DP10

Marketing of Financial Services

12 MAY 2000

1.	Time allowed	: Three (3) hours
2.	Total number of questions	: Five (5) questions
3.	Number of questions to be answered	: Four (4) questions [25 marks each]

4. Begin each answer to a new question on a fresh page.
5. Answer **all** questions in **English**.

ANSWER FOUR (4) QUESTIONS ONLY

1. (a) Describe a financial institution's "marketing management strategy". [10]

   (b) What needs to be implemented in order to achieve a marketing management strategy for your financial institution? [15]

   (Total:25 marks)

2. (a) A marketing tool which is becoming popular amongst bankers is "branding". Is branding strategy important to both retail banking and corporate banking? [10]

   (b) Outline a branding strategy adopted in a financial institution. [15]

   (Total:25 marks)

3. (a) Describe "cognitive dissonance" for bank marketers. [10]

   (b) Explain the methods used to minimise cognitive dissonance in a financial institution. [15]

   (Total:25 marks)

4. (a) Porter's Five Forces Theory is a popular approach used to analyse the market environment. Explain Porter's Five Forces Theory. [10]

   (b) Explain Porter's Generic Strategies and apply these strategies to some financial institutions in Malaysia. [15]

   (Total:25 marks)

5. (a) Explain **two** "direct distribution methods" commonly adopted by financial institution managers. [10]

   (b) Despite the popular practice of motivating a financial institution's sales force, financial institution managers still find the task of motivating difficult. Explain the reasons for these difficulties. [15]

   (Total:25 marks)

OUTLINE ANSWERS

Question 1

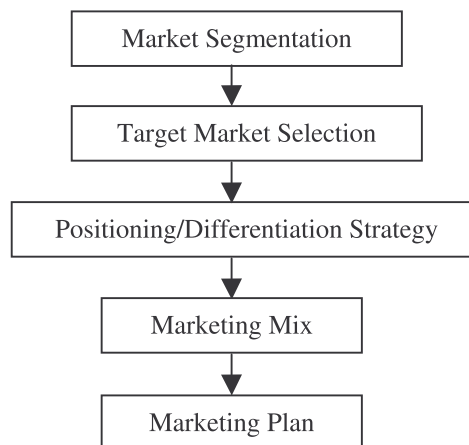
The question on "marketing management strategy" was a popular question attempted by most candidates. They, however, erroneously answered the question by failing to identify the strategic steps, i.e. market segmentation, targeting, positioning, marketing mix and marketing plan. Most of them just elaborated on the marketing mix or thought it was the corporate culture of marketing, i.e. sales, product or market-driven culture.

1. (a) A bank's Marketing Management Strategy refers to the management of marketing activities to attain specific organisational objectives, such as market share, positioning, revenues or profits. Marketing management strategy includes the following:

- Segmentation of markets.
- Identification of target markets.
- Develop positioning and/or differentiation strategies.
- Develop and implement a marketing mix for each target market.
- Devise a marketing plan for long term sustainable growth.

A market consist of all the potential customers sharing a particular need or want and who might be willing and able to engage in exchange to satisfy that need or want. A target market is a collection of current and potential customers that a firm chooses to serve. Most markets today are heterogeneous. Customers differ from each other in their wants, purchasing power and response to marketing stimuli. One strategy will not be effective for all customers in the market place. To be successful, organisations should first divide these markets into homogeneous subsets of customers. These subsets are called market segments. For example, banks divide their markets into commercial and retail customers. Unit trust companies form segments based on age, income and family life cycle stage.

Steps in Marketing Management Strategy



Few financial institutions have the resources to serve every market segment. Most banks select one or a few segments as their "target" markets. Selection is made on the basis of an evaluation process which includes factors such as size and growth of the segment, the level of competition in the segment, the organisation's capabilities to serve the customers in that segment and the firm's objectives.

