

**STRATEGIES FOR POSITIONING, RETAINING AND
STRENGTHENING PERFORMANCE IN COMMERCIAL BANKS
IN KENYA**

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Business environment has been expanding, leading to increase in choices for consumers, decreased prices and reduced profit margins. The increase in expectations of customers has made it necessary for organizations to change the ways in which they carry out their business (Siboe, 2016). It is a vital managerial issue to attract and retain customers considering the market saturation (Colgate & Lang, 2011). It has been recognized as a vital goal of relationship marketing, considering its importance in improving superior relationship economics, which postulate that there is less cost incurred in customer retention than in acquisition of new ones. The main purpose of a business is customer creation. Due to the increasing difficulty in customer acquisition, firms can no longer assume that there is an unlimited customer base thereby making customer retention crucial (Hunt, 2016).

dynamic capabilities theory that argues for the fit between business strategy-environment as the basis of improving competitiveness guided the study. Due to the limitation of the the theory it was supported by resource-based theory that is premised on how organization uses resources for competitiveness advantages. Dynamic capabilities theory emphasis that both in the short terms and long term, change in strategy can provide a organization with core capabilities for competitive advantages..

The Kenyan banking sector has grown significantly in the last two decades. The sector is characterized by stiff competition mainly as a result of technological innovations and policy regulations within the industry. The growth in the number of commercial banks in Kenya has hastened the need for commercial banks to develop strategic approaches to attract and retain customers. Corporate banking remains a preference banking to a large extent in Kenya. Most Kenyan banks have created special faculties to make sure that the needs of corporate bankers are met. The failure or success of corporates impacts the bank greatly. This is crucial to stability of the business and it is vital to set up in general if the corporate has a recovery policy from any unexpected elements that might affect the business greatly. Disaster recovery plan or business continuity plan is really crucial and must be revealed to the bank.

Corporate banking (customers) have emerged as the most sought after customers due to the voluminous nature of their transactions; their liquidity and large revenue base that significantly reduces their risk profile in terms of loan repayment and transaction income. Banks are therefore facing a challenge to retain as many customers as possible even as they struggle to increase their customer base within the industry. This study therefore sought to identify such strategic approaches employed.

1.1.1 Positioning Strategies

Positioning strategies are how organizations systematically define, orient and adjust strategies and resources in dynamic (Olsen, 2012). An effective strategy planning gives an organization knowledge on its current position and future direction. Positioning strategies process results to development of organization strategy, environment diagnosis and competitive situation (Rumelt & Richard, 2011).

The vision, objectives, ethical perception of the social environment and corporate identity and also the range of the organization's business, as pointed out by Cetinkaya (2011), is determined by the strategy. Strategy provides a description for response to competition, consumers, suppliers and governmental authorities in the market. Positioning strategies provide an environment that supports to attain and maintain a superior performance (Johnson, Scholes and Whittington, 2012). Adeleke (2013) stated positioning strategies involves assessment of the environmental. The environment insists on the need for establishment of a connection between the internal and external environments of the organization.

Resource analysis is identifying of the strengths and weaknesses, opportunities and threats facing organizational goals. Strategy implementation involves selection of strategies based on existing resources constraints, re-engineering organization system and creation of an enabling climate for selected strategy. Control ensures that execution is attained in line with goals of strategy selected. Monitoring and evaluation outlines the attainment of the objective, the allotment of resources necessary and specified actions and tasks (Daft, 2012). Implementation enables strategic fitting of while review stage monitors emergent strategy (Uvah, 2015).

1.1.2 Customer Retention

Customer retention is the focus of the firm on the existing customers in a bid to keep doing business with them (Zeithaml, Turnbull & Bitner, 2014). The meaning of retention of customers refers to the number of customers who are with an existing suppliers one year after set up. (Dawes, 2013). In the current times, customer retention of importance to business success for it helps in value creation in relation to

customers enhancing profitability of a firm (Gee, 2013). Hence the pressure for firms to have customer retention strategies in markets with slow customer acquisition (Gosselin & Bauwen, 2012).

Activities undertaken by organizations so as to lessen defections of customers is referred to as retention. Retaining a customer successfully begins when the firm first comes into contact with the customer and is maintained during the firm existence period. The products and services offered determine the capability of a company to attract and retain new customers in given marketplace (Rowley & Dawes, 2014). One way for firms to know the quality of their products is through customer retention metrics both in short term and long term. (Dawes, 2013). Retained customers have potential to increase their spending , and even act as referall for new customers (Gee, 2014).

Corporate banking is specialized bank division focused on providing niche products to both SMEs and large corporations (Arnold, Reichheld & Sasser, 2016). Commercial banks focus has prioritized business banking due to its contribution to the bank's profit. Banks assign relationship manager for those corporate customers due to their transactions' magnitude. Advisory decisions such as investments and capital decisions is provided by the relationship manager. Identification of change in corporate customer needs is also done by the relationship manager who then comes up with innovative solutions to meet their corporate banking needs.

1.1.3 Commercial Banks in Kenya

The Central Bank of Kenya (CBK) has the mandate of regulating the Commercial banks in Kenya. The banking sector as at 31 December 2018 consisted of forty-three institutions of banking (forty-two commercial banks and a company of mortgage finance - MFC) (CBK, 2018). Of the forty-three institutions of banking, forty are privately owned while three are publicly owned. Of the privately owned institutions; twenty-five are locally owned, twenty-four are commercial banks, one is a mortgage finance company, fifteen are foreign owned (over 50% foreign ownership) (Central Bank of Kenya, 2018).

The Kenyan banking industry has undergone a significant transformation due to the advancement in technology and globalization. Over the same period, unprecedented growth and impressive performances have been experienced by the banking sector. The profitability of the industry has been maintained despite the poor performance of the economy and adverse global financial crisis effect in 2008 (Kamau & Were, 2013). Competition has increased due to the increase in innovation among players and new entrants into the industry over the last few years. To remain relevant in their operations, banks must come up with sustainable competitive advantage (Kamau & Were, 2013).

Management for commercial banks hold on to the belief that for competitiveness to be attained strategic management on wider perspectives such as technology adoption, financial management, human resources, strategic management, customer relations, public and government relations management, marketing services should be adopted . Commercial banks benchmark with industry best practice locally and regionally

(Muriuki, 2014). Management consulting in Kenya's banking sector is expected to enhance momentum of growth, improve their organisational structure as well as improve operating models and operational efficiency (Russo, 2014).

1.2 Research Problem

Firms counter competition in the business environment by creating strategies which are used to enhance strategic repositioning. The managers in organizations need to have an understanding of competitive forces that act against their organizations in that particular industry so as to come up with the appropriate strategic response and the methods which competitors can choose for competition (Pagell & Wu, 2009), key indicators of effective strategy.

The first contact of a customer with an organization is where successful customer retention begins and keeps on all through relationship lifetime. There is a relationship between the product and service offered and the capability of a company to attract and retain its customers and company reputation in the market (Rowley & Dawes, 2014).

Kenya's commercial banking industry is currently experiencing turbulent times. Since the implementation of the banking act 2016 which among other things controls the lending rates and sets a minimum interest rate on customer deposit; banking industry players have been concerned on the certaining of diminishing profits margins. Corporate banking currently seen as the best alternative and still is to large extent the major banking preference in Kenya especially in this economic times. With increasing competition, diminishing profit margins and a populist government policy on interest rates, different product options are available for customers. Banks are therefore

facing a challenge to retain as many customers as possible even as they struggle to increase their customer base within the industry.

There are various studies that have been done locally and internationally in relation to strategy on customer attraction and retention. Padmashantini (2013), conducted a study on strategic approaches and customer retention for retail supermarkets, the study concluded that customer retention was crucial for the firm's survival because of its nature of multiplying the yields of the firm with small enhancement in its practices. Mohebi and Hechter (2013) in a survey on retention of customers in New Zealand's banking industry concluded that it is important for banking executives to enhance functionality on each construct that results in to customer retention to enhance their competitiveness in the banking industry. Mylonokis (2012) in a study on satisfaction features of banks and loyalty: a survey of the Greek Bank Customers found out that there is a need for re-assessment of methods of approach to customers of institutions of banking to guarantee loyalty. The above studies were too broad this ignored strategic approaches- customer's retention in commercial banks in Kenya.

