THE EFFECTS OF BRAND LOYALTY ON CUSTOMER RETENTION IN KENYAN BANKING SECTOR:
A CASE STUDY OF BARCLAYS BANK, RUARAKA BRANCH, NAIROBI

BY

MARY WANJIRU MBUGUA

UNITED STATES INTERNATIONAL UNIVERSITY
AFRICA

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A Research Report Submitted to the Chandaria School of Business in Partial Fulfilment of the Requirement for the Award of Executive Masters of Science in Organizational Development (EMOD)

UNITED STATES INTERNATIONAL UNIVERSITY
AFRICA

SUMMER 2014
DECLARATION PAGE

I, the undersigned, declare that this research report is my original work and has not been submitted to any other University, college or institution other than the United States International University in Nairobi for academic credit.

Signed: ____________________________  Date: ____________________________

Mary Wanjiru Mbugua (ID NO: 630116)

This research report has been presented for examination with my approval as the appointed Supervisor.

Signed: ____________________________  Date: ____________________________

Dr. Peter Kiriri

Signed: ____________________________  Date: ____________________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of this study was to examine the effects of brand loyalty on customer retention in Kenyan banking sector. The study was guided by the research questions that were aimed at answering how marketing mix strategies affected brand loyalty and customer retention in Kenyan banking sectors; how brand positioning affected brand loyalty and customer retention in Kenyan banking sector; and how demographics affected brand loyalty and customer retention in Kenyan banking sector.

The study used descriptive research design. The design was used to determine the effects of brand loyalty which was the independent variable on customer retention which was the dependent variable in this study in the Kenyan banking sector. The target population in this study was 2050 in number. For this study, the sampling frame came from a list of loyal customers who banked with Barclays. Stratified sampling technique was used to select the respondents from among the list of loyal customers obtained from Barclays Bank. After the population had been divided into different loyalty period strata, each stratum was then sampled as an independent sub-population, out of which individual elements were randomly selected. The sample used was 10% of the target population which was 205 since the target population of 2050 was large.

Secondary data was collected from previous researches and works done by authors on the same subject matter. Data was collected from the target population using a structured questionnaire. The administration method selected for distributing the questionnaires was the “drop and pick” method. The researcher gave the selected respondents 7 days to fill the questionnaires. The study applied the quantitative method of analysis. The questionnaire was coded for easy analysis guided by the research questions for accuracy during the analysis process. The data collected was classified into meaningful categories (coded), edited and tabulation of the same was done. The MS Excel spreadsheets were used for the initial tabulation, analysis and drawing of charts based on the respondents responses while Statistical Package for Social Science (SPSS) Student Version 16.0 which is a unified and comprehensive package was used to analyze the collected data thoroughly and conveniently.
The study showed that customers of Barclays Bank were not sensitive about product and service prices charged and the fee they paid for their accounts was reasonable and they were not likely to leave Barclays because of prices. The showed that customers were engaged by the employees meaning and they were served in the shortest time possible. From the findings, the study concludes that Barclays Bank has a wide network of service points like branches and ATMs which make it convenient for customers to access services and that the customers are happy and satisfied with the services offered by the organization.

The study concludes that customers liked the physical appearance and the level of cleanliness of the banking halls in Barclays, which made them want to be associated and to stay with the bank and the branding material and the stationery used to do banking was clearly legible and easy to understand. The study also concludes that Barclays Bank advertisements were placed in the media and press regularly and its internal and external signage was clear and visible. The study also concludes that Barclays Bank employees represent the right image of an international bank that is caring and listening and are always pleasant and this differentiated them from other banks in the market.

The study concludes that Barclays Bank uses simple information such as age of the clients to determine new products and they also use the level of consumer spending and habits to determine what type of products suits their customers. The study concludes that the level of income affects loyalty to the bank and that the organization tries to do everything it can to maintain customer loyalty regardless of the customer’s age. The study concludes that Barclays Bank has a very strong culture that is inclined to meeting customer needs as opposed to employees meeting their performance objectives and the bank does not target the high end customers. The study concludes that Barclays Bank values all its customers and it has segmented its customers depending on income levels.

The study recommends that Barclays Bank needs to take a fresh look at their customer loyalty and retention strategy. With the decline in customers’ perceived value of loyalty programs and the new customer sovereignty, they need to ensure that their strategy is relevant and meaningful. The bank needs to differentiate their program by identifying and connecting with the unique characteristics of their customer base as well as align loyalty and retention programs with marketing strategy.
ACKNOWLEDGEMENT

My special gratitude is extended to the Almighty God for taking me through my training at USIU. I wish to express my heartfelt appreciation to my project supervisor Dr. Peter Kiriri for his continuous guidance, encouragement and useful ideas that he provided throughout the entire research report.

I extend my thanks to my family for their valuable assistance financially and emotional support for making it possible for me to compile this research and giving me time to study. Credits also go to my friends for their admonitions, encouragements and to my colleagues who gave me massive support.
DEDICATION

This research report is dedicated to my entire family and colleagues.
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<td>Automated Teller Machines</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

In the banking sector today, customers have become more knowledgeable and demanding and banks can hardly survive the tight competition with the old way of product orientation. They have become market driven by forming strong brands, aimed at maintaining long-term relationships with their customers. A stable customer base is a core business asset. The essence and nature of strong relationships and their business value are encapsulated in the concept of customer loyalty. The importance of brand loyalty is manifold. Surveys show that recruiting new customers is up to six times expensive while compared to retaining the existing customers (Rosenberg and Czepiel, 1993).

Brand loyalty is experienced when customers remain committed to your brand and make repeated purchases regardless of the price offering or convenience on the product or service. According to Kotler (2003), developing a strong and stable brand requires a long term investment as this will be accomplished through regular advertising, promotion and re-launching the product or services. With numerous choices accessible, customers will not be willing to accept anything less than excellent service. Banks have acknowledged the importance of meeting customers’ desires as different consumers have different tastes, hence it is vital for banks to know the causes of customer faithfulness in order to improve both customer retention and loyalty. Banks must be unique to play a leading role in the diversifying and expanding of the financial sector, demonstrate commitment to excellence in customer, shareholders and employees’ satisfaction and provide world-class services and maintain high standard (Blachandran, 2009).

Customer loyalty is when customers in a particular organization remain with them despite them having other possible options where they can obtain the same goods or services. Many organizations today use a lot of their resources to maintain customer loyalty, including using loyalty programs like cards that rewards points at the use of their services or purchase of goods. Study on customer faithfulness has been dedicated to the effect of brand loyalty, a small number of research studies on customer loyalty focus on service loyalty. It is debated that the outcomes in the field of brand faithfulness did not take a
broad view to service loyalty for the following reasons: service loyalty relies on the improvement of interpersonal relationships as opposed to loyalty with physical goods, in case of services, the effect of perceived threats is greater and intangible qualities such as reliability and confidence are the key factors to retain the customer loyalty in the service background (Dick and Basu, 2004).

Retail banks have discovered that increased customer retention rates can have a substantial impact on profits, since an increase in a bank’s retention rate by 5 % could lead to an 85 % increase in its profits (Reichheld and Sasser, 1990). The near-collapse of the global financial system has left bankers searching for a profitable path forward in a permanently altered competitive landscape. Public trust in financial services companies has sunk to historic lows, underscoring the need for retail bankers to repair badly damaged customer relationships. To do this, however, banks need to rethink deeply entrenched business practices.

Tough new financial reform legislation in the United States (US) brings banks under tight scrutiny, restricts the businesses in which they will be permitted to operate, sets higher capital requirements, limits fees and introduces a new layer of oversight in the form of a consumer financial protection watchdog. The turbulence has made it clear that the two principal growth strategies banks relied on for year’s mergers and acquisitions and ever-increasing fee income have run their course. The rewards from customer loyalty for banks that stay the course can be substantial and, when fully implemented, they multiply and become self-reinforcing over the long run. Investing in loyalty can generate more attractive returns than rolling out an ambitious new marketing plan or building new branches (Bain’s Global Financial Services, 2010).

Brand loyalty is inextricably tied to customer experience, and the emergence of digital channels means that there are more customer touch points than ever before. Consumers are increasingly less likely to have a single channel preference, and instead demand a consistent and intuitive user experience across whichever channel they choose for any one transaction. Retailers are traditionally better at communicating their online brand than banks, though as competition in the banking sector gains pace, and non-traditional entrants including retailers begin to move into the financial services space, banks cannot afford to fall behind. As consumers sweep from channel to channel, financial institutions
and retailers must take advantage of these customer touch points, providing a service that is not only functional, but also communicates the brand value and experience that they wish to convey. The challenge is to ensure that the user experience is consistent, seamless and intuitive across all channels (Weber, 2012).

Brand loyalty has been a measurable performance indicator for businesses around the globe, a critical tool in retaining customers and measuring their propensity to repurchase the brand. However, there is growing evidence that marketers are struggling to retain brand loyalty. Consumers enjoy the benefit of a much wider choice of brands; customers are better informed and they are leveraging this privilege. Market dynamics have forced brands to compete on price for growth or even survival, hence demoted to almost commodity status; Traditional channels to market are facing the reality of e-commerce and a global marketplace. In some markets the retailers are making it very difficult for brand differentiation at point of purchase. Brands have an obligation to reward and surprise consumers (Toit, 2013).

The industry is evolving and new product offerings are developed, but are not enough of a differential element anymore, therefore brands become a key differentiator to enable the bank to gain a competitive advantage in the industry (Silver and Berggren, 2009). The term brand can be summarized as an identifiable entity that makes specific promises of value. Thus, one can elaborate that the unique design, sign, symbol, words, or a combination of these assist marketers in creating a brand or brand image that is used in the branding of the company (Dolak, 2006).

Through the realization of the brand objectives, marketers achieve the result of establishing trust with consumers through the delivery of the promise, which leads to brand strength or brand loyalty. The objective of brand loyalty is to establish trust with consumers to enable marketers and business owners to pin a value to a brand, which will guarantee the company a certain retaining consumer spend in future (Wood, 2000).

