need to discuss compensation which includes possibly a base salary and a bonus based on performance. You should show growth numbers and plans to leverage that increase in staff.

2.3.2 Indirect Sales Channel Approach

Related to the direct approach is the indirect sales channel approach. This is really focused on the various sales channels you can leverage to increase your sales success. For example, this could be resellers, franchise partners and licensed partners. You will want to discuss the type of partners, how many and the regions you will leverage and the growth strategy attached to the revenues you expect these indirect channels to produce.

2.3.3 Sales Prospecting Approach

Once you have defined your sales channels it will be time to craft the proper processes to do prospecting. This sales prospecting approach will be supported by a direct force, indirect sales channels and supported by direct mail, web advertising, and search engine placement. To build the sales prospects to a quality level, one strategy is to offer free access or use to the first group of clients (10 or 100) that sign with you. You should identify how you will create these lists of prospects for example by use of trade show lists, member-get-member approach among others.

2.3.4 Sales Campaign Strategy

Finally, you will connect the dots of how you will utilize your direct sales force, indirect channels and prospecting processes to run campaigns that are effective and meet the numbers set in the financial projections. This sales campaign approach is designed to lay out a clear direction in which to maximize all resources at your disposal with clear campaign ideas, messages and target markets/customer groups. Barclays bank of Kenya Limited has over the years been running many sales campaigns targeting their various products and these campaigns have greatly assisted the bank to meet and surpass its financial objectives.

2.4 The Concept of Competitive Advantage

The concept of competitive advantage is more than a phrase or concept but an essential asset to strive for, cultivate, and utilize strategically. First developed by Porter (1985) in an attempt to resolve the puzzle of the roots of competitive advantage that was tied down directly to cost and differentiation. Competitive advantage is what firms need to win industry wars. This important concept can be understood by looking at a firm in terms of discrete activities it performs in designing, producing, marketing, delivery and supporting its products (Porter, 1980). A firm that performs the discrete activities better and in a more effective and efficient manner has a chance to out perform its rivals through lower costs or differentiation.

Companies can create competitive advantage by becoming champions at defining the pattern of successful innovation and executing it. The advantage that is enjoyed by a winning firm is not across the board but relative to its closest competitors in the same industry. Competitive advantage must be unique to a single firm and it occurs when a firm uses its resources and capabilities to develop organizational competencies that in turn create value to customers. Outwardly, competitive advantage can be defined and understood as a position of supremacy in an industry.

Two perspectives have however been advanced to facilitate the understanding of competitive advantage. The industry perspective as advocated by (Porter, 1985) owes its origin to the five forces model and the competitive advantages of nations (Porter, 1996).The industrial perspective postulates that the success of a firm depend on its strategies and the industry structure-which can make the firm to be more or less profitable. Porter (1985) defines competitive advantage in terms of relative cost and the ability to differentiate oneself from competitors. Daveni (1998) however argues that the industry is not the only source of competitive advantage: competitive advantage comes from diverse sources: core and vital interests.

The customer perspective on the other hand advocates that competitive advantage be defined from the customer perspective. Different customers do not buy the same but different kinds of values, which incidentally change as the customer expectation rises (Treacy, 1993) and the production of unmatched level of a particular value requires a superior operating model.

Competitive advantage is concerned with firm's ability to deliver superior customer value better than competition. It is not easy to define value unless you get into the customer's head-value can only be defined by the ultimate consumer. Aaker (2002) defines competitive advantage as the value proposition delivered to a well defined set of customers by a given brand. A brand value proposition is a statement of the functional, emotional and self-expressiveness delivered by the brand that provides value to the customer.

2.5 Direct Sales and Competitive Advantage

Companies experience significant challenges internally and externally from an ever-competitive marketplace. Capturing and maintaining sales at the counter always continues to be a major concern. A more significant focal point is sustaining effective customer service and preserving, if not improving, profit margins. Success depends upon achieving a competitive advantage through increased profit margins, reduced costs, improved product control and frequent customer contact.

The direct selling Industry has seen tremendous growth in the last 10 years and is the fastest emerging sales channel. The critical issues for this industry are sales force recruitment and retention, sales force and customer service, and a highly growth-oriented infrastructure. Success depends upon achieving a competitive advantage through a highly motivated sales force that has the tools and information to effectively manage their business. In addition, a highly automated and service oriented operational infrastructure is necessary (DSA, 1996-2009).

One of the key components of a firm's strategy is how to achieve and maintain a competitive advantage. The role and importance of the salesperson in the distribution channel and salesperson access to the customer as a means of achieving competitive advantage is important. Direct selling provides a competitive advantage when the salesperson helps customers try the product. Pushy salespeople, products that are not available and other problems may become competitive disadvantages. The product itself is an important part of the repeat purchase process but the salesperson is necessary because of access to the market.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

A research design is defined as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to purpose with the economy in procedure (Mugenda and Mugenda, 1999). The researcher used a census survey design. A survey facilitates comparison of data from the respondents who form a broad category. This design has been used for similar studies in Kenya by (Mukule, 2006) and (Nyambati, 2001) for commercial banks in Kenya.