A study by Kihoro and Ombui (2012) on strategic approaches on customer retention in G4S services (K) Ltd found that strategic approaches played an important role in achieving customer retention. Wekunda (2012), in a study done amongst internet service providers in Kenya examined customer relation strategies and concluded service quality is a predictor to retaining customers ,although also other strategies such as customer satisfaction, customer loyalty and complaint handling systems seems to play a significant role in retaining customers. Momanyi (2014) and Njuguna (2015) in their study on Customer retention Strategies Adopted by Mobile

Telecommunications Companies in Kenya concluded that customer retention strategies were found out to be most effective in achieving competitive advantage.

Although a number of studies have been done on strategic approaches and customer retention, none of the studies outline the specific strategies that resulted in effective customer attraction and retention. The studies fail mention specifically strategies that have been adopted to enhance customer attraction and retention and few factor based studies have focused on strategic approaches-customer retention relationship among commercial banks in Kenya. This study, therefore, sought to answer to the research question, what are the positioning strategies adopted by commercial banks in Kenya?

1.3 Objective of the Study

The objective of the study was to establish the positioning strategies, for attracting and retaining corporate clients, to enhance performance by commercial banks in Kenya.

1.4 Value of the Study

To management and employees. This information could be of a lot of importance to marketing managers and commercial bankers looking to a competitive edge within a fast-evolving market place in Kenya. To the management and staff of commercial banks, this study was of value since it gives feedback on their efficiency of the strategies executed in attaining intended aims and objectives. The findings enabled the top management of the commercial banks to develop better strategic responses and to cope with changes in the competitive environment. The management office was also

expected to benefit, as they were able to articulate the strategic gaps existing in their company and to develop strategies to help them improve.

Policy makers were be informed by research findings that attempt to explain a phenomenon or address an existing knowledge gap. Policy makers include government through its agencies such as Central Bank of Kenya and Ministry of Finance. This study's results and recommendations improved efficiency of policy decisions in banking industry. The Government of Kenya and the industry policy makers was able to make informed policy adjustments either in terms of policy changes, structural adjustments or even reviewing its trade liberalization policies. The regulators of the government and makers of policies found the study findings important since the findings were used as references for guidelines of policy on strategic responses in the public institutions and parastatals and increase productivity in these sectors.

The research outcome were of importance to academic scholars. Looking towards all research studies completed in Kenya, it has been noted that there was very little research work done, leading to gap creation that should be filled up by the current and the near future business researchers and scholars. Therefore, the output was of importance to researchers in future as the discoveries formed a base for their review of literature, knowledge gap and provision of guides in a specic school of thoughts.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents review of empirical studies, with critical literature assessment and conducted studies summary in association with the problem under investigation and emerging research gaps.

2.2 Theoretical Foundation of the Study

In the study of strategic management, Business positioning strategies-business competitiveness relationship has been explained through many theories. Among these theories are the industrial organization (IO) and the resource based theory. The theories are discussed below

2.2.1 Dynamic Capabilities Theory

Dynamic capability theory relates to how an organization can adapt its resources to the dynamic environment (Pisano & Shuen, 1997). The way companies respond to the market dynamics by facilitating efficient resource resources determines how a firm gains competitive advantage (Teece, 1997).

Helfat (2007) explains the term dynamic to refer to the ability to renew competences so as to attain strategic fit with the business setup that keeps changing. Strategic management's main role is adaptation, integration and reconfiguration, the organizational skills and both internal and external, resources This is referred to as capabilities. This approach considers three classification factors which includes process, which is a description of how things are done in an organization: positions,

which is a representation of the asset types and organization's relations and paths: which is the strategic direction of the organization. The attribution of competitive advantage and DC's accumulation is the organization's process, its assets positions and its paths, both future and past (Teece, 1997).

Gathungu and Mwangi (2012) in their study, concluded that dynamic capabilities positively impact on the performance of an organisation. They identified these capabilities to be sensing dynamic capabilities, seizing dynamic capabilities and transforming dynamic capabilities.

Véronique and Bowman (2009) state that there are two dimensions of position, internal and external. The relationship between the internal position is the internal assets like assets in terms of technology, assets that are complementary, financial, reputational, institutional and structural assets whereas the external assets are linked to the institutional and external environment of the firm. What determines the current position of the firm is the assets in terms of market and employed organizational boundaries.

2.2.2 Resource Dependence Theory

Resource dependence theory is a dominant that highlights how resources use and allocation impacts organization performance. The summary of the basic resource argument theory can be as follows: organizations depend on resources which finally come from the environment of the organization. The need for constant strategic evaluations and position strategies is occasioned by dynamic environment hence its

application to strategic planning. Business positioning strategies can play a major part in making sure that the firm's resources meet these criteria (Armstrong, 2010).

In the resource-based approach, value is created through resources or capabilities when strategy is matched with resources like such as human, technical and products related resources (Miller, 2006). The resource based theory blends concepts from economics of the organizational (Penrose, 1959) and strategic management (Barney, 1991). According to the theory, economic value of a firm is created by production of products and or services with either greater advantages at the same cost compared to competitors or the same benefits at lower cost in comparison with that of to rivals.

Sustainable competitive advantage is achieved when resources are leveraged in response to the changing market needs. This creates values that impacts positively on the organization (Markides & Williamson, 2006). Positioning strategies thus depends on resource specificity of the company (Chatterjee & Wernerfelt, 2001).

2.3 Positioning Strategy and Performance

Positioning strategy is a vital tool for improving performance of commercial banks. Commercial banks need to prioritize positive customer perception through development of products and services with features that are desirable by the target market. Reichheld and Sasser (1990) past study demonstrated that 5% improvement in customer retention results to at least 25% increase in a firm's net present value. The link between customer loyalty and organizational profitability has also been affirmed in literature (Reichheld, 1996). This is due to minimal costs associated with customer retention. According to Hosmer (2001) organization that are seeking to improve their

performance and competitive advantage can do so through quality of professional staff.

Management decisions have the potential to affect organization performance, and thus management need to carry and effect decisions that will enable more staff to be empowered and skilled. Scholars have show how customer service impacts organizational performance. To record high profits, banks must be able to come up with effective products and solutions which will resonate well with their customer e.g. internet banking.

2.4 Positioning Strategy, Customer Retention and Performance

A number of factors have been identified by researchers to determine the customer retention strategies. These includes : Existing number of competitors, monopolitic industry suffers less from disastified customers; operating environment of a company; coporate culture, for instance banks still prefer transactional relationship with customers and this has determined its positional strageies(Schell, 1996).

Other factors that determine customer positional strategies include: the purchasing procedures of customers that dominate the market, ethical concerns guiding the business practices, channel path that focuses on uses of intermediaries or not and overiding ownership expectation concerning business goals (Ahmad and Buttle, 1999).

An organization must position itself effectively to the changing environment so as to retain its customers, attract more customers as well as enhance performance which may be in terms of profitability. For banks, this may include formulation of new customer policies and products, advertisement and marketing, working closely with regulators and customer representative bodies / organizations.

2.5 Positioning Strategy, Corporate Clients and Performance

Corporate banking is a core activity for banks, with about a third of bank leding geared towards serving this clientele considering its profit worth to the banks. Ogongo (2014) in his crosssectional study sought to establish positioning strategies adopted by commercial banks in Kenya to enhance customer retention. From the census of all the forty-four commercial banks study found out that customers were satisfied with efficiency of customer service and accuracy of transactions. The study recommended that banks should streamline processes with automated reconciliations and keep their records up-to-date to enhance accuracy of banking records, increasing efficiency and effectiveness.

Chege (2013) in his study conducted among 43 banks in Kenya researched on the commercial banks strategies for customer quality improvement. The study employed forty-three commercial banks as the population and data was analysed using descriptive study method. The study concluded that commercial banks formed strategic alliances, developed new product, diversified, employed innovative managers and institutionalized innovative culture among employees' production of superior products and services to maintain quality customer services. Strategic

thinking practices were recommended for banks seeking to improve their customer service quality.

2.6 Positioning Strategy, Customer Retention, Corporate Clients and Performance

Customer retention, emphasis on corporate clients and the bank's positioning strategy are all responsible for performance, whose results are high profits. Retention of clients is an investment that banks must undertake and since corporate clients have different needs, banks usually assign relationship managers to different corporate clients according to their needs; e.g. security services, investments, trade finance, cash products among others. Relationship managers are the main contact point between clients and the bank and they ensure clients' needs are taken care of and notify clients about any upcoming new products.

Oyefesobi & Alao (2016) investigated corporate marketing strategy- competitive advantage relationship among 63 Nigerian banks through descriptive design. Statistically significant positive relationship between marketing strategies and competitive advantage was found. The study also found out that there was statistical significant relationship between corporate marketing strategy and customers' loyalty. The study recommended that financial institutions must assess the rate of success and or failure of marketing strategies to be adopted for better competitive advantage.