Several factors have stiffened the competition among the various players in the banking industry leading the banks to look for more innovative ways of satisfying their customers while at the same time making profit. Some of these factors include the concept of globalization which has taken competition beyond the national boundaries, advancement
of technology, deregulation of financial services and privatization of banks that were initially public (Achua, 2008). The major of the informed stakeholders are also demanding greater social and environmental performance by banks, as they appreciate that businesses can never succeed without public trust and confidence.

Effective product innovation and management could be made possible with effective customer segmentation which aids in providing value and sales propositions which are effective and unique to each segment. Existing customers promote business growth, present cross-selling opportunities and also cost less to serve. Customer loyalty goes beyond retaining customers to making them advocates for the bank (Africa Banking Industry Customer Satisfaction Survey, 2013).

The banking division has experienced extreme changes that have led to declining interest margins due to customer pressure, increased demand for non-traditional services including the automation of services and a move towards emphasis on the customer rather than the product, introduction of non-traditional players who now offer financial services products and liberalization and deregulation. This brings about reorganization, mergers and acquisitions in the banking sector and the tendency was categorized by declining profitability and a low customer base (Levesque and McDougall, 1996).

In South Africa, banks have realized that their market environment is rapidly changing and that the quality of the service they render is one of the few variables that distinguish them from the competition. Customers gain satisfaction from deriving maximum utility from the service rendered to them (Goosen et al., 1999). Brand management is important to marketers today, particularly as organizations attempts to communicate the ever complex and intangible messages as part of brand management strategies. By having a strong brand, companies facilitate the differentiation of their offer from the competitors. With branding, financial companies are able to create customer confidence and loyalty in their performance, exert greater control over promotion and distribution of the brand, as well as commanding a premium price over the competitors; all while impacting the valuation of the business (Omar, 2011).

In spite of the economic slump in Kenya, Barclays can still endure as it can ask for backing from its International office. In Kenya, poverty is extensive with 55 percent of
the people below the poverty line. Definite challenges of Kenya’s economy comprise of: government corruption, an inconsistent judicial system, slow progress on privatization of parastatal companies, lack of budget discipline, a weak banking sector, and poor infrastructure (Country Watch, 2005).

With the current economic recovery taking root in Kenya, business owners have reason to smile. Rising from the effects of the global economic meltdown, company profits are slowly but surely increasing. Due to this, competition among brands is set to increase significantly. In spite of the cut-throat competition, companies need to continually boost their bottom line. Customers appreciate efforts made by banks to offer them the best service under strained circumstances and remain loyal to them (Karuku, 2010).

Kenyan consumers have over the last few years become accustomed to being rewarded for being loyal to particular brands especially through use of loyalty cards for shopping. Depending on the industry, perks associated with being dedicated customers vary. More than a year after the financial markets crisis began; economic fallout would surely have inspired the closure of some loyalty schemes if they were not considered valuable to the bottom line. Different industries are likely to obtain more positive results from their loyalty initiatives than others (Kinyanjui, 2009).

Barclays is already an established brand in financial services globally, and it’s one of the largest financial service groups in the United Kingdom (UK). Their corporate features and identity is basically one of their strengths. Barclays is one of the leading providers of coordinated global services to financial institutions and multinational corporations worldwide, and have an experience of over 300 years in the banking industry and have over 73,600 workers. Despite weaknesses of Kenya, specifically in the banking division, Barclays has the capability to stand up in the competition with support from subsidiaries and strong international aid (Datamonitor, 2004). In Kenya today, businesses are facing a myriad of challenges that have threatened their competitive positions. It is quite a big task for organizations to meeting customer satisfaction today. Consumer needs keep on changing everyday thereby making it very hard for organizations to determine how best to please the consumer in order to gain a competitive edge. The performance of organizations today can no longer be measured on reported profits alone (Smith, 2008).
1.2 Statement of the Problem
There are major improvements in the banking sector that are affecting the promotion of their products. The main developments are the different improved brands of products offered. The changing customer behavior has been characterized by the various marketing mix strategies employed, product and brand positioning, demographics, competition and the advancing technologies. Customers are more financially informed or educated, more demanding, more price and cost conscious than before.

Multinational banks such as Barclays Bank Ltd have moved their focus from retail to corporate clients as a survival tactic. With due respect, technical innovations such as electronic banking such as internet and mobile banking, Automated Teller Machines (ATM) are aiding to broaden the ability and resources of the institutions to contest in this volatile industry (Sharma, 2013). New payments systems, new products, new forms of delivery and distribution and improved management systems such as customer databank systems are being used by some banks to make differential advantage.

One of the key challenges of commercial banks has been on starting and maintaining client loyalty. Banks have been experiencing high degree of client switching from one bank to another. Service managers are noticing more regularly a lack of loyalty and retention even among delighted and satisfied customers. This condition has been referred to as “the satisfaction trap” (Ghaziri, 1998).

Brand loyalty shows that there are several customers who are seriously loyal to products even when they are substandard compared to the alternatives. In fact they are staunchly loyal to the extent that they regularly pay premium prices for these products. This puzzling phenomenon may be credited to lack of understanding of the causes of customer loyalty and retention in several service industries. This has enticed a lot of scholars in marketing practice and theory to scrutinize the subject of brand and customer loyalty in relation to client retention.

1.3 The Purpose of the Study
The purpose of this study was to examine the effects of brand loyalty on customer retention in Kenyan banking sector.
1.4 Research Questions
This study was guided by the following set of research questions:

1.4.1 How do marketing mix strategies affect brand loyalty and customer retention in Kenyan banking sectors?
1.4.2 What is the effect of brand positioning on the brand loyalty and customer retention in Kenyan banking sector?
1.4.3 How do demographics affect brand loyalty and customer retention in Kenyan banking sector?

1.5 Significance of the Study

1.5.1 The Management of Barclays Bank
The study may be beneficial to the management of Barclays bank as it may enable them address the issues of concern and implement the positive results of the finding on the research to improving their strategy on brand loyalty and customer retention.

1.5.2 The Employees of Barclays Bank
The study will benefit the employees of Barclays bank, especially those in direct contact with the customers, the sales and marketing staff in empowering on how to improve brand loyalty and customer retention, providing satisfactory services to the customers and establishing a long term relationship.

1.5.3 Other Competitor Banks
The other competitor banks will find this study useful by establishing what Barclays is doing concerning the issue of branch loyalty and customer retention and they will be able to apply the same knowledge, while adapting any prevailing issues of concern to them.

1.5.4 Future Researchers on Similar Topics
This study will be a source of reference to other future researchers who may have an interest in researching on a similar topic in other industries or to further establish more findings in this area.
1.6 Scope of the Study
This study was carried out at Barclays Bank, Ruaraka Branch and conducted among its 4000 regular customers. Data collection period was January 2014 to March 2014. The study covered three variables namely: marketing mix strategies, brand positioning and demographics. This study was met by non-cooperation from respondents who took it as a waste of time. Respondents were however educated on the importance of the study. Most respondents feared that they would have disclosed confidential information which would be used by their competitors to their own advantage. To overcome this, the researcher assured them of confidentiality and that their response would be used for academic purposes only. The use of questionnaires reflected what the researcher had in mind which did not necessitate the information that was required for the study as the research topic entailed.

1.7 Definition of Terms

1.7.1 Marketing Mix
Marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand in the market (Kotler, 2003).

1.7.2 Brand Positioning
Brand Positioning is how a product is perceived in the minds of the consumer in relation to competitors’ brand in the market (Toit, 2013).

1.7.3 Demographics
Demographics are statistics that companies keep on business clients and consumers on a product or services (Ghaziri, 1998).

1.7.4 Customer Retention
Customer retention is defined as the activity that a selling organization undertakes in order to reduce customer defections. Customer retention is more than giving the customer what they expect; it is about exceeding their expectations so that they become loyal advocates for your brand (Rosenberg and Czepiel, 1993).
1.7.5 Customer Loyalty
Customer loyalty is both a behavioral and attitudinal tendency to favor one brand over all others, whether due to contentment with the service or product, its performance, convenience or performance, or simply comfort and familiarity with the brand (Dick and Basu, 2004).

1.8 Chapter Summary
It is important to note that chapter one covers the background of the study whereby brand loyalty is defined. Banks have recognized the significance of meeting customer needs since they have different personalities. This will help them to establish the determinants of customer loyalty in order to enhance customer retention. Branding has become one of the most important aspects of business strategy. A good and effective brand normally has attributes which endure them to their loyal customers.

In chapter two looks at literature review on the three main variables forming the research objectives. The research objectives address marketing mix strategies, brand loyalty strategies and demographic variables that affect brand loyalty and ultimately customer retention. Chapter three looks at the research methodology used. Chapter four has focused on the results and findings of the study and chapter five gives the discussion, conclusions and offers the study recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

Literature review presents literature related to customer loyalty and retention. It presents literature as presented by other scholars and researchers. The literature review has discussed the effects of marketing mix strategies and how it affects brand loyalty and customer retention in Kenyan banking sectors; it has also discussed brand positioning on the brand loyalty and customer retention in Kenyan banking sector; and how demographics affect brand loyalty and customer retention in Kenyan banking sector.

2.2 The Effects of Marketing Mix Strategies to Consumer Loyalty and Retention

The marketing mix is a business tool used in marketing and by marketing professionals (Handlin, 2012). The marketing mix is often crucial when determining a product or brand’s offer, and is often synonymous with the four Ps: price, product, promotion, and place; in service marketing, however, the four Ps have been expanded to the Seven Ps or eight Ps to address the different nature of services. In recent times, the concept of four Ps has been introduced as a more customer-driven replacement of four Ps (Needham, 1996).

More and more organizations are competing strategically to differentiate themselves in the area of quality and service within a market. Successful corporations strongly focus on the service model with investment in technology, personnel policy and remuneration systems for their employees and people (Aaker, 1991). This is very vital as the behavior of the workers can have a direct effect on the quality of the service. Workers represent the voice and face of their organization to the customers. They transform the services delivery into services for the customer across all segments.

Booms and Bitner (1981) further advanced the traditional marketing mix developed by the American Professor of Marketing Jerome McCarthy into the extended marketing mix or services marketing mix. This service of marketing mix is also called the 7P model or the 7 Ps of Booms and Bitner. This marketing strategy extends the original marketing mix
model from four to seven elements. While McCarthy had only defined four confirmable marketing elements, the 7Ps are an extension as a consequence of which this services marketing mix can also be applied in service companies and knowledge intensive environments (Vliet, 2013).