3.2 Population

The population refers to an entire group of individuals, events or objects having a common observable characteristic. The population of this study was all the commercial banks registered by the Central Bank of Kenya. According to the current Central bank directory, there are 42 commercial banks in Kenya (see Appendix 3) and 2 mortgage finance companies. There was no need of using any sampling technique for the research since the population was relatively small.

3.3 Data Collection

The study used primary data collected through semi-structured questionnaire (see Appendix 2). The questionnaires were designed to collect information which was to provide answers to the research questions and meet the objectives of the study. The questionnaire targeted one respondent per bank preferably the sales/marketing manager or the equivalent. According to Mugenda and Mugenda (1999), primary data is facts, assumptions or premises obtained directly from the field. On the other hand, secondary data is applied facts, assumptions and premises contained in documentary sources.

3.3.1 Data Collection Tools

The primary data was collected using semi-structured questionnaires administered through the drop and pick method. The questionnaire had both closed and open-ended questions and was divided into three sections: A, B and C. Section A gathered general information about the respondents and the bank. Section B had both open-ended and closed questions which sought information on the extent to which direct sales strategy approaches have been adopted by the various banks. Section C used a 5-point Likert scale which was used to measure the impact of the direct sales strategy on the banks' competitive advantage. Likert scales have previously been used by (Njoroge, 2003) and (Mazrui, 2003) in related studies.

3.4 Data Analysis

The content analysis of the forty two (42) commercial banks served to enhance reliability, representativeness and validity of the information collected. Once the questionnaires were administered, numerical codes were assigned to the various closed responses. However, coding for the open-ended questions was done after the responses in the filled questionnaires had been obtained-data was then categorized and numerical codes assigned to the various categories. Once data had been collected, the questionnaires were checked for completeness and consistency. The data was also checked for any errors and omissions.

Data collected from section A was be analyzed using various descriptive statistics such as frequency distribution and percentages to give an overall picture about the organization and the respondents. Section B was analyzed using frequencies, percentages, mean scores and standard deviation while section C was analyzed using frequencies, percentages, mean score tabulations and standard deviation. The output of the data analysis was presented in tables.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter contains analysis and findings from the study. The findings presented in this chapter are based on the data collected from the respondents. The data was collected from the forty two (42) commercial banks incorporated and, or licensed to operate in Kenya. Out of the 42 commercial banks targeted, 38 responded giving an impressive response rate of 90.5%. The sample respondents were representative of the target population and so the result is valid. The data is summarized and presented in the form of percentages, tables, means and standard deviations.

The chapter is divided into three sections. The first section will analyze the general information of the commercial banks. The second section will analyze the adoption of direct sales approaches by the commercial banks. The third section will analyze the impact of the direct sales strategy on the bank's competitive advantage.

4.2 General Information on the Commercial banks

This section covered information regarding the bank ownership, number of branches, adoption of direct sales strategy, size of direct sales team and customer base.

4.2.1 Bank Ownership

This section aimed to determine the ownership structure of the various commercial banks in Kenya. The findings are presented in Table 2.

Table 2: Bank ownership

Responses		Frequency	Percent
	Predominantly local(51% or more)	27	71.1
	Predominantly foreign(51% or more)	9	23.7
	Balanced between foreign and local(50/50)	2	5.3
	Total	38	100.0

Source: Research data

As indicated in table 1 above, 71% of the commercial banks are predominantly local while 23.7 % are predominantly foreign while 5.3% are balanced between foreign and local ownership. The presence of foreign commercial banks indicates that the competition within the banking industry is not only among the locally owned banks but also among the foreign banks.

4.2.2 Branch Network

This section sought to find out the number of branches the various banks have throughout the country. The findings are presented in Table 3.

Table 3: Branch Network

Responses		Frequency	Percent
	Less than 5	7	18.4
	Between 5-10	10	26.3
	Between 11-20	12	31.6
	Above 20	9	23.7
	Total	38	100.0

Source: Research data

From the table above, majority of the banks (31.6%) have between 11 and 20 branches throughout the country while 7 banks have less than 5 branches. Only 9 out of the 38 banks have more than 20 branches. This is a clear indication that majority of the banks have not made their presence felt in most parts of the country.

4.2.3 Adoption of direct sales strategy

This section sought to find out the number of banks that have adopted the direct sales strategy as a competitive tool. The findings are presented in Table 4.

Table 4: Adoption of direct sales strategy

Responses		Frequency	Percent
	Yes	22	57.9
	No	16	42.1
	Total	38	100.0

Source: Research data

From the table above, 57.9% of the banks in Kenya have embraced the direct sales strategy. This is a good indicator that the direct sales strategy is increasingly becoming a popular strategy among the various commercial banks. However, 16 banks representing 42.1% are yet to embrace the direct sales strategy in their marketing and sales efforts.