For each target market, the organisation needs to have a positioning and differentiation strategy. Positioning refers to the strategy of identifying the preferences of the target market customers and developing an offering as close to the customer's preferences as possible. For example, if the customers in a target market are very price-sensitive ex: low cost housing loan, the bank must position itself as a no-frills, low price provider to appeal to them. Differentiation refers to attempts on the part of the organisation to persuade its customers that its offering is superior to its competitor's offerings. For example, a bank can claim that

customers wait for less time in their bank than competing banks, or that they offer higher rates on fixed deposits. The reference point for positioning strategy is the customer and for differentiation strategy is the competitor, for example, priority banking is targeted at HNWIS.

The positioning or differentiating strategy leads to the next step in marketing strategy. For each target market, the company has to develop a marketing mix which consists of the 5Ps as illustrated above (product, price, place or distribution, promotion and people).

Note that the 5Ps represent the marketers' view of the marketing tools available for influencing buyers. From a buyer's point of view, each marketing tool is designed to deliver a customer benefit. It is also suggested that the 5Ps correspond to the customers 5Cs:

5Ps	**5Cs**
Product	Customers' needs and wants
Price	Cost to the customer
Place	Convenience
Promotion	Communication
People	Customer Care (ex: courtesy, etc)

The last step in the marketing management strategy should briefly include the elements of a marketing plan, i.e. budget, resource, time frame, etc.

(b) In order for a bank to apply marketing management strategy as outlined in Question 1(a), it is imperative that the bank has to adopt wholesale the marketing concept first.

The guiding philosophy for such a bank is to identify customers' needs and wants. Then, it has to develop products and services to meet, satisfy if not delight those customers' needs. If there are any gaps, it has to fill in those missing links, e.g. poor customer service delivery maybe resolved through proper identification of staff, training, motivation and even automation. The marketing department has to work with other department like Information Technology, R&D, front line customer service, branches etc. to ensure a seamless delivery in marketing management. This is not an easy task as it may mean an upheaval in changing the traditional bureaucratic process driven culture of a bank into a more dynamic, flexible and flatter market driven culture. It took about 10-25 years, for a monolith international bank, like Citibank, to become the leading revolutionary and successful market driven retail bank in the world.

As such, the adoption of a marketing concept will help a bank to achieve its objectives (in terms of market share, mind-share, turnover, profitability, etc) through satisfying the customers from an integrated marketing management bank strategy.

In the volatile, but hyper competitive financial market in the 21st Century, the key for sustainable success lie in not only downsizing, cost cutting, automation or even hasty mergers and acquisition of 32 banks into X number of anchor banks. In Malaysia, for example it is strongly recommended that the paradigm shift from autocratic traditional banking practice into a 'lean and mean' but customer driven and friendly market oriented bank. Therefore, through the timely embrace of a market driven culture, Malaysian banks will be ready 'not' only to survive but thrive in the future, border-less world of internet banking.

Question 2

Another popular question was on "branding". Candidates answered generally well for the first part of the question. However, most of them lost valuable marks in the second part of the question where they were required to outline a branding strategy in a financial institution.

2. (a) A brand can be defined as a specific name, symbol, design or, more usually some combination of these which is used to distinguish a particular seller's product. A successful brand is one that, in addition to having a product that meets the functional requirements of consumers, also has added values that meet certain other psychological needs. These added values are elicited

feelings of confidence that the brand is of higher quality or more desirable than similar products of competitors. Successful brands generate considerable value for the organisation, for example, Standard Chartered Bank as a 'big' strong and family bank in the 70-80s.

Brands are equally important in both retail and corporate banking business. As in retail banking business, corporate customers face uncertainty and use the reputation of the brand or bank to assure themselves that they are getting value or prestige. Most corporate customers are cautious in doing business with banks that are not well known or banks which lack image or stability. For example, in the acceptance letter of credits, importers are wary of accepting Letters of Credits from unknown or questionable banks in third world countries, e.g. Nigeria's scandals in financial letters of offer in the early 90's in Asia. Also, to boost the image of themselves, businessmen impress their customers by validating they are banking with famous leading local Malaysian or international banks; to enhance their own credibility with suppliers or customers.

