CUSTOMER RELATIONSHIP MANAGEMENT STRATEGIES AND RETENTION AMONG COMMERCIAL BANKS IN NAKURU TOWN, KENYA

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Declaration

This research project is my original work and has not been submitted for examination to any other University or College for the award of degree, diploma or certificate.

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

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Dedication

This research project is dedicated to my family Winfred Muthoni and Magdalene Auma, my daughters, Renee Kemunto and Natalie Wendo, my son Daniel Randy Mecha my mother Peris Mecha and my brothers and sisters for being a source of joy and encouragement and for granting me moral support throughout the course of my studies at Kenyatta University.

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Abbreviations and Acronyms

ATM: Automatic Teller machine

CRM: Customer Relationship Management

GCCs: Guest Comment Cards

SPSS: Statistical Package for Social Sciences

TV: Television

Operational Definition of Terms

Commercial Bank- An institution that provides services such as accepting deposits, providing business loans, and offering basic investment products.

Customer Relationship Management- The efforts taken by organizations to improve how they relate with their customers.

Customer Retention- Activities and actions companies and organizations take to reduce the number of customer defections.

Electronic Banking – utilization of electronic platforms to exchange funds from one account to the other.

Media Advertisements– Use of mass media tools to communicate with customers

Personalized Selling– Face to face interaction between customers and bank staff or agents in the process of getting the customer aware of products and buy

Retail Banking Customers – individual consumers, rather than companies, corporations or other banks who seek for banking services. They form the market for services such as savings and transactional accounts, mortgages, personal loans, debit cards, and credit cards.

Social Customer Relations - communication with customers using social media.

Abstract

Banks can attract customers on a daily basis. However, they have not been able to retain most of their customers as noted by the high numbers of reduced customers. This study sought to assess the customer relationship strategies applied by commercial banks in Nakuru Town and their impact on customer retention. The objectives of the study were: to assess the electronic banking, personalized selling, media advertisements and social customer relations on their effectiveness in customer retention. The target population for the study was 66 customer relationship officers and managers from commercial banks in Nakuru Town. A census strategy was adapted for the study where survey research design was used. Data for the study was collected by administering questionnaires to the selected relationship managers and officers. The data was then analyzed using descriptive statistics such as frequency counts, percentages, means and standard deviation. Further, Pearson correlation analysis was done between customer relation strategies and customer retention. The study revealed a statistically significant correlation between the level of use of electronic banking and customer retention in commercial banks in Nakuru Town; personalized selling strategy was also found to have a statistically significant correlation with customer retention. However, correlation analysis did not reveal any statistically significant relationship between the media advertisement, social media relations and customer retention which could be explained by choice of media about the audience involved. The study, therefore, recommended that owing to the impact of electronic banking on the performance of commercial banks, it was important that banks enhance their investment in more innovative customer service technologies. There was also need for commercial banks to focus on improving adoption of internet banking, and personalized selling which is more convenient and cost-effective as it involves no other intermediaries such as mobile banking. The mode of media advertisement and social media to be adopted need to be re-assessed and reevaluated to determine the most effective medium to be used. It is hoped that the study will give meaningful insight on different customer relationship strategies to enhance their retention.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

A growing need for customer retention is evident with the increasing number of customers defecting from different financial institutions. There is a need for organizations to come up with activities and actions that can reduce customer defections in the organization. Effective client retention begins with the principal contact. The relationship between the organization and the client can be shaped and nurtured through its whole lifetime. An organization's capacity to pull in and hold new clients is not identified with its item or administrations, however emphatically identified with the way it benefits its current clients and the reputation it makes inside and over the marketplace (Singh &Khan, 2012).

There is a general accord that concentrating on client retention can yield a few financial advantages. As client residency extends, the volumes bought develop and client referrals increase (Kotler, 2006). At the same time, relationship support costs fall as both client and provider take in more about each other. Before, many organizations underestimated their clients. Clients frequently did not have any optional suppliers, or alternative supplies were similarly as inferior in quality and services. Additionally, the market was developing so quickly that the organization did not stress over completely fulfilling its client's needs. An organization could lose 100 clients every week, except pick up another1000 clients and view its deals as acceptable. Such an organization, working on a leaky bucket hypothesis of business, trusts that there will dependably be sufficient clients to supplant the abandoning ones (Kotler, 2006). In the cutting edge business condition, client maintenance is critical to most organizations because the cost of obtaining another client is far more prominent than the cost of keeping up a relationship with a present client. (Ro King, 2005).

Consumer satisfaction is the result felt by customers who have experienced a company performance that has satisfied their desire. Clients are fulfilled when their wishes are met and delighted when their hopes are surpassed. Satisfied clients stay steadfast longer, purchase more, and are less price sensitive. Besides, they speak positively about the organization. To be known, consumer loyalty must be measured, and there are a few built up methods for doing this (Kotler, 2006).

The benefits accrued from effective customer retention management have been documented through empirical studies world over, key among them being customer retention. Customer retention plays a significant role in enhancing durable businesses. According to Hanover Research (2013), only a small proportion of 12-15% of customers remains loyal to a single retailer. On the contrary, this small group of loyal customers has been found to generate approximately 55-70% of revenues. This is therefore very critical because customer retention rates would raise profits from customers. As such, we suggest these constraints on loyalty programs. Reichheld (1996) in his study found a direct relationship between customer retention and value where 5 percent improvement in customer retention was attributed to growth in average customer lifetime value ranging between 35 – 95%, thus a significant increase in company profitability.

African countries have also tried to come up with strategies that can ensure customer retention. This has been done by looking at the factors that influence retention in financial institutions. It has been noted that there are at-risk customers that need a proactive retention campaign (Owich, 2011). To this effect, several strategies have been effected in South Africa to help ensure customers are retained. There is the incorporation of more customer friendly services to ensure retention is made possible. Some of the strategies put in place include telephone banking, Automated Teller Machines (ATMs), online banking, and more recently, cell phone banking. The implementation of the given strategies ensures consistency of the old customers as well as a means of attracting new ones (Molapo & Mukwada, 2011)

To enhance survival in Nigerian banks, Adeleke and Aminu (2012) found a significant shift among firms in Nigeria from short-term relational focus to long-term transactions focus. According to Adeleke & Aminu (2012), it is more vital to focus on current clients than on new ones. All things considered essential, measures should be set up to guarantee that the current clients are retained (Olotu, Maclaton & Opara, 2010).

In Kenya, customer retention still proves to be a challenge, According to Laura (2005), 40% of bank customers are lost before they finish one year. She is of the opinion that the lucrative offers by the banks have attracted many customers yet the banks are not able to keep the customers as anticipated. Increased completion and a need to cut down on costs with the intention of increasing profitability has led to the realization of a need to concentrate on existing customers. Retaining customers is considered cheaper than attracting new customers. It is for this reason, Owich, (2011) argues that attracting new customers can only be considered as an intermediate marketing process towards customer retention.

1.1.1Customer Relationship Management Strategies

Customer Relationship Management (CRM) is the foundation, advancement, support and improvement of long term commonly important relationships amongst clients and organizations. It is a business procedure that furnishes a business with an entire, trustworthy, and incorporated perspective of its client base (Kotler, 2006). CRM isn't new in business in light of the fact that even the earliest vendors knew it was a smart thought to develop relationships with clients to keep them returning (Jobber, 2004). Notwithstanding it was understood that as firms developed, data about individual clients lost among the majority. To manage the consistently growing client bases, client gatherings or market segmentation was made, where clients were placed in groupings that best fit their wants. Utilizing these gatherings of clients most prerequisites and desires could be met, however there were trade off on many needs as the services were custom-made to market segments, not people (Bose, 2002). To manage this issue the term relationship Management began surfacing around 1980.

Amid this period, relationship management was named as a gathering of systems and terms that portrays how enterprises ought to make progress toward: long term relations, work with quality goods and make progress toward great client benefit (Buttle, 2004). Relationship management was quickly acknowledged among marketers. However this soon fell as it was discovered that the data expected to work with relationship management was generally absent. This was as a result of enterprises putting its focus on products and market segmentation (Peelen, 2005). The ubiquity premium was however revived amid the 1990's the point at which it was discovered that clients did not exclusively interact with the marketing departments, but rather the entire organization.

According to Grönroos (2004), client relationship management offers greater security, feeling of control, feeling of confide in, limited dangers and diminished cost of being a client. Numerous organizations that had beforehand worked around processing plants have attempted refocusing their consideration on clients. Effort is directed towards finding the correct clients and making relations in which the two parties benefit. However, the techniques and frameworks used to keep these client databases were exceptionally costly and unsustainable (Xu, Yen, Lin & Chou, 2002). According to Peelen (2005) the introduction of more advanced Information Technologies saw the comeback of the concept under the name Customer Relationship Management (CRM). Utilization of databases of client data at all touch focuses in the organization each individual from the organization has a total perspective of every client (Xu et al., 2002).

Today the concept of CRM is widely practiced in many institutions and has been given a wide range definitions based on the understanding and its application. As per the Gartner Group (2008) CRM is an IT empowered business system, the results of which streamline profitability, income and consumer loyalty by sorting out around client portions, cultivating client fulfilling conduct and actualizing a client driven process. Bose (2002) characterize CRM idea as an incorporation of advancements and business forms used to fulfill the requirements of a client amid any given communication. All the more particularly, CRM includes acquisitions examination and utilization of knowledge about clients to offer more products or benefits and to do it all more productively (Bose, 2002). With the expansion in innovation accessible to clients today, the world has turned into a significantly smaller marketplace and relationship is turning into a very essential offering perspective.

As Walton & Xu (2005) clarifies that CRM is utilized as part of a strategy for creating and developing clients, through expanded unwaveringness fulfillment. As per Walton and Xu (2005) most products from one organization can hardly be contrasted with another, and many organizations are putting forth fundamentally the same product or service to each other. Therefore, quality and relationship encounter winds up plainly one of the best focused perspectives for a business' survival. This situation can be observed in the banking sector where companies are designed with more similar products.

Organizations are additionally acknowledging they would more be able to effortlessly secure clients by understanding their needs and contending with surpassed desires which is achievable with powerful CRM frameworks (Kale, 2004). The acknowledgment of the advantages of CRM was likewise noted in the market of related software products in the USA. In 2008 the C.R.M. market achieved 8.9 billion USD, and by 2012 it was anticipated at 13.3 billion (Gartner Group, 2008).

Other strategies adopted by many organizations worldwide is to focus on creating long-term relationships with consumers, thereby building customer loyalty (Kumar, Batista & Maull, 2011). Building customer loyalty is critical as it does not only leads in customers staying with a service provider for longer, but they also purchase more from that service provider hence improving the profitability of the organization by keeping the advertising and other marketing costs low. Loyal customers are beneficial to the organization because they not only purchase more from the organization but they also give referrals to their friends by word of mouth. Customer loyalty is viewed as a strategy that creates mutual rewards to benefit firms and customers (Murugan, 2013).

1.1.2 The banking Industry Nakuru Town, Kenya

The banking sector in Kenya is characterized by rapid growth evidenced by sustained growth in assets, deposits, profits as well as product offerings. This is evident from country wide growth in branch network, the continuous emphasis on automation of a significant proportion of banking services, and an emphasis on the complex customer needs. Today the banking industry has expanded to 43 commercial banks and 10 microfinance banks, besides there is one independent mortgage finance institution. The high population of commercial banks in Kenya has resulted to a high relative ratio of banks to the total population, since 43 commercial banks are currently serving 44 million people. In other economies like in Nigeria's 22 commercial banks are serving a population go 180 million while in South Africa 19 commercial banks are serving 55 million people. This places the banking industry in Kenya at a precarious situation leading to increased competition and demand for increased innovations among the players for survival and to deal with the disruptions by new entrants into the market (Cytonn Investment, 2015).

Up to the year 2010, Nakuru Town was mainly served by the major commercial banks such as Barclays Bank, Standard Chartered Bank, Kenya Commercial Bank, Cooperative Bank and Equity Bank. However following the rapid swelling of the population in the years 2008 – 2009, the town recorded massive growth and diversification from agricultural based to commercial based. This has seen the number of commercial banks increase rapidly to 34 by the year 2015 (Central Bank of Kenya, 2015). Besides, the central bank set up a cash centre to accommodate the rapid growth generation and consumption of cash. However, with 34 commercial bank branches serving a population of under one million flags the town to a high relative ratio of banks to the total population therefore leading to escalating competition among the bank Branches.