4.2.4 Size of direct sales team

This section aimed to establish the size of the direct sales teams among the various banks that have embraced the direct sales strategy. The findings are presented in Table 5.

Table 5: Size of direct sales team

Responses		Frequency	Percent
	Below 100	15	39.5
	100-500	5	13.2
	501-1000	1	2.6
	Above 1000	1	2.6
	Not Applicable	16	42.1
	Total	38	100.0

Source: Research data

From the table above, it is clear that the size of the direct sales teams is small with 15 banks having a direct sales team of below 100 sales persons. Only Barclays bank has a large direct sales force of above 1000 direct sales personnel. Kenya Commercial bank follows closely with its direct sales force ranging between 501 and 1000. The findings from this table shows that the direct sales force employed in majority of the banks is not sufficient enough to ensure thorough market coverage and customer reach.

4.2.5 Customer Base

This section sought to find out the number of customers the various banks have. The findings are presented in Table 6.

Table 6: Customer base

Responses		Frequency	Percent
	Less than 10,000	9	23.7
	Between 10,001 and 50,000	12	31.6
	Between 50,001 and 100,000	4	10.5
	More than 100,001	13	34.2
	Total	38	100.0

Source: Research data

From the table above, it is interesting to note that 13 banks representing 34.2% have more than 100,001 customers, 31.6% have between 10,001and 50,000 customers, 23.7% have less than 10,000 customers and 10.5% have between 50,000 and 100,000 customers. The percentages show that the various banks have strived to increase their clientele and strategies need to be put in place to consolidate these gains.

4.3 Adoption of Direct Sales Approaches

This research objective sought to establish how the various commercial banks have adopted the direct sales approaches in their selling activities. In addition, the objective also sought to establish the issues surrounding the efficiency and productivity of the direct sales personnel. This section will cover information regarding the frequency of sales campaigns, bank rating as far as direct selling is concerned, when the direct sales strategy was adopted in the various banks, efficiency and productivity of the direct sales teams.

4.3.1 Frequency of the Sales Campaigns

This section sought to establish the frequency of conducting sales campaigns among the various commercial banks in Kenya. The findings are presented in Table 7.

Table 7: Frequency of sales campaigns

Responses		Frequency	Percent
	Hardly	17	44.7
	Weekly	5	13.2
	Monthly	8	21.1
	Quarterly	8	21.1
	Total	38	100.0

Source: Research data

From the table above 17 banks representing 44.7% hardly conduct sales campaigns, 5 banks (13.2%) conduct the sales campaigns weekly while 8 banks (21.1%) conduct the sales campaigns monthly and quarterly respectively.

4.3.2 When direct sales strategy was adopted

This section sought to find out how long the direct sales strategy has been in existence in the various banks. The findings are presented in Table 8.

Table 8: When direct sales strategy was established

Responses		Frequency	Percent
	Within the last two years	14	36.8
	Between 2 to 5 years ago	5	13.2
	Between 5 to 10 years ago	2	5.3
	Over 10 years ago	1	2.6
	Not Applicable	16	42.1
	Total	38	100.0

Source: Research data

From the findings of the study, 14 banks (36.8%) have adopted the direct sales strategy within the last two years. Barclays bank and Standard Chartered bank adopted the strategy 5 to 10 years ago whereas Kenya Commercial bank adopted the strategy over 10 years ago. From these findings, it is clear that the direct sales strategy is relatively new in the Kenyan banking arena and needs to be well nurtured to generate its full potential.

4.3.3 Bank Rating

In this section, the study sought to establish the rating of the various banks as far as direct selling is concerned. The findings are detailed in Table 9.

Table 9: Bank rating

Responses		Frequency	Percent
	Very good	9	23.7
	Good	6	15.8
	Average	6	15.8
	Below average	1	2.6
	Not Applicable	16	42.1
	Total	38	100.0

Source: Research data

From the table above, 23.7% of the respondents felt that their respective banks have done very well as far as direct selling is concerned. However, the rating for Diamond Trust bank is below average as far as direct selling is concerned with a paltry 2.6% score.

4.3.4 Direct Sales Team Efficiency

This section sought to establish the efficiency of the direct sales personnel in carrying out their sales duties. The findings are presented in Table 10.

Table 10: Direct Sales Team Efficiency

Responses		Frequency	Percent
	Fairly good	5	13.2
	Good	12	31.6
	Very good	5	13.2
	Not Applicable	16	42.1
	Total	38	100.0

Source: Research data

From the table above, 5 banks (13.2%) felt that their sales personnel were very good in their sales duties. However, 31.6% of the respondents felt that their sales personnel were just 'good' in their work but not exceptional. This is an indication that the sales personnel need to work harder and execute their duties in an exceptional manner.