A business’s strategy comprises of the business initiatives and approaches it undertakes to entice customers and fulfill their anticipations, to strengthen its market position. These strategies offer opportunities for the business to respond to the numerous challenges within its working environment. Corporations also improve strategies to enable them seize tactical initiatives and uphold a competitive advantage in the market (Porter, 1998).

The competitive objective is to do a considerably better job of providing what clients are looking for, thereby aiding the company to outsmart rivals in the market place. The fundamentals of a company’s marketing plan consists of its internal initiatives to deliver fulfillment to customers but also includes defensive and offensive moves to counter the maneuvering of competitors, actions to shift resources around to increase the business’s long term market position and competitive capabilities, and strategic efforts to respond to dominant market situations. Assuming that there are several providers, consumers will choose which offering to receive on their opinion of value-for-money (Ouma and Munyoki, 2010).

Warucu (2001) in his study, found out that product and focus differentiation are some of the major plans that the banks have engaged in their quest to out-do each other. In the same way Kiptugen (2003) looked at the strategic reactions to a changing competitive atmosphere in the case study of KCB, he noted that proactive rather than reactive plans such as research on varying customer preferences and needs forms the source of its strategic planning.

2.2.1 Product and Customer Loyalty and Retention

Product quality refers to the features or characteristics of a product or service that is able to satisfy the stated or implied customer needs (Coldren, 2006). In other words, product quality can be defined as “fitness for use” or ‘conformance to requirement’ which to a great extend determines and measures the loyalty of customers to a stated product on offer to the market (Russell-Bennett, McColl-Kennedy and Coote, 2007).
In case of services, the ‘product’ is heterogeneous, intangible and perishable. Moreover, its consumption and production are inseparable. Hence, there is a range for modifying the offering as per customer desires and the actual client encounter therefore assumes certain significance (Coldren, 2006). Product significance determines how the consumer will be satisfied with the service or product. If a customer is happy and satisfied about a product or service, they will become loyal to it and even recommend other people to purchase or utilize the product or service. This satisfaction will be realized by repeat purchase and frequency of product orders. On the other hand, too much customization would compromise the recommended delivery of the service and badly affect its worth. Hence precise care has to be engaged in planning the service offering as it will define the customer’s loyalty (Beckwith, 1997).

The term product does not just refer to the physical product or intangible service one offers to their consumers or clients. It also encompasses the packaging, services and the benefit that makes it of value and that will attract the customer which in the end will make the customer offer their full loyalty (McDermott, 2011). The product is the entire package. This component also refers to the expected life cycle of the product and the points of difference between it and its competitors.

Whenever one is having difficulty selling as much of their products or services as they would like, one needs to develop the habit of assessing their business honestly and asking, “Are these the right products or services for our customers today?” Compared to competitors, is product or service superior in some significant way to anything else available (Tracy, 2004)?

2.2.2 Pricing and Customer Loyalty and Retention

Price is probably the most important consideration for the average consumer. Consumers with high brand loyalty are willing to pay a premium price for their favored brand, so, their purchase intention is not easily affected by price. In addition, customers strongly believe in the value and price of their favorite brands so much so that they would compare and evaluate prices with alternative brands (Azevedo and Farhangmehr, 2005).
Consumers’ satisfaction can also be built by comparing the perceived costs and values with price. If the costs are greater than the perceived values of the product the consumers will not purchase the product. It is important to note that loyal customers are willing to pay more even if the price increases because they would prefer to pay a higher price to avoid any perceived risks (Swinker and Hines, 2007).

Pricing of services is harder than pricing of goods. While the last one can be estimated easily by taking into account the cost of raw material, in the case of services, attendant costs - such as overhead and labor costs - also need to be included. Therefore, a restaurant not only has to charge for the food served but also has to compute a price for the setting provided. The price for the service is then attained by including a markup for a suitable profit margin (Beckwith, 1997).

This is the price the client pays for a product or service. Price is the most essential factor for marketing. The price of a service or product is determined by all elements that a business invests during the preparation of the product. For instance material costs, product identity, market share. The price of a product may go up or come down depending on the price and time of a certain product may differ because of market improvements (Vliet, 2013).

The easiest way to think about the marketing mix is as a recipe one devises while putting together their marketing plan. This refers to the price a consumer or client pays for the product and how something is valued. There are many different ways to price a product or service and all of those strategies fall into this category (McDermott, 2011).

2.2.3 Place and Customer Loyalty and Retention

Since service delivery is simultaneous with its production and cannot be transported or stored, the scene of the service product is essential. Service providers have to give exceptional thought to where the service will be provided. Hence, a good restaurant is better situated in a busy, upscale market in comparison to the outskirts of a city. Equally, a holiday resort is better positioned in the countryside away from the noise and rush of a city (Beckwith, 1997). This component signifies the place where the product is accessible
for the clients. It is possible that the product is not accessible in all places but only in a certain range of locations (Vliet, 2013).

Whether in store, online, by phone or perhaps via social media, place refers to where the customers can purchase their product. Decisions about which distribution channel or channels to use are an important part of the marketing mix because sometimes an item that sells well online will not be as profitable in a store and vice versa. It’s all about finding the right mix of place and product (McDermott, 2011).

2.2.4 Promotion and Customer Loyalty and Retention

Promotion is a marketing mix component which is concerned with information delivery to consumers. Promotion includes the use of personal selling, sales promotions, advertising and publicity. Promotion greatly affects consumers’ images, beliefs and attitudes towards product brands which consequently influence their purchase behaviors (Russell et al., 2007).

Promotion, especially through advertising, is important in establishing ideas or perceptions in the consumers’ minds as well as differentiating brands in a particular product category. Promotion is an important element that is used to communicate the product offerings to consumers. It also encourages purchase or sales of a product or service. Sales promotion tools are also used in support of advertising and public relations activities and they are targeted toward the consumers (Kotler and Armstrong, 1994).

Service offering can be easily duplicated; promotion becomes critical in distinguishing a service offering in the mind of the customer. Consequently, service providers offering indistinguishable services such as banks, airlines and insurance corporations invest heavily in marketing their services. This is crucial in attracting clients in a division where the services providers have almost identical offerings (Beckwith, 1997). This component comprises all the efforts the organization or company makes to encourage the reputation of their product in the market, for instance by promotional, advertising programmes (Vliet, 2013).
2.2.5 People and Customer Loyalty and Retention

Individuals are outlining factor in a service delivery procedure, since a service is inseparable from the person providing it (Keller, 1993). A restaurant is known as much for its food as for the service provided by its staff. The same is true of department stores and banks. Subsequently, customer service training for employees has become a main concern for many corporations today (Beckwith, 1997).

In Booms and Bitner’s (1981) 7Ps services marketing framework, ‘people’ include people who are indirectly or directly involved in the trade of the service or product. These are primarily client contact employees (representatives, contact centre employees, account managers), management, personnel and customers. It is mostly the customer contact employees who are the face of the corporations and they translate the quality into a service. They are the ‘service’ providers on account of their entrepreneurship or occupation. They include for instance hair dressers, stylists, trainers, coaches, gardeners and contact centre employees and lawyers. They deliver a physical service with a visible result.

Businesses in the service industry are thoroughly aware that vital for them to efficiently manage the customer contact personnel in order to monitor the quality of the service with respect to behavior and attitude. This is very essential in service corporations because there might be a big variable in the performance of the customer contact personnel in relation to the outcomes of the services provided (Kotler and Armstrong, 1994).

The value of a service between service customers and companies (hospital intake, having a meal in a restaurant or management or accountancy or consultancy services) can differ strongly in addition to other essential factors (Lovelock, 1996). The lack of similarity in services creates hitches for service corporations. Delivery of services frequently occurs during an interaction between a contact employees and a customer. Behavior and attitude of a worker creates a perception of the service as encountered by the client (customer perception) (Lovelock and Wirtz, 2011). This opinion may be either negative or positive. It is even more essential because it can influence customer fulfillment and in turn the client’s purchase intentions (Booms and Bitner, 1981).
2.2.6 Process and Customer Loyalty and Retention

The procedure of service delivery is critical since it makes sure that the same standard of service is constantly delivered to the clients. Consequently, most businesses have a blueprint which offers the information of the service delivery procedure, often going down to even outlining the greeting phrases and service script to be used by the service personnel (Beckwith, 1997).

The element of ‘Process’ represents the activities, protocols, procedures and more by which the service in question is ultimately delivered to the client (Martin, 2007). As services are consequences of actions for or with clients, a procedure involves a series of steps and actions to get there. The element of ‘process’ is a vital part within the whole marketing strategy. This element comprises all services and activities in which the persons involved play an essential role (Merchant, 2012).

Services are made up of a sequence of actions, it is essential to take the probable waiting period amid the activities into consideration. That is why it is essential that marketers take care of the communication about probable distribution times and by doing so the management of customer anticipations. Managing and creating effective service procedures are for the existence of service corporations. Handling the process factor is mostly due to the perishability of services which means that the services cannot be stored, inventoried for reuse or returned (Szwarc, 2005).

It is therefore essential that the service corporations manage demand as well as they possibly can. Another distinctive characteristic of a procedure in relation to a service is the sign to be provided to the client and this is often a customized or standardized approach based on the client’s expectations and needs. The delivery system and the flexibility of the employees are two other key factors in the successful delivery of a service, and customers appreciate efficient and effective processes that are tailored to meet their needs, as they eventually lead to loyalty and retention (Booms and Bitner, 1981).
2.2.7 Physical Evidence and Customer Loyalty and Retention

Since services are intangible in nature as most service providers attempt to incorporate certain physical elements into their offering to improve client experience. For example, there are hair salons that have well designed waiting areas often with plush sofas and magazines for patrons to relax and read while they await their turn. Equally, restaurants invest greatly in their decorations and interior design and to offer a unique and tangible experience to their guests (Beckwith, 1997). In the banking sector, each bank ensures that they have properly branded their premises and banking hall. The customers are able to identify each bank with its logo and brand colors which distinguish it from the other banks (Lau and Lee, 1999).