Chege (2013) studied customer quality management strategies among 43 banks in Kenya via descriptive design. The study concluded that commercial banks formed strategic alliances, developed new product, diversified, employed innovative

managers and institutionalized innovative culture among employees' production of superior products and services so as to maintain quality customer services. Strategic thinking practices was recommended for banking seeking to have competitive advantage in the banking environment.

In summary, banks must be able to adjust and accommodate changes in the environment to retain their clients and prevent them moving to the competitor. This was evidenced in information communication technology- customer experience relationship study conducted among commercial banks in Kenya through mixed method (primary and secondary methods of data collection). ICT proved to have positive significant effect on customer satisfaction. In terms of order, the most to the least influential channel was ATM, M-banking, telephone banking and e-banking. Further intergration of ICT was recommended for banks seeking to enhance customer satisfaction.

2.7 Empirical Review

In Nigeria, Oyefesobi & Alao (2016) investigated corporate marketing strategy-competitive advantage relationship among 6 banks vis descriptive design. Corporate marketing strategies-competitive advantages showed positive significant relation. Similar results were found for corporate marketing strategy and customer loyalty. The study recommended that financial institutions must assess the rate of success and or failure of marketing strategies to be adopted for better competitive advantage.

Ateboh-Briggs (2014) in a mixed method study (primary and secondary data) examined market segmentation- customer loyalty relationship of Nigerian banks.

Marketing segmentation strategies was found to be positively linked to customer loyalty. The study recommended a careful analysis of bank's operating market for an efficient segmentation and continuously improve their quality of services to suitably meet the need of customers for satisfaction that could result in loyalty.

Wesulah (2016) study through the case study approach examined the competitive strategies employed by Kenyan banks via descriptive design. Banks were found to have adopted different positional strategies. The study suggested the need for Barclays bank to adopt customer retention strategies to remain competitive. Similarly, Munyiri (2014) focused on competitive strategies-customer retention relationship among Kenyan banks via descriptive survey design. The study concluded that positional strategies improves customer retention. The study recommended adoption of competitive strategies as a way to ensure competitive advantage of banks.

Ogongo (2014) in his cross-sectional study analyzed competitive strategies-customer retention relationship among all banks in Kenya. The study found out that customers were satisfied with efficiency of customer service and accuracy of transactions. The study recommended that banks should streamline processes with automated reconciliations and keep their records up-to-date to enhance accuracy of banking records, increasing efficiency and effectiveness.

Chege (2013) studied customer quality management strategies among 43 banks in Kenya via descriptive design. The study concluded that commercial banks formed strategic alliances, developed new product, diversified, employed innovative managers and institutionalized innovative culture among employees' production of superior products and services so as to maintain quality customer services. Strategic thinking practices was recommended for banking seeking to have competitive advantage in the banking environment.

2.8 Summary of Empirical Studies and Knowledge Gaps

There is little empirical research done on investigation of customer retention. The studies done have mainly focused on customer retention precursors. Without looking into potential meaningful constructs, other studies pay attention to ways of customer satisfaction, value and loyalty. The basis of this study is formed by these. Only few have attempted to link these to customer retention. The issues regarding competitiveness and strategic response has been widely studied, however, gaps still exist in reviewed studies. The first one is that there has been explanation for customer retention despite the fact that firms stake out various strategic directions for example Kenya's banking industry.

Hence the underlying motivation for this kind of study is how such strategies lead to customer retention and by extension competitive advantage. The aim of this study is to uncover probably reasons for these experiences so as to add insights on measures how firm's success can be better enhanced.

Table 2.1: Summary of Empirical Studies and Knowledge Gaps

Study	Focus	Methodology	Main finding	Knowledge Gaps	Focus of Empirical Study
Positioning strategies adopted by commercial banks to attract and retain corporate clients Oyefesobi & Alao (2016)	Corporate Marketing Strategy- Competitive Advantage relationship	Descriptive research design	Marketing strategies influences positively competitive advantages of Nigeria money deposit banks	Region of study variables	Competitive advantage
Market Segmentation and Customer Loyalty (Ateboh-- Briggs, 2014)	Positioning strategies-customer retention and attraction relationship among commercial banks in Kenya.	Questionnaires econometric view data analysis	Customer loyalty is improved through he application of marketing segmentation strategies	Region of study variables methodology	Customer attraction and retention
Factors That Impacted Customer Retention of Banks (Inkumsah 2013)	Positioning strategies-customer retention and attraction relationship among commercial banks in Kenya.	Quantitative method questionnaires descriptive statistics	The most important constructs were customer satisfaction, followed by corporate image.	Region variables	Customer attraction and retention
Bank's Competitive strategies in Kenya (Wesulah 2016)	Positioning strategies-customer retention and attraction relationship among commercial banks in Kenya.	Case study qualitative and quantitative stratified random sampling, SPSS	Cost leadership and differentiation strategy has led to Barclay banks having competitive advantage	Variables methodology	Competitive advantage
Competitive strategies and customer Retention (Munyiri,	Positioning strategies-customer retention and attraction relationship among commercial banks	Descriptive survey design Primary data Questionnaires	Banks have adopted various retention strategies	Variables methodology	Banks retention strategies

2014).	in Kenya.				
Strategies adopted to enhance customer retention (Ogongo,2014) Strategies adopted by commercial banks in Kenya to manage service quality (Chege, 2013)	Positioning strategies-customer retention and attraction relationship among commercial banks in Kenya.	Cross sectional research design Multi regression analysis	Customers were satisfied with efficiency of customer service and accuracy of transactions.	Variables methodology	Customer service

Source: Researcher (2018)

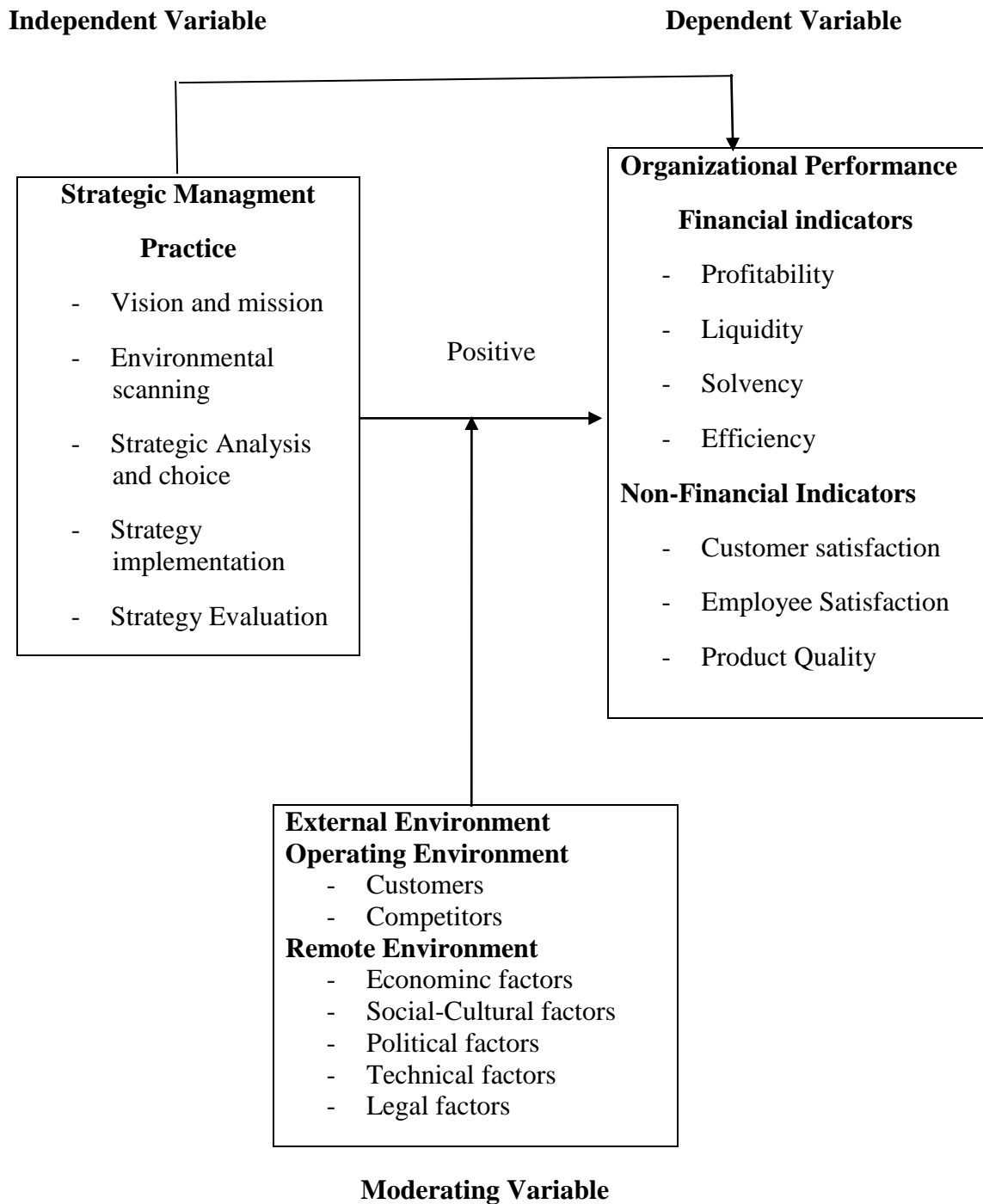
There is little empirical research done on investigation of customer retention. The studies done have mainly focused on customer retention precursors. Without looking into potential meaningful constructs, other studies pay attention to ways of customer satisfaction, value and loyalty. The basis of this study is formed by these. Only few have attempted to link these to customer retention. The issues regarding competitiveness and strategic response has been widely studied, however, this research found two major gaps in the previous studies that necessitate this study. The first one is that there has been explanation for customer retention despite the fact that firms stake out various strategic directions for example Kenya's banking industry. The underlying motivation for this kind of study is the quest to understand how best these strategies contribute to customer retention and attraction hence competitive advantage that drive firm profitability.