4.3.5 Factors Affecting the Productivity of the Direct Sales Personnel

In this section, the researcher sought to establish the extent to which six factors namely: low sales staff morale, absenteeism, misselling, sales staff turnover, product knowledge and sales staff dishonesty affect the productivity of the direct sales personnel. This was done using a 5-point Likert scale, where 1 represented 'no extent' and 5 'very great extent'. The mean and standard deviation was computed as shown in Table 11.

Table 11: Factors affecting the productivity of the direct sales personnel

Factors	Number of Responses	Mean	Std. Deviation
Low sales staff morale	38	4.66	1.475
Absenteeism	38	4.32	1.741
Misselling	38	4.34	1.805
Sales staff turnover	38	4.45	1.572
Product knowledge	38	4.68	1.509
Sales Staff dishonesty	38	4.45	1.826

Source: Research data

From the table above product knowledge seems to be the greatest factor affecting the productivity of the direct sales personnel with a mean of 4.68. The least factor is absenteeism with a mean of 4.32. Low sales staff morale (mean 4.66) is also a strong factor affecting the productivity of the direct sales personnel. The overall results indicate that all the above factors affect the productivity of the direct sales personnel to a great extent since all of them have their mean above 4 and standard deviation greater than 1.

4.3.6 Activities that Enhance Direct Sales Strategy Implementation

In this section, the researcher sought to establish the impact of certain activities used to enhance the implementation of the direct sales strategy. The activities in question include: market activation programs, BAU staff leads, media promotional campaigns, sales incentives and customer referrals. Using a 5-point Likert scale, the respondents were supposed to indicate the impact of the above mentioned activities in enhancing direct sales strategy implementation where 1=No impact and 5=Very high impact. The findings are presented in Table 12.

Table 12: Activities That Enhance Direct Sales Strategy Implementation

Activities	Number of responses	Mean	Std. Deviation
Market activation programs	38	4.84	1.220
BAU staff leads	38	4.55	1.483
Media promotional campaigns	38	4.53	1.572
Sales incentives	38	4.79	1.212
Customer referrals	38	4.97	1.127

Source: Research data

From the table above, customer referrals emerges to be the factor with the greatest impact (Mean 4.97) in enhancing direct strategy implementation. It is followed by use of market activation programs with a mean of 4.84. The activity with the least impact in direct sales strategy implementation is media promotional campaigns which has a mean of 4.53.

4.4 Impact of Direct Sales Strategy on the Bank's Competitive Advantage

This research objective sought to find out if the direct sales strategy adopted by the various commercial banks have yielded any competitive advantage for the banks. The respondents were asked to indicate the extent to which they have realized competitive advantage arising from the adoption of the direct sales strategy. In this section, the researcher also sought to know how respondents perceive the effectiveness of the direct sales strategy as compared to other competitive strategies. In addition, the researcher also sought to establish the sustainability of the competitive advantage arising from the implementation of the direct sales strategy.

4.4.1 Sustainability of Competitive Advantage Arising From Direct Sales Strategy Implementation

This section sought to find out the extent to which the competitive advantage arising from the implementation of the direct sales strategy is sustainable. The findings are presented in Table 13.

Table 13: Sustainability of the competitive advantage arising from the direct sales strategy implementation.

Responses		Frequency	Percent
	Very great extent	6	15.8
	Great extent	9	23.7
	Moderate extent	6	15.8
	Little extent	1	2.6
	Not Applicable	16	42.1
	Total	38	100.0

Source: Research data

From the table above, 23.7% of the respondents felt that the competitive advantage arising from the implementation of the direct sales strategy is sustainable to a great extent. An equal number of respondents (15.8%) feel that the competitive advantage can be sustained to a very great extent and to a moderate extent. However, one respondent from the Diamond Trust bank feel that the competitive advantage arising from the implementation of the direct sales strategy can only be implemented to a little extent.

4.4.2 How direct sales strategy enhances aspects of the bank's competitiveness and attractiveness

In this section, the researcher sought to find out the extent to which the direct sales strategy enhances the various aspects of the bank's competitiveness and attractiveness. The aspects looked at were timeliness, loan book quality, deposit mobilization, increase in market share, profitability, number of accounts, regional presence, fraud, cost reduction and turn around time. The respondents were supposed to indicate the extent to which direct sales strategy enhances these aspects using a 5-point Likert scale where 1=No extent and 5=Very great extent. The findings are presented in Table 14.

Table 14: How direct sales strategy enhances aspects of the bank's competitiveness and attractiveness.

