

## Self-Checkout at Banks: So Why Salesperson-A Case of Sri Lankan Banking Sector

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**Abstract:** Effective selling is one of the most critical elements in the process of marketing. It is the life-blood of an organization that gets in critical revenue. Hence, the role of a salesperson is paramount important. Hence, this study tries to address: Do salespersons in Sri Lankan banking sector customer oriented if so, do they delight or amaze customers? Two state banks and two private banks have been selected as a sample and thirty customers representing both banks are interviewed. It has found that even though banks are relying on computer automated service some customers prefer human touch for better relationship. Furthermore, the customer orientation of salesperson is greater in private banks than in state banks.

**Key words:** Customer orientation, banking sector, salesperson, selling, human touch, revenue

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### INTRODUCTION

In Sri Lanka, financial sector plays a critical role in economic development. According to Central Bank of Sri Lanka (2010), despite of the global and local macro economic problems, financial sector still maintain 8.9% as a share of GDP. In the financial sector, the role played by Licensed Commercial Banks (LCB) can not be ignored. In 2010, 44.4% of the total assets of the financial sector (2969 billion out of 6690 billion total assets) owned by Licensed Commercial Banks (LCB). The competition in this sector also can be considered as important. Most of the core products in commercial banking are fairly generic and it is difficult for most banks to compete purely on this core service. If it is a fixed account not only the account itself and features, the bundle of activities (including promotion, distribution) as well as service delivered is important to get the competitive advantage. In services, marketing quality of the service always play a prominent role. In this backdrop, the selling is critical and role of the salesperson is important than ever.

Selling is possibly the most critical element of the marketing process. It is the life-blood of an organization that gets in critical revenue. Therefore, salesmen are crucial in any organization and are the real cutting edge of marketing success (Sujan *et al.*, 1994). Companies are also finding a growing recognition to the fact that in many cases, the sales force is the focal factor for competitive advantage.

In a relationship perspective, they (salespersons) are additionally required to shift rapidly from hard selling to a smart selling approach (Sujan *et al.*, 1994; Kohli *et al.*, 1998). Hard selling is concerned about the selling concept

and always explores how to sell the product. But smart selling starts with the customer and focuses on their needs and wants that have to be satisfied. Weitz and Bradford (1999) emphasize the partnering role of sale representatives. It means salespeople try to establish a good social bond with customers like in partnerships. Hence, the customer orientation on salesperson is important.

There is a need to understand the customer orientation of salesperson in Sri Lankan context. Hence, the following research problem can be advanced, do salespersons in Sri Lankan banking sector are customer oriented if so do they delight or amaze customers?

**Literature review:** The significance of the salesperson in any organization has never been questioned as it is through them that the product arriving to the end consumer. The old saying that selling is selling echoes a broadly accepted notion that there is a set of sales basics that applies more or less to all selling situations. The conventional selling always concern on fundamental characteristics of successful salespeople. Accordingly excellent sales forces consist of smart, aggressive, outgoing personalities with strong self-confidencem, who can smoothly develop needs, present product benefits and who have good customer-handling skills.

On the other hand, there is a question of poor sales forces- salespeople who are just order takers who do not know how to sell benefits or who do not know the product well enough to sell against competitors. Corporations spend million trying to build generalized selection profiles of the ideal salesperson on the assumption that there are a successful set of

competencies, personality dimensions and skills that span the entire spectrum of selling situations (Neil and DeVincentis, 1999). Hence, salesman are crucial in any organization and are the real cutting edge of marketing success. According to Williams and Attaway (1996), the firm's marketing success is largely dependent upon the sales force because these individuals are the ones who have the most immediate influence on customers. The most important method by which the marketer may manage the buying experience is through the implementation of customer-oriented sales tactics (Crane, 1991; Grewal and Sharma, 1991a; Sharma, 1997). For a better market orientation you need better customer orientation. Contemporary theory puts forward two main conceptualizations of market orientation.