2.9 Conceptual Framework

Effective and comprehensive practice of strategic management positively influences the performance of an organization as presented in figure 2.1. This therefore shows strategic management-organizational performance positive relationship. A firm's top management applies strategic management practice when they make any decisions in view of the firm's mission and vision, carry out environmental scanning, strategic analysis, strategic choice, setting long and short term goals and objectives, institutionalize and operationalize and carry out strategic evaluation to measure the level of effectiveness and adopt corrective measures where necessary. This leads to improved organization performance of the firm that can be seen through financial and non-financial indicators.

External environment moderates strategic management and organizational performance relationship. A firm's external environment constitutes of both operating and remote environmental factors, which have a direct impact on the operations of the firm. The operating factors include customers, suppliers and competitor while the remote environment includes economic, social-cultural, political, technical and legal factors that have an effect on both strategic planning and desired performance.

Figure 2.1: Conceptual Model



Source: Researcher (2018)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents methods in which the study was undertaken. It incorporated the design of research employed in conducting this study, the population of the study, the method of data collection and eventually analysis to generate the findings for reporting.

3.2 Research Design

Descriptive research design was adopted by this study for the advantage that it has in interesting the relationship between two or more variables under study, in this case, attracting and retaining customers and positioning strategies. It was an efficient way of obtaining information needed to describe opinions and views on positioning strategies adopted by commercial banks for customer retention and attraction (Shuttleworth, 2008).

The research design was a cross-sectional in nature. A cross-sectional design was appropriate as it involved gathering information to make conclusion about a target population at a particular point in time. It was also appropriate as it allowed comparison across units and repetition at different points in time. According to Orodho (2002), this design allows one to gather detailed account of the existing phenomenon intending to employ the information to prove the current conditions and practices or to make more intelligent procedures for making them better.

3.3 Study Population

Population of study refers to all the elements or individual that share a common characteristic such as services offered. A study was be carried out on the population (Fox & Bayat, 2007). Small popullation necesiated the application of census survey. A census study refers to the study of all units or objects in a group to obtain the necessary information to make study conclusion. This method is necessary since the study population is not vast.

The population of the study was all the fourty-three (43) commercial banks in Kenya, licensed by the Central Bank of Kenya. They fall under publicly owned banks, privately owned institution, locally controlled and foreign owned. These banks specialize in different areas such retail banking, commercial banking which focus on business customers, savings and loans and mortgage and finance institutions.

3.4 Data Collection

The examination depended on primary information. Questionnaire, divided into three sections was used to collect the data. First section on demographic information while the remaining section delved on strategic approaches and responses. A strongly agree and disagree Likert type scale was used. Self-adminsted technique was used in data collection.

3.5 Data Analysis

Investigation of information includes examination of the data (information) accumulated in a study or test and making inferences and deductions. Data gathered was analysed through descriptive statistics and inferential statistics. Before investigation, information must be cleaned, altered, coded and classified with the goal that exact findings and derivations can be made to answer the examination questions.

The analysis was guided by the regression model below.

$$Y = \beta + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \alpha$$

Y = Customer Retention

X₁ = Cost Leadership Strategy

X₂ = Differentiation Strategy

X₃ = Focus Strategy

β₁.....β₃ = Regression coefficients: α = Standard error term

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter focused on results, interpretation and presentation of the findings of the data that was collected for the study. The study sought to establish the positioning strategies, for attracting and retaining clients, to enhance performance in commercial banks in Kenya. The target population comprised of 43 commercial banks in Kenya, licensed by the Central Bank of Kenya.

4.2 Presentation of Results

Various categories of general information were sought from the individual respondents in the various commercial banks. The categories were broadly classified as, gender, age bracket, level of education, working experience in the bank, working experience in the marketing industry. All the categories were analyzed and findings of the data presented.

4.2.1 Response Rate

Of the 43 questionnaires issued a total of 35 were duly filled up. This represented 81.4% of the target population. According to Mugenda and Mugenda (1999) a sample size of 50% is good enough for analysis and interpretation because it takes into account the maximum variability. Table 4.1 presents the findings from the data.

Table 4.1: Response Rate

Respondents	Frequency	Percentage (%)
Target Population	43	100
Response Rate	35	81.4

Source: Field Data (2018)

The study targeted 112 staff members from the hospital. Out of the targeted group only 70 participated by dully filling in of the questionnaire representing 62.5% of the target population. Therefore, the number was good enough to draw inferences from.

4.2.2 General Information

To get a comprehensive respondent profile, the study collected varied aspects of general information from the staff members of the commercial banks. They included: gender, age bracket, level of education, working experience in the bank, working experience in the marketing industry. The findings from the data were analyzed and presented.

4.2.2.1 Gender

To establish the gender composition of the respondents the researcher asked the respondents to indicate their gender. Figure 4.1 presents the findings.

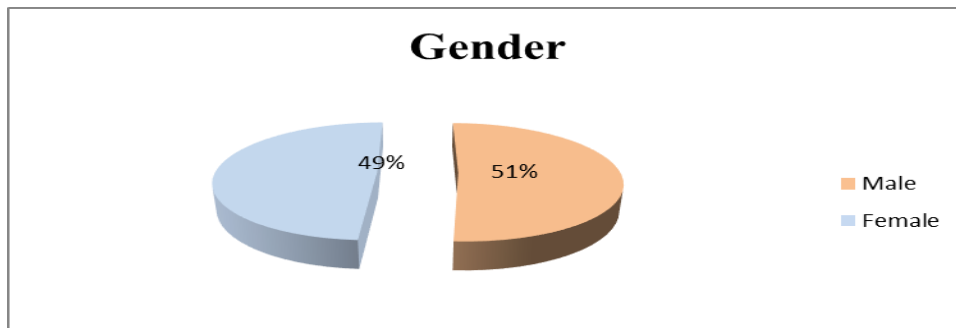


Figure 4.1 Gender

Source: Primary Data (2018)

Figure 4.1 shows that 51 % of the respondents were male while 49% were female. Thus, an indication that the study tried to achieve an equal representation of both genders in the study.

4.2.2.2 Age

To determine the age of the respondents the researcher divided age variable into 5 categories. The findings are presented in figure 4.2.