Branding is equally important amongst the retailers. Research has uncovered a bank will be in a better position if they can develop some sort of branding image for their products or services. Professor Michael Porter refers to this as "differentiation". Maybank's Tiger logo is definitely a symbol of branding for the bank. It can develop a range of services that provide psychological differences, i.e. perception to the customers. OCBC branding is "as solid as a Rock" to reassure its retail as well as corporate customers that they are dealing with a reputable and international bank with strong foundation.

To build a strong bank requires developing a quality bank product and design benefits in the products to make it more appealing. It has to assess the unique features of its brand and how it can be effectively communicated to the customers. These are inherent qualities that are required to build good brand image for both corporate and retail banking. The only critical difference is that it takes a longer timeframe to build the goodwill of a brand for corporate banking than retail banking due to the intangibility, heavier risks involved and trustworthiness factor which is required for a corporate banking customer.

(b) Brand building is at the heart of marketing management and marketing strategy. Product differences rarely provide long term advantage for a bank. Such differences are normally easy to copy and quickly overtaken by competitors due to intangibility and perishability of financial services. The task of marketing is to build up more enduring values which can retain the loyalty of customers.

Brand building must start with a quality product, which then must be effectively positioned with the marketing mix appropriate to the target market segment. Appearance and design are particularly important even for financial services. This basic brand then needs to be augmented with service, guarantee and support which will provide additional values to customers, e.g. not just a visa credit but Citibank's VISA card!

Successful brands provide long term value. They offer higher margins and more sustainable earnings streams. Strong brands also permit line extensions, which broaden the market coverage. Bank managers also need to be concerned with revitalising, repositioning and raising brand productivity.

Other issues of importance concerns the choice between regional and global brands versus local brands and the choice of buying versus building brands (for example, credit cards insurance are indirectly buying brands of Visa, Mastercard or both).

There are four steps in assessing one's brand image. First, focus groups sessions among the target audience should be employed to identify the attributes desired by customers. Second, research into these customers should be undertaken to find out their ideal brand – what attribute profile is perceived to be the most desirable. Third, the key competitors of the bank should be discovered. Finally, customers should be asked to rate the bank and its competitors along the key attributes.

Analysis of this research should allow the bank to professionally benchmark itself against both the ideal brand and those which it competes with.

Brands are neglected when banks have a short term time horizon. Brand building requires investment and the payoff is rarely short term and therefore the shortest timeframe is recommended to be at least 5 years and beyond. To build brands bank managers have to sacrifice short-term profits for the sake of long run market competitiveness, i.e. develop bank's brand equity.

Question 3

Candidates recorded the highest percentage of passes for the question on "cognitive dissonance". Although not a popular choice amongst most candidates, those who attempted this question gave programmatic examples of minimising cognitive cognitive dissonance. About half of those who attempted scored 60% of the allocated marks.

3. (a) A theory of cognitive dissonance by Dr. Leon Festinger emerged in 1957 at Stanford University. In layman's terms, it means 'after-purchase doubt' or discomfort occurs when a bank customer holds conflicting thoughts about a belief or an attitude – a feeling they tend to resolve by changing their attitudes to conform with altered behaviour. It occurs as a state of flux and disharmony following the purchase of a product or service. Cognitive dissonance also happens to a bank customer especially if the product is relatively expensive. Purchases of overdraft, term loans, house mortgage loans, life policies, foreign currencies, travelers cheques, usage of plastic card's line of credit and late payment charges are some areas where a bank customer may develop cognitive dissonance.

Thus the bank customer may develop a post-purchase anxiety because he feels that the charges are high and the qualities of rejected alternatives come to his notice. He begins to find fault in the services rendered. Moreover, if the cognitive dissonance persists, he may make up his mind never to buy the bank product again. In the worst scenario, the bank may lose a loyal customer and in the worst scenario, that dissatisfied customer may exert negative influence to another ten more customers on the perception of the bank concerned. Cognitive dissonance is a phenomenon which is hard to quantify as it manifests itself!.