Narver and Slater (1990) argued that market orientation is most appropriately focused as a form of organizational culture and define market orientation as a form of organizational culture. The market orientation concept has its origin in a management philosophy known as the marketing concept. This philosophy has been a cornerstone of the marketing discipline, since Drucker described marketing as the whole business seen from the point-of-view of its final result that is from the customer's point of view and argued that (t) here is only one valid definition of business purpose; to create a customer. Over the years, the marketing concept has served as marketing's implicit theory of the firm by relating performance differentials between firms to their degree of market orientation. The concept has appealed to generations of managers and has been one of marketing's most influential ideas.

Accordingly market-oriented organizational culture comprises three behavioral components-customer orientation, competitor orientation and inter functional coordination (Fig. 1). In contrast, Kohli and Jaworski (1990) claim that market orientation is best viewed in terms of intra-organizational flows of information and define the components of market orientation as organization wide generation, dissemination and responsiveness to market intelligence. Link should be established.

This study will concentrate on customer orientation of salesperson due to the relationship between salesperson and customers. Customer orientation of salesperson has been defined by Saxe and Weitz (1982) referring to the degree to which salespeople practice, the marketing concept by trying to help their customers make purchasing decisions that will satisfy customer needs. Highly customer-oriented salespeople engage in behaviors aimed at increasing long-term customer satisfaction and avoid behaviors that may lead to customer dissatisfaction.

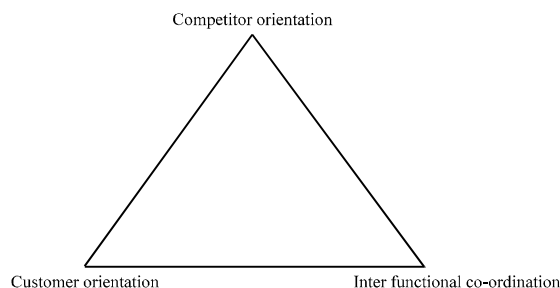


Fig. 1: Marketing orientation

They avoid actions that increase the probability of an immediate sale at the expense of sacrificing customer interests (Saxe and Weitz, 1982). Further, Ehrt (2004) suggests that customer oriented salespeople are solution providers who deliver value by assessing customers' needs then responsively helping customers identify alternatives, evaluate them and select the best solution. It can be argued that better the customer orientation of salesperson the better it can satisfy the customer. Joshi and Randall's study shows that in a selling environment, customer orientation had a positive effect on salesperson's performance. In other words, the better customer orientation will enhance the performance of the salesperson. Further, Jaramillo and Douglas (2009) suggest that a customer-centric point of view helps salesperson to better recognize cues from customers and prospects. They also suggest that customer orientation of salesperson improve the performance of both and organization.

Customer orientation is the key dimension of market orientation due to the explicit recognition of it beneficial effects on customer (Sanzo *et al.*, 2003). For a market orientation to be truly effective, employees have to implement the company's market orientation strategy and customers must realize the benefits a market-oriented company provides (Jones *et al.*, 2003). In the marketing concept, all parts of an organization are oriented toward solving customer problems and meeting the needs of the marketplace.

Sales personnel no longer specialize solely in increasing sales volume rather, the prospect's real needs become the basis of the marketing plan. Companywide acceptance of a consumer orientation requires the sales force to become thoroughly professional in its dealings with prospects and customers. Implementation of marketing concept in service firms is done through service employees and their interactions with customers (Donavan and Hocutt, 2001), still researches reveal that customers may not consider employees to be as customer oriented as they do themselves (Deshpande *et al.*, 1993;

Donavan and Hocutt, 2001). Further, a mark of professionalism in sales is that sellers adopt a problem-solving approach to their work. A professional salesperson does not wonder, what can I sell this individual? but instead asks how can I best solve this person's problems? (Kurtz *et al.*, 1976). Several writers have suggested interpersonal behavior models incorporating two dimensions-concern for self and concern for others (Blake and Mouston, 1964; Buzzotta *et al.*, 1972). Within the context of these models, customer orientation is related to the concern for others dimension. High customer orientation is most closely associated with high concern for others/high concern for self whereas low customer orientation is most closely associated with low concern for others/high concern for self. Customer orientation also incorporates low pressure selling (Bursk, 1947) and need satisfaction/problem solution selling approaches (Gwinner *et al.*, 1998). Although, salespeople can realize long-term benefit by using customer-oriented selling, they also incur costs when using this selling approach.