Because of the developing banking industry, in Kenya today, rivalry in the industry has turned out to be intense to the point that banks are struggling to remain in business. This is because of clients informed, educated and as a result, all the more financially advanced. Additionally the financial condition has changes essentially because of progression of organizations, proficient data stream and political adjustment. Kenyan banks have needed to create techniques to react to rivalry, to both safeguard their niche markets and to develop their share of the overall industry (Gitonga, 2012).

Customer relationship management is one of the strategies adopted by commercial banks in Kenya in enhancing their competitiveness and customer relations. A study by Chemutai, (2006) at the Cooperative bank of Kenya found that the bank significantly embraced front office customer relations in order to improve the overall customer relations. In another study, Kuria (2010) assessed the relationship marketing practices in commercial banks in Kenya and found out that, commercial banks had tailored their products to orient to CRM strategies. However, they had not adequately enhanced CRM activities thus there was need to understand more about relationship marketing. Soimo, Wagoki and Okelo (2015) assessed the relationship between relationship marketing and customer retention in commercial Banks in Nakuru Town and found a positive relationship. However, the focus of the study was not on the strategies applied but whether organization applied CRM.

1.2 Statement of the Problem

In a competitive and dynamic business environment, corporations have to deliver excellent customer experience and build a portfolio of loyal customers who can guarantee repeat purchase for the continuity of the business. It is also worth noting that only 12-15% of customers are loyal to a single retailer, however, this small group of customers generates 55-70 percent of company revenues (Too, Souchon, & Thirkell, 2001). Customer retention rates would therefore raise profits from customers. As a result, corporations seek to put in place various strategies that enhance customer retentions.

The banking sector in Kenya has in the past one decade expanded very rapidly to 43 commercial banks. In addition, commercial banks have invested heavily in branch network expansion targeting major towns in the country. Nakuru town for instance in 2015 was served by 34 commercial bank branches; up from 5 branches in 2010. This has been identified as above the industry standards in the neighboring economies such as South Africa, and Nigeria whose economies and population were relatively larger than Kenya. The rapid expansion in bank branches especially in Nakuru Town has sparked very stiff competition among the players. Besides there has been standardization in bank operating practices and procedures based on central bank guidelines and policies therefore forcing banks to offer much the same products. Thus customer loyalty cannot be pegged on banks products alone.

Despite the ability for banks to attract customers, they have not been able to retain most of their customers as noted by the high numbers of reduced customers. As a result, banks have to invest heavily in strategies that enhance customer retention such as customer relationship management strategies. There is empirical evidence that CRM enhances customer retention yet the strategies applied in commercial banks have barely been explored. This study therefore sought to understand the customer relationship strategies that could be used for retention.

1.3 Research Objectives

The general objective of the study was to assess the customer relationship management strategies and their effects on customer retention in commercial banks in Nakuru Town.

1.3.1 Specific Objectives

Specific objectives of the study were:

1. To assess the effect of electronic banking on customer retention in commercial banks in Nakuru Town.
2. To examine the effect of personalized selling on customer retention in commercial banks in Nakuru Town.
3. To evaluate how media advertisement affects customer retention in commercial banks in Nakuru Town.
4. To assess the effect of social media relations on customer retention in commercial banks in Nakuru Town.

1.4 Research Hypotheses

The study was guided by the following null hypotheses:

H_{01}: Use of electronic banking has no significant effect on customer retention in commercial banks in Nakuru Town.

H_{02}: Personalized selling has no significant effect on customer retention in commercial banks in Nakuru Town.

H_{03}: Media advertisements have no significant effect on customer retention in commercial banks in Nakuru Town.

H_{04}: Social media relations has no significant effect on customer retention in commercial banks in Nakuru Town.

1.5 Significance of the Study

The study assessed the customer relationship strategies employed by commercial banks in Nakuru Town and other towns in the country. These findings would be beneficial to the players in the banking sector in that it would provide information on the CRM strategies that work in ensuring customer retention as opposed to those that are in effective. This would assist relationship managers in developing and implementing customer relationship strategies. Secondly, customers would benefit through the tailor made initiatives by their banks geared towards better customer retention. Scholars in the field of strategic marketing could also benefit through the empirical literature generated through the findings of this study.

1.6 Justification of the Study

Commercial banks have adopted a wide range of strategies in a bid to manage competition. The battle has been redirected to the individual customer focusing on how to capture and retain them. Due to pressure from competition, commercial banks have been forced to focus on many strategies both effective and non-effective with the objective of capturing and retaining the customer. Therefore this study brings to the attention the effectiveness on different customer relationship strategies thus help banks in making strategic decisions.

1.7 Scope of the Study

The study was done across all Bank Branches in Nakuru Town. It involved the staff in the customer relationship departments that is the customer relationship managers and the customer relationship officers. It sought to assess the CRM strategies in use on their effectiveness in customer retention. Four broad strategies used in commercial banks were explored: electronic banking, personalized selling, media advertisements and social media relations. These were analyzed to determine whether they contributed to customer retention. The study was conducted in a time frame of four months.

1.8 Limitations of the Study

The study was conducted in all commercial banks of Nakuru, this implies that the researcher had to get in touch with the relationship managers and officers. This however proved to be a challenge as he managers were busy and sighted time constraints in meeting the researcher. This was resolved by assuring the managers that the questions sought would be brief to allow the managers continue with their work schedule. Additionally, the relationship managers were suspicious upon being told the study was being converted in all the banks. It was felt that the information received would be used in other banks to wedge a competitive advantage. However, they were assured that the study was confidential and was only used for academic purpose.

1.9 Organization of the Study

The study is organized into five chapters. Chapter one looked at the introduction of the study. The background, problem of the study, objectives, hypothesis, scope of the study, limitation and organization of the study are presented. This chapter tries to make readers understand the study.

Chapter two of the study concentrated on the literature review. The literature is presented basing on the objectives of the study. Both theoretical and empirical literature has been presented. A summary of literature review is given and the chapter and with presentation of the conceptual framework for the study.

Chapter three dealt with the methodology for the study. This chapter explains in detail how the research was conducted. It looks at the research design, the target population, sampling techniques, data collection instruments and data collection procedure.

Chapter four of the study looks at the findings, analysis and discussion. This has been presented per the study objectives. A comparison of the findings with the empirical literature has been done to give the study a good grounding.

Lastly, chapter five presents the summary, conclusion and recommendations for the study. The chapter further gives suggestions for future studies that need to be incorporated.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a discussion on the literature review related to CRM in the banking sector. It explores the theories and models guiding in conceptualization of CRM as well as the empirical evidence from previous studies on the same. Further, it discusses the gaps in empirical literature to be filled in the current study and the conceptual framework on the variables.

2.2 Theoretical Literature Review

There are no specific theories explaining the customer relationship strategies and activities in organization. However the study focuses on a blend of theories of strategic management and marketing.

2.2.1 Resource Based Theory

The resource based view stipulates that in strategic management, the key sources and drivers to firms' competitiveness and superior performance are primarily connected with the characteristics of their assets and abilities which are profitable and expensive to-duplicate (Barney, 2001; Mills, Platts and Bourne, 2003; Peteraf and Bergen, 2003). Expanding on the suppositions that vital assets are heterogeneously dispersed over firms and that these distinctions are steady over time.

For an organization to be considered to have a sustainable competitive advantage it should be implementing a value creating strategy not simultaneously being implemented by any current or potential competitors. Customers' relationship management can therefore be used as an internal resource through which banks can enhance their competitiveness. This in the context of the current study could be achieved through investment in customer's service technology, strong personalized selling, media relations and engagement through the social media that has become very critical in customer relations today.

Resources are need if effective customer relationship management is to be achieved. Availability of resources will enable banks manage electronic banking, ensure personalized and enable media advertisement.

2.2.2 Assimilation Theory

Assimilation theory was developed from Festinger's dissonance hypothesis. The dissonance theory sets that customers make some sort of cognitive comparison between assumptions about the item and the perceived product performance (Peyton, et al., 2003). This perspective of the customer post-utilization assessment was brought into the satisfaction discourse in the form of assimilation theory. According to Seel (2012) customers look to maintain a strategic distance from discord by altering discernments about a given product to align it more with desires. Buyers can likewise lessen the strain coming about because of an inconsistency amongst desires and perceived product performance expectation either by changing desires so they correspond or by raising the level of fulfillment by limiting the relative significance of the disconfirmation experienced.

However the theory has been criticized by different researchers. Payton et al, (2003) contends that the methodologies embraced by the theory accept that there is a connection expectation and satisfaction, however, it does not determine how disconfirmation of a desire prompts either satisfaction or dissatisfaction. The theory likewise accept that customers are spurred enough to modify either their desires or their discernments about the product performance. Various analysts have discovered that controlling for actual product performance can prompt a positive relationship between desire and fulfillment. Along these lines, no doubt disappointment would never happen unless the evaluative procedures were in the first place negative consumer expectations.

This theory in the context of the current study can be used to explain the customer satisfaction in the banking industry as a function of their expectations in relation to the actual product or service obtained. The level of customer satisfaction on the other hand determines their loyalty and retention.

2.2.3 Assimilation-Contrast Theory

Assimilation-contrast recommends that if performance is inside a client's scope (range) of acceptance, despite the fact that it might miss the mark regarding desire, the error will be slighted assimilation will work and the performance will be considered as adequate. On the off chance that performance falls inside the scope of rejection, complexity will win and the distinction will be misrepresented, the deliver/benefit esteemed unsuitable (Chandrashekaran & Grewal, 2003).

The assimilation-contrast theory has been proposed so far another approach to clarify the connections among the factors in the disconfirmation model. This model is a blend of both the assimilation and the contrast theories. This worldview places that satisfaction is an element of the greatness of the disparity between expected and perceived performance. Similarly as with assimilation theory, the buyer will have a tendency to absorb or change contrasts in recognitions about item execution to align it with earlier desires however just if the inconsistency is relatively small (Reginald, 2003).

Assimilation-Contrast theory proposes that if performance is inside a client's scope (range) of acceptance, despite the fact that it might miss the mark regarding desire the inconsistency will be dismissed, assimilation will work and the performance will be esteemed as satisfactory. On the off chance that performance falls inside the scope of dismissal (regardless of how near the expectation), contrast will win and the distinction will be overstated, the item esteemed unsuitable (Chandrashekaran & Grewal, 2003).

Putting the theory in the contest of the study, CRM should strive to meet customers' needs. This implies that any effort made by the bank to retain its customers is taken as a positive move, Customers therefore will be retained due to the fact that performance falls in their desired scope. Any deviation from customers' desires is treated lightly as long as most of the customers' needs are met.

2.3 Empirical Literature Review

The empirical review is based on previous works by different authors in relation to the variables of the study. The empirical review looks at electronic banking, personalized selling, media advertisement and social media relations on customer retention in commercial banks.

2.3.1 Electronic banking and Customer Retention

Electronic banking, also known as the internet banking, has become a popular phenomenon in as far as facilitating e-commerce in the global market is concerned. The change was because of the intense competitive atmosphere because of globalization of markets, prompting companies in the banking sector to implement innovative techniques as a way of improving their competitive position. As Suleiman et al (2012) postulates, in their study, customer loyalty has become a key driver in a company's profitability and electronic banking has revolutionized the interaction between customers and the bank. As a result, companies are prompted to make customer loyalty as one of their major goals to achieving because the variable is a function of the company's success.

Worku, Tilahun and Tafa (2016) observed that technology is making a tremendous impact upon service companies in general and the financial services sector is no exception. The application of information and communication technology concepts, techniques, policies and implementation strategies to banking services has become a subject of fundamentals importance and concerns to all banks and indeed a prerequisite for local and global competitiveness in banking industry.

Different Authors have examined the concept of E-banking. According to a study in the United Kingdom and the republic of Ireland, electronic banking was defined as information or services that are provided through the internet platform by a financial institution, in this case a bank, to its customers (Floh & Treiblmaier, 2006). There has been a significant increase in demand for e-banking with customers shifting from the offline banking system. This is mainly associated with the benefits that the customers enjoy from e-banking. The study also showed that there are four major antecedents that relate to customer loyalty in the use of e-banking. This includes customer utility, reliability, responsiveness, and empathy (Asuncion, Fichten, Barile, Fossey, & Robillard, 2004).

Timothy (2012) in a study on electronic banking in Nigeria observes that three or four decades ago, banking was a simple business; consumers saved their money with and received their financial services from banks. When customers open savings account, they received passbook from the bank with which the account would be operated; and when it is a current accounts, they received cheque books for the same purpose. Today, the banking industry has moved into an era of menu-driven ultra-robust specialized software programmes called banking applications.