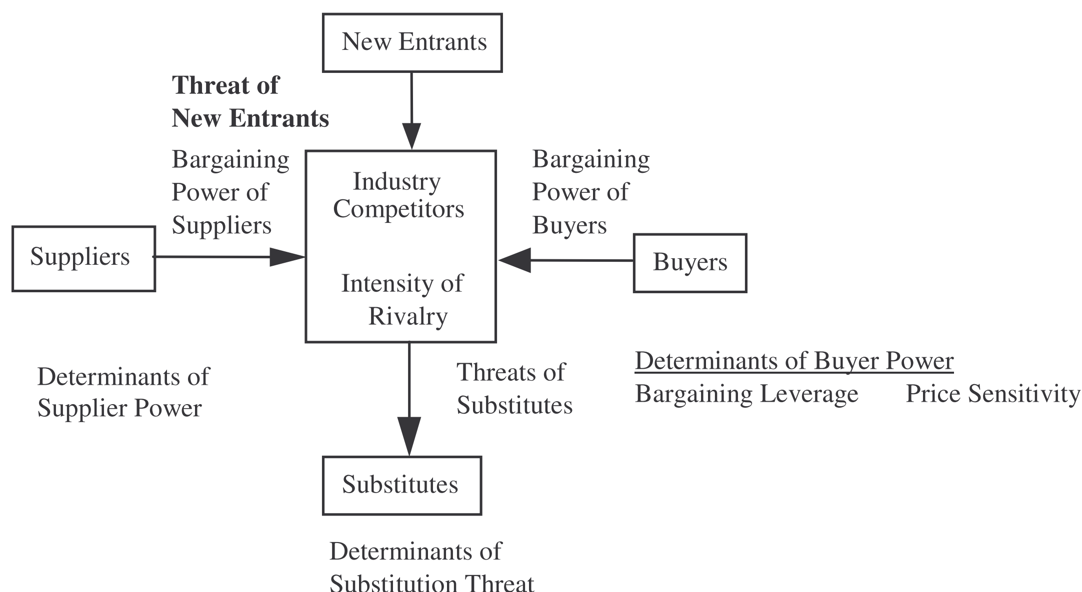
(b) Possible post-purchase experience has significant ramifications for bankers who have to build post-purchase strategies into their promotional campaigns. What makes post-purchase dissonance propel customers to take cognitive steps to reduce the unpleasant feelings created by rival thoughts? A variety of tactics is open to consumers to reduce post-purchase dissonance. The consumer can rationalise the decision as being wise, seek out advertisements that support the choice while avoiding dissonance – creating competitive advertisements, try to "sell" to their friends on the positive features of the brand, or look to known satisfied owners for peer reassurance.

In addition, a banker relieves consumer dissonance by including messages in its advertising specifically aimed at reinforcing consumer decisions, offering stronger guarantees and warranties, increasing the number and effectiveness of its services, or providing detailed brochures on how to use its products correctly. It calls for the bank to provide a creative process of alleviation, perhaps by personal after-sale service call that reassures the bank customer. A courteous smile, a post-sale friendly letter and good customer relationship can be forged between the bank's staff and the customer, and in itself is a source of reassurance that dispels cognitive dissonance. Posters, highway billboards, TV and radio advertisements are some of the 'build in' reassurance marketing to dispel cognitive dissonance. Beyond these dissonance-reducing tactics, marketers are increasingly developing affinity or relationship marketing programmes designed to reward good customers to build customer loyalty and satisfaction. Credit cards issuance have all developed such programmes for their loyal customers, e.g. membership reward schemes, no charges for supplementary card and even free annual membership for 'big spenders' etc.

Question 4
Porter's Five Forces Theory and Generic Strategies was worst-attempted question. Many mistook Porter's Generic Strategies (i.e. Focus, Differentiation, Cost and Middle of the Road) to be marketing or sales strategies (i.e. PEST, SWOT factors, etc.)