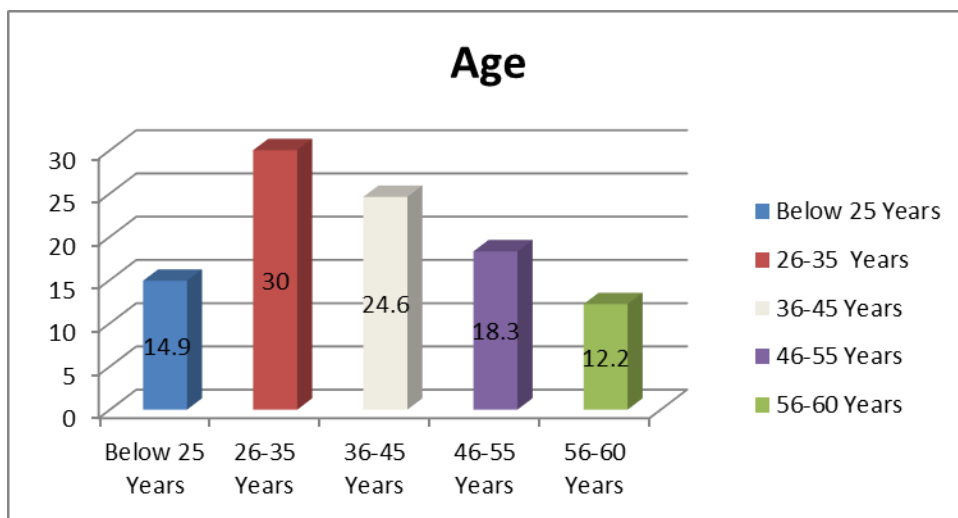


Figure 4.2 Age

Source: Primary Data (2018)

The findings revealed that most of the respondents were between 26-35 years of age accounting for 30% of the total respondents. 24.6% of the respondents were between 36-45 years of age while 18.3% of the respondents were aged between 46-55 years. Those below 25 years of age were 14.9% while the least number of respondents were aged between 56-60 years accounting for 12.2 % of the respondents. The study therefore deduced that most of the respondents were in their youth ages collectively accounting for 44.9% of the total respondents.

4.2.2.3 Education Level

In order to establish the highest education level attained by each respondent the study employed divided the education level into 5 categories namely; certificate, diploma, bachelor's degree, masters and PhD. The findings were as presented in figure 4.3.

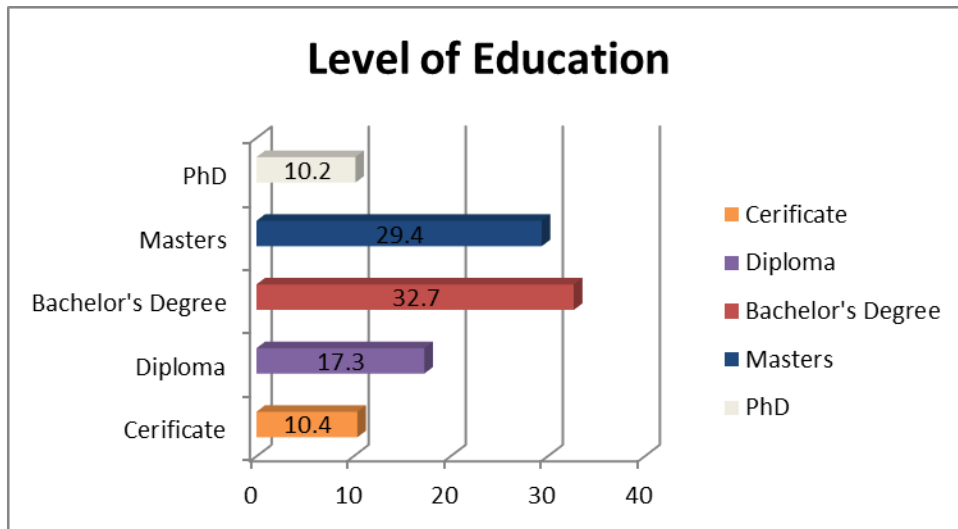


Figure 4.3: Level of Education

Source: Primary Data (2018)

The figure 4.3 indicates that the largest share of respondents 32.7% had a bachelor's degree. Those with a master's degree contributed to 29.4% of the total respondents while those with diplomas were 17.3% of the total respondents. 10.4% of the respondents were certificate holders and 10.2 were PhD holders. Thus, it can be deduced that all the respondents working in the banks had achieved post-secondary level of education attainment with a majority of them being bachelor's degree holders.

4.2.2.4 Bank Experience

The study also sought to find out how long the individual respondents had worked in the bank. Figure 4.4 presents the findings.

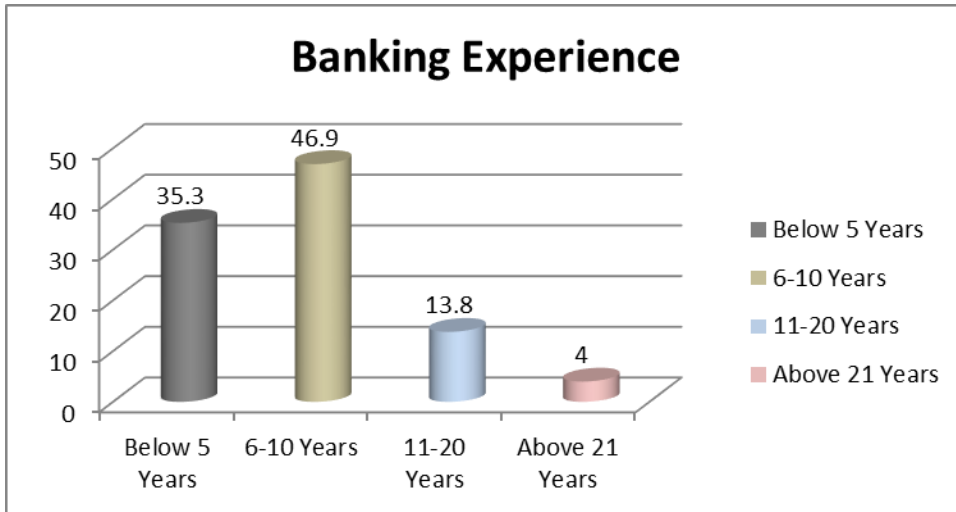


Figure 4.4 : Banking Experience

Source: Field Data (2018)

Figure 4.4 specifies that most of the respondents had a banking experience between 6-10 years accounting for 49.6% of the respondents. This group was followed by those that had a banking experience below 5 years contributing 26.3% of the respondents. Those that had a working experience of between 11-20 years and above 21 years accounted for 16.3% and 7.8% of the total respondents respectively. This means that the largest shares of respondents had 6 or more years of banking experience and thus were conversant with the running of the institutions.

4.2.2.5 Marketing Experience

The study also sought to determine the individual marketing experience that each individual respondent had accrued over the years. The findings of the study are presented in figure 4.5.



Figure 4.5 Marketing Experience

Source: Field Data (2018)

The figure suggests that 46.9 % of the respondents had a marketing experience between 6 to 10 years contributing to the largest share of respondents. 35.3% of the respondents had a marketing experience below 5 years while 13.8% had a marketing experience between 11-20 years. The least number of respondents had a marketing experience of above 21 years accounting for 4% of the total respondents. Therefore it can be deduced that 64.7% of the respondents had 6 or more years in the marketing industry. As such they were expected to be conversant with positioning strategies, for attracting and retaining corporate clients, to enhance performance of an institution.

4.3 Cost Leadership Strategy on Customer Retention

This section of the study focused on establishing how various cost leadership strategies had an influence on customer retention. The data collected was analyzed and the findings presented.

4.3.1 Cost Leadership Strategies

With the aim of understanding the various cost leadership strategies that were employed in the respective banks the study employed the use of a Likert scale. The Likert scale was divided into five points where: 1= Strongly Disagree - 5= Strongly Agree. Table 4.2 presents the findings.

Table 4.2: Cost Leadership Strategies

Statement	N	Mean	Standard Deviation
Low pricing of bank products is useful in attracting customers	35	4.3	0.624
Low prices of bank products expands market coverage	35	4.32	0.679
New products developed by banks fit market needs	35	4.43	0.592
The bank has lowered production costs through historical knowledge from its previous interaction with customers	35	4.4	0.662
Banks are protected from other banks through the cost leadership strategy	35	3.93	0.639
The strategy lowers economic costs leading to competitive advantage for the banks	35	4.17	0.682
The bank delivers quality service at competitive prices suited to locations	35	4.47	0.823
Cost leadership strategy involves low pricing of product for broader market coverage	35	4.18	0.785
Imitation of the banks technology has led to loss of its competitiveness	35	4.26	0.691

Source: Field Data (2018)

The respondents were asked to rate the extent of cost leadership strategies were employed in the banks. The various means indicate the respondents feeling towards cost leadership strategy that was employed. Means that tend to 1 Indicate that the respondents strongly disagree that the cost strategy is used. Means that tend towards 2 indicate that the respondents disagree that the cost strategy is used. Means that tend towards 3 indicate the respondents neither agree nor disagree that the cost strategy is used. Means that tend towards 4 indicate the respondents disagree that the cost strategy is used while means towards 5 indicate that the respondents strongly agree that the cost strategy is used. Standard deviation was used to measure the level of dispersion among the respondents. Standard deviations less than zero were used to indicate that there was a general consensus among the respondents while those greater than one implied that there was no consensus among the respondents.