The physical indication refers to an atmosphere in which a service comes about from an interaction between a customer and an employee which is combined with a physical commodity. The tangible evidence includes an illustration of a service for instance stationery, brochures, reports, business cards and company website (Zeithaml and Mary, 1996). Since services are intangible, clients are always looking for real clues to aid them understand the nature of the service corporation. The more intangible the service the more essential it is to make the service around it physical. Credit cards are examples of tangible evidence compared to the delivery of (intangible) credit services by credit card banks and companies (Leditschke, 2005).

The tangible evidence serves as a visual representation of what the business represents, what services it simplifies and the relations between employees and customers. Satisfied clients are the best publicity for the products or services to be delivered. The marketing plan must be effective, in which fulfillment of existing consumers can be communicated to potential clients. Social marketing is a beneficial tool in this respect. It is not physical but it supplies tangible evidence with the aid of, for example a written reference by a user or customer (Booms and Bitner, 1981).

2.3 The Effects of Brand Positioning to Consumer Loyalty and Retention

Positioning refers to how one communicates the essential benefits of their small business to potential customers. Where one sells their product, how they make it, where they make it and their price all convey subtle messages to the marketplace, even without them using
any overt advertising, public relations or promotions. Some companies position themselves as affordable options for consumers by selling low-priced goods. This may require a corresponding decrease in quality. Some companies price their products or services higher than their competition to create a perceived value (Azevedo and Farhangmehr, 2005).

Consumers wonder why a particular company is able to sell its product for more or why their fellow consumers are willing to pay more for the product. In the end, they may believe that the higher-priced product or service is worth more. Where one sells their product says much about its quality. If one has a customer base with a common, personal denominator, one can position their company to play on their loyalty to their group. Examples of this type of positioning include marketers who advertise their products as made locally or in the U.S; Christian-owned businesses; alignment with a charity; or sponsorship of a school sports program that in the end will attract particular customers who prefer such products hence make them loyal to the products and service on offer (Edmunds, 2012).

Although there are different definitions of brand positioning, probably the most common is: identifying and attempting to occupy a market niche for a brand, product or service utilizing traditional marketing placement strategies (like price, promotion, distribution, packaging and competition) (Coldren, 2006). Positioning is also defined as the way by which the marketers attempt to create a distinct impression in the customer’s mind. This impression ensures that the consumer is attracted to the service and product that makes them be loyal and retained. Positioning is a concept in marketing which was first introduced by Trout (1969) and then popularized by Ries and Trout (1981).

Brand positioning enables businesses to market their products and services and place them strategically in the minds of the consumers and make them loyal (Toit, 2013). While every corporation’s situation is distinctive, it is well-known from long experience that there are common principles for a business’s success in winning and reaching a market. Whether the business is focused on consumer packaged goods, emerging technology or business services, part-time team will consider the following scopes in developing a market positioning plan: Competitive Positioning Strategy; Brand Positioning Strategy;
Product Positioning Strategy; Competitive Pricing Strategy and Alternatives to Marketing Consulting Firms (Browne, 2014).

2.3.1 Positioning Strategies and Customer Loyalty and Retention

2.3.1.1 Brand Positioning Strategy and Customer Loyalty and Retention

Positioning a brand is serious business. There are numerous significant questions which have to be answered in brand positioning. First, is to define what scopes are critical to the positioning. This has all to do with the target clients. What are the top two to five main criteria for their decision making? Then, one requires an understanding of where the brand is presently positioned, supposing they are already in market, against these brand criteria. Frequently this sort of study is done to determine what gaps are underserved, which offers a potential positioning chance of where one would like to be positioned (Silver and Berggren, 2009). One then needs to define if the new positioning chance is purely a case of messaging (relating what they do, why it’s relevant, and how it’s different) or a matter of boosting their offerings (Wood, 2000). This study might end in something as simple as categorizing which features or products are the main reasons to buy, and rallying their offerings and business around this extremely attractive dimension. In the end, they’re trying to define what their trademark should stand for. Then, they’ll work on establishing how they’ll deliver this brand positioning strategy in their marketing and sales activities that will ensure the customer is retained as a result of the brand positioning criteria (Browne, 2014).

2.3.1.2 Product Positioning Strategy and Customer Loyalty and Retention

Good product positioning strategy requires looking both internally and externally in the perception of the consumers’ needs and perception. First, the organization as a whole requires to be appropriately positioned, and then the service or product portfolio needs to be situated. Some businesses fail to identify that their own offerings require to “hang together” and be logical – relative to one another and to their business overall (Omar, 2011).

When a business has deviating brands or offering, they might best consider two different business banners. Similarly, when corporations try to extend the brand of a product in too
several directions they can dilute the worth of the offering and confuse the client. With a product portfolio that makes sense, the organization requires to successfully differentiate each product from its rival. Normally, there are three vital dimensions to positioning: relevance and functionality and differentiation. When offerings are new (perhaps based on new technology) and not understood very well, the positioning will be based upon what the brand does. When dealing with commodities, the positioning is based on the variation and in rare cases, positioning is based on the emotional experience of consumer who makes use of the product and who needs to be made loyal to the product (Browne, 2014).

2.3.1.3 Competitive Pricing Strategy and Customer Loyalty and Retention

Pricing strategy has its roots in the core of competitive positioning. If the corporation boasts a better service or product and also leads in market reputation (or brand) then it has the chance to command the best pricing that will be attractive in the market and that will ensure clients come for repeat business (hence retained) (Omar, 2011). Nonetheless, an initial question becomes: to what level are consumers price-sensitive?

In various cases, especially in middle or small market businesses, the distinctive value the offerings bring may totally justify the best price. On the other hand, if it lacks a competitive presence or are subject to a damaging reputation, no amount of pricing reduction may match the handicap. Understanding these simple dynamics in the competitive marketplace will let one create a prototype to notify them of the pricing plan. Their pricing plan may also allow for opportunistic circumstances such as seizing first order to prove worth for a longer relationship (Browne, 2014).

2.3.1.4 Competitive Positioning Strategy and Customer Loyalty and Retention

Positioning strategy, by its very nature, involves value relative to the competition. What does one offer or do that is better (or not as competitive) as others who provide similar services and products? Nonetheless, there is constantly more to understanding the offerings that describing them in light of reasonable offers. Corporations can simply make the mistake of “over positioning” their services and products to the expense of removing the quality of client’s view of the product (Merchant, 2012).
There are three scopes to establishing value proposals – why it’s relevant, what it does and how it’s different; marketers, companies and sales teams can spend too much attention on variation before guaranteeing the first two scopes are understood. One’s clients are normally most interested in getting their issues solved which defines their being retained in the organization. If it’s not clear how one is going to do that, comparing a corporation to competition (even subtly) won’t matter but how the customer becomes faithful to the service and products offered (Browne, 2014).

2.3.2 Advertising and Customer Loyalty and Retention

An advertising position strategy allows a business to concentrate on a particular aspect of its services or products. The ad position is the central message or theme, such as superior consumer service. Small business owners may focus on any number of benefits or positions in their marketing. The key is keeping the information corresponding to various marketing tactics, including the service or product, distribution and pricing plans will determine consumer’s perceived loyalty position. Marketing managers must also find the right media mix to influence their clients (Azevedo and Farhangmehr, 2005). All commercials and print ads must also be in alignment for the utmost impact.

One standard ad position plan is appealing to certain target audiences. Small businesses frequently start out with this kind of ad positioning as they intend to establish loyal client bases. They must entice clients who are most probable to use their products. Most marketing managers have an overall idea about their target audiences before placing their commercials and ads. The accomplishment of the promotion may only aid support this vision. Businesses which appeal to the right audiences concentrate on various demographics, including social status age and education. They might also try to entice people with certain business patterns, interests or lifestyles (Suttle, 2012).

An ad position plan can also enhance or support a business’s product strategy. Some corporations use marketing to position certain product features. The ad position plans can also repair or enhance a product’s image. Bad publicity may have caused customers concern about a business’s products. These worries may originate from an aggressive competitor, or a client who had a dissatisfying experience with a product. Hence,
marketing can be used to aid repair the corporation’s image. Small businesses may also use ad position plans to support their pricing plans (Azevedo and Farhangmehr, 2005).

Businesses may want to spread their products at times and thus need marketing that informs clients of the alterations. Customer tastes frequently change. Clients may need more features, flavors or size varieties, for example. Hence, small corporations often need to add or modify products. And they need to locate their marketing to support these changes. Businesses may also require changing their ad positioning plans during the life cycle of a product. Most products go through four phases: introduction, development, maturity and decline. Corporations may require discovering new markets and uses for their products in the latter two stages to keep them from becoming outdated. Consequently, they must notify their clients of the modifications through their marketing (Suttle, 2012).

Regardless of the medium, the most effective advertising engages with the consumer. And that engagement furthers the effectiveness of the marketing message. As a marketing professional, one place advertising so it reaches their “target audience.” However, just reaching that audience doesn’t mean their advertising will work. In order for it to work, one needs their target audience’s undivided attention. The best way to achieve this is by contextual advertising - advertising designed to be aligned with content that interests them. When it comes to marketing, one should make the extra effort to align their message with a medium they find value in, and then take the next step. When possible, they should narrow down their target within that medium and deliver their message around relevant content to their target audience. Not only will that provide more contexts to their message, but one will reach their targets when they have their undivided attention (Mills, 2013).

Marketing communications are designed to inform potential customers and to motivate them to purchase their products or make use of their services. Each element of their communications strategy, promotions, advertising and public relations must be aligned with and support a compelling positioning statement that is unique to their business. In order for the business to succeed, one needs to advertise and promote their products or services to the same buyers that their competitors are targeting. In those rare cases where their business is one-of-a-kind, one still needs to tell target buyers that their business
exists with some kind of advertising or promotional communication. Public relations (PR) activities are another way to promote the image or reputation of the product. PR is similar to promotion and advertising, but can be more indirect, since some or all of the publicity a company's products and services receive from public relations activities may not be controlled by the company (Wiegand and Oster, 2012).

