

Effects of Direct Selling Strategy on Customer Loyalty by Commercial Banks in Kisii County

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Abstract

Direct selling strategy is fast becoming a significant approach to one's business. It emphasizes on interpersonal relationship as a way of ensuring a high level of influence on customers. In Kenya, direct selling strategy has consistently gained prominence for the past few years. Selling is however a very competitive field and this has led to compromises on the work ethic that eventually affects customer loyalty. Too much attention has been on customer acquisition without much regard to customer retention. The purpose of this study was to assess the influence of direct selling strategy on customer retention by commercial banks in Kisii County. The objective of this study is to determine how direct selling strategies employed by commercial banks affect customer loyalty, hence find out its role on customer retention by commercial banks. The study adopted a quantitative approach with a descriptive research survey that allowed a researcher to collect primary quantitative data through structured questionnaires. The total population was 300939 people comprising 171 sales people, 300752 customers and 16 sales managers. Random sampling was used in selecting the customers from every bank to be interviewed. Sample size of direct sales persons was calculated using Solvins' formula- $n=N/(1+N(0.05)^2)$ from the total population. The entire population of sales managers was used making a sample size of 130. The questionnaire with closed questions was used because it is the most appropriate for the study. Document review for secondary data was also used to gather data that had been recorded in the institutions that were contacted. The data was analyzed using quantitative methods. These include the mean, and percentages. Data was presented using simple statistical techniques. These include frequency tables and graphs. The study approached the issue of customer retention by determining the effects of direct selling strategies on customer loyalty. In this analysis, the researcher captured the findings on a five-point scale on the basis of their level of agreement. The findings indicated that all banks in Kisii County engage in direct selling activities as a way of increasing volume sales without much regard to customer retention. The banks' engagement in direct sales paid little attention to customer loyalty. As a recommendation the researcher proposed the establishment of an effective direct sales approach that ensures a successful customer retention implementation program.

Key Words: *Direct Selling, Direct Selling Strategy, Customer loyalty, and Customer retention*

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