Respondents strongly agreed the bank delivers quality service at competitive prices suited to locations with mean 4.47 and standard deviation 0.823 that this was one of the major cost leadership strategies used in their banks.

Table 4.2 also puts forward that respondents agreed (3.93<mean<4.43) that the new products developed by banks fit market needs with mean 4.43 and standard deviation 0.592, the bank has lowered production costs through historical knowledge from its previous interaction with customers, with mean 4.4 and standard deviation 0.662, Cost leadership strategy involves low pricing of product for broader market coverage with mean 4.32 and standard deviation 0.679, low pricing of bank products is useful in

attracting customers banks with mean 4.3 and standard deviation 0.624, Imitation of the banks technology has led to loss of its competitiveness with mean 4.26 and standard deviation 0.691, cost leadership strategy involves low pricing of product for broader market coverage with mean 4.18 and standard deviation 0.785, the strategy lowers economic costs leading to competitive advantage with mean 4.17 and standard deviation 0.682 and banks are protected from other banks through the cost leadership strategy with mean 3.93 and standard deviation of 0.639 were some of the cost leadership strategies employed in their banks.

4.3.2 Effect of Cost Leadership Strategy on Customer Retention

After establishing the various cost leadership strategies employed in the banks the study sought to establish the extent to which the strategies influenced customer retention in the bank. To do the study divided this variable into 5 likert was used: 5-very great extent to 1-no extent.. The results of the findings are as presented in figure 4.6.

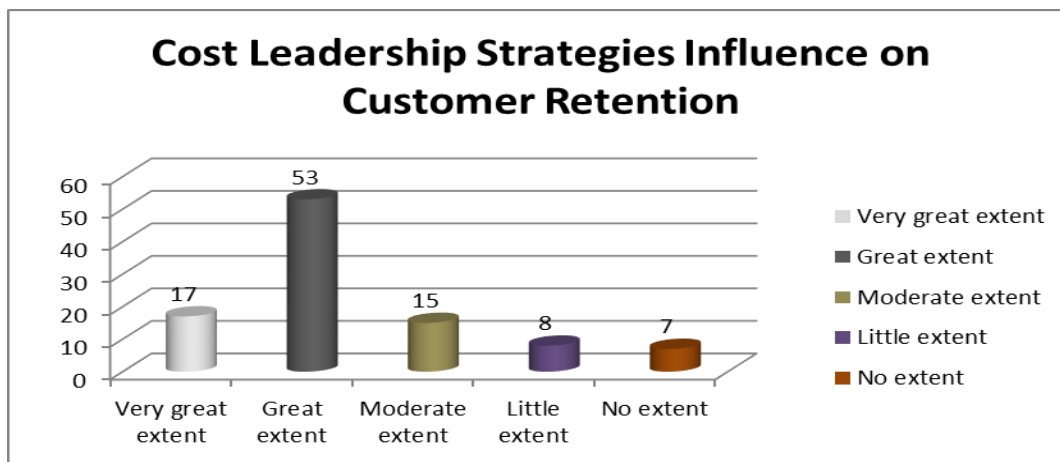


Figure 4.6: Cost Leadership Strategies Influence on Customer Retention

Source: Field Data (2018)

53% of the respondents' acknowledged to a great extent that the cost leadership strategies used in their respective banks influenced customer retention in the banks. 17% of the respondents indicated that the cost leadership strategies used influenced customer retention in their banks. 15% of the respondents also stated to a moderate extent that cost leadership strategies used in the banks had an effect on customer retention. Respondents that acknowledged the cost leadership strategies used in their banks influenced customer retention to a little extent and no extent were 8% and 7% respectively.

4.4 Differentiation Strategy on Customer Retention

This section focused on understanding the differentiation strategies that were used in the banks and the effect they had on customer retention. As such the researcher collected information on the various differentiation strategies used as well as the extent to which they influenced customer retention. Data collected under this section was analyzed and the findings presented.

4.4.1 Differentiation Strategies Used

The study sought to determine the various differentiation strategies that were used in the banks. To so the researcher employed the use of a Likert Scale. The Likert scale was divided into five points where: 1= Strongly Disagree to 5= Strongly Agree. The findings are as presented in table 4.3.

Table 4.3: Differentiation Strategies Used

Statement	N	Mean	Standard deviation
The bank products or services have unique features that offer value to customers.	35	4.36	0.776
The uniqueness of banks offers value gives the bank commanding presense	35	4.35	0.448
The bank has suerior quality products in the market	35	4.2	0.091
The bank products meets customer satisfactions due to their good quality.	35	4.35	0.559
The technological infrastructure has contributed to widening of the bank's customer base	35	4.44	0.958
Product differentiation guranteed competitive advtages in the banking industry	35	4.38	0.59
The limitation of production technology is one of the risks to differentiation strategy	35	4.14	0.773
Bank's can be render non-competetive due to customers' tastes wiping out products differentiation	35	4.25	0.86
The entrants of new customer is limited by brand loyalty	35	4.13	0.823

Source: Primary Data (2018)

Table 4.3 suggest that respondents agree (4.13< mean<4.44) that the technological infrastructure has contributed to widening of the bank's customer with mean 4.44 and standard deviation of 0.958, product differentiation guranteed competitive advtages in the banking industry with mean 4.38 and standard deviation 0.59, the bank products or services have unique features that offer value to customers with mean 4.36 and standard deviation of 0.776, the bank products and services meets customer satisfactions due to their good quality with mean 4.35 and standard deviation 0.559, the uniqueness of the banks offers value that gives the bank command a premium price with mean 4.35 and

standard deviation 0.448, bank's can be render non-competitive due to customers' tastes wiping out products differentiation with mean 4.25 and standard deviation of 0.86, the bank products are of superior quality in comparison to the competitors with mean 4.2 and standard deviation 0.091 and the entrants of new customer is limited by brand loyalty with mean 4.13 and standard deviation of 0.823 were some of the differentiation strategies that were used in the banks.

4.4.2 Differentiation Strategies Effect on Customer Retention

The study also sought to understand how the differentiation strategies used by the banks had an effect on customer retention. To do so the study categorized the variable into 5 parts namely; 1= Strongly Disagree to 5= Strongly Agree. Figure 4.7 presents the findings.

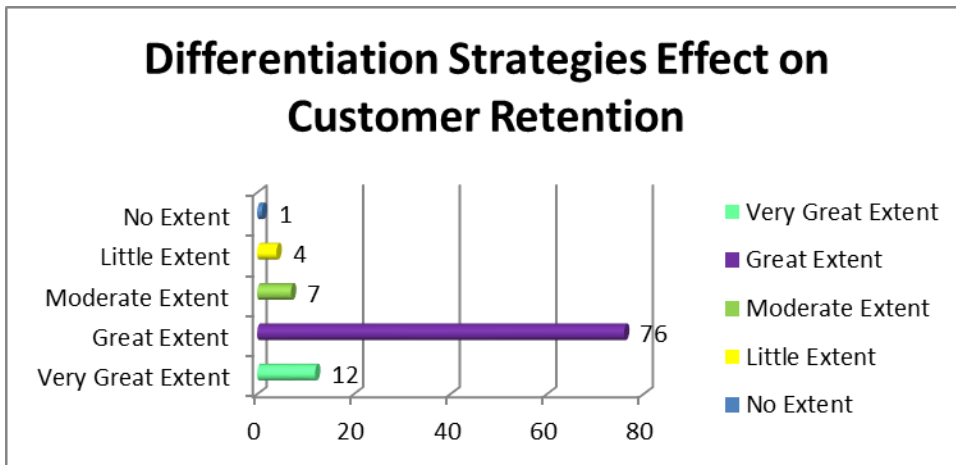


Figure 4.7: Differentiation Strategies Effect on Customer Retention

Source: Field Data (2018)

A majority of the respondents 76% indicated that the differentiation strategies used in their banks influenced customer retention to a great extent. 12% of the respondents acknowledged that differentiation strategies used influenced customer retention to a very

great extent. The other respondents concurred to a moderate, little extent and no extent that differentiation strategies used had an effect on customer retention as indicated by 7%, 4% and 1% of the respondents respectively.

4.5 Focus Strategy on Customer Retention

This section of the study sought to determine how the various focus strategies used in the bank influenced customer retention. As such the study inquired on the various focus strategies used by the banks and the extent to which they had an effect on customer retention. The data collected was analyzed and the findings presented.