In a study conducted by Ogunlowore and Oladele (2014) to analyze the relationship between electronic banking and customer satisfaction in Nigeria, the study focused on commercial banks implementing e-banking. The findings revealed that power cuts during transaction send wrong signals about e-banking and poor regulation of the e-banking structures is a limitation of banking in Nigeria. Besides, significant portion of the population of banking customers in Nigeria were of the opinion that electronic banking has increased banking cost and charges and that customers have been compelled against their wish to use ATM in a bid to imbibe e-banking culture. Furthermore, some banks had lost customers due to poor implementation of e-banking. Nevertheless, the study also showed that electronic banking had helped to increase customer's satisfaction especially the corporate ones and helped to increase banks market share. This shows a mixed opinion on the outcome of the electronic banking strategy in commercial banks. The study however focused on electronic banking from the customer service perspective while this study looked at electronic banking from the customer relations perspective.

2.3.2 Personalized Selling and Customer Retention

Personal selling is defined as the use of people to sell products and services by meeting the customers face-to-face. The seller gets the opportunity to promote the company's products and/or services through the attitude, appearance, and knowledge of the product. The seller is then expected to share the same knowledge to the consumer in the bid to encourage the customer to buy or try using the service. The hallmark of a business includes profit maximization, customer satisfaction, anticipations, competitive advantage, and the ability to remain relevant in the market. This can be achieved by adopting personal selling as a paramount tool in a firm's operations. The banks also get the opportunity to increase their sales because the bank representatives are able to identify new customers, retain the old customers, and persuade all their customers in buying the firm's products.

Kotler and Armstrong (2010) in their study indicate that personal selling is an initiative by the sales department of an organization to match their sales performance while at the same time building and maintaining customer relationship. The clients get the opportunity to make more inquiries. The banking system is characterized by increased in stiff competition. The financial institutions are competing to increase their customer base without losing on their current customer base. The market has also widened with a significant increase in the number of services that the banking industry now offers to its customers.

According to Donaldson (1995), personal selling has two interrelated function including information and persuasion. The information section is the part where the company needs to communicate to its potential and existing customer as a way of getting to understand the challenges the consumers are going through. It is also in this section that the company decides on the possible solution to the challenges that the consumer is facing. The sales personnel impact knowledge about their products and services that are beneficial to their customers. They can also organize a range of information on promotional support, finance, technical advice, and other elements that influence customer satisfaction and customer retention.

Sadek and Tantawi (2016) conducted a study measuring the impact of personal selling on building bank brand equity in Egypt. The study sought to assess 5 customer-based brand equity dimensions namely brand awareness, brand associations, brand perceived quality, brand loyalty and brand trust by obtaining data from 465 bank customers. The results were analyzed using Structural Equation Modeling. The findings of the study revealed that that personal selling had a significant positive direct impact on all the 5 dimensions: brand awareness, brand perceived quality, brand associations, brand loyalty and brand trust. Given the fact that all the dimensions are interrelated, not all of them impact directly the overall brand equity. There were therefore only two dimensions that affect directly the overall brand equity.

These two dimensions consist of brand perceived quality and brand loyalty, which were found to have a significant positive direct effect on the overall brand equity in the Egyptian market. The study therefore concluded that any bank committed to build brand equity must focus on the personal selling and direct it to influence directly on the bank quality and the bank loyalty because high brand equity is the main competitive advantage particularly to a bank (Sadek & Tantawi, 2016). The study however collected the opinions from customers therefore the opinion of the banks staff was not taken into consideration. Besides, the impact of personal selling on customer retention was also not taken into consideration in the study.

2.3.3 Media Advertisements and Customer Retention

There has been a significant change in how consumers communicate over the last decade. In addition, the same changes have been experienced in as far as the mediums the consumers use to access information about the products they consume is concerned. The digital innovations experienced in the market have enabled consumers effortlessly to talk back and to each other about the services, they receive from the producers in the market. On the other hand, businesses have access to consumer's feedback through the available communications platforms such as YouTube, Facebook, Twitter, and MySpace among other platforms. Through these platforms, businesses are able to market their products and/or services to the market and as a result influence customer behavior anywhere and anytime.

According to Alexa (2010), the user generated content such as Facebook, Twitter, and MySpace among other social media platforms account for more than 11% of the total global internet traffic. The rise of these new media has resulted in a significant change in the business models in order to accommodate the change. The platforms have provided an opportunity for consumers to share their enthusiasm about their favorite brands. In a way, the user generated communication platforms serve as PR platforms for a business provided the business ensures that its customers have the best experience in consuming their products and services.

Kuusik and Varblane (2008) conducted a study on prevention of customer from leaving had their emphasis Estonian Telecommunication Industry. They wanted to establish some of the major factors that affect customer loyalty and prompt customers to shift to a new producer. The researchers adopted the use of a Logit Model in examining the factors that might influence the probability of customers remaining in their loyalty level or shifting to another loyalty level. The study stablished that when advertising, it is important not to treat all the customers equally; in as far as, the methods of increasing loyalty are concerned. Apparently, they discovered that satisfaction, trustworthiness, image, and importance of relationship are the major factors that influence customer loyalty. When customers are satisfied and are in a good relationship with the service provider, this prompts them to build the kind of foundation they would want in as far as loyalty is concerned.

Kuusik and Varblane (2008) further established that in as much as customer satisfaction is an important element in encouraging customer loyalty, a company has the responsibility of creating the image it would want its customers to have about their products and services. Adele and Aminu also conducted a similar research and established that quality, customer satisfaction, and corporate image presented about a company have direct impact in as far as customer loyalty is concerned. In order to get the correct corporate image that a brand would want to market to its target market, investing in advertisement is an important procedure. Media advertisements affect how consumers respond to the product and service advertised.

The content presented within the advertisement is a contributing factor in determining if the advertisement catches the attention of the consumer. According to a study done by Poku and Ampadu (2014), the presentation of a media, advertisement influences how they are to respond to an advert. When choosing the type of media advertisement to use in advertising, a bank needs to be aware and informed of the nature of advertisements that are mostly used by other players in the banking industry. Choice of media is also another element that determines how respondents react to the advert presented.

The advertisement constitutes the backbone of the brand presented. This implies that the customers' perception of the brand, especially in the case where this is a new brand introduced to the market for the first time, will depend on the quality and content of the advertisement. The fundamental issue that a business, in this case a bank, need to understand includes the type of business models that can be adopted and become successful for the multimedia chosen in presenting the company's ideas. Customers have shown a lot of dedication in as far as the consumption of the new multimedia content is concerned.

The new media platforms have presented an opportunity to the customers to provide feedback of what they feel about a brand advertised in the market. As part of managing their brand, companies need to understand how to react when consumers criticize them publicly about the advertisements their presented. The sentiments presented by the customers must be used for making the necessary corrections as mitigation for minimizing the probability of the consumer shifting his or her loyalty to another brand in the market. Companies need to maximize the use of the media as an avenue to market and develop their brand (Deighton, 2007).

With the significant increase in the use of new media as an advertising tool, marketers have also shown growth in interest in as far as managing the online community is concerned. Marketers need to understand that communication within these online communities can affect and influence brand perception positively or negatively. The marketer must therefore establish how to use this advertisement platform for turning these communities to become virtual friends of the company's brand.

2.3.4 Customer Relations through Social Media and Customer Retention

Social network marketing has becoming a paramount element and tool in marketing as a promotional strategy. This attributes to the fact that the platform is cost effective and its ease of use creates an environment to communicate and share information about a brand, business, product and services, and events among other activities in a company. According to Khan and Khan (2012), the use of social media as a marketing platform to raise the awareness about the existence of a brand allows for information to be passed on by the company's followers to their followers. This creates a multiplier effect that increases the audience to the company's products and services.

The social media system provides an opportunity for a business to create a dynamic ecosystem that not only incubates but also nurtures the relationship the business and its customer base. Consumers get to share their experiences about the brands presented to the market. In addition, the platform has provided the customers with an avenue to communicate to the company about what they want, need, and like so that the company can make the necessary adjustments to match with the demands presented by the consumers.

The interactive nature of the social media allows the company to involve the customer in content creation so that value is created and the customers are able to identify themselves with the brand. As a result, the needs of the customers are also realized (Sashi, 2012). The social media networks have captured the attention of managers in different companies owing to the fact that the company is in a position to interact with the customers directly, at the same time understand, and serve their customers. A company can only realize brand loyalty if it has the ability to respond to the competitive threats, entry barriers to competitors, and customer base sensitivity by addressing the concerns and sentiments presented by their target market.

According to a study by Lehmkuhl's (2014), social media is an important tool in customer relations setting through conversations, sharing, groups, and relationships. Conversation in this case is described as the conversation between the company and its customers. Sharing is described as the act of comparing information through various activities and processes. As a result, the company is in a better position to manage its relationship with the customers. Sharing leverages how social media users exchange, distribute, and receive the digital content presented.

Groups are described as a set of technological means that assist in the evolution of online user communities and sub-communities. In addition, relationships depict a set of technologies that creates a platform for an organization to create its networks of associations with diverse users and organizations. The use of social media in managing customer relations provides a company with the opportunity to access valuable information that relates to the customer. As a result, the company is able to understand the requirement, complaints, and experiences that customer have when they consumed the company's products and services.

A company is able to gather advanced knowledge about the consumer through the customer's networks interacts with the online communities. According to Shao (2009), common activities performed in the social media include consuming, participating, and producing content. However, the consumption of information is the primary behavior. Individuals may also create information by uploading pictures and videos. The socials media provides the user with a lot of freedom in as far as participation, openness, conversations, community, and connectedness are concerned (Mayfield, 2008). Every user has been granted the power to create content and provide feedback. The users can also share information with other user. Unlike the traditional media transmission, the social media is a two-way communication tool that allows conversation to take place among people.

The strategies implemented in customer retention are important for many enterprises mainly because they play an imperative role in finding new customers. The process of attracting new consumers in most cases consumes too much money and time while the returns are relatively low. As a result, the traditional methods for expanding customer base have been doubted since their contribution has been relatively low when compared to the amount of resources put in place to attract customers. Even in the case where the traditional methods have worked in as far as attractive new customers is concerned, they have not been as effective when it comes to customer retention.

Social media creates the opportunity for a business to find interested audience easily and maximize the opportunity to deliver the necessary information. As a result, the company is able to turn the target audience into potential customers and further into loyal customers of the company's brand. The medium also allows the company to touch on the potentially interested customers without having to waste a lot of resources on the potentially uninterested audience. As a result, money will not be invested on the potentially unprofitable customers. With social media, consumers can easily access commodity related information. In addition, they will also be comfortable to express their point of view about the products and services. The company can also collect feedback that they can use in order to obtain deeper insights about the opinion presented by the customer.

Information is delivered to the correct segment of audience that has the potential to become loyal customers. In addition, the company is able to maximize the use of the same medium in managing its relationship with the same consumers and ensure that they are retained to become loyal customers to the company's brands. The social media-marketing platform is not interested in a sing-purchase customer but rather develops a lot of interest on building a long-term relationship with a customer. This therefore implies that the medium creates a platform to interact with a customer, influence his/her motivation, receive feedback, and recommendation on how to deliver quality service. The medium also creates a platform for the business to attract new customers that are potentially loyal to the company brand. This is because of the feedback they have received from their friends and families that have already consumed the company's brand. When more customers consume the brand, the company is able to realize a strong brand image and market presence.

An exceedingly fulfilled client (Kotler, 2000) proceeds with his looking for quite a while, purchases more as long as the firm delivers new items and the current items are enhanced, discusses the firm and its products with commend, keeps not interested in the trademarks that are in rivalry with the results of the firm and does not put the accentuation on the cost, and offers the firm recommendations and thoughts regarding products and services.

Customer retention is the activity or development an organization embraces for the primary reason for diminishing buyers' uneasiness and dread about an item or administration with a specific end goal to expand the life expectancy of a client. The accomplishment in accomplishing customer retention starts with the requirements recognizable proof (Kassim and Abdullah, 2010), the level of satisfaction which proceeds all through the whole lifetime of a relationship (Kandampully and Suhartanto, 2000). The capacity of each foundation of organization to lure, hold current clients and pull in new clients isn't just associated with its thing for utilization or services, however basically connected with the picture and notoriety it makes inside and over the commercial center. Customer retention goes beyond fulfilling the present desires of the clients rather it is useful in foreseeing their desires so they end up loyal supporters and promoters for the organization's image. To get by in a global condition, it ends up plainly basic for associations to offer and convey a reliable elevated expectation of client benefit.