An opportunity cost arises when short-term sales are sacrificed to maintain customer satisfaction and increase the probability of future sales. Clearly in some situations, the impact of an immediate sale outweighs the potential impact of future sales. The creation of superior value for customers requires continuous efforts from employees to maximize customer delivered value. In addition, salespeople practicing a customer-oriented approach must spend time collecting information about customer needs and demonstrating how their products satisfy those needs. The time spent engaging in these activities might be spent more productively on attempting to persuade the customer or in calling on other customers (Saxe and Weitz, 1982). Hence, customer orientation has been highly regarded in the domain of marketing (Narver and Slater, 1990) and management (Liao and Subramony, 2008) and has been found to favorably impact service performance, customer satisfaction and customer-focused organizational citizenship behaviors. More importantly, Saxe and Weitz (1982) observed customer oriented selling as key for any business. According to them in customer-oriented selling is a way of doing business on the part of salespeople. The term refers to the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs.

Highly customer-oriented salespeople engage in behaviors aimed at increasing long-term customer satisfaction. In addition, they avoid behaviors which might result in customer dissatisfaction. Thus, highly customer-oriented salespeople avoid actions which

sacrifice customer interest to increase the probability of making an immediate sale. The selling concept in a company corresponds to a low level of customer orientation in a salesperson (Saxe and Weitz, 1982). It is essential to understand this concept in different perspectives. Saxe and Weitz (1982) conceptualized customer oriented selling as the practice of the marketing concept at the individual salesperson level and define customer-oriented selling as the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs. Saxe and Weitz (1982) originally developed the Selling Orientation-customer Orientation (SOCO) scale as a measure of the degree to which salespeople engage in customer-oriented selling.

Organizations since it impact the adoption of innovative technology, job attitudes, turnover intentions, employee innovation, adaptive selling, employee relationships with supervisors and organizational citizenship behavior (Boles *et al.*, 2000). SOCO affects employee's attitudes such as job satisfaction, motivation and organizational commitment (Pettijohn *et al.*, 2002). On the customer side, SOCO influences customer relationship development (Williams and Attaway, 1996) and satisfaction and loyalty (Gillis *et al.*, 1998; Pettijohn *et al.*, 2002). On the other hand, customer-oriented salespeople focus their efforts on understanding the customer's individual needs by helping them to identify alternatives, evaluate them and select the best solution (Boles *et al.*, 2000; Johnston and Marshall, 2005). Also, customer oriented salespeople engage in behaviors directed at increasing long-term customer satisfaction by avoiding short sighted sales tactics that sacrifice customer interest (Ehert, 2004; Saxe and Weitz, 1982).

Rather than using tricks and techniques to get people to buy a product or service, effective customer-oriented salespeople are solution providers who understand customers' needs and deliver value (Bosworth *et al.*, 2003).

## **MATERIALS AND METHODS**

Two state banks and two private banks have been selected as sample. Thirty customers representing both banks are interviewed. Corporate banking sector has been selected because of the competitive nature in that sector. Whereas recent research has shown that corporate banking customers still prefer personal relationships as the principal means of communication and exchange between bank and client firm (Tyler and Stanley, 1999). This research has further underlined the importance of the personal relationship by revealing that customers

considered their banking relationship to be with their relationship manager rather than with the bank they represented (Tyler and Stanley, 1999).

## **RESULTS AND DISCUSSION**

It has found that most of the salespersons (Customer Relationship Officers (CRO) hereafter) in the banks are satisfying their corporate customers to some extent. Basically, customers are happy with the service provided by them. But to get competitive advantage there is a need to delight customers. Patterson (1997) suggests that customer delight involves going beyond satisfaction to delivering what can be best described as a pleasurable experience for the client.