4. (a) In the matters of competitive strategy and competitive advantage, it is fair to state that no-one has had more influence on MBA schools worldwide than Professor Michael E. Porter of the Harvard Business School.

Industry Structure Analysis ("Five Forces" Model)
Porter believes that the nature and degree of competition in an industry hinges on five forces as illustrated in the figure below.



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Porter's Five Forces

These five forces are:

- the threat of new entrants (or the presence or absence of barriers to entry)
- the bargaining power of buyers
- the bargaining power of suppliers
- the availability of substitute products
- the intensity of rivalry among the current industry competitors (or the jockeying for position).

According to Porter, the effect of these forces on the underlying economic structure of an industry will determine its profitability, and as a consequence, the degree of competitiveness within it.

In order to be able to formulate strategies for dealing with these contending forces, a company must understand how they work for a financial institution and how they effect the company in its particular situation. Understanding the forces, and being able to analyse the sources of the pressure that each force is able to bring to bear, is critical to being able to compete successfully in the industry.

Threats of New Entrants
If the barriers to entry to an industry are low, new competitors are likely to want to participate. New entrants bring new capacity into the industry (that is, the ability to increase the volume and availability of the industry's product). They bring with them, too, a desire to gain market share. They often also bring with them substantial resources.

This means that the easier it is to enter an industry, the less profitable that industry is likely to be for the existing players.

If, on the other hand, there are high barriers to entry, or if any potential entrant can expect retaliation from the existing competitors, new players will be less likely to want to participate.

There are a number of significant barriers to entry. They include:

Economies of scale
Competitors who can produce their product in large volumes are able to produce them more cheaply; the unit cost of production will be lower. Thus, they enjoy what is referred to as economies of scale. Economies of scale deter entry by forcing any new player to come in on a large scale or to accept cost disadvantage. Such economies may occur in financing, research and development, manufacturing, distribution, marketing, advertising and sales promotion, utilisation of the sales force, service, and in fact, in nearly every part of the business.

Product differentiation
Product differentiation is usually created by the building of strong brands, such as VISA or MASTERCARD. Strong brands create a barrier to entry because they force potential new entrants to spend heavily to overcome existing brand loyalty. Advertising, customer service, being first in the industry and product superiority, all contribute to brand loyalty.

Capital requirements
Large sum of money is often required to enter an industry on a sufficiently large scale to make profits. The need to invest the large sums required in order to compete effectively creates a barrier to entry, particularly if the capital is required for unrecoverable expenses such as up-front advertising research and development. For banks, the set-up capital cost runs into millions of ringgit and is very costly.

Access to distribution barriers
Often, the existing players have secured reliable distributions channels that a new entrant may find hard to break into, especially if there are few available channels. Sometimes these barriers to entry are so high that a new entrant will have to create its own distribution channels if it wishes to participate.

Governments can limit the number of players in an industry or even prevent new entrants from participating at all. In Malaysia, the freeze on issuance of new banking license is a barrier for expansion for foreign banks.

Bargaining Power of Buyers
When the buyers of an industry's products are powerful (that is, when they have high bargaining power), the profits to be made by each competitor are severely diminished. The may lead to increased competition for market share.

There are a number of conditions that will lead to the bargaining power of a customer group being high. They include the following:
- There are only a few, large buyers.
- The products of the competitors in the industry are of a commodity nature (or incapable of being differentiated).
- The buying groups earn low profits.
- The industry's product is unimportant to the quality of the buyers' products.
- The industry's product does not save the buyers money.
- The buyers pose a credible threat of integrating backward and making the competitors' product themselves.

Bargaining Power of Suppliers
When the suppliers to an industry are powerful (that is, they have high bargaining power of a supplier group. They include:
- There are a few, large suppliers.

- The suppliers' product is unique, or highly differentiated.
- The suppliers' product does not have to contend with other products for sale to the industry.
- The suppliers pose a credible threat of integrating forward into the industry's business.
- The competitors are not important customers of the supplier group.