In the current circumstances, it has been exhibited that normal business associations loses around 30 percent of its clients because of their level of obtuseness to client connections. Incomprehensibly, most business associations contribute immense measure of cash, time, battle and work/quality in creating and keeping up client relationship. In any case, when they encounter development and deals development, they in the long run disregard, overlook the client while seeking after more organizations and let the set up relationship blur away. Han, Kwortnik and Wang (2008) set that the least difficult approach to build up a business is to keep up and keep the clients.

2.4: Summary of Research Gaps

Author	Focus of Study	Findings	Research gaps	Focus of current study
Suleiman et al., (2012).	Customer loyalty in e-banking: A Structural Equation Modeling (SEM) approach.	Customer's loyalty leads to companies' success.	Strategies of obtaining customers loyalty was not looked at.	Customer relationship management strategies and retention in commercial banks
Ogunlowore and Oladele (2014)	What Keeps the E-Banking Customer Loyal? A Multigroup Analysis of the Moderating Role of Consumer Characteristics on E-Loyalty in the Financial Service Industry.	Characteristics of customer loyalty includes customer utility, reliability, responsiveness, and empathy	Need to understand why customers shift from offline to online banking system.	Customer relationship management strategies and retention in commercial banks.
Ogunlowore and Oladele (2014)	Relationship between electronic banking and customer satisfaction	Electronic banking had increased customer's satisfaction especially the corporate clients and helped to increase banks market share.	Need to look at effective implementation of e banking.	Customer relationship management strategies and retention in commercial banks.
Sadek and Tantawi (2016)	The impact of personal selling on building bank brand equity in Egypt.	Personal selling had a significant positive direct impact on all the 5 dimensions: brand awareness, brand perceived quality, brand associations, brand loyalty and brand trust	Need to look at direct impact on overall brand equity.	Customer relationship management strategies and retention in commercial banks.
Kuusik and Varblane (2008)	How to avoid customers leaving; the case of the Estonian telecommunication industry.	satisfaction, trustworthiness, image, and importance of relationship are the major factors that influence customer loyalty	Need for company to create the image it desires to prevent customers from leaving.	Customer relationship management strategies and retention in commercial banks.

2.5 Conceptual Framework

The study conceptualizes that customer retention in commercial banks is a function of customer relations strategies applied. The relationship between variables is shown on the conceptual framework on Figure 2.1.

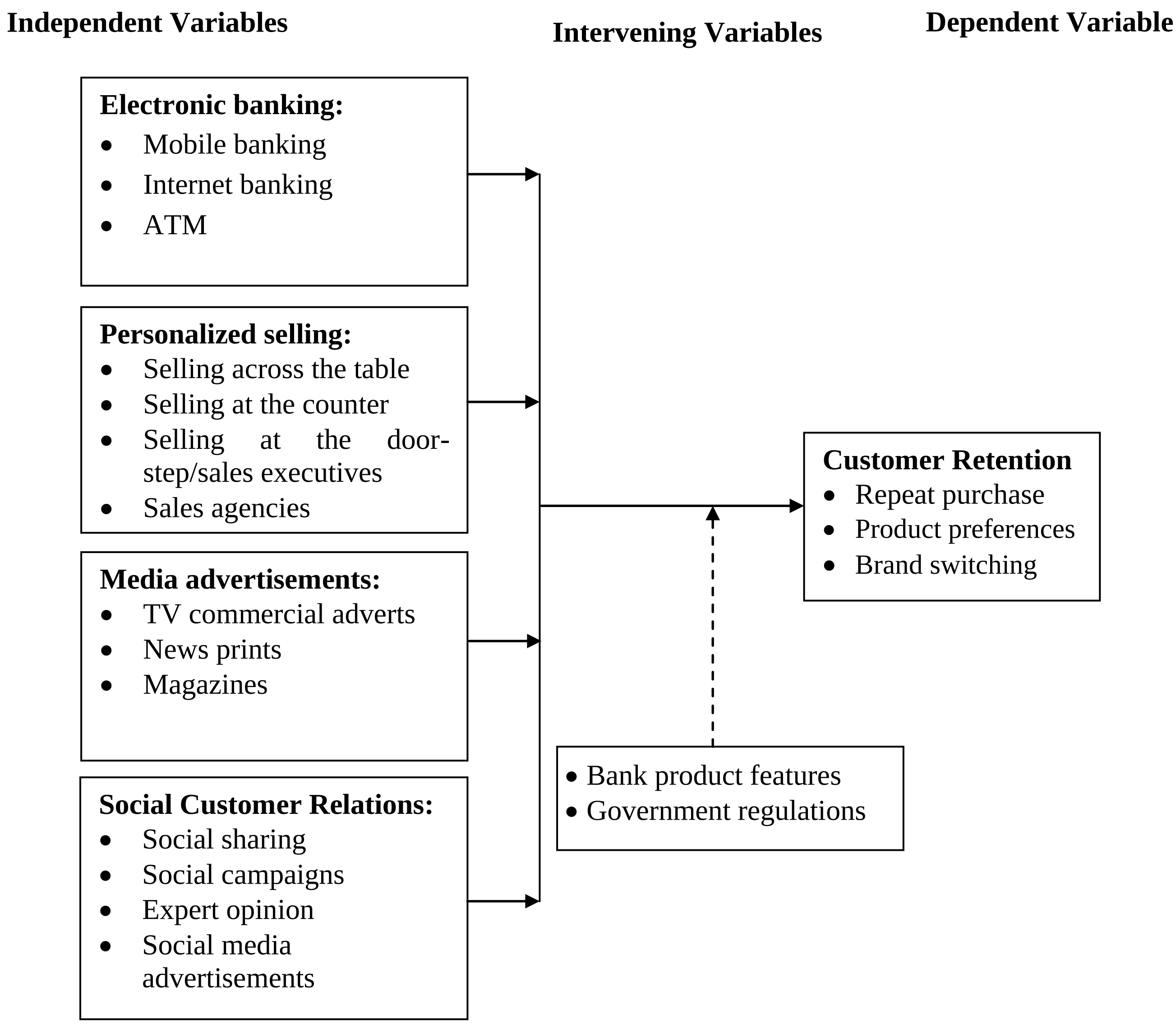

Figure 2.1: Conceptual Framework

Source: Author (2017)

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This section presents the methodology and procedures that were followed in conducting the study. It contains the design for the study, study population, sampling frame, study sample and sampling techniques, data collection instruments, procedures, pilot testing and data processing and analysis procedures.

3.2 Research Design

The study adopted the survey research design to collect data from bank managers on customer relationship strategies and customer retention in commercial banks. A survey research allows a researcher to obtain information that describes existing phenomena by asking individuals about their perception, attitude and behavior or values (Mugenda & Mugenda, 2003). In this study the survey approach helped the researcher to explore the concept of customer relationship management from a wider scope including all commercial banks in Nakuru. This enabled the study to develop an understanding on the industry general practice in CRM.

3.3 Study Population

The target population for this study was the customer relationship managers and the customer relationships officers in commercial Banks in Nakuru Town. Currently, the town hosts 33 commercial bank branches each with retail customer relationship managers and relationship officer. Thus the target population comprised of 33 customer relationship managers and 33 customer relationship officers thus the total population was 66 customer relationship staff in commercial banks, Nakuru. The two cadres of managers have been chosen as they mostly deal with relationship management and they engage with customers on a day to day basis thus are able to provide the needed information for the study.

3.4 Sample and Sampling Technique

This study targeted 33 customer relationship managers and 33 customer relationship officers of commercial banks clustered in Nakuru Town, thus a census strategy was adopted. Census was adapted as the number of target group was considered small hence using sampling methods would serve to reduce the numbers thus not make it representative enough. This also improved on the reliability of the study as there was no sampling bias. The sample distribution is shown on Table 3.1 below.

Table 3.1: Sample matrix

Category	Target population	Sample	Percentage
Customer relationship managers	33	33	100.0
Customer relationship officers	33	33	100.0
Total	**66**	**66**	**100.0**

3.5 Instruments of Data Collection

The study utilized primary data collected by the use of questionnaires administered by the researcher. Questionnaires are preferred because they allow collection of data from a large sample in a very economical manner as well as allowing the use of both qualitative and quantitative techniques in data analysis (Graveter & Forzano, 2003). The questionnaires were constructed in line with the study objectives. The questionnaires were designed using both open ended and closed ended questions where respondents' opinions were quantified by rating them on a five point likert scale.

3.6Validity and Reliability of the Study

3.6.1 Validity of the Study

Content validity in this study was ensured though triangulation in which data from each commercial bank was gathered from two respondents: a customer relationship manager and a customer relationship officer. This enabled the researcher to verify the accuracy of the responses provided. Construct validity indicates whether items measure hypothetical constructs or concepts accurately. To ensure construct validity, the researcher ensured the use of adequate definitions and measures of variables and operationalize variables based on existing theories and models.

3.6.2 Reliability of the Study

Before conducting the actual study, the questionnaires were first tested thorough a pilot study among selected Commercial Bank Branches in Naivasha Town. The pilot respondents were preferred in Nivasha as these were not to be included in the study sample. Reliability of the data collection tools was tested using the Cronbach reliability coefficient. The instruments yielded a reliability coefficient of 0.76 and according to Gay (1992), coefficient of 0.70 is considered adequate for instruments to be adopted for study.

3.7 Data Collection Procedure

In collecting data, the researcher first obtained an introductory letter from Kenyatta University. The researcher then obtained a research permit from the National

Commission for Science, Technology and Innovation (NACOSTI) then they informed and sought permission from the managers of selected Bank Branches before administering the questionnaires to the customer relations managers and the customer relations officers. The researcher personally conducted the field work through the actual administration of questionnaires. The questionnaires were administered using the drop and pick later method where respondents were allowed a week to fill and return.

3.8 Data Analysis

After all data was collected, the researcher conducted data cleaning, which involved identification of incomplete or inaccurate responses, which were then corrected to improve the quality of the responses. After data cleaning, the data was coded and entered in the computer for analysis using the Statistical Package for Social Sciences (SPSS) version 21. Data was then analyzed using descriptive statistics such as frequency counts, percentages, means and standard deviation in determining the distribution of responses. Further in order for the researcher to make statistical inferences on how variations in the customer relationship management strategies contributes towards enhancing customer retention, Pearson correlation coefficient between the application of each customer relation strategies and customer retention in the Bank was done. The presence of a significant Pearson correlation coefficient ($p < 0.05$) between two variables indicated that the CRM strategy has a significant effect on customer retention.

3.9 Ethical Considerations

The study ensured that research ethics were observed in the entire research process by ensuring the following: Respondents were assured that the information given would solely be used for the academic purpose of achieving the research objective. Any personal information meant for research purposes was kept strictly confidential. Respondents' rights to decline to fill the questionnaire was also respected. The researcher sought permission from the relevant authorities before embarking on the research exercise.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The study sought to analyze the customer relationship management strategies in relation to customer retention in Commercial Banks in Nakuru Town, Kenya. The sample size comprised of 66 customer relationship managers and officers in equal proportion out of which 57 filled and returned their questionnaires. The study therefore achieved a return rate of 86.4% which according to the researchers was satisfactory owing to the nature of the industry in which the research was being conducted.

4.2 Demographic Information of Respondents

The study sought to determine the demographic characteristics of respondents which included: their gender, age, education level, position held in the organization and their experience in the customer relationship management in the banking industry.

4.2.1 Gender of Respondents

The gender of respondents was tabulated for the members of customer relationship team in the banking sector as shown on the findings in Figure 4.1.