2.4 The Effects of Demographics to Consumer Loyalty and Retention

Demography is the study of human populations in terms of size, density, location, age, gender, race, occupation, and other statistics. The demographic environment is of major interest to marketers because it involves people, and people make up markets. The world’s large and highly diverse population poses both opportunities and challenges. Changes in the world demographic environment have major implications for business. It determines how a business will offer differentiated products and services to the needy customer and the one which will ensure their loyalty is retained at all cost. Parents with only children at home now spend about 40 percent of their income on their cherished child (Adamy, 2006).

One of the important demographic changes is that the life expectancy has increased phenomenally as has lifestyle with its divergent needs. People tend to live longer than their forefathers. In western countries, life expectancy has been coupled with lower birthrates. The result of these two developments on demographics of most developed countries is that these countries have become aged heavy. That is, their population comprises more of the elderly than the young (Chandler, 1962; Adamy, 2006). Life expectancy brings its own share of demand for services. When people live longer, they become consumers of services. Maintenance of life beyond a certain age requires support of services. The elderly consumer services like entertainment, recreation, financial planning, health services, insurance and state services like old age homes. One of the major services that has benefited from this is health care. Ageing is directly creating jobs in services like medical assistance, home health help, diagnostic services, and radiologists. The varied demographic sectors have different loyalty measures and businesses are forced to re-examine their market offers (Verma, 2008).
As a consumer, one has probably participated in consumer driven marketing strategies and not even known it. Product and customer satisfaction surveys are a part of a company's continuing strategies to determine what one likes about the company from its products to its promotional campaigns and even its television commercials which determines the customer’s loyalty. Even simple information such as age can be used to make determinations about the larger market and help shape consumer marketing strategies and make decisions on customer loyalty and retention measures. A consumer driven marketing strategy's main goal is to target consumer needs within a given market and make sure the consumer is loyal to the brand on offer to the market (Lister, 2012).

A business makes an analysis of the given market, including consumer spending habits, consumer median income levels and performance of competitors already in the market. These factors can help a company determine the areas in which consumer needs are greatest and allow it to tailor products and services to meet those needs (Handlin, 2012). The company hopes that by targeting consumer needs within a given market, it can create the prevailing view that its products and services are essential. A consumer driven market strategy may also be tailored to create interest in products and drive sales for a particular consumer demographic within a particular market. A consumer demographic is a segment of a population identified by a variety of factors including age range, gender, and income and spending habits. A business may develop a marketing strategy using information gained through research of the target consumer demographic to shape its product lines, pricing points and promotional campaigns (Lister, 2012).

Consumer demographics are certain characteristics of people that better define them as potential buying groups. Consumer demographics can include age, household income, education, occupation or profession and even gender. Once a company better understands the various consumer demographics of their customer base, they can develop marketing strategies that target those key customers and make them loyal (Suttle, 2012).

2.4.1 Income and Customer Loyalty and Retention
Demographic characteristics are more likely to be statistically significant than economically significant. As household income rises, consumers are more likely to be loyal to a national brand, less likely to be loyal to a private label, and less likely to switch. Larger households are more likely to buy a private label (Huang and Perloff, 2005).
Income is a demographic variable that has an important effect on consumption, loyalty, retention and the volume of retail sales. If people have more income, they tend to spend more and increase their loyalty as well. This leads to higher sales and more profits for retailer (Hasty and Reardon, 1997).

With the 2008 global recession, corporate profits have declined that has resulted from less consumer spending. Unemployment increased, and many who continued as employed earned less income. Between 2007 and 2009, household income declined 4.1 percent (Brackey, Williams and Maines, 2010).

Companies that successfully develop loyal customers also develop brand ambassadors. In the case of Barclays, customers who have remained loyal to the bank have had their accounts for many years, some of them being the first account they opened while in college and others being the first account they opened when they started working. True brand loyalty exists when customers have a high comparative approach towards a specific brand which can be exhibited through repurchase behaviour. This kind of loyalty can be a huge asset to the firm: “because customers are ready to pay higher prices and may charge less to the serve and carry new customers to the firm” (Reicheld and Sasser, 1990).

### 2.4.2 Age and Customer Loyalty and Retention

Students and young people are as discerning as ever but for brands who offer relevance and entertainment, loyalty awaits. There is a perception that the youth market is hard to reach and even more challenging to engage. Young people are usually clear on what they want and have fully-formed perceptions on different products, services and brands, but it doesn't mean they can't be brand loyal. Indeed, research indicates that with relevant messages delivered through their preferred platforms, 18-24 year olds can be a highly engaged audience for brands and gaining that loyalty is indeed possible. Social media marketing has been top of mind for brands targeting 18-24s. Brands have learned the importance of transparency, relevance and shared conversation versus traditional push approaches. Those that do follow brands have clear expectations. They want material gain free products, a good discount or a winnable competition or they want to be entertained. That's pretty much it. Brands need to make an impact, but they also need to look beyond and think about how they will maintain the success of their work by building a
relationship with a demographic that could provide them with new customers for life (Eder, 2013).

Approaching the children’s market can be a minefield, but investing time and funds to get the message across can pay off handsomely. Children’s spending power is booming. Marketing consultant Martin Lindstrom estimates children’s global purchase influence to be $1.88 trillion (£1.29 trillion). Moreover, young people are often seen as early adopters for many digital and direct media technologies. Direct marketers that properly research and execute work targeting children and families may well be able to build future brand loyalty among young people. And companies that spend time and money influencing children at a young age could see them retain their custom in the future (Cooper, 2010).

In addition, age is expected to affect brand preferences indirectly by influencing the socialization processes. Previous theory and research suggest that as the adolescent matures, he/she strives for independence from his/ her parents, spending more time interacting with peers (Avery 1979; Coleman 1961; Churchill and Moschis 1979).

Studies have shown that at 2 years of age, children may have beliefs about specific brands, and 2 to 6 year-olds can recognize familiar brand names, packaging, logos, and characters and associate them with products, especially if the brands use bright colors, pictures, and cartoon characters. By middle childhood, most children can name multiple brands of child-oriented products. Even among very young children, awareness and recognition translate into product requests, begging and nagging for specific product names and brands. Other studies have also confirmed that when given a choice to select products from pairs each comprised of branded and non-branded products, children under the age of 10 chose the branded, advertised product in preference to the non-branded product even when the non-branded control products were carefully selected as close perceptual matches for the branded advertised products. Very young children see, understand, and remember product logos and advertising. In today’s marketplace children are either spending or influencing billions of dollars’ worth of consumer products and services (Rosenberger, 2014).

Traditional marketing techniques that have focused on mom and dad are missing the mark. It is no longer the most effective way to sell children's products through their
parents. Kids have their own preferences and their own bank accounts as well. Advertisers recognize this and have made children the focal point in numerous campaigns by creating colorful logos and images that were once reserved for kid's products and now common practice for the advertising of adult products to attract both parents and children. For example co-operative bank has a Jambo Junior account for children while Barclays has a Junior Eagle account specially tailored for them.

With more television advertising programs geared toward children, more magazines and print material available for children and more city attractions trying to reach children, the under 10 demographic has more power to influence family purchasing decisions than ever before. Kids’ preferences and voices are louder and stronger today in large part because they know that companies want their business and will go out of their way to create products and services that are current and meet their preferences. If one wants to build brand loyalty for the children below 10 years then one must develop a specific marketing plan to attract them. Starting with the website, one must reach them with the things that are recognizable to them and part of their everyday lives. One should form alliances with partners that have already strong recognition in this demographic. Once you accomplish this they will prefer you, remember you, and might just become customers for life (Rosenberger, 2014).

Across cultures, people tend to possess stereotypical views of the elderly, with conventional wisdom holding that they are kind, warm, and friendly, yet at the same time incompetent, ineffective, and helpless (Cuddy et al. 2005). While there is substantial overlap in abilities, preferences, and goals between older and younger consumers, there are also substantial differences. For example, the elderly are consistently more brand-loyal than younger consumers. Although few empirical studies analyse how brand preferences vary with age, several studies show a tendency for older consumers to prefer long-established options (Lambert-Pandraud and Laurent, 2007; Lambert-Pandraud et al., 2005).

With age, relationships between associations and stimuli and between associations and behaviours are reinforced. For the elderly, habits are more likely to be activated and relied on. Accordingly, age can be seen as a proxy for the amount of associate reinforcement. Indeed, research indicates that age is associated with reductions in the individual
tendency to generate uncommon free associates and increases in the tendency to repeat behaviour (Drolet, Suppes and Bodapati, 2007).

Age is a variable that captures many socioeconomic (for example income and generation) and individual difference (for example cognitive ability and emotionality) characteristics. Interestingly, despite an average age difference of nearly 50 years, research shows that elderly and young adults generally agree as to what habits are “good” versus “bad” (Drolet et al., 2007).

In buying decision older people are likely to focus on their experience-based evaluation of the product’s key features, which suggests that they might exhibit higher loyalty as compared to other consumer age groups. On the other hand, younger people do not rely strongly on their satisfaction with the product itself but seem to base their buying decision primarily on information provided to them by the sales personnel (Homburg and Giering, 2001).

2.4.3 Gender and Customer Loyalty and Retention

Gender issue as males and females are having their own perceptions and attitudes towards each aspect of life and is inadequately research area. Branding was introduced to differentiate homogenous products. Brand names or branding create trust, identify products and services, and are more of a psychological assurance than a tangible item. It builds an image of the product which is a sort of message devoted to potential customer. The psychological behaviour of customer defines conscious and unconscious elements that create relationship between brand and user hence loyalty (Blery and Gilbert, 2006).

Many studies have given insights about gender difference in building relationships with brands, loyalty and retention. The results revealed by these studies magnify the role of women in judgment of a brand and consider women as an active partner than men in buying behaviour. But there are major drifts in present scenario in which there is a changed site of men concerning the current fashion and also knowing the latest trends as far as buying behaviour is concerned. Product involvement differs as per the demographic profile of people which is the major factor influencing purchase
decision of the product also indicating gender perspective. Therefore, it is imperative to judge the gender prospect of targeting consumers with their demographic characteristics because magnitude of brand knowledge may impact consumers’ purchase decision differently depending upon their demographic distinctiveness (Rajput et al. 2012).