Aspects of the bank's competitiveness and attractiveness	N	Mean	Std. Deviation
Timeliness	38	4.89	1.226
Loan book quality	38	4.32	1.741
Deposit mobilization	38	4.87	1.234
Increase in market share	38	4.92	1.124
Profitability	38	4.97	1.078
Number of accounts	38	5.08	1.050
Regional presence	38	4.87	1.166
Fraud	38	3.89	1.984
Cost reduction	38	4.42	1.605
Turnaround time	38	4.71	1.374

Source: Research data

From the table above, it is clear that the direct sales strategy enhances the opening of many accounts to a very great extent (mean 5.08), the second aspect is profitability with a mean of 4.97. Increase in market share is ranked third with a mean of 4.92. The respondents felt that direct sales strategy helps to reduce fraud only to a moderate extent (mean 3.89)

4.4.3 Ranking of 5 major banks that have largely embraced direct sales strategy

In this section, the researcher sought to find out the ranking of the five major commercial banks in Kenya that have used direct sales strategy to gain competitive advantage. The respondents were meant to give their opinion on the extent to which the five major banks have used direct sales strategy to attain competitive advantage. The five banks considered were: Cooperative bank, Barclays bank, Standard Chartered bank, Kenya Commercial bank and National bank. The findings are contained in Table 15.

Table 15: Ranking of 5 major banks that have largely embraced direct sales strategy

Banks	N	Mean	Std. Deviation
Cooperative bank	38	3.45	1.179
Barclays bank	38	4.50	.952
Standard Chartered bank	38	3.95	1.089
Kenya Commercial bank	38	3.61	1.128
National bank	38	2.53	1.059

Source: Research data

The analysis revealed that Barclays bank have used direct sales strategy to gain competitive advantage to a great extent (mean 4.50) followed by Standard Chartered bank with a mean of 3.95. The respondents felt that National bank have used direct sales strategy to gain competitive advantage to a little extent (mean 2.53)

4.4.4 Benefits of adopting direct sales strategy as a competitive tool

In this section, the researcher sought to establish the competitive benefits that are realized when a bank adopts the direct sales strategy. The respondents were meant to indicate the extent to which they agreed with the various statements concerning the competitive advantage their banks enjoyed as a result of adopting the direct sales strategy. The respondents were to use a 5-point Likert scale where 1=No extent and 5=Very great extent. The findings are contained in Table 16.

Table 16: Benefits of adopting direct sales strategy as a competitive tool

Benefits	N	Mean	Std. Deviation
We command a successful market niche	38	4.79	1.212
We enjoy relatively low operating costs	38	4.61	1.405
We have developed strong marketing ability	38	4.92	1.124
We have a strong reputation in service quality	38	4.89	1.158
We have growth in retail asset book	38	5.03	1.052
We have growth in retail deposits	38	5.03	1.052
We have reduced customer complaints	38	4.55	1.446
We have enhanced customer retention and loyalty	38	4.92	1.217
We have enhanced customer referrals	38	5.08	1.024
We have enhanced customer awareness	38	5.18	.896
We have better product penetration	38	5.11	1.034

Source: Research data

From the table above, the respondents agreed to a very great extent (mean 5.18) that the adoption of direct sales strategy leads to enhanced customer awareness. Equally important is product penetration with a mean of 5.11. On the other hand, the respondents felt that direct sales strategy have reduced customer complaints to a relatively low extent (mean 4.55). The respondents also felt that the extent of banks enjoying low operating costs as a result of direct sales adoption is smaller (mean 4.61) compared to the other competitive benefits arising from the adoption of the direct sales strategy.

4.4.5 Features of direct sales strategy

This section sought to determine the extent to which the various features of direct sales strategy contribute to the bank's competitive advantage. The findings are presented in Table 17.

Table 17: Features of direct sales strategy

Features	N	Mean	Std. Deviation
Personal touch	38	4.68	1.613
Door- to- door service delivery	38	4.61	1.653
After sales service/ follow up	38	4.63	1.514
Product demonstration/presentation	38	4.61	1.498
High market presence	38	4.74	1.465
Aggressiveness and pervasiveness	38	4.82	1.373

Source: Research data

From the table above, it is clear that aggressiveness and pervasiveness contributes to competitive advantage to a great extent (mean 4.82), followed by high market presence with a mean of 4.74. Both door-to-door service delivery and product demonstration/ presentation contribute to competitive advantage to a relatively lesser extent. Both have a mean of 4.61

4.4.6 Strategies That Contribute Towards Attainment of Competitive Advantage in Banks

In this section, the researcher sought to find out the extent to which the various strategies employed by banks contribute to competitive advantage. Direct selling was included as one of the strategies in order to compare it with the other strategies. The respondents were to indicate the extent to which the various strategies contribute towards achievement of competitive advantage in the bank using a 5-point Likert scale where 1=No extent at all and 5=Very great extent. The findings are presented in Table 18.