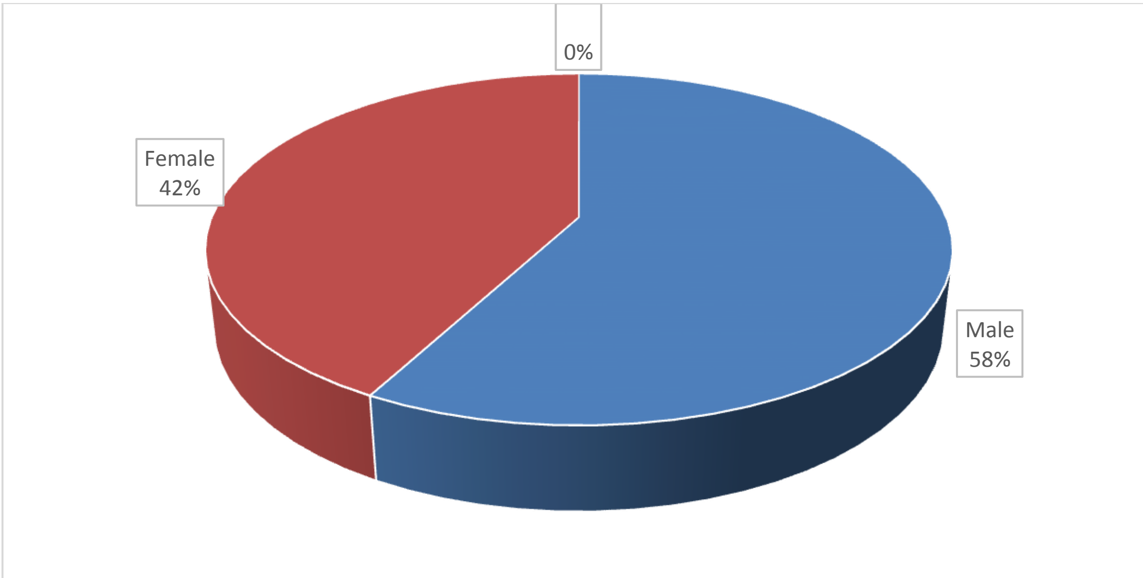

Figure 4.1: Gender of Respondents

Source: Survey Data (2017)

The findings presented in Figure 4.1 indicate that there were more male respondents than female in the banking sector in Nakuru Town where male gender constituted 57.89% and the female gender 42.11%. The difference however was not attributed as significant and it was deduced that both gender was considered important while hiring in the banking industry.

4.2.2 Age of Customer Relationship Management Team

The study was also interested in the age distribution of the staff who worked in the customer relationship management in the banking sector in Nakuru Town, Kenya. The findings were as presented on Figure 4.2.

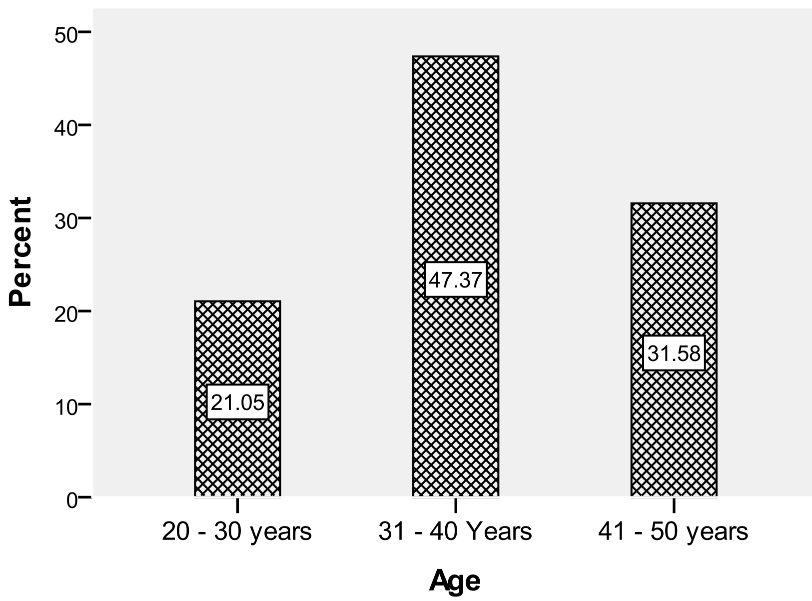

Figure 4.2: Age Distribution of Customer Relationship Management Team

Source: Survey Data (2017)

The age groupings were based on four cohorts with intervals class sizes of 10 years. As shown in the findings in Figure 4.2, the age bracket of 31 – 40 years had the highest population with 47.3% of the CRM team, 31.58% were aged between 41 – 50 years while 21.0% were aged between 20 – 30 years. None of the members of the CRM team exceeded 50 years.

4.2.3 Education Level

The study further sought to determine the education level of the customer relationship team in commercial banks in Nakuru Town. The findings were presented on Figure 4.3.

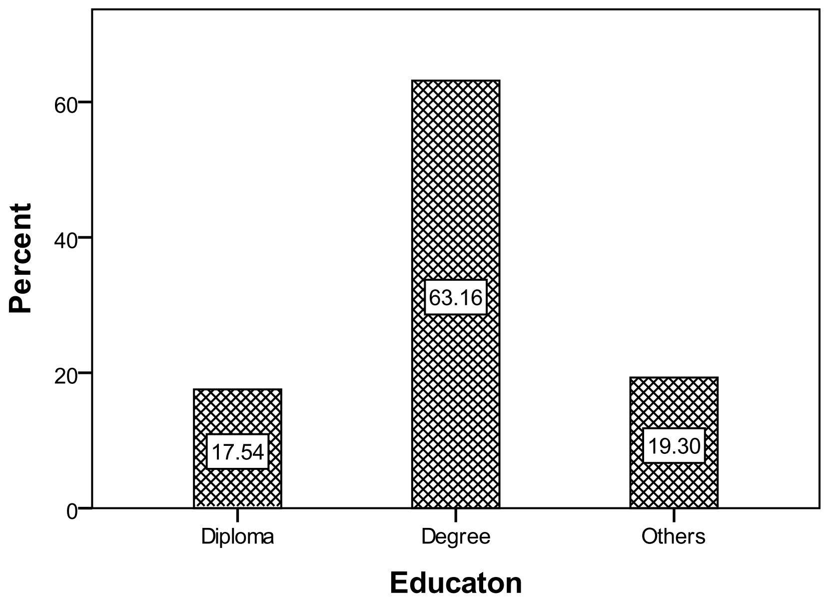

Figure 4.3: Education Level of CRM Team

Source: Survey Data (2017)

From the findings, it was revealed that majority of the staff in the customer relationship management (63.1%) had achieved university degree whereas 17.54% had diploma as their highest education level. The remaining 19.30% had other qualifications such as professional qualifications or post graduate. This shows that majority of the staff were well educated therefore could understand the subject of the study and respond accordingly.

4.2.4 Position held in the Bank

The position that held in the banks were sought from the respondents and the findings were as shown on Figure 4.4.

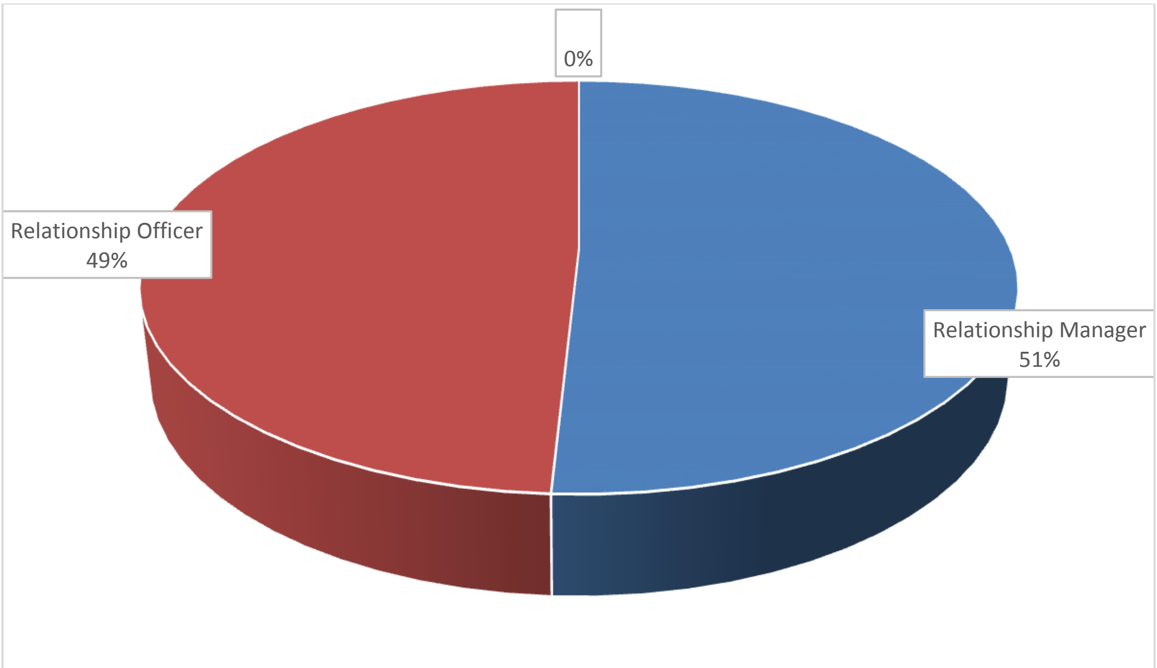

Figure 4.4: Position held in the Bank

Source: Survey Data (2017)

The study established that there were slightly more relationships managers (51%) than relationship officers (49%). The variations were slight hence it implied that the opinions of the customer relationship officers and managers were fully represented in this study.

4.2.5 Experience in Customer Relationship Management

Experience of the customer relationship staff was sought by asking respondents to state the duration they had worked in a similar capacity in the banking sector. Their responses were as shown in Figure 4.5.

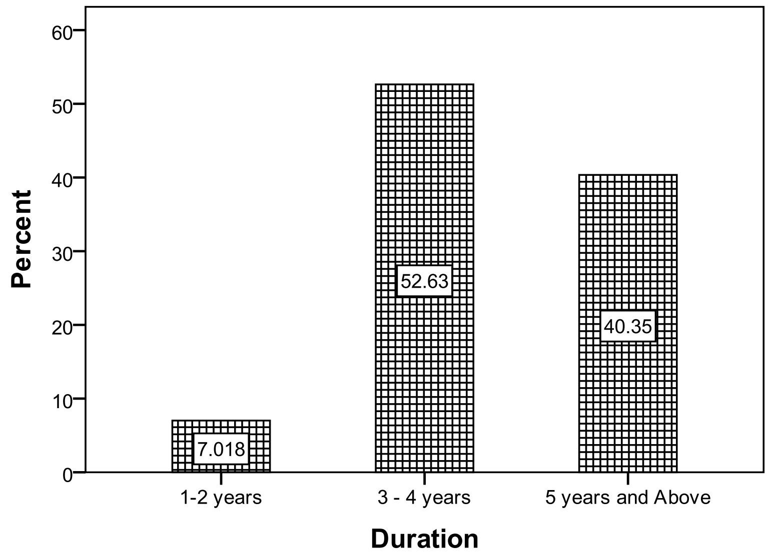

Figure 4.5: Experience in Customer Relationship Management

Source: Survey Data (2017)

Majority of the staff in the customer relationship department in commercial banks (52.6%) had been in the sector for a period of 3 – 4 years while 40.35% had been in the sector for 5 years or more. A marginal percentage of 7% cited having experience of 1-2 years.

4.3 Electronic Banking and Customer Relationship Management

The first objective in the study sought to determine how electronic banking has influenced customer retention in Commercial Banks in Nakuru Town.

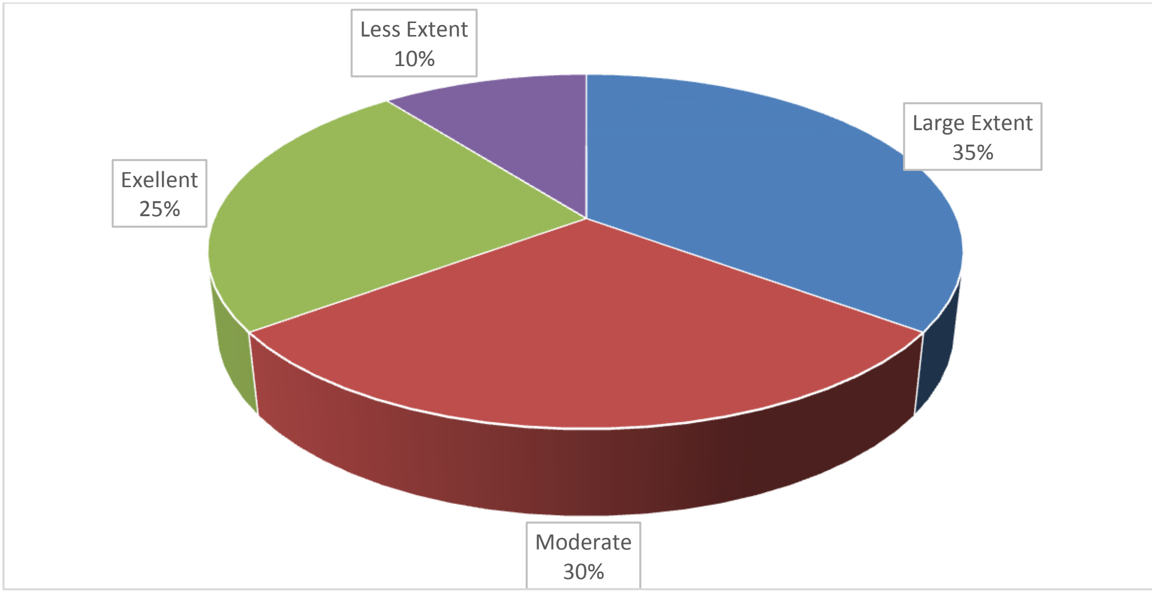

Figure 4.6: Extent of Embracing Electronic Banking

Source: Survey Data (2017)

The finding in Figure 4.6 outlines the views of customer relationship staff on the extent to which their institutions embraced electronic banking. 35% of the respondents indicated that their banks had adopted electronic banking to a large extent while 25% cited very large extent; another 29.82% cited moderate extent. A few CRM staff (10%) rated the adoption of at a less extent in their banks. This revealed that electronic banking generally had been adopted in commercial banks although not fully embraced in all institutions. This collaborates with Bultum (2014) study which showed a significant shift into electronic banking in Kenya.