Gender has strong implications on consumers’ cognitive thinking, emotional feelings, and purchase behaviours (Fischer and Arnold 1994; Thompson 1996). One consumer behaviour area that offers great potentials for exploring gender effects is consumers’ brand perceptions. Branding is a compelling mechanism for differentiating across market offerings. One of the most important assets that a firm can have is the intangible value represented by its brand. By sustaining a strong brand image, firms can garner consumer loyalty and further gain a competitive advantage in the marketplace.

2.4.4 Lifestyle and Customer Loyalty and Retention

In our daily life we involve in many situation that tend to activate different aspects of our personality. Many consumer products acquire brand personality. For example they view different products and brands by different personality characteristics which are present or not present in them and try to purchase product with similar personality characteristics as present in them (Hawkins et al., 2001).

As reported by Kim, Han and Park (2001) brand characteristics tend to determine brand loyalty. The results of their study indicated that there are positive relationships between attractiveness, distinctiveness, and self-expressive value of brand personality. These relationships had effect on consumer’s identification with a brand. This identification had an indirect effect on brand loyalty.

2.5 Chapter Summary

This chapter reviews literature on the main variables forming the research objectives. The first research objective addressed was marketing mix strategies. In summary, a company’s strategy comprises of the business initiatives and approaches it undertakes to attract clients and satisfy their expectations, to endure competitive pressures and to build
its market position. Marketing mix determines how a brand will be accepted in the market hence leading to brand loyalty. The second objective addressed was brand positioning on brand loyalty in Kenyan banking sector. To address this objective, several banks have reposition themselves and differentiated products to the market so as to attract and cause brand loyalty. The third addressed research objective was demographics and its effect on brand loyalty in Kenyan banking sector. The demographic environment is of major interest to marketers because it involves people, and people make up markets. The next chapter discusses the research methodology that was adopted during the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter shows the research design methodology that was adopted for the study. Section 3.2 discusses the research design, 3.3 defines the population and sampling procedures adopted, 3.4 discusses the data collection methods adopted in the research, 3.5 discusses the research procedures and section 3.6 discusses the data analysis methods employed in the study.

3.2 Research Design

The approach to the entire process of the research study is known as the research methodology. This is determined by the research problem, the assumptions one uses in their research and the way the research problems is defined will influence the way the study is conducted (Collis and Hussey, 2003). They further emphasize that different authors use the word paradigms and methodology interchangeably. They stated that there are two main research paradigms labelled positivist and phenomenological. Some authors use other terms, the most common of which are quantitative and qualitative research methods.

The study used descriptive research design. A descriptive study involves collecting data that test the validity of the hypotheses regarding the present status of the subjects of the study. In this study, the design was used to determine the effects of brand loyalty which was the independent variable on customer retention which was the dependent variable in this study in the Kenyan banking sector.

3.3 Population and Sampling Design

3.3.1 Population

The target population for a survey is the entire set of units for which the survey data are to be used to make inferences (Cooper and Schindler, 2001). Thus, the target population defines those units for which the findings of the survey are meant to generalize. Establishing study objectives is the first step in designing a survey. Defining the target
population should be the second step. Target populations must be specifically defined, as the definition determines whether sampled cases are eligible or ineligible for the survey. The geographic and temporal characteristics of the target population need to be delineated, as well (Cox, 2008). Cox and West (1986) describe a population as a well-defined group of people or objects that share common characteristics.

A population in a research study is a group about which some information is sought. Most researchers cannot include all members of the population in their studies and must resort to limiting the number of subjects to only a sample from the population. The target population in this case was the regular customers of Barclays Bank, Kenya in Ruaraka Branch, Nairobi County. The target population in this study was 2050 in number. This target population was selected from the list of loyal customers of the bank. The researcher selected customers that had been with the bank branch for 3 years – 15 and above years. The research did not consider the number of accounts held with the bank, but the transaction period of the account was considered to determine whether the account had been active.

Table 3.1 Population Distribution

<table>
<thead>
<tr>
<th>Loyalty Period</th>
<th>Distribution</th>
<th>Population Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-3 years loyalty</td>
<td></td>
<td>330</td>
<td>16.1</td>
</tr>
<tr>
<td>4-7 years loyalty</td>
<td></td>
<td>540</td>
<td>26.3</td>
</tr>
<tr>
<td>8-11 years</td>
<td></td>
<td>420</td>
<td>20.5</td>
</tr>
<tr>
<td>12-15 years</td>
<td></td>
<td>410</td>
<td>20.0</td>
</tr>
<tr>
<td>Above 15 years</td>
<td></td>
<td>350</td>
<td>17.1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2050</td>
<td>100</td>
</tr>
</tbody>
</table>

Source Barclays Bank (2014)

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

According toCurrivan (2004) a sampling frame is a list of elements from which the sample is actually drawn and is closely related to the population. In the ideal case, the sampling frame should coincide with the population of interest. For this study, the sampling frame came from a list of loyal customers who banked with Barclays.
3.3.2.2 Sampling Technique

Statistical sampling techniques are the strategies applied by researchers during the statistical sampling process (Cox and West, 1986). Stratified sampling technique was used to select the respondents from among the list of loyal customers obtained from Barclays Bank. According to Collis and Hussey (2003) stratified random sampling is a modification of random sampling in which one divides the population into two or more relevant and significant groups based on one or more attributes. This sampling technique was used because it barred the introduction of biasness in the selection. The technique was also employed because it enabled the generalization of a larger population with a margin of error that was statistically determinable (Kothari, 2004).

After the population had been divided into different loyalty period strata, each stratum was then sampled as an independent sub-population, out of which individual elements were randomly selected. Then simple random sampling was applied within each stratum. This often improved the representativeness of the sample by reducing sampling error as well as it ensured that any all elements of the study had an equal chance of being selected for the study.

3.3.2.3 Sample Size

A sample size allows the researcher to make generalizations about the population. A sample is a subset of a population, but that subset is only useful if it accurately represents the larger population (Cox, 2008). To ensure that the sample accurately represents the population, the researcher clearly defined the characteristics of the population, determined the required sample size and chose the best method members of the sample from the larger population.

The sample used was 10% of the target population which was 205 since the target population of 2050 was large. According to Mugenda and Mugenda (1999) a sample size of between 10% and 30% is statistically considered appropriate to determine a sample size of a given population. Categorization of customers as loyal was based on their frequency and the years they had been customers of the bank without closing their accounts and being active accounts members. The sample size for the study was therefore
which according to Mugenda and Mugenda (1999) it is above the required threshold. The distribution was as shown in Table 3.2.

### Table 3.2 Sample Size Distribution

<table>
<thead>
<tr>
<th>Loyalty Period</th>
<th>Distribution</th>
<th>Sample Size (10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (Regular Customers)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-3 years loyalty</td>
<td>330</td>
<td>33</td>
</tr>
<tr>
<td>4-7 years loyalty</td>
<td>540</td>
<td>54</td>
</tr>
<tr>
<td>8-11 years</td>
<td>420</td>
<td>42</td>
</tr>
<tr>
<td>12-15 years</td>
<td>410</td>
<td>41</td>
</tr>
<tr>
<td>Above 15 years</td>
<td>350</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2050</strong></td>
<td><strong>205</strong></td>
</tr>
</tbody>
</table>

### 3.4 Data Collection Methods

The study relied greatly on both primary and secondary data. Secondary data was collected from previous researches and works done by authors on the same subject matter. This secondary information was sourced from electronically stored information, books and journals found in the library. Internet sources included journals, books, reports, and case studies done on brand loyalty and customer retention. The secondary data was used to guide the researcher on the background of the study and give the literature review of the study. The primary data was collected from the study population through the use of questionnaires to meet the study objectives. Questions were closed ended in order to avoid biasness. The questions were structured in such a way that the feedback expected was as per the researchers’ requirements and the perception of the respondents as well.

### 3.5 Research Procedures

The researcher developed a questionnaire based on the research objectives; the questionnaire was pilot tested by being administered randomly to a selected sample of ten respondents from the target population to refine it and test the reliability of the instrument and also ensure that the questions therein would be able to meet the objectives of the study.

Questionnaires were administered on a “drop and pick” method to the selected respondents. At the point of dropping of the questionnaires, the researcher ensured that the document was intact and explained to the respondents what was expected of them. The questionnaires were filled and data collected coded, collated and edited for ease of
credibility and analysis (Kothari, 2004). The respondents were given a week to fill in the questionnaires. The researcher ensured that contacts for the participants were received from the respondents. Follow-up phone calls were made to the respondents so as to ensure that a high response rate was achieved for the study.

3.6 Data Analysis Methods
Data analysis entails editing, coding and tabulation of data collected into manageable summaries that is easy to interpret (Cox, 2008). This study used quantitative method of data analysis. To guarantee easy scrutiny the questionnaire was coded in accordance with each of the research questions to ensure precision during the study process. The data collected was classified into meaningful categories (coded), edited and tabulation of the same was done. The MS Excel spreadsheets were used for the initial tabulation, analysis and drawing of charts based on the respondents responses while Statistical Package for Social Science (SPSS) Student Version 16.0 which is a unified and comprehensive package was used to analyze the collected data thoroughly and conveniently. The data was summarized and categorized in a frequency distribution table out of which graphical and chart presentations were generated to give visual image of respondent responses. Presentations were by use of figures and tables.

3.7 Chapter Summary
This chapter has introduced the research methodology that was used. In this study, descriptive research design was used. Since the target population in this study was very large, it was not covered in its entirety. This necessitated the researcher to select a sample that was a representative of the target population. Data collection was done through the use of questionnaires that were administered on a “drop and pick” method to the selected respondents. For data analysis, frequency tables and charts were used to present results for easier understanding and interpretation. The next chapter discusses and demonstrates the results and findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

The purpose of this study was to examine the effects of brand loyalty on customer retention in Kenyan banking sector. Questionnaires were used to collect the primary data from the respondents and the response received has been presented in this chapter as well as discussions of the graphical meanings.