Availability of Substitutes
Substitutes are those products which are quite different in form but which offer a real alternative to the industry competitors' products. For example, Unit Trust can substitute retail savings and fixed deposits and Private Debt Securities also have some effect on corporate clients funds.

The ready availability of substitute products can limit the profit potential of competitors in an industry by placing a ceiling on the prices they can charge.

Unless the industry competitors can make their product significantly superior in the eyes of their customers, or differentiate it somehow (by marketing or distribution, for instance), the industry competitors will suffer in earnings and possibly in growth.

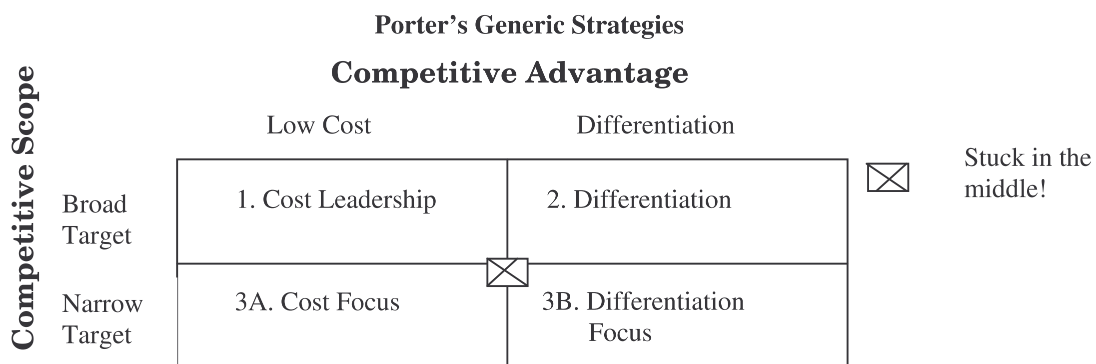
Buyers are more likely to turn to substitutes in conditions such as:
- The substitute is close in price and performance to the industry's product.
- The switching costs are low.
- The buyers have been accustomed to making switches to alternative products in the past.

The Intensity of Rivalry
The rivalry among existing competitors, or the jockeying for position among them, can be either intense or placid. Intense rivalry is exhibited in an industry in tactics like price-cutting, new product innovations and heavy bouts of "knock-out", comparative advertising.

There are a number of conditions that contribute to intense rivalry. They include:
- The competitors are numerous, or are roughly equal in size and power.
- The industry growth is slow.
- The industry's products lacks differentiation or switching costs.
- The fixed costs are high.
- The product is perishable.
- The exit barriers are high.
- The rivals are diverse in strategies, origins and "personalities".

(b) Porter argued that there are two "basic types of competitive advantage a firm can possess: low cost or differentiation" (1985). These combine with the "scope" of a banking business – the range of market segments targeted – to produce "three generic strategies for achieving above-average performance in the financial marketplace: cost leadership, differentiation and focus" (namely narrow scope), shown in the figure below.

Porter's Generic Strategies



To Porter, "being ' all things to all people' is a recipe for strategic mediocrity and below-average performance"; banks must "make a choice" among these to gain competitive

advantage. Or, in words that have become more controversial, "a bank that engages in each generic strategy but fails to achieve any of them is 'stuck in the middle'.

These competitive bank strategies are described below:

1. Cost Leadership: This strategy aims at being the low-cost producer in an industry. The cost leadership strategy is realised through gaining experience, investing in large-scale facilities, using economies of scale and carefully monitoring overall operating costs (through programs such as downsizing and total quality management). For example, Maybank with its wide reach of hundreds of bank network can target to utilise the cost leadership strategy and cater for the general market due to its critical mass.