4.3.1 Level of Adoption of Electronic Strategies

The study sought to determine the level of adoption of the various electronic banking platforms as strategies for customer relationship management. The rating on the level of adoption was done on a five point scale as: 5 – Very High, 4 – High, 3 – Moderate, 2 – Low, 1 – Very Low. Table 4.1 shows the ratings by the CRM staff.

Table 4.1: Level of Adoption of CRM Strategies

	5	4	3	2	1	Mean	Std Deviation
ATM	54.4	45.6	0	0	0	4.5	1.032
Communications through SMS	17.5	33.3	49.1	0	0	4.0	.803
Mobile Banking	26.3	21.1	45.6	7.0	0	3.8	1.456
Communication through Emails	0	4	22	26	5	3.0	.654
Internet Banking	3.5	8.8	38.6	40.4	8.8	2.5	.674

Source: Survey Data (2017)

The use of automatic teller machines in customer service has been embraced in all commercial banks surveyed. With a mean of 4.5 and a standard deviation of 1.032, it was revealed that this was the highest adopted strategy. ATM machines are easy to use and are considered as customer friendly.

Use of short message services (SMS) through mobile telephones was also highly embraced as indicated by a mean of 4.0 and a stand deviation of .803 which indicated the variables were not highly dispersed. None of the banks was found not to use SMS to communicate to its customers. These findings concurred with that of Timothy (2012) in the banking sector in Nigeria as well as Bultum (2014) in the banking sector in Ethiopia which showed significant uptake of electronic banking technologies as a strategy for enhancing engagement and relations with customers.

Regarding the adoption of Mobile banking, the study indicated a mean of 3.8 which was considered towards a great extent. This implies that a slight grater majority of the customers use mobile banking regularly hence had adopted well. None of the staff indicated lack of adoption in their banks. This shows that mobile banking had been largely adopted in commercial banks.

Communication through emails between the banks and the customers has been moderately adopted as seen from the mean of 3.0. It is presumed that customers with knowledge on how to use emails in their day to day business prefer use of email when doing their banking. Ogunlowore and Oladele (2014) cite regulation of e-banking structures and poor implementation of e-banking as a course of many customers not being able to utilize electronic banking.

Lastly on internet banking, only a small proportion of the customers were able to effectively utilize the strategy. With a mean of 2.5 and a standard deviation of .674, this imply that internet banking was the list used strategy. This can be attributed to lack of skills in use of online banking techniques. Although internet banking is one of the most convenient and cost effective method of engaging with customers has not been widely adopted in commercial banks in Nakuru Town.

4.3.2 Effectiveness of Electronic Banking in CRM

Besides the adoption, the study also sought to determine the effectiveness of each of the electronic customer service technologies which was measured on a five point scale as: 5 – Very effective, 4 – Effective, 3 – Moderate, 2 – Ineffective and 1 – Very ineffective. Further the mean rating was computed to determine which of the strategies was considered more effective than the others. The findings are presented in Table 4.2.

Table 4.2: Effectiveness of Electronic Banking in CRM

	5	4	3	2	1	Mean	Std Deviation
Communications through SMS	35.1	49.1	14.0	1.8	0	4.18	0.73
Mobile Banking	26.3	49.1	26.4	0	0	4.02	0.72
ATM	19.3	50.9	29.8	0	0	3.89	0.70
Communication through Emails	8.8	31.6	36.8	22.8	0	3.26	0.92
Internet Banking	0	7.0	28.8	45.6	17.5	2.26	0.84

Source: Survey Data (2017)

Communication to customers through SMS was very effective in customer service as depicted by a higher mean of 4.18. This implied that customers are comfortable and further find it easy to use SMS. Use of mobile banking ranked second on its effectiveness

(Mean 4.02, S.D 0.72) the standard deviation indicated a minimal variation on dispersal of the responses. It can therefore be deduced that mobile banking contributed greatly in enhancing customer service and therefore better customer retention. Pakistan, Saleem and Rashid (2011) also found that mobile banking has one of the most significant and strong impact on customer satisfaction.

The study established that use of ATM ranged moderately highly effective (Mean= 3.89, SD= 0.70). ATMS are relatively easy to use thus are seen as very effective, use of ATM is seen as a form of personalized banking hence Abrol (2014) observed that banks that desire customers to be committed to deal online must implement personalized aspect of the services i.e. getting to understand what customers need and act as per demand.

The effectiveness of internet banking was low (mean 2.26, SD= 0.84). It is evident that internet banking is an aspect that has not yet been fully embraced. Banks and relationship personnel thus need to come up with ways to ensure internet banking is embraced. This finding was consistent with that of the low level of adoption of internet banking thus less impact was expected.

4.4. Personalized Selling

The second objective for the study sought to examine the effects of personalized selling on customer retention in commercial banks. To achieve this, the study first determined the level of adoption of the various strategies of personalized selling and the rating on the level of effectiveness from the perspective of the CRM staff. Table 4.3 shows the findings on the level of adoption of personalized selling.

Table 4.3: Level of Adoption of Personalized Selling

	5	4	3	2	1	Mean	Std Deviation
Sales executives visiting customers at their places of work or homes	33.3	49.1	17.5	0	0	4.0	0.34
Selling services across the counter in the banking halls	15.8	40.4	42.1	1.8	0	3.8	1.093
Selling to customers across the table in social gatherings	7.0	15.8	64.9	12.3	0	3.2	1.027
Selling products through sales agencies	0	0	15.8	50.9	33.3	2.0	0.77

Source: Survey Data (2017)

Majority of the CRM staff indicated that their banks employed sales executives who were visiting customers at their places of work (Mean= 4.0, SD=0.34). Use of this strategy is aimed towards enhancing customer retention.

It was further revealed that CRM staff rely on selling services across the counter in banking halls (Mean =3.8, SD=1.093). This strategy is considers relatively easy as one gets to serve readily available customers in the bank. Convincing he customers from the banking hall might not be as tasking as trying to get customers who do not use the banks products.

Selling of products through sales agencies was ranked as very low (Mean=2.0, SD= 0.77) this implies that banks prefer meeting their customers personally instead of using a third party agent. According to Sadek and Tantawi (2016) personal selling has a positive direct impact on brand awareness, brand perceived quality, brand associations, brand loyalty and brand trust. It is for this reason that banks prefer reaching their customers directly without the involvement of intermediate parties.

Table 4.4: Effectiveness of Personalized Selling

	5	4	3	2	1	Mean	Std Deviation
Sales executives visiting customers at their places of work or homes	38.6	57.9	3.5	0	0	4.35	0.55
Selling services across the counter in the banking halls	5.3	31.6	50.9	12.3	0	3.30	0.76
Selling to customers across the table in social gatherings	5.3	21.1	56.1	17.5	0	3.14	0.77
Selling products through sales agencies	0	17.5	42.1	33.3	7.0	2.70	0.84

Source: Survey Data (2017)

Sales executives visiting customers at their places of work or homes was found to be the most effective strategy (Mean = 4.35, SD 0.55). The findings corroborate with Sadek and Tantawi (2016) who established that personal selling had a significant positive direct impact on building bank brand equity.

Selling to customers across the table in social gatherings was considered moderately effective and rated at Mean = 3.30, SD = 0.76 meaning that it was reasonably effective in enhancing customer retention. The effectiveness of social selling was also emphasized by de Vries, Gensler & Leeflang (2012) as it offers different values to firms, such as enhanced brand popularity, facilitating word-of-mouth communication.

The effectiveness of selling services across the counter in the banking hall scored a mean of 3.14, SD = 0.77. Consequently, it implied that it was moderately effective in enhancing customer retention in commercial banks.

Selling products through sales agencies was rated list effective in personalized selling (Mean 2.70, SD = 0.84. The low rating on the effectiveness of use of sales agencies is consistent with the low level of adoption of this strategy by commercial banks.

4.5 Media Advertisements

The third strategy explored was the use of media advertisements to communicate with customers both existing and potential. The rating on the level of adoption of media advertisements was done on a five point scale as: 5 – Very High, 4 – High, 3 – Moderate, 2 – Low, 1 – Very Low. Table 4.5 shows the findings on the level of adoption of Media Advertisements in commercial Banks.

Table 4.5: Level of Adoption of Media Advertisements

	5	4	3	2	1	Mean	Std Deviation
Advertisement through news papers	29.8	38.6	31.6	0	0	4.5	1.064
Use of radio advertisements	12.3	52.6	35.1	0	0	4.0	1.003
Announcements and statements in news papers	7.0	50.9	42.1	0	0	3.9	.804
Commercials in local vernacular radio stations	3.5	35.1	42.1	19.3	0	3.6	.967
Use of TV commercial adverts	1.8	31.6	50.9	15.8	0	2.8	.674
Use of magazines about the banks and its products	0	28.1	38.6	33.3	0	2.6	1.056
Road shows	3.5	17.5	57.9	21.1	0	2.4	.867

Source: Survey Data (2017)

It was established that the most used advertisement was newspapers as depicted by of mean of 4.5 and a standard deviation of 1. 064. This was closely followed by use of radio advertisements (Mean=4.0, SD=1003). Comparing the use of TV and radio advertisements, it is evident that radio advertisements were more popular among commercial banks compared to TV advertisements. The use of media advertisements was also emphasized in Kuusik and Varblane (2008) as a common tool in enhancing customer relations.

Use of vernacular radio stations rated moderately, Mean 3.6, SD =96.7. This however can only be supported in areas where majority of the bank customers are able to understand the given vernacular language. Road shows were the least used communication strategy to attract customer retention. It could be deduced that the CRM made effort to ensure retention to customers is made possible. This finding is related to Poku and Ampadu (2014), who opine that the presentation of a media, advertisement influences how they are to respond. As a result, vernacular, print and TV adverts are used as alternative methods of presenting advertisements.

There was need to determine the effectiveness of media advertisement in Banks while trying to retain customers. Table 4.6 presents the findings of the study as follows.

Table 4. 6: Effectiveness of Media Advertisements

	5	**4**	**3**	**2**	**1**	**Mean**	**SD**
Commercials in local vernacular radio stations	28.1	50.9	21.1	0	0	4.07	0.70
Road shows	19.3	43.9	29.8	7.0	0	3.75	0.85
Use of radio advertisements	0	28.1	50.9	21.1	0	3.07	0.70
Use of TV commercial adverts	0	35.1	52.6	12.3	0	3.23	0.66
Announcements and statements in news papers	1.8	42.1	45.6	10.5	0	3.35	0.69
Use of magazines about the banks and its products	0	5.3	29.8	50.9	14.0	2.26	0.77

Advertisement through news papers	1.8	42.1	45.6	10.5	0	2.33	0.81

Source: Survey Data (2017)

Rating all media advertisement strategies based on their mean rating on effectiveness in enhancing customer retention revealed that, commercial advertisements in vernacular radio stations were the most effective strategy for enhancing customer retentions Mean = 4.07, SD = 0.70, followed by road shows Mean = 3.75, SD = 0.85 and announcements and statements in newspapers Mean = 3.35, SD = 0.69. Use of Use of TV commercial adverts and radio advertisements were moderately effective at Mean = 3.23, SD = 0.70 and Mean = 3.07, SD = 0.70 respectively. General advertisement through newspapers and the use of magazines to publicize banks and their products were the least effective. This implies that of the various communication media, radio had the highest impact especially vernacular radio in enhancing customer retention followed by road shows, TV and lastly the print media. When using any type of media, it is important to consider one that will enable the target population benefit from its intended purpose. The study concurs with Kuusik and Varblane (2008) who are of the view that use of media was an important element in encouraging customer loyalty. Additionally, Ampadu (2014) emphasized on the effectiveness of media in reaching certain market segments.