4.2 Response Rate

The researcher handed the questionnaires as stipulated to 205 targeted respondents from the population. From the 205 questionnaires handed out, the researcher was able to get back 198 questionnaires. From the 198, only 144 questionnaires were filled completely and did not contain more than one response to a specific question. This gave the research a response rate of 70.2% which is approximately 70%.

<table>
<thead>
<tr>
<th>Loyalty Period</th>
<th>Sample Size</th>
<th>Returned</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 Years</td>
<td>38</td>
<td>28</td>
<td>13.6</td>
</tr>
<tr>
<td>6-10 Years</td>
<td>59</td>
<td>40</td>
<td>19.4</td>
</tr>
<tr>
<td>11-15 Years</td>
<td>67</td>
<td>41</td>
<td>20.0</td>
</tr>
<tr>
<td>16 and Above Years</td>
<td>41</td>
<td>35</td>
<td>17.2</td>
</tr>
<tr>
<td>Total</td>
<td>205</td>
<td>144</td>
<td>70.2</td>
</tr>
</tbody>
</table>

4.3 General Information

4.3.1 Respondents Gender

The population was asked to indicate their gender and Figure 4.1 shows that 52.7% of the respondents were male while 47.3% were female. These results show that the study was gender sensitive and thus the results were not bias in terms of gender divide. This indicates that the study considered the responses of both genders and thus it caters for the opinion of both male and female customers of the bank.
4.3.2 Age Bracket

The population was asked to indicate their ages from a range that was given by the researcher and their results showed that 25.9% were aged between 41-50 years; 23.5% were between 51-60 years; 22.1% were between 31-40 years; 12% were above 61 years; 11.2% were between 21-30 years; and 5.3% were below 20 years. These results showed that most of the customers at Barclays bank were active youths with employment followed by mature adults that were above the age of 41 years.

Figure 4.2 Respondents Age Bracket
4.3.3 Length of Banking Relationship
The respondents were asked to indicate the length they had been with the bank and their response showed that 28.5% had been with the bank for 11-15 years; 27.8% had been with the bank for 6-10 years; 24.3% had been with the bank for over 16 years; and 19.4% had been with the bank for 5 years. These results show that most of the respondents had been with the organization for over six years which made them a viable population for the study due to their experience.

![Length of Banking Relationship](image)

**Figure 4.3 Length of Banking Relationship**

4.3.4 Type of Account
The researcher wanted to determine the type of accounts that were held by the population and 45.1% had a savings account; 19.4% had personal current account; 15.3% had business current account; 11.1% held more than one account with Barclays; and 9.1% had foreign exchange account. These results show that the savings account was the most preferred by customers at Barclays Bank.
4.3.5 Accounts with Other Banks

The respondents were asked whether they held accounts with other banks and 67.4% indicated that they did not while 32.6% stated that they did. These results show that most of the customers at Barclays Bank were loyal to the bank and did not have accounts with other banks.

4.4 Effects of Marketing Mix Strategies to Consumer Loyalty and Retention

4.4.1 Products and Services Strategy

4.4.1.1 Product and Service Happiness

The respondents were asked whether they were happy with the services offered by the organization and the results were as shown in Table 4.2. The results show that 22.2%
strongly agreed; 63.2% agreed; 8.3% disagreed; and 6.3% strongly disagreed. The results show that majority of the respondents 85.4% agreed that they were happy with the services offered by the bank meaning that Barclays Bank customers were happy with the services offered.

Table 4.2 Respondents Happiness with Product and Services

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>32</td>
<td>22.2</td>
</tr>
<tr>
<td>Agree</td>
<td>91</td>
<td>63.2</td>
</tr>
<tr>
<td>Disagree</td>
<td>12</td>
<td>8.3</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>9</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>144</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4.1.2 Product and Service Knowledge

The respondents were asked whether they got to know about the company’s products through word of mouth from other customers. The results in Figure 4.6 show that 25.7% strongly agreed; 38.3% agreed; 21.5% disagreed; and 14.5% strongly disagreed. The results show that majority of the respondents 64% agreed that they learnt about the organization’s products and services through other customers.

4.4.1.3 Product and Service Satisfaction

The respondents were asked whether they were satisfied with the products and services offered by the organization and the results were as shown in Table 4.3. The results show that 43.7% strongly agreed; 50.2% agreed; 3.4% disagreed; and 2.7% strongly disagreed. The results show that majority of the respondents 93.8% agreed that they were satisfied
with the services offered by the bank meaning that Barclays Bank customers were satisfied with the services offered.

**Table 4.3 Respondents Satisfaction with Product and Services**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>63</td>
<td>43.8</td>
</tr>
<tr>
<td>Agree</td>
<td>72</td>
<td>50.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>3.5</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>4</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>144</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**4.4.2 Pricing Strategy**

The respondents were asked to indicate how they perceived the pricing strategies at Barclays Bank by rating their feelings on a likert scale and their response was as shown in Table 4.4. From the table, the mean of the responses were above 3.0 showing that Barclays had a good pricing strategy and the standard deviation was below (<1) showing that the degree of difference in the responses was not significant

**Table 4.4 Respondents View on pricing Strategy**

<table>
<thead>
<tr>
<th></th>
<th>S.A</th>
<th>A</th>
<th>D</th>
<th>S.D</th>
<th>MEAN</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am not sensitive about product and service prices at Barclays in terms of bank charges</td>
<td>35.4</td>
<td>42.4</td>
<td>13.9</td>
<td>8.3</td>
<td>3.12</td>
<td>0.164</td>
</tr>
<tr>
<td>Compared to other banks, the fee I pay for my account in Barclays is reasonable</td>
<td>35.4</td>
<td>42.4</td>
<td>13.9</td>
<td>8.3</td>
<td>3.12</td>
<td>0.164</td>
</tr>
<tr>
<td>I am not likely to leave Barclays because of prices</td>
<td>43.1</td>
<td>48.0</td>
<td>5.5</td>
<td>3.4</td>
<td>3.05</td>
<td>0.828</td>
</tr>
</tbody>
</table>

The table shows that the responses were not sensitive about product and service prices at Barclays in terms of bank charges and compared to other banks, the fee they paid for their accounts at Barclays was reasonable and they were not likely to leave Barclays because of prices.
4.4.3 People Strategy

4.4.3.1 Customer Engagement

The respondents were asked whether they were usually engaged by the organization’s employees and the results were as shown in Table 4.5. The results show that 25.7% strongly agreed; 38.2% agreed; 21.5% disagreed; and 14.6% strongly disagreed. The results show that majority of the respondents 63.9% agreed that they were engaged by the employees meaning that Barclays Bank employees usually spoke to their customers and introduced them to new services and products offered by the organization.

**Table 4.5 Customer Engagement**

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>37</td>
<td>25.7</td>
</tr>
<tr>
<td>Agree</td>
<td>55</td>
<td>38.2</td>
</tr>
<tr>
<td>Disagree</td>
<td>31</td>
<td>21.5</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>21</td>
<td>14.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>144</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4.3.2 Service Time

The respondents were asked whether they were served in the shortest time possible while visiting the bank. The results in Figure 4.7 shows that 25.7% strongly agreed; 38.3% agreed; 21.5% disagreed; and 14.5% strongly disagreed. The results show that majority of the respondents 64% agreed that they were served in the shortest time possible meaning that the bank’s employees served their customers as fast as possible.

**Figure 4.7 Respondents View of Service Time and Speed**
4.4.4 Place Strategy

4.4.4.1 Organization Network

The respondents were asked whether they the organization had a wide network of services and the results were as shown in Table 4.6. The results show that 38.8% strongly agreed; 40.9% agreed; 12.5% disagreed; and 7.8% strongly disagreed. The results show that majority of the respondents 79.7% agreed that the organization had a lot of network meaning that Barclays Bank had a wide network of service points like branches and ATMs which made it convenient for customers to access services.

Table 4.6 Organization Network

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>56</td>
<td>38.8</td>
</tr>
<tr>
<td>Agree</td>
<td>59</td>
<td>40.9</td>
</tr>
<tr>
<td>Disagree</td>
<td>18</td>
<td>12.5</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>11</td>
<td>7.8</td>
</tr>
<tr>
<td>Total</td>
<td>144</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.4.5 Correlations for the Marketing Ps

Table 4.7 presents the results of correlation analysis of the relationship between the various marketing Ps for the organization. Correlation results show that product strategy had 0.546 correlations at a significant level of 0.01 with pricing strategy. The results indicate a 54.6% correlation with each other. Component wise the results indicate that components which include people strategy and place strategy had a positive significant relationship with correlations of 0.559 and 0.416 respectively at a significant level of 0.01.

Table 4.7 Correlations for Marketing Ps in the Organization

<table>
<thead>
<tr>
<th></th>
<th>Products Strategy</th>
<th>Pricing Strategy</th>
<th>People Strategy</th>
<th>Place Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products Strategy</td>
<td>1</td>
<td>.546</td>
<td>.559</td>
<td>.416</td>
</tr>
<tr>
<td>Pricing Strategy</td>
<td>.546</td>
<td>1</td>
<td>.457</td>
<td>.448</td>
</tr>
<tr>
<td>People Strategy</td>
<td>.559</td>
<td>.457</td>
<td>1</td>
<td>.413</td>
</tr>
<tr>
<td>Place Strategy</td>
<td>.416</td>
<td>.448</td>
<td>.413</td>
<td>1</td>
</tr>
</tbody>
</table>

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

*Correlation is significant at the 0.05 level (2-tailed)
4.5 Effects of Brand Positioning to Consumer Loyalty and Retention

4.5.1 Organization Branding and Appearance
The respondents were asked to indicate how they perceived the organization’s appearance and branding by rating their feelings on a likert scale and their response was as shown in Table 4.8. From the table, the mean of the responses were above 3.0 showing that Barclays had good branding technique and their appearance was equally good. The standard deviation was below (<1) showing that the degree of difference in the responses was not significant.