2. Differentiation. This strategy involves the development of unique products or services, relying on brand/customer loyalty. A firm can offer higher quality, better performance, or unique features, any of which can justify higher prices. Bank Simpanan Nasional (BSN) and Bank Islam is differentiated from other banks in Malaysia. BSN has the privilege of conducting lucky draw prizes for its depositors, which has attracted billions of deposits. It has capitalised on this strength over the past decade. Bank Islam differentiates by being the pioneer Islamic Bank, with a lion share of SPTF market in Malaysia.

3. Focus. This strategy seeks to serve narrow market segments. A firm can "focus" on particular customer groups, product lines or geographic markets. The strategy may be one of either "differentiation focus" whereby the offerings are differentiated in the local market, or "overall cost leadership focus," whereby the firm sells at low cost in the local market. This allows the firm to concentrate on developing its knowledge and competences. Examples are Citibank retail banking focusing on middle to HNWI with its mortgage product and Citigold customers and Hock Hua Bank focus on East Malaysian businesses and "Teochew" Chinese businessman. Merchant Bank by nature of its character is a focus based financial institution.

Among many others, has questioned Porter's notion of having to pursue one strategy or else be caught "in the middle". Might such strategoc specialisation not "cause inflexibility and narrow an organisation's vision"? Miller cites the example of Caterpillar Inc., which differentiated itself by making the highest quality earthmoving equipment in the world. Its preoccupation with precision and durability let it to forget about efficiency and economy, rendering it vulnerable to Japanese competition. In contrast, Baden-Fuller and Stopford (1992) point to Benetton, which has been able to produce higher fashion at low cost and on larger scale. These authors conclude that there are enormous rewards for those who can resolve the "dilemmas of opposites." Gilbert and Strebel (1988) also discuss "outpacing" strategies, where firms (such as Toyota) enter a market as low-cost producers and then differentiate to capture even more market share ex: Lexus an upmarket product that targets the "Yuppy" segment.

Question 5

Another popular question among candidates was on "direct distribution methods" and difficulties in motivating sales force. However, only a few candidates scored above 60% of the allocated marks for this question.

5. (a) Direct distribution concerns itself with ways in which the product can be supplied from producer to consumer without the use of a specific intermediary. Direct distribution methods essentially fall into two categories: those using media such as the press, leaflets, telephones and of late the internet to invite response and purchase by the consumer; and those using a salesforce to contact consumers on a direct face-to-face basis. Despite the cost of ensuring compliance with Bank Negara Malaysia's (BNM) BAFIA, personal selling is likely to remain of considerable importance in the distribution of financial services, particularly insurance and investment products.

Direct Mail

Of the media-based methods of direct distribution, direct mail is perhaps one of the best known and most widely used. The objective of direct mail may be confined simply to informing the consumer and stimulating interest in a product or it may be concerned with directly soliciting a purchase. This latter function is commonly described as direct response advertising.

There has been a noticeable increase in the use of direct mail in the financial services sector in Malaysia since the mid 90s. This is in part attributable to the various restrictions which operate with respect to the advertising of financial services by BNM, but also reflects the fact that direct mail possesses a number of characteristics which make it particularly suitable for the communication and distribution of this type of product.

Firstly, when dealing with products which are relatively complex and often difficult to understand, e.g. a financial product, an initial mail communication will give the consumer time to consider the product and his/her reaction to it prior to moving into a buying situation. As such, it is thought to increase consumer confidence. Furthermore, with the opportunities to personalise and tailor the message to specific individuals and groups, the image of direct mail as "junk mail" is reduced and the power of the message increased.

Secondly, direct mail allows a bank to be highly selective in terms of which consumers it approaches. It is often argued that some 80 percent of an organisation's sales come from 20 percent of its consumers (the Pareto Law); if this group can be identified, they can be specifically, targeted via direct mail. For example, you do not send a Gold Card invitation to someone earning less than RM48000 per annum. Despite the higher costs associated with mail shots, the ability to target directly reduces the level of wastage in the communication process. Thus, in terms of business generated, direct mail can be highly cost effective. In addition, with organisations increasing their product ranges, direct mail is becoming an increasingly effective mechanism for cross selling.