4.5.1 Focus Strategies Used

With the aim of understanding the focus strategies used by the banks the study employees the used a Likert scale to gauge the respondents feelings. The Likert scale was divided into five points where: 1= Strongly Disagree to 5= Strongly Agree. The findings are as presented in table 4.4.

Table 4.4: Focus Strategies Used

Statement	N	Mean	Standard deviation
The market segmentation is one of the focus strategies employed by our bank	35	3.86	0.37
In customer attraction, focus strategy has been the most popular competitive strategy used.	35	3.9	0.78
Focus strategy involves targeted specific and niche market.	35	3.53	0.44
The bank has used focus strategy in its customer relationship strategies.	35	3.75	1.16
The bank handles dissatisfied customers appropriately.	35	3.83	1.07
The bank has strategies for creating customer satisfaction and customer loyalty.	35	3.61	0.83
Banks use focus strategy in customer attraction due to its effectiveness	35	3.57	0.78

Source: Field Data (2018)

The table indicates that respondents agreed ($3.53 < \text{mean} < 3.9$) that in customer attraction, focus strategy has been the most popular competitive strategy with mean 3.9 and standard deviation 0.78, the market segmentation is one of the focus strategies employed by our bank with mean 3.86 and standard deviation 0.37, the bank handles dissatisfied customers appropriately with mean 3.83 and standard deviation 1.07, the bank has used focus strategy in its customer relationship strategies with mean 3.75 and standard deviation 1.16, the bank has strategies for creating customer satisfaction and customer loyalty with

mean 3.61 and standard deviation of 0.83, banks use focus strategy in customer attraction due to its effectiveness with mean 3.57 and standard deviation 0.78, focus strategy involves targeted specific and niche market with 3.53 and standard deviation of 0.44 were some of the focus strategies that the banks used.

4.5.2 Focus Strategies used on Customer Retention

The study also sought to establish how the various focus strategies' used had an effect on customer retention. In order to carry out the investigation the study categorized the variable into 5 parts namely; 1= Strongly Disagree to 5 = Strongly Agree. Figure 4.8 presents the findings.

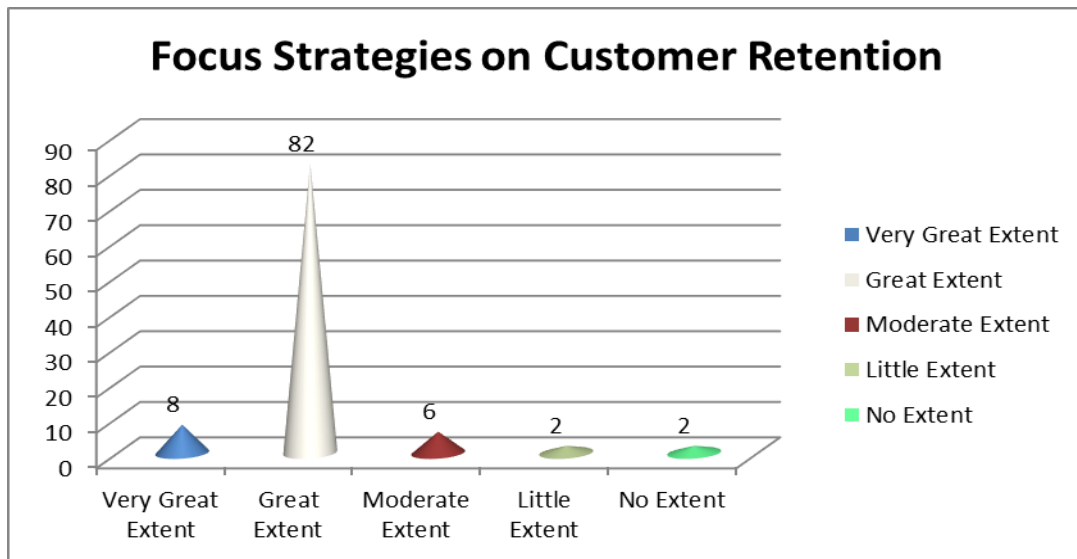


Figure 4.8 Focus Strategies on Customer Retention

Source: Field Data (2018)

82% of the respondents indicated to a great extent that the focus strategies used by the banks were crucial for customer retention. 8% of the respondents also noted that the focus strategies used by the banks influenced customer retention to a great extent. 6% of

the respondents highlighted to a moderate extent that the focus strategies had an effect on customer retention in the banks. A similar number of respondents also indicated that focus strategies used by banks had an influence on customer retention to a little and no extent each accounting for 2% of the respondents respectively.

4.6 Positioning Strategies and Customer Retention

To investigate the positioning strategies used on customer retention the study collected information on the positioning strategies as well as how competitive strategies influenced customer retention in the bank. The data collected for the study was analyzed and presented.

4.6.1 Positioning Strategies

To scrutinize the various positioning strategies used by the banks the researcher asked the respondents to rate them against a Likert scale. . The Likert scale was divided into five points where: 1= Strongly Disagree to 5= Strongly Agree. The results are as tabulated in table 4.5.

Table 4.5: Positioning Strategies

Statement	N	Mean	Standard Deviation
Customer satisfaction and customer retention have a measurable relationship at our bank.	35	3.68	0.872
A period of more than 5 yrs with a customer is seen as a success at the bank.	35	4.09	0.231
Business type and environment determines bank the various retention strategies adopted by the bank.	35	3.51	0.498
Quality service and customer retention practices are used by the bank.	35	4.42	0.063
Product differentiation has led to successful customer relationship management	35	4.38	0.094
Product differentiation has enhanced the competitiveness of the bank.	35	4.81	0.733
Customer retention can be better improved through designing special programmes.	35	4.61	0.863

Source: Field Data (2018)

From the table it can be deduced that respondents acknowledged to a very great extent (4.61 < mean < 4.81) that product differentiation has enhanced the competitiveness of the bank with mean 4.81 and standard deviation 0.733 and customer retention can be better improved through designing special programmes with mean 4.61 and standard deviation 0.863 that these were the major positioning strategies the banks utilized.

The respondents also indicated to a great extent (3.51 < mean < 4.42) that quality service and customer retention practices are used by the bank with mean 4.42 and standard deviation 0.063, product differentiation has led to successful customer relationship management with mean 4.38 and standard deviation 0.094, A period of more than 5 years with a customer is regarded as a successful customer retention at our bank with mean 4.09 and standard deviation 0.231, customer satisfaction and customer retention have a measurable relationship at our bank with mean 3.68 and standard deviation of 0.872 and business type and environment determines bank the various retention strategies adopted by the bank with mean 3.51 and standard deviation 0.492 that were the other positioning strategies utilized by the bank.

4.6.2 Competitive strategies on Customer Retention

The study also sought to explore how various competitive strategies had an effect on customer retention. To do the exploration the study categorized the variable into 5 parts namely; 1= Strongly Disagree to 5= Strongly Agree. The findings are as presented in figure 4.9.

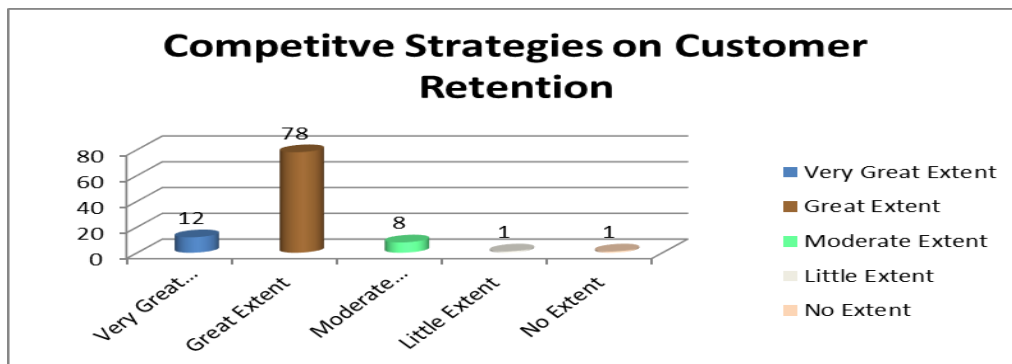


Figure 4.9 Competitive Strategies on Customer Retention

Source: Field Data (2018)

The largest share of respondents indicated to a great extent that competitive strategies were key for customer retention contributing 78% of the total respondents. 12% of the respondents also stated that to a very great extent that competitive strategies had an effect on customer retention while 8% attested to this effect on a moderate extent. An equal number of respondents stated to a little and no extent that competitive strategies used by the bank had an effect on customer retention accounting for 1% of the total respondents each.