Table 18: Strategies that Contribute Towards Attainment of Competitive Advantage in Banks

Strategy	N	Mean	Std. Deviation
Direct selling	38	3.89	1.351
Media campaigns and product promotions	38	3.74	1.155
Opening of many strategically positioned branches	38	3.37	1.422
Market segmentation and niching	38	3.39	1.285
Extension of working hours	38	3.39	1.285
Product differentiation	38	3.37	1.261
Competitive pricing	38	3.21	1.562

Source: Research data

From the table above, direct selling stands out as the strategy that contributes towards attainment of competitive advantage to a great extent(mean 3.89), followed by media campaigns and product promotions (mean 3.74). Competitive pricing strategy contributes the least towards attainment of competitive advantage in banks with a mean score of 3.21.

From the research findings above, it can be concluded that direct sales strategy contributes immensely towards attainment of competitive advantage in the various commercial banks in Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This was the final chapter in the research project whose main purpose was to summarize the results of the research project, make conclusions from the summary of the results and finally recommendations are made on the research findings. This chapter also highlights limitations of the study and makes suggestions for further research.

5.2 Summary and Conclusions

The aim of the research was to study direct sales strategy and competitive advantage among commercial banks in Kenya. From the analysis, 71% of the commercial banks in Kenya are predominantly local whereas 23.7% are predominantly foreign. This means that competition is experienced not only at the national level but at global level. Majority of the banks (31.6%) have between 11 and 20 branches. Only 9 out of the 38 banks studied have more than 20 branches. This means that majority of the banks in Kenya have not had adequate regional presence and it is for this reason that majority of the Kenyan population is still unbanked.

The study also revealed that 22 banks in Kenya (57.9%) have embraced the direct sales strategy-this is a good indicator that the direct sales strategy is increasingly becoming a popular tool for attaining competitive advantage. The study also revealed that despite the direct sales strategy becoming increasingly popular, the size of the direct sales teams have remained small across the banks-15 banks representing 39.5% have a direct sales team comprising of less than 100 sales people. Only one bank has a direct sales force of above 1000 personnel. The implication of this is that the few sales people cannot manage to adequately cover the target market and serve the customers effectively.

With regard to the frequency of conducting sales campaigns, the study revealed that 44.7% of the banks that responded hardly conduct sales campaigns, 21.1% conduct the campaigns either quarterly or monthly and 13.2% conduct the campaigns weekly. The sales campaigns help to excite the market and offer the direct sales people a soft landing in the field. Failure to conduct the sales campaigns regularly make the success of the sales people difficult since they have to play both the informative and selling roles. The study also revealed that product knowledge is the greatest factor that affect the productivity of the direct sales people. The direct sales personnel are the ambassadors of the bank and should be well equipped with proper product information. The information released to the customers by the direct sales people should be factual and accurate to avoid misrepresentation. The study further revealed that customer referrals has the greatest impact in enhancing direct sales strategy implementation whereas media promotional campaigns have the least impact. A satisfied customer will be glad to recommend other customers.

The study revealed that direct sales strategy enhances the opening of many accounts to a very great extent (mean score 5.08).This is mainly because the direct sales team focuses on the masses and therefore the likelihood of opening many accounts is high. It is interesting to note that Barclays bank ranks top with a mean score of 4.50 among the 5 major commercial banks in Kenya that have largely embraced the direct sales strategy as a competitive tool. National bank ranks last with a mean score of 2.53.

The research findings show that direct sales strategy lead to enhanced customer awareness to a very great extent (mean 5.18)-this is due to the personal approach adopted by the direct sales people when spreading the product information. The respondents however felt that banks enjoy low operating costs as a result of adopting direct sales strategy to a smaller extent (mean 4.61). The study further revealed that direct selling stands out among all the other strategies used by banks to gain competitive advantage with a mean score of 3.89. Competitive pricing strategy contributes the least towards attainment of competitive advantage in banks with a mean score of 3.21. This is a clear indication that banks do not necessarily compete on price but on the level of personal service offered.

5.3 Recommendations

On the basis of the result of this study it is recommended that banks should consider opening more branches within the country. Every bank should strive to have atleast 20 branches spread throughout the country in the next 5 years. This will ensure adequate regional presence and reduce the number of the unbanked population. The banks should endeavor to employ large direct sales force to enhance their reach and market presence. The direct sales personnel should be adequately trained and equipped with relevant product knowledge since they are the face of the bank in the market.

The banks should also conduct sales campaigns regularly to excite the market and enhance customer awareness-this will make it easier for the direct sales people to penetrate the market. The direct sales strategy is new among the Kenyan commercial banks with most of the banks having embraced it within the last two years. The strategy should therefore be nurtured well to realize its full potential.

5.4 Limitations of the study

The field study and survey approach is not without potential limitations. The major limitation was the unwillingness of the respondents to answer the questions. Most respondents in the banks that have not embraced direct sales strategy were reluctant to respond to the study questions. Despite a firm assurance that the information provided will be used purely for academic purpose, some respondents declined to provide information fearing that the same will be used by their competitors to gain competitive advantage.