4.6 Social Customer Relations

The fourth objective for the study sought to assess the effects of social media relations on customer retention in Commercial Banks in Nakuru Town. As a result, the study first sought to determine the social media commonly used in commercial banks and further analyzed the level to which the social media was embraced and it's rating on effectiveness in ensuring customer retention.

4.6.1 Types of Social Media Adopted by the Banks

The types of social media were analyzed using a multiple response analysis in Table 4.7.

Table 4.7: Type of Social Media Adopted

Social Media	Frequency	Percentage
Instagram	16	27
WhatsApp	16	27
Face Book	14	24
Twitter	11	22
Total	57	100

Source: Survey Data (2017)

The findings in Table 4.7 shows that Instagram and WhatsApp and were the most adopted social media platforms cited by 27% of the staff in the CRM departments. 24% indicated that their banks had Face book accounts while 22 % were on twitter platforms. This implies that social media was highly embraced in the banking institutions and most of them maintained more than one social media platforms. This finding was agreed with Alexa (2010) who indicated that Facebook, Twitter, and MySpace among other social media platforms account for more than 11% of the total global internet.

4.6.2 Level of Use of Social Media

The level of adoption of social media indicated on Table 4.8 was based on the ratings on different areas of its usage within the banking sector. The intensity of use was based on a five point scale as: 5 – Very High, 4 – High, 3 – Moderate, 2 – Low, 1 – Very Low.

Table 4. 8: Intensity of Use of Social Media

	5	4	3	2	1	Mean	Std Deviation
Use social media in social sharing	5.3	17.5	33.3	35.1	8.8	2.9	1.457
Social media campaigns	12.3	42.1	40.4	5.3	0	3.9	.457
Sharing expert opinions by bank executives through social media	7.0	36.8	47.4	8.8	0	3.5	1.764
Social media advertisement.	38.6	40.4	10.5	10.5	0	4.6	.567

Source: Survey Data (2017)

The study established that social media was largely used as a source of media advertisement as presented by a mean of 4.6 which was towards a 'strongly agreeing'. The use of social media for advertisements was very common across banks. Adeleke and Aminu (2012) in their study established that quality, customer satisfaction, and corporate image presented about a company through advertisements have direct impact in as far as customer loyalty is concerned.

Social media campaigns followed in intensity of use as depicted by a mean of 3.9 and a standard deviation of .457. Through social media campaigns, the CRM can pass the needed information to their bank customers.

On the use of social media for sharing expert opinions by bank executives, the practice was moderately rated (Mean =3.5, SD=1.764). This shows a substantial use of social media in sharing expert opinions such as clarification of hard concepts to customers. This agrees with Khan and Khan (2012) that organizations were using social media as a marketing platform to raise the awareness about the existence of a brand allows for information to be passed on by the company's followers to their followers. This creates a multiplier effect that increases the audience to the company's products and services.

The study further sought to determine the effect of social media relations on customer retention by seeking opinions from the CRM staff on the effectiveness of social media relations in their banks. The level of effectiveness was assessed on a five point scale as 5 – Very effective, 4 – Effective, 3 – Moderate, 2 – Ineffective and 1 – Very ineffective.

Table 4.9: Effectiveness of Social Media Relations

	5	**4**	**3**	**2**	**1**	**Mean**	**Std Deviation**
Social media campaigns	17.5	24.6	40.4	7.5	0	3.42	0.98
Social media advertisement	5.3	31.6	57.9	0	5.3	3.32	0.81
Sharing expert opinions by bank executives through social media	1.8	17.5	54.4	26.3	0	2.95	0.72
Use social media in social sharing	1.8	19.3	35.1	35.1	8.8	2.70	0.94

Source: Survey Data (2017)

Social media campaign was rated as most effective relation in enhancing marketing (Mean = 3.42, SD = 0.98). This implied that through use of campaigns, more customers can be reached and retained. Social media advertisements were rated second most effective in enhancing customer retention at (Mean = 3.32, SD = 0.81). This meant that social media advertisements were considered key by the CRM team in enhancing customer retention in commercial Banks in Nakuru. Campaigns and advertisements can be used to reach to a wider audience.

The use of social media in sharing expert opinions by bank executives was rated moderate on its contribution towards customer retention (Mean = 2.95, SD = 0.72). There is a preference by experts to disseminate information using other channels rather social media. It is believed that this other avenues are taken more seriously than social media. Additionally, social media cannot be relied on to pass information to all age groups.

Lastly, use of social media in sharing was rated least effective in enhancing customer retention (Mean = 2.70 SD = 0.94). This can be deduced that banks don't share information using social media unless the information is on campaigns and advertisements.

4.7 Customer Retention

The study was set to assess the customer relationship management strategies and their effects on customer retention in commercial banks. As a result, the level of customer retention was assessed for the banks using declarative questions on five point scale as: 5 – Strongly Agree, 4 – Agree, 3 – Uncertain, 2 – Disagree, 1 – Strongly Disagree. The findings are presented on Table 4.10.

Table 4.10: Customer Retention

	5	4	3	2	1	Mean	SD
Our customer rarely switch to other banks	17.5	54.4	19.3	8.8	0	3.81	0.83
Customers always prefer our products compared to that of our competitors	1.8	17.5	54.4	19.3	8.8	3.39	0.94
Customers are passionate and have psychological affection with the bank	10.5	35.1	40.4	10.5	3.5	3.26	0.84
Customers always come back for repeat purchases	3.5	38.6	40.4	15.8	1.8	3.09	1.21

Source: Survey Data (2017)

Majority of the CRM staff indicated that customers rarely switched to other banks (Mean=3.81, SD=0.83). This imply that customers were satisfied with the treatment they received from their banks. Additionally, it was revealed that customers preferred the products of their bank as compared to that of their competitors (Mean =3.39, SD=0.94). Psychological affection with the bank was rated moderately which implied the levels of psychological affection depended on other factors that need to be looked at. Finally, the study sought to know customers behavior patterns in terms of repeat purchase, it was indicated that a relatively smaller proportion came for repeat purchase. Rating all the indicators of customer retention based on the mean scores revealed that highest scored indicator of retention was that customers rarely switched banks (Mean = 3.81, SD = 0.83) followed by customer preference to the products and services (Mean = 3.39, SD = 0.94). Customers psychological attachment with the banks and repeat purchases were least scored at (Mean = 3.26, SD = 0.84) and (Mean = 3.09, SD = 1.21) respectively.

4.8 Inferential Analysis

In order to determine the relationship between customer relationship management strategies and retention among Commercial Banks in Nakuru Town, the study performed Pearson analysis between the application of each customer relation strategies and customer retention in the Bank. The judgment was based on the presence of a significant Pearson correlation coefficient ($p < 0.05$) between the two variables which indicate that the CRM strategy has a significant effect on customer retention. This test was also used to make statistical inferences on the study hypotheses. Table 4.11 presents the results of Pearson correlation analysis.

Table 4.11: Person Correlation Analysis

		Electronic banking	Personalized selling	TV advertisements	Social media	Customer retention
Electronic banking	Pearson Correlation	1	.078	.182	.225	0.635**
	Sig. (2-tailed)		.566	.176	.092	.000
	N		57	57	57	57
Personalized selling	Pearson Correlation		1	.244	.237	0.349**
	Sig. (2-tailed)			.068	.076	.000
	N			57	57	57
Media advertisements	Pearson Correlation			1	.131	.083
	Sig. (2-tailed)				.330	.541
	N				57	57
Social media	Pearson Correlation				1	.069
	Sig. (2-tailed)					0.612
	N				57	57

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data (2017)

The first correlation test sought to determine the relationship between use of electronic banking and customer retention in commercial banks by testing Hypothesis 1.

Hypothesis 1

The hypothesis stated that:

H_{01}: Use of electronic banking has no significant effect on customer retention in commercial banks in Nakuru Town ($H_{01}: \rho > 0.05$)

This hypothesis was tested by determining the relationship between use of electronic banking and customer retention in commercial banks using Pearson correlation analysis in Table 4.11. The tests were done at a significance level p = 0.05. The test results on Table 4.11 indicate that there was a positive strong correlation between electronic banking and customer retention, r=0.635. The relationship was further significant at p (0.00) < α (0.05). Therefore the study rejected **H_{01}:** that Use of electronic banking has no significant effect on customer retention in commercial banks in Nakuru Town. An alternative hypothesis was adapted and it was concluded that electronic banking has a significant effect on customer rentention in Nakuru town. This finding corroborates that of Suleiman et al., (2012) and Worku, Tilahun and Tafa (2016) which attributes the intensity of electronic banking and in general terms use of technology to revolutionize interaction between customers and the bank. As a result, this has contributed to enhancing customer loyalty which is one of the major goals for company's success.

Hypothesis 2

The study also sought to determine the relationship between use of personalized selling strategy and customer retention in commercial Banks in Nakuru Town by testing Hypothesis 2.

The hypothesis stated that:

H_{02}: Personalized selling has no significant effect on customer retention in commercial banks in Nakuru Town.

This hypothesis was tested by determining the correlation between the level of use of personalized selling and customer retention using Pearson correlation analysis in Table

4.11. The tests were done at a significance level of $\rho = 0.05$. The test results show that there was a positive slight positive correlation between personalized selling and customer retention, r= 0.349. The relationship was further significant at p (0.00) < α (0.05). Consequently, the study rejected **H_0:** Personalized selling has no significant effect on customer retention in commercial banks in Nakuru Town. An alternative hypothesis was adapted hence it was concluded that personal selling has a significant effect on customer retention. This finding agrees with that of Sadek and Tantawi (2016) which was conducted in Egypt to assess the impact of personal selling on building bank brand. The study therefore concluded that any bank committed to build brand equity must focus on the personal selling and direct it to influence directly on the bank quality and the bank loyalty.

Hypothesis 3

Hypothesis 3 stated that:

H_{03}: Media advertisements have no significant effect on customer retention in commercial banks in Nakuru Town.

This was tested by determining the relationship between the extent of use of media advertisements and customer retention in commercial banks in Nakuru Town using Pearson correlation analysis. The results are shown on Table 4.11. The correlation results revealed that there was a positive negligible relationship between media advertisement and customer retention, r = 0.083. Additionally, the relationship was not statistically significant p (.541) > 0.05). This implies that although commercial banks invested in media advertisements, its impact in enhancing customer retention was not key. Therefore the study failed to reject the null hypothesis. **H_0:** Media advertisements have no significant effect on customer retention in commercial banks in Nakuru Town.

The finding shows that although use media advertisements are associated with communication with customers it is not always the case that it would enhance customer loyalty. Poku and Ampadu (2014), further explains in their study that the presentation of a media, advertisement influences how they are to respond to an advert. Therefore when choosing the type of media advertisement to use in advertising, a bank needs to be aware and informed of the nature of advertisements that are mostly used by other players in the banking industry. Choice of media is also another element that determines how respondents react to the advert presented. This was further reiterated by Kuusik and Varblane (2008) who opines that when advertising, it is important not to treat all the customers equally

Hypothesis 4

The fourth hypothesis stated that:

H_{04}: Social media relations has no significant effect on customer retention in commercial banks in Nakuru Town

To test this hypothesis, Pearson correlation analysis was done between the intensity of use of social media and the customer retention in the commercial banks. The tests results are as shown on Table 4.11. There was a positive negligible relationship between social media relation and customer retention, r = 0.69. Further, there was no statistically significant correlation between the two variables P (.612) > 0.05). Therefore the study accepts the **H_{04}:** that Social media relation has no significant effect on customer retention in commercial banks in Nakuru Town.

According to a study by Lehmkuhl's (2014), social media is an important tool in customer relations setting through conversations, sharing, groups, and relationships. Conversation in this case is described as the conversation between the company and its customers. Furthermore, Khan and Khan (2012) identify the use of social media as a marketing platform to raise the awareness about the existence of a brand allows for information to be passed on by the company's followers to their followers. This creates a multiplier effect that increases the audience to the company's products and services. However, the relationship developed with customers through social media and the extent to which this contributes to enhancing customer retention remains a question because the current study did not find any statistically significant. This closely collaborates with Schwichtenberg (2015) that although literature review show that there is an impact from online customer reviews on product choice, it does not provide enough information to draw a clear conclusion regarding the problem. The survey clearly linked online customer reviews with product choice as well as customer retention. Therefore presence in the social media alone could not guarantee better customer retention but how well the organization used the social media platforms.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses a summary of the research findings, draws conclusions and recommendation for the study. The presentation is based on the research objectives.