4.7 Regression Analysis

To investigate the objective of the study which was to establish the positioning strategies, for attracting and retaining corporate clients, to enhance performance by commercial banks in Kenya a regression analysis was carried out. The results from the regression are shown in the model fit, Anova table and coefficients table respectively.

Table 4.6 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.780 ^a	0.706	0.599	3.44236

Source: Field Data (2018)

The coefficient of determination 0.706 indicates that 70.6% of the variability in customer retention is the study independent variables (cost leadership strategy, differentiation strategy and focus strategy) . The rest of the variation is explained by other factors other than the ones captured in the study.

Table 4.7: Anova table

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2104.129	3	701.376	59.189	.000 ^b
	Residual	1350.879	114	11.850		
	Total	3455.008	117			

From the Anova table F value (59.189) at significance level (.000) implies that the model is significantly fit to predict customer retention based on cost leadership strategy, differentiation strategy and focus strategy factors.

Table 4.8: Customer Retention Factors Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	1.548	0.459		3.371	0.001
	Cost Leadership Strategy	0.019	0.051	0.022	0.375	0.008
	Differentiation Strategy	0.473	0.042	0.671	11.361	0
	Focus Strategy	0.262	0.039	0.390	6.643	0

Source: Field Data (2018)

The regression model obtained for the study is as follows;

$$Y=1.548 + 0.019X_1+0.473X_2+0.262X_3+\alpha$$

Y= Customer Retention

X₁ = Cost Leadership Strategy

X₂ = Differentiation Strategy

X₃ = Focus Strategy

β₁.....β₃ = Regression coefficients

α = Standard error term

All the predictor variables, cost leadership strategy, differentiation strategy and focus strategy factors were statistically significant since $p < 0.05$.

4.8 Discussion of the Results

The study findings show that quality delivery of service at competitive prices and at appropriate locations with mean 4.47 was the major way through which cost leadership strategies was utilized in the bank.

The other ways through which cost leadership strategies were utilized in the bank included; new products developed by banks fit market needs with mean 4.43, the bank has lowered production costs through historical knowledge from its previous interaction with customers the bank with mean 4.4, low prices of bank products expands market coverage with mean 4.32, low pricing of bank products is useful in attracting customers with mean 4.3, imitation of the banks technology has led to loss of its competitiveness with mean 4.26, cost leadership strategy involves low pricing of product for broader market coverage with mean 4.18, the strategy lowers economic costs leading to competitive advantage for the banks the strategy with mean 4.17 and the the cost leadership strategy protects the bank from competition with mean 3.93. These findings were consistent with Hosmer (2001) who argues that staff quality contributes to organization performance. In addition the study also agrees with the findings of Munyiri (2014) whose study concluded that positioning strategy and customer retention have positive relationship.

The findings further reveal that the technological infrastructure has contributed to widening of the bank's customer with mean 4.44, product differentiation guaranteed competitive advantages in the banking industry with mean 4.38, the bank products or services have unique features that offer value to customers with mean 4.36, the uniqueness of the banks offers value that gives the bank command a premium price with mean 4.35, the bank products and services meets customer satisfactions due to their good quality with a mean of 4.35, bank's can be render non-competitive due to customers' tastes wiping out products differentiation with mean 4.25, the bank products are of superior quality in comparison to the competitors with mean 4.2 and the entrants of new customer is limited by brand loyalty with mean 4.13 were some of the differentiation strategies that were used in the banks. These findings are in line with those of Wesulah (2016) who after examining the competitive strategies used by banks lead to employed at competitive advantage.

Findings on focus strategies in the bank reveal that: in customer attraction, focus strategy has been the most popular competitive strategy used with mean 3.9, the market segmentation is one of the focus strategies employed by our bank with mean 3.86, The bank handles dissatisfied customers appropriately with mean 3.83, the bank has used focus strategy in its customer relationship strategies with mean 3.75, the bank has strategies for creating customer satisfaction and customer loyalty with mean 3.61, banks use focus strategy in customer attraction due to its effectiveness with mean 3.57, focus strategy involves targeted specific and niche market with 3.53 were some of the focus strategies that the banks utilized commonly. These findings of the study coincide with

those of Wesulah (2016) who found out that one of the major ways through which Barclay's bank in Kenya retained its customers was through being niche specific.

Findings on positioning strategies and customer retention showed that product differentiation has enhanced the competitiveness of the bank with mean 4.81 and customer retention can be better improved through designing special programmes. designing special programmes mean 4.61 that these were the key positioning strategies the banks utilized.

In addition the quality service and customer retention practices are used by the bank with mean 4.42, product differentiation has led to successful customer relationship management with mean 4.38, A period of more than 5 years with a customer is seen as a sign of success in customer retention at our bank with mean 4.09, Customer satisfaction and customer retention have a measurable relationship at our bank with mean 3.68 and business type and environment determines bank the various retention strategies adopted by the bank with mean 3.51 that were the other positioning strategies utilized by the bank. The findings of this study were in harmony with those of Ogongo (2014) who sought to establish positioning strategies adopted by commercial banks in Kenya to enhance customer retention. His study established that customers were satisfied with efficiency of customer service and accuracy of transactions.

The regression analysis established that 70.6% of the variability in customer retention was due to study factors. The model was also determined to be statistically significant since its p value <0.05 . Further the study concluded that all the predictor variables; cost leadership strategy, differentiation strategy and focus strategy factors were statistically significant since $p <0.05$.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the research work conducted and based on the primary data reviewed, this chapter provides a summary of the findings, conclusion and recommendations. It also highlights on the implications and limitations of the study based on the study, with the last section focusing on suggestions for future study. The summary of the findings are based on the objective of the study which was establish the positioning strategies, for attracting and retaining clients, to enhance performance in commercial banks in Kenya. The conclusion and recommendation highlight judgments based on finding.

5.2 Summary

The objective of the study was to establish the positioning strategies for attracting and retaining clients, to enhance performance in commercial banks in Kenya. Data was collected from 43 licensed commercial banks in Kenya, with 81.4% response rates on questionnaire.

From the findings on general information, majority of the respondents were male representing 51 % of the respondents while 49% were female. The largest number of respondents was aged between 26-35 years of age accounting for 30% of the total respondents. 24.6% of the respondents were between 36-45 years of age while 18.3% of the respondents were aged between 46-55 years. Those below 25 years of age were

14.9% while the least number of respondents were aged between 56-60 years accounting for 12.2 % of the respondents.

Most of the respondents 32.7% had a bachelor's degree. 29.4% had a master's degree; those with diplomas were 17.3% of the total respondents. 10.4% of the respondents were certificate holders and 10.2 were PhD holders.

Findings from the banking experience revealed that 49.6% of the respondents had a working experience between 6-10 years. 26.3% had a banking experience below 5 years. Those that had a working experience of between 11-20 years and above 21 years accounted for 16.3% and 7.8% of the total respondents respectively. With regards to marketing experience it was determined that; 46.9 % of the respondents had a marketing experience between 6 to 10 years. 35.3% of the respondents had a marketing experience below 5 years while 13.8% had a marketing experience between 11-20 years. Those with a marketing experience of above 21 years accounting for 4% of the total respondents.

5.3 Conclusion of the Study

The study concludes that focus strategies, differentiation strategies and cost leadership strategies are important for banks in their quests to retain customers. It is through these offering that they will be able to retain their clients.

The study recommended a careful analysis of bank's operating market and the various ways through which differentiations strategies, cost leadership strategies and focus strategies interact with each other continuously so as to improve their quality of services to suitably meet the need of customers for satisfaction that could result in loyalty and retain them. differentiation strategies, focus strategies and cost

5.4 Implications of the Study

The study revealed banks will continue innovating and diversifying their products in order to retain their current customer base as well as attract more customers from their competitors. This will in turn ensure more profits are generated, customer confidence is maintained and retention of bank relevancy in the dynamic Kenyan market.

5.5 Recommendations of the Study

Several drawbacks were experienced while conducting the study. First was that time was limited to allow an extensive and exhaustive research. Secondly, based on the confidentiality nature of the banks, reticency in availing required information was evident.

Lastly, given the case nature of the study was only limited to commercial banks the findings were limited to commercial banks and thus cannot be generalized to other organizations and institutions.

5.6 Limitations of the Study

The fact that only 81.4% of the population responded meant that actual results obtained did not represent the entire sampled data. Furthermore, most of the respondents were from younger generation hence the need for more older and experienced generation studies.

5.7 Areas suggested for Further Research

The study factors only accounted for 70.6% variability in customer retention. As such due to the limited research, the study suggests more studies exploring non examined factors.