Direct Response Advertising

Direct response advertising covers both direct mail and press/leaflet advertising. In its direct mail form it essentially involves providing the consumer with all the information required to make a purchase with minimal assistance from sales staff. In the press/leaflet format, the product is distributed by a two-stage process, which requires the consumer to respond to an initial offer and collect further details prior to the actual purchase. The essence of direct response in each case is that the distribution of the product occurs largely without the involvement of an agent – either in the form of an intermediary or a salesperson.

Through press and leaflet advertising, direct response presentation can target specific groups of consumers, although typically with a lower degree of accuracy than that achieve by direct mail. Although there is a loss of accuracy through the use of these media, there is nevertheless, a cost saving and it has been suggested that the increased use of direct response advertising for financial services products is as much cost driven as market driven. At present, the financial services sector is probably the largest single user of press-based direct response advertising and in the context of press advertising by financial services organisations, direct response is the most common format used.

Internet

A third feature is Internet web based marketing, a more versatile and controllable medium for communication and distribution. The organisation has a high degree of discretion regarding the quantity and layout of information available to the consumer which is of particular importance in the light of the BAFIA and its information disclosure requirements. Furthermore by allowing the bank to control which consumers receive which types of information and when they receive it, internet marketing presents an organisation with the opportunity to monitor with a high degree of accuracy the effectiveness of communication and distribution campaigns. Although an Internet campaign may be undertaken in-house, it is common for banks to employ specialist agencies to design and deliver website marketing. This will be the battleground for bankers in the 21st Century!

(b) With the overall field of motivation research, sales force motivation has attracted a considerable amount of problem. This is because, unlike many other categories of employees, the performance of salespeople is easily measurable and there is a strong link between an individual's work efforts and performance. Moreover, high sales force motivation is thought to lead to high sales performance. Despite the considerable volume of research in the area of motivation in general, and that of sales force motivation in particular, bank managers have found the task of motivating their salespeople to be a difficult one with no simple answers readily available. There are several factors for this:

1. Poor recruitment and selection techniques can mean that people largely unsuited for direct selling are taken on. Inevitably, it becomes hard to motivate, train and retain people who are not suitable for the type of work. This is a common phenomenon at banks.

2. Much of the empirical work on sales force motivation tends to focus on one conceptual model of motivation – usually that of expectancy theory, although others based on needs satisfaction are also popular. Focusing on one model of motivation tends to oversimplify the complexity of human motivation in work settings. Moreover, it tends to overlook the fact that motivation is dynamic and changes across time and is influenced by career stages.

3. Concentrating solely on sales force motivation without ensuring that the overall culture and environment within which salespeople operate in, only addresses part of the picture. Research has taken a holistic approach, has demonstrated that motivation is influenced by far more than perceptions of the job and the fit between the individual's physical and psychological needs and characteristics of the job. Matters such as perceptions of the organisation regarding career path, performance monitoring, products, training, promotion strategies, leadership are all equally important.

4. Motivation is influenced intensely by superiors and peers, as well as by circumstances, which in many instances are outside of the immediate control of banks. Matters such as changes in personal circumstances, the availability of alternative jobs and government policies and the recent call for mergers of local banks can all impinge on motivation and subsequently performance delivery.

Organisations in the financial services sector have commonly assumed that what salespeople want most from a job is money. They have applied simple 'rational economic man' models of motivation to the sales force and are then surprised when salespeople have not worked as hard as they possibly can for more money. However, although money may be a major enticement into that type of work, once that need is satisfied, other factors may become more important, for example, recognition, promotion prospects, overseas travel, training and educational loan.

Salespeople, like any other occupational group in a bank, pass through distinct career stages. The stage they are in, will influence their attitudes towards the job, perceptions of what they need from work and how these needs can be best met. The career stage framework for sales personnel developed by Cron (1984) identifies four distinct career stages: exploration, establishment, maintenance and disengagement. This can be used to provide a framework for examining what salespeople are likely to look for in their work.