The concept of delight therefore, entails a stronger emotion and a different physiological state than satisfaction. In recent years, marketers have grown in their concern to retain customers. It is accepted idea that retaining customers is a more cost-effective than attracting new ones. Recent, marketing literature proposes the examination of a customer's lifetime value. According to Kotler and Armstrong (2001), companies are also realizing that losing a customer means losing more than a single sale; it means losing the entire stream of purchases that the customer would have made over a lifetime of purchase. But it can be seen from the interview most of the time, the CROs try to satisfied customers not to delight them. Following statement extracts from the customer:

I am working with my CRO. He is a nice person. Once I called him he replies me. I am doing transactions with three banks. All are good with me and replying me promptly

This clearly indicated not proactive but reactive approach of the CRO and customers regarded them as good because they just satisfy day-to-day expectations of the customers.

It can be considered as important for banks to understand the life time value of customers and try to delight by exceeding their expectations. More importantly, this can be seen as same in both state and private banks Sri Lanka. Furthermore, some banks are relying on computer automated service than human element in their banking services. Following comment made by one customer:

My CRO asked me to used www (web) to check my balances and used teller or other machines to deposit my money or cheque. But I do not like this. If he is my salesperson he should help me on this

However, it is clear that customers prefer human touch in their relationship. Most of the corporate customers do not like to depend on machines and they like the CRO themselves to involve in their work even like balance enquiry. This might be because of the cultural factors or inability to use IT in the context driven environment. This can be considered as one area to explore in future research. But interestingly, it has observed that the customers in private banks have inclined to new technology than the customers in state banks. It may be the fact that the technology-driven environment is more visible in private banks than in state banks. Furthermore, it has observed that customers always like to contact their CROs and even they considered them is the most important than any other aspects of the bank. One customer quoted that:

I am only concern about my CRO in bank. What ever problem comes I will contact him. I do not have time to see any advertisements, promotion campaign but I am getting all the information from my CRO. I trust him and it is easy for me to work with him

This is the most common idea of most of the corporate customers in both state and private banks. This will understand the importance of a salesperson in banking sector. These findings are go inline with previous studies conducted which encapsulated that the firm's marketing success is largely dependent upon the individual salesperson. Customer-oriented selling is often believed to be a critical factor for salespeople engaged in a variety of sales roles and the practice is described in numerous ways. Typically, it focuses on the application of the marketing concept at the level of the exchange process (Saxe and Weitz, 1982). The significance of the sales representative's role in promote customer satisfaction is provided by Williams and Attaway (1996) who strongly emphasis that the marketing success of a firm is highly dependent upon its sales representatives since, they have the most immediate influence on customers. Researchers generally agree that customer satisfaction is a prominent component in determining long-term business success. Since, the salesperson is a critical determinant of customer satisfaction (Grewal and Sharma, 1991b), it can be argued that the salesperson's customer-orientation level would be an important factor in determining customer satisfaction levels. Moreover in general, it has found that customer orientation of salesperson is greater in private banks than in state banks. Customers in private banks interviewed are discussing more on customer orientation of their CRO than customers in state banks. One customer in state bank quoted that:

I have been with this bank for 4 years and since then I am working with the same CRO. He is good. But sometimes once I keep message he is not contacting m it has happens for me few times. Anyway still I am dealing with bank

The same view has expressed by another customer also from the state bank. Even though, you can not generalize it has implies that there is a matter to be concerned in customer-orientation in state banks. Therefore, this will helpful for the decision makers in state banks to revisit their strategies and generate environment which will delight customers.

### CONCLUSION

Hence, it can be concluded that customer-orientation in corporate banking sector in complex and need to be further explored. Captivatingly, the relationship between CRO and customer, the nature of relationship between both parties in state and private sector associating of human element in banking sector has been identified in this study.

### RECOMMENDATIONS

This research can be expanded to future studies by testing the customer orientation in other areas such as retail banking, insurance as well as in the leasing sector. It is quite interesting to empirically study in future studies whether the human touch discussed in this study is governed by cultural or other factors such as personality, etc.

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