5.5 Suggestions for further researcher

This study was in regard to direct sales strategy and competitive advantage among commercial banks in Kenya. Further researcher should be done to establish the effect of the other strategies employed by banks to gain competitive advantage. Direct sales strategy is also applied in insurance companies, pharmaceutical companies and media among others. Future research should therefore seek to study the application of the direct sales strategy in the other business areas and organizations.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

LETTER TO RESPONDENTS

September, 2009

Dear Sir/ Madam,

RE: REQUEST FOR RESEARCH DATA

I am a postgraduate student undertaking a Master of Business Administration(MBA) degree at the University of Nairobi. I am currently carrying out research on **direct sales strategy and competitive advantage among commercial banks in Kenya.**

Your organization has been selected for the study. I kindly request you to spare some time and fill the attached questionnaire to the best of your knowledge. Your response will be treated with utmost confidentiality and the information provided will be used purely for academic purpose only. The findings of this research can be availed to you upon completion of the research.

Your assistance and cooperation will be highly appreciated.

Yours faithfully,

Peter Thuku
MBA Student

Dr Martin Ogutu
Supervisor and Senior Lecturer, School of Business, University of Nairobi

APPENDIX 2: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1. Name of the bank ....
2. Position held in the bank...
3. Please indicate the ownership of the bank using the categories below(please tick one)

   Predominantly local(51% or more) ( )

   Predominantly foreign(51% or more) ( )

   Balanced between foreign and local(50/50) ( )
4. How many years have you worked in the bank?

   Less than 5 ( )

   Between 5-10 ( )

   Between 11-20 ( )

   Above 20 ( )
5. Using the categories below, please indicate the number of branches your bank has in Kenya

   Less than 5 ( )

   Between 5-10 ( )

   Between 11-20 ( )

   Above 20 ( )
6. Has your bank embraced direct sales strategy? Yes ( ) No ( )
7. Please indicate the size of your direct sales using the categories below(please tick one)

   Below 100 ( )

   100-500 ( )

   501-1000 ( )

   Above 1000 ( )
8. Please indicate your customer base by ticking any of the categories below

   Less than 10,000 ( )

   Between 10,001 and 50,000 ( )

   Between 50,001 and 100,000 ( )

   More than 100,001 ( )

SECTION B: ADOPTION OF DIRECT SALES APPROACHES

9. How often do you conduct sales campaigns?

Hardly ( )

Weekly ( )

Monthly ( )

Quarterly ( )

10. Please indicate to what extent the following factors affect the direct sales representative's productivity using a scale of 1-5 where:

1=No extent

2=Little Extent

3=Moderate extent

4=Great extent

5=Very Great extent

	1	2	3	4	5
a) Low sales staff Morale	( )	( )	( )	( )	( )
b) Absenteeism	( )	( )	( )	( )	( )
c) Misselling	( )	( )	( )	( )	( )
d) Sales staff turnover	( )	( )	( )	( )	( )
e) Product knowledge	( )	( )	( )	( )	( )
f) Sales Staff dishonesty	( )	( )	( )	( )	( )

11. Using the categories below, please tick the situation that best describes when direct

sales strategy was adopted in your bank

Within the last two years ( )

Between 2 to 5 years ago ( )

Between 5 to 10 years ago ( )

Over 10 years ago ( )

12. Using a scale of 1-5 indicate the impact of the following activities used to enhance direct sales strategy implementation in your bank.

5=Extremely high impact

4=Very high impact

3=High impact

2=Little impact

1=No impact

	1	2	3	4	5
a) Market activation programs	( )	( )	( )	( )	( )
b) BAU staff leads	( )	( )	( )	( )	( )
c)Media promotion campaigns	( )	( )	( )	( )	( )
d) Sales incentives	( )	( )	( )	( )	( )
e) Customer referrals	( )	( )	( )	( )	( )

13. How would you rate your bank as far as direct selling is concerned compared to other banks?

(a) Very good ( )

(b) Good ( )

(c) Average ( )

(d) Below average ( )

14. In your opinion, has the adoption of direct sales strategy improved your bank's competitive advantage? YES ( ) NO ( )

15. How would you rate the efficiency of your sales team?

(a) Poor ( )

(b) Fairly good ( )

(c) Good ( )

(d)Very good ( )

SECTION C: IMPACT OF DIRECT SALES STRATEGY ON THE BANK'S COMPETITIVE ADVANTAGE

16. Please indicate the extent to which direct sales strategy enhances the following aspects of the bank's competitiveness and attractiveness to the customers using a scale of 1-5 where;

    5=Very great extent

    4=Great extent

    3=Moderate extent

    2=Little extent

    1=No extent

	1	2	3	4	5
a) Timeliness	( )	( )	( )	( )	( )
b) Loan book quality	( )	( )	( )	( )	( )
c) Deposit Mobilization	( )	( )	( )	( )	( )
d) Increase in Market Share	( )	( )	( )	( )	( )
e) Profitability	( )	( )	( )	( )	( )
f) Number of accounts	( )	( )	( )	( )	( )
g) Regional Presence	( )	( )	( )	( )	( )
h) Fraud	( )	( )	( )	( )	( )
i) Cost reduction	( )	( )	( )	( )	( )
j) Turn around time	( )	( )	( )	( )	( )