5.2 Summary of Findings

The study sought to assess the customer relationship management strategies and retention among commercial banks in Nakuru Town, Kenya. Focus was made on electronic banking, personalized selling, media advertisements and social media relations.

5.2.1 Electronic Banking and Customer Retention in Commercial Banks

The findings revealed that the level of adoption of electronic banking was high. A few CRM staff rated the adoption at a less extent. Communication through SMS had the highest impact on customer retention, this was followed by mobile banking, use of ATM and communication through emails were rated third and fourth respectively. Internet banking was the least effective among the electronic banking platforms in enhancing customer relations. Further analysis on the variables revealed that there was a statistically significant correlation between the level of use of electronic banking and customer retention in commercial banks in Nakuru Town.

5.2.2 Personalized Selling and Customer Retention in Commercial banks in Nakuru Town

The second objective of the study sought to analyze personalized selling in relation to customer retention in commercial banks in Nakuru Town. The findings revealed that, a number of personalized selling strategies were adopted in commercial banks which included: selling to customers across the table in social gatherings, services across the counter, sales executives visiting customers at their places of work or homes and selling products through sales agencies. On effectiveness, Sales executives visiting customers at their places of work or homes was found to be the most effective strategy among personalized selling strategies in enhancing customer retention in commercial banks rated. This was followed by selling in social gathering, selling services across the counter in the banking hall and lastly was the use of sales agencies. The low rating on the effectiveness of use of sales agencies was consistent with the low level of adoption of this strategy by commercial banks. Personalized selling strategy was found to have a statistically significant correlation with customer retention.

5.2.3 Media Advertisements and Customer Retention in Commercial banks in Nakuru Town

Banks have adopted a wide range of media advertisements to communicate with its customers which include the use of TV commercial adverts, use of radio advertisements, commercials in local vernacular radio stations, advertisements as well as announcements through newspapers. Other media used include use of magazines about the banks and its products as well as road shows. On effectiveness of the media used, commercial advertisements in vernacular radio stations were the most effective strategy for enhancing customer retention, this was followed by road shows and announcements and statements in newspapers. Use of Use of TV commercial adverts and radio advertisements were less effective. There was no statistically significant relationship between the media advertisement and customer retention which could be explained by the choice of media in relation to the audience involved.

5.2.4 Social Media Relations and Customer Retention in Commercial Banks in Nakuru Town

The fourth objective for the study sought to assess the effects of social media relations on customer retention in Commercial Banks in Nakuru Town based on opinions drawn from CRM staff. The findings revealed that WhatsApp and Instagram were the most adopted social media platforms. Social media campaigns was rated as most effective in enhancing marketing campaigns followed by social media advertisements. The use of social media in sharing expert opinions by bank executives was rated moderate on its contribution towards customer retention while social sharing using corporate social media accounts was rated least effective in enhancing customer retention. Overall the results revealed that there was no statistically significant correlation between the use of social media relations and customer retention in commercial banks.

5.3 Conclusion

Based on the foregoing study findings, it was evident that the level of adoption of electronic banking was high especially on the use of automatic teller technology and mobile banking. However, internet banking was given least attention yet it was the most cost effective strategy in electronic banking. Overall, electronic banking had a statistically significant effect on customer retention in commercial Banks.

Personalized selling strategy was widely adopted in the banking industry as a customer relations strategy. Consequently, it was found to have a statistically significant influence on customer retention in commercial banks owing to the strong relationships created during the interaction between the bank staff and its customers. However, customer the use of bank agencies in enhancing customer relations was least applied yet this was one of the most widely adopted platforms for delivering banking services to customers.

The study revealed a number of media used by commercial banks in communicating to its customers. However, although from the opinions of the CRM staff these media was effective in enhancing customer retention, correlation results on the utilization of media against the level of customer retention revealed lack of a significant relationship.

Commercial banks highly embraced the use social media in communicating with their customers. Therefore most of the institutions were in multiple social platforms such as face book, twitter, whatapp and Instagram. However despite the much presence in the social media, the impact on enhancing customer retention was minimum and insignificant.

5.4 Recommendations

Owing to the impact of electronic banking on performance of commercial banks, it is important that banks enhance their investment on more innovative customer service technologies. There is need for commercial banks to focus on enhancing adoption of internet banking which is more convenient and cost effective as it involves no other intermediaries such as mobile banking.

Commercial banks should invest more in building customer relationship skills of its sales staff. Besides, banks should explore the possibility of enhancing customer relationships using the banking agencies that have recently emerged as major platform for customer service.

Commercial banks need to adapt to a form of media that has been proved to be effective. There is need for banks to re assess their use of media advertisements to determine their choice of media and also determine how respondents react to the advert presented in order to focus on media with maximum impact.

Commercial banks need to reevaluate their presence in the social media and determine the most effective engagement strategies that would add value to customers and enhance their level of customer retention.

5.5 Recommendations for Further Research

Following the findings of the study, the following further studies are recommended:

There is need for further research to determine how the banking agencies contribute towards enhancing good relationships between banks and its customers and its impact on customer retention

There is need for a study by commercial banks on the use of media advertisements to determine how respondents react to the advert presented by the banks.

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APPENDICES

Appendix 1: Introduction Letter

JAIRUS MECHA
P.O.BOX 16721-20100, NAKURU,
KENYA.

Dear Respondent,

I am a Masters student at Kenyatta University. In partial fulfillment of the requirements for the award of a Master of Business Degree in Strategic Management, I am currently carrying out a study entitled **CUSTOMER RELATIONSHIP MANAGEMENT STRATEGIES (CRMS) IN IMPROVING RETENTION OF RETAIL BANKING CUSTOMERS AMONG COMMERCIAL BANKS IN NAKURU TOWN, KENYA**

This questionnaire gives you as chance to express your views on the research topic and the views you hold on **customer relationship management strategies in Banking.** The findings of this study will be published and reserved at KU Library. The information you give will be treated with utmost confidentiality and will be used for the purposes of this research study only. You are therefore **NOT** required to write your name on this questionnaire. Your cooperation will be highly appreciated.

Thank you

Jairus Mecha

Appendix 2: Research Questionnaire

Section 1: General Information

1. Indicate your gender:

a) Male ( )
b) Female ( )

2. Select your age bracket:

a) 20 – 30 yrs ( )
b) 31 – 40 yrs ( )
c) 41 – 50 yrs ( )
d) 51 – 60 yrs ( )

3. What is your highest education Level?

a) KCPE/KCSE ( )
b) Diploma/ Certificate ( )
c) Degree ( )
d) Others ( )

4. Which of these best fits your position in the company?

a) Customer relationship Manager ( )
b) Customer relationship Officer ( )

5. How long have you worked in customer relationship in the banking sector ?

a) 1 – 2 years ( )
b) 3 – 4 Years ( )
c) 5 Years and above ( )

Section 2: Electronic banking

6. To what extent has your bank embraced electronic banking?

Very large extent ( ) Large extent ( ) Moderate Extent ( )
Less Extent ( ) Not at all ( )

7. How would you describe the level to which your bank has adopted the following strategies in reaching customers and delivery of service?

Use the scale: 5 – Very high, 4 – High, 3 – Moderate, 2 –Low, 1 – Very low to indicate your opinion.

	5	4	3	2	1
a. Mobile banking					
b. Internet banking					
c. ATM					
d. Communication through emails					
e. Communications through SMS					

8. How would you rate the above methods of reaching customers in terms of their effectiveness? Use the scale: 5 – Very effective, 4 – Effective, 3 – Moderate, 2 – Ineffective, 1 – Very ineffective.

	5	4	3	2	1
a. Mobile banking					
b. Internet banking					
c. ATM					
d. Communication through emails					
e. Communications through SMS					

Section 3: Personalized selling:

9. In your view, to what extent does your company adopt the following strategies in reaching out to customers in selling banks products and services?

Use the scale: 5 – Very high, 4 – High, 3 – Moderate, 2 –Low, 1 – Very low to indicate your opinion.

	5	4	3	2	1
a. Selling to customers across the table in social gatherings					
b. Selling services across the counter in the banking halls					
c. Sales executives visiting customers at their places of work or homes					
d. Selling products through sales agencies					

10. How effective is the above methods in ensuring better relationships with customers? Use the scale: 5 – Very effective, 4 – Effective, 3 – Moderate, 2 – Ineffective, 1 – Very ineffective.

	5	4	3	2	1
a. Selling to customers across the table in social gatherings					
b. Selling services across the counter in the banking halls					
c. Sales executives visiting customers at their places of work or homes					
d. Selling products through sales agencies					

Section 4: Media advertisements

11. In your view, how do you rate your company in the adoption of the following media strategies in reaching out and sharing information with to customers?
Use the scale: 5 – Very high, 4 – High, 3 – Moderate, 2 –Low, 1 – Very low to indicate your opinion.

	5	4	3	2	1
a. Use of TV commercial adverts					
b. Use of radio advertisements					
c. Commercials in local vernacular radio stations					
d. Advertisement through news papers					
e. Announcements and statements in news papers					
f. Use of magazines about the banks and its products					
g. Road shows					

12. How would you rate the methods in ensuring better relationships with customers? Use the scale: 5 – Very effective, 4 – Effective, 3 – Moderate, 2 – Ineffective, 1 – Very ineffective.

	5	4	3	2	1
a. Use of TV commercial adverts					
b. Use of radio advertisements					
c. Commercials in local vernacular radio stations					
d. Advertisement through news papers					
e. Announcements and statements in news papers					
f. Use of magazines about the banks and its products					
g. Road shows					

Section 5: Social Customer Relations

13. Which of the following media platforms is the bank subscribed?

a. Facebook ( )
b. Twitter ( )
c. Instagram ( )
d. Whatsapp ( )
e. Others (specify) _______________

14. To what extent does your bank use the following media strategies to reach out to its customers and sharing information?

Use the scale: 5 – Very high, 4 – High, 3 – Moderate, 2 –Low, 1 – Very low to indicate your opinion.

	5	4	3	2	1
a. Use social media in social sharing					
b. Social media campaigns					
c. Sharing expert opinions by bank executives through social media					
d. Social media advertisement.					

15. How would you rate the following social media startegies in ensuring better relationships with customers?

Use the scale: 5 – Very effective, 4 – Effective, 3 – Moderate, 2 – Ineffective, 1 – Very ineffective

	5	4	3	2	1
a. Use social media in social sharing					
b. Social media campaigns					

c.	Sharing expert opinions by bank executives through social media					
d.	Social media advertisement.					

Section 6: Customer Retention

16. Overall how would you rate your bank in ensuring that customers are satisfied based on the following?

Use the scale: 5 – Strongly Agree, 4 – Agree, 3 – Uncertain, 2 – Disagree, 1 – Strongly Disagree

		5	4	3	2	1
a.	Customers always come back for repeat purchases					
b.	Customers are passionate and have psychological affection with the bank					
c.	Customers always prefer our products compared to that of our competitors					
d.	Our customer rarely switch to other banks					

Thank You

Appendix 3: List of Commercial Bank Branches in Nakuru

1. African Banking Corporation Ltd
2. Bank of Africa Kenya Limited
3. Bank of Baroda Kenya Limited
4. Barclays Bank of Kenya Ltd (2)
5. CFC Stanbic Bank Ltd
6. Chase Bank (K)
7. Commercial Bank of Africa Ltd
8. Consolidated Bank of Kenya Ltd
9. Co-operative Bank of Kenya Ltd (3)
10. Credit Bank Ltd
11. Diamond Trust Bank Kenya Ltd
12. Dubai Bank Kenya Ltd
13. Eco bank Kenya Ltd
14. Equatorial Commercial Bank Ltd
15. Equity Bank Ltd (3)
16. Family Bank Ltd
17. FauluBank
18. Fidelity Commercial Bank Ltd
19. GT Bank Ltd
20. First Community Bank Ltd
21. Guardian Bank Ltd
22. Imperial Bank Ltd
23. I & M Bank Ltd
24. Jamii Bora Bank Ltd

25. Kenya Commercial Bank Ltd (3)

26. K-Rep Bank Ltd

27. National Bank of Kenya Ltd

28. NIC Bank Ltd

29. Oriental Commercial Bank Ltd

30. Prime Bank Ltd

31. Standard Chartered Bank Kenya Ltd

32. Trans-National Bank Ltd

33. UBA Kenya Bank Ltd

34. Kenya Women Finance Trust Fund

Source: Central Bank of Kenya annual report (2016)