17. In your own opinion indicate the extent to which the following 5 major banks in Kenya

    have used direct sales strategy to gain competitive advantage. Use a scale of 1-5 where

    5=Very great extent

    4=Great extent

    3=Moderate extent

    2=Little extent

    1=No extent

	1	2	3	4	5
a) Cooperative Bank of Kenya	( )	( )	( )	( )	( )
b) Barclays Bank of Kenya	( )	( )	( )	( )	( )
c) Standard Chartered Bank	( )	( )	( )	( )	( )
d) Kenya Commercial Bank	( )	( )	( )	( )	( )
e) National Bank of Kenya	( )	( )	( )	( )	( )

18. To what extent do you agree with the following statements concerning the competitive advantage your bank enjoys as a result of adopting the direct sales strategy.

5=Very great extent 4= Great extent 3=Moderate extent
2=Little extent 1=No extent

	1	2	3	4	5
a)We command a successful market niche	( )	( )	( )	( )	( )
b) We enjoy relatively low operating costs	( )	( )	( )	( )	( )
c) We have developed strong marketing ability	( )	( )	( )	( )	( )
d) We have a strong reputation in service quality	( )	( )	( )	( )	( )
e)Growth in retail asset book	( )	( )	( )	( )	( )
f) Growth in retail deposits	( )	( )	( )	( )	( )
g) Have reduced customer complaints	( )	( )	( )	( )	( )
h) Have enhance customer retention and loyalty	( )	( )	( )	( )	( )
i) Have enhanced customer referrals	( )	( )	( )	( )	( )
j) Have enhanced customer awareness	( )	( )	( )	( )	( )
k) Product penetration	( )	( )	( )	( )	( )

19. Using a scale of 1-5, indicate the extent to which the following features of direct sales strategy contribute to your bank's competitive advantage.

5=Very great extent 4= Great extent 3=Moderate extent
2= Little extent 1= No extent at all

	1	2	3	4	5
a) Personal touch	( )	( )	( )	( )	( )
b) "Door- to- door service delivery"	( )	( )	( )	( )	( )
c) After sales service/ follow up	( )	( )	( )	( )	( )
d) Product demonstration/presentation	( )	( )	( )	( )	( )
e) High market presence	( )	( )	( )	( )	( )
f) Aggressiveness and pervasiveness	( )	( )	( )	( )	( )

20. Using a scale of 1-5, indicate the extent to which the following strategies contribute towards attainment of competitive advantage in your bank

5=Very great extent 4= Great extent 3= Moderate extent

2= little extent 1= No extent at all

	1	2	3	4	5
a) Direct selling	( )	( )	( )	( )	( )
b) Media campaigns and product promotions	( )	( )	( )	( )	( )
c) Opening of many strategically positioned branches	( )	( )	( )	( )	( )
d) Market segmentation and niching	( )	( )	( )	( )	( )
e) Extension of working hours	( )	( )	( )	( )	( )
f) Product differentiation	( )	( )	( )	( )	( )
g) Competitive pricing	( )	( )	( )	( )	( )

21. To what extent do you rate sustainability of the competitive advantage arising out of the

direct sales strategy implementation in your bank?

Very great extent ( )

Great extent ( )

Moderate extent ( )

Little extent ( )

No extent at all ( )

THANK YOU FOR YOUR TIME

APPENDIX 3: LIST OF COMMERCIAL BANKS

1. African Banking Corporation
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank of Kenya
6. CFC Stanbic bank
7. Chase bank Limited
8. Citibank N. A. Kenya
9. City Finance bank
10. Commercial bank of Africa
11. Consolidated bank of Kenya
12. Cooperative Bank of Kenya
13. Credit bank
14. Development Bank of Kenya
15. Diamond Trust bank
16. Dubai Bank Kenya Ltd
17. Ecobank
18. Equatorial commercial bank Limited
19. Equity bank
20. Family bank
21. Fidelity Commercial bank Ltd
22. Fina Bank Ltd
23. First Community bank
24. Giro Commercial Bank Ltd
25. Guardian bank
26. Gulf African bank
27. Habib bank A.G Zurich
28. Habib bank Limited

29. Imperial bank
30. Investment & Mortgages bank Ltd
31. Kenya Commercial Bank Ltd
32. K-Rep Bank Ltd
33. Middle East bank
34. National bank of Kenya
35. National Industrial Credit Bank Ltd
36. Oriental Commercial bank Ltd
37. Paramount Universal bank Ltd
38. Prime bank Ltd
39. Southern Credit banking Corporation
40. Standard Chartered bank
41. Trans-National bank Ltd
42. Victoria Commercial bank Limited