Table 4.8 Organization Appearance and Branding

<table>
<thead>
<tr>
<th>Percentage</th>
<th>S.A</th>
<th>A</th>
<th>D</th>
<th>S.D</th>
<th>MEAN</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>I like the physical appearance and the level of cleanliness of the banking halls in Barclays, which makes me want to be associated and to stay with my bank</td>
<td>47.6</td>
<td>47.6</td>
<td>3.4</td>
<td>1.4</td>
<td>3.97</td>
<td>0.610</td>
</tr>
<tr>
<td>The branding material and the stationery used to do banking is clearly legible and easy to understand</td>
<td>48.6</td>
<td>50.0</td>
<td>1.4</td>
<td>0.0</td>
<td>3.56</td>
<td>0.807</td>
</tr>
</tbody>
</table>

The table shows that customers liked the physical appearance and the level of cleanliness of the banking halls in Barclays, which made them want to be associated and to stay with the bank and the branding material and the stationery used to do banking was clearly legible and easy to understand.

4.5.2 Company Advertising
The respondents were asked whether the organization advertised its products and services. The results in Figure 4.8 shows that 40.9% strongly agreed; 44.6% agreed; 11.1% disagreed; and 3.4% strongly disagreed. The results show that majority of the respondents 85.5% agreed that the organization advertised meaning Barclays Bank advertised its products and services in the media and press regularly.
4.5.3 Use of Signage

The respondents were asked about the organization’s use of signage and the results were as shown in Table 4.9. The results show that 43% strongly agreed; 49.3% agreed; 6.3% disagreed; and 1.4% strongly disagreed. The results show that majority of the respondents 92.3% agreed that the organization used signage meaning that the signage at Barclays’ branch are very clear and visible, and therefore it is easy to know which counter to go for different services and the external signage are also very clear and it’s easy to trace where the branch is located.

Table 4.9 Organization’s Use of Signage

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>62</td>
<td>43.0</td>
</tr>
<tr>
<td>Agree</td>
<td>71</td>
<td>49.3</td>
</tr>
<tr>
<td>Disagree</td>
<td>9</td>
<td>6.3</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>144</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.5.4 Company Image

The respondents were asked whether the organization had a good image. The results in Figure 4.9 shows that 25.7% strongly agreed; 38.3% agreed; 21.5% disagreed; and 14.5% strongly disagreed. The results show that majority of the respondents 64% agreed that the organization had a good image meaning customers choose to go to Barclays as their employees represent the right image of an international bank that is caring and listening and are always pleasant.
The respondents were asked about the organization’s differentiation strategy and the results were as shown in Table 4.10. The results show that 27.1% strongly agreed; 40.3% agreed; 18.1% disagreed; and 14.5% strongly disagreed. The results show that majority of the respondents 67.4% agreed that the organization used a differentiation strategy meaning Barclays bank is easily differentiated from other banks in the market because their employees handle customers with a high level of professionalism.

Table 4.10 Organization’s Differentiation Strategy

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>39</td>
<td>27.1</td>
</tr>
<tr>
<td>Agree</td>
<td>58</td>
<td>40.3</td>
</tr>
<tr>
<td>Disagree</td>
<td>26</td>
<td>18.1</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>21</td>
<td>14.5</td>
</tr>
<tr>
<td>Total</td>
<td>144</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The respondents were asked to indicate how they perceived the organization’s ability to involve the community and the customers by rating their feelings on a likert scale and their response was as shown in Table 4.11. From the table, the mean of the responses were above 2.5 showing that Barclays was fair in involving its customers and the community. The standard deviation was below (<1) showing that the degree of difference in the responses was not significant.
Table 4.1 Respondents View of the Organization’s Community Involvement

<table>
<thead>
<tr>
<th>Percentage</th>
<th>S.A</th>
<th>A</th>
<th>D</th>
<th>S.D</th>
<th>MEAN</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays participates in community events and is involved in corporate social responsibility</td>
<td>28.5</td>
<td>29.1</td>
<td>24.3</td>
<td>18.1</td>
<td><strong>2.86</strong></td>
<td><strong>0.507</strong></td>
</tr>
<tr>
<td>In my opinion, Barclays interviews customers to establish what they like before introducing new products</td>
<td>24.3</td>
<td>40.3</td>
<td>32.6</td>
<td>2.8</td>
<td><strong>2.51</strong></td>
<td><strong>0.617</strong></td>
</tr>
</tbody>
</table>

Table 4.1 shows that Barclays Bank participates in community events and is involved in corporate social responsibility and that the organization interviews customers to establish what they like before introducing new products.

4.5.7 Correlations for Brand Positioning

Table 4.12 presents the results of correlation analysis of the relationship between the various branding positioning in the organization. Correlation results show that brand appearance had 0.587 correlations at a significant level of 0.01 with advertising. The results indicate a 58.7% correlation with each other. Component wise the results indicate that components like signage use, company image, differentiation strategy and community involvement had a positive significant relationship with correlations of 0.564; 0.512; 0.416; and 0.403 respectively at a significant level of 0.01.

Table 4.12 Correlations for Brand Positioning in the Organization

<table>
<thead>
<tr>
<th></th>
<th>Brand Appearance</th>
<th>Adverts</th>
<th>Signage Use</th>
<th>Company Image</th>
<th>Differentiation Strategy</th>
<th>Community Involve</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Appearance</td>
<td>1</td>
<td>.587</td>
<td>.564</td>
<td>.512</td>
<td>.416</td>
<td>.403</td>
</tr>
<tr>
<td>Advertising</td>
<td>.587</td>
<td>1</td>
<td>.578</td>
<td>.551</td>
<td>.473</td>
<td>.422</td>
</tr>
<tr>
<td>Signage Use</td>
<td>.564</td>
<td>.578</td>
<td>1</td>
<td>.513</td>
<td>.436</td>
<td>.411</td>
</tr>
<tr>
<td>Company Image</td>
<td>.512</td>
<td>.551</td>
<td>.513</td>
<td>1</td>
<td>.414</td>
<td>.394</td>
</tr>
<tr>
<td>Differentiation Strategy</td>
<td>.416</td>
<td>.473</td>
<td>.436</td>
<td>.414</td>
<td>1</td>
<td>.331</td>
</tr>
<tr>
<td>Community Involvement</td>
<td>.403</td>
<td>.422</td>
<td>.411</td>
<td>.394</td>
<td>.331</td>
<td>1</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed)**
*Correlation is significant at the 0.05 level (2-tailed)
4.6 Effects of Demographics to Consumer Loyalty and Retention

4.6.1 Customer Demographics

4.6.1.1 Usage of Customer Demographics

The respondents were asked about the organization’s used customer demographics to come up with products and services; the results were as shown in Table 4.13. The results show that 27.1% strongly agreed; 40.3% agreed; 18.1% disagreed; and 14.5% strongly disagreed. The results show that majority of the respondents 67.4% agreed that the organization used customer demographics in product decision process meaning Barclays uses simple information such as age of the clients can be used to determine new products.

Table 4.13 Usage of Customer Demographics for Product Development

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>39</td>
<td>27.1</td>
</tr>
<tr>
<td>Agree</td>
<td>58</td>
<td>40.3</td>
</tr>
<tr>
<td>Disagree</td>
<td>26</td>
<td>18.1</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>21</td>
<td>14.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>144</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.6.1.2 Usage of Customer Spending Habits

The respondents were asked about the organization’s used customer spending habits to determine suitable products and the results were as shown in Figure 4.10. The results show that 25.7% strongly agreed; 38.3% agreed; 21.5% disagreed; and 14.5% strongly disagreed. The results show that majority of the respondents 64% agreed that the organization used customer spending habits in product fitting meaning Barclays uses the level of consumer spending and habits to determine what type of products suits their customers.

Figure 4.10 Respondents View on Usage of Customer Spending Habits
4.6.1.3 Level of Customer Income and Loyalty

The respondents were asked whether income levels increased their loyalty to the organization and the results were as shown in Table 4.14. The results show that 21.5% strongly agreed; 67.4% agreed; 6.9% disagreed; and 4.2% strongly disagreed. The results show that majority of the respondents 88.9% agreed that their level of loyalty changed with their level of income meaning that that as income levels rise, customers are more likely to be loyal to the bank.

Table 4.14 Relationship between Income Level and Loyalty

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>31</td>
<td>21.5</td>
</tr>
<tr>
<td>Agree</td>
<td>97</td>
<td>67.4</td>
</tr>
<tr>
<td>Disagree</td>
<td>10</td>
<td>6.9</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>6</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>144</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.6.2 Company Culture

4.6.2.1 Maintaining Loyalty

The respondents were asked whether the organization was driven to maintain customer loyalty and the results were as shown in Table 4.15. The results show that 40.3% strongly agreed; 43.1% agreed; 8.3% equally disagreed; and strongly disagreed. The results show that majority of the respondents 83.4% agreed that the organization was driven to maintain loyalty meaning the bank tries to do everything it can to maintain customer loyalty regardless of the customer’s age.

Table 4.15 Customer Loyalty in the Bank

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>58</td>
<td>40.3</td>
</tr>
<tr>
<td>Agree</td>
<td>62</td>
<td>43.1</td>
</tr>
<tr>
<td>Disagree</td>
<td>12</td>
<td>8.3</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>12</td>
<td>8.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>144</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.6.2.2 Meeting Customer Needs

The respondents were asked whether the organization was driven to meeting its customer’s needs and the results were as shown in Table 4.16. The results show that 41.7% equally strongly agreed and agreed; 15.2% disagreed; and 1.4% strongly disagreed. The results show that majority of the respondents 83.4% agreed that the organization was driven to meeting its customers’ needs meaning that Barclays Bank has a very strong culture that is inclined to meeting customer needs as opposed to employees meeting their performance objectives.

Table 4.16 Meeting Customer Needs

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>60</td>
<td>41.7</td>
</tr>
<tr>
<td>Agree</td>
<td>60</td>
<td>41.7</td>
</tr>
<tr>
<td>Disagree</td>
<td>22</td>
<td>15.2</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>1.4</td>
</tr>
<tr>
<td>Total</td>
<td>144</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.6.3 Marketing Strategy

4.6.3.1 High End Customer Target

The respondents were asked whether the organization targeted high end customers and the results were as shown in Figure 4.11. The results show that 10.4% strongly agreed; 16.0% agreed; 59.0% disagreed; and 32.6% strongly disagreed. The results show that majority of the respondents 91.6% disagreed that the organization was driven to target high end customers meaning that Barclays Bank did not target the high end customers who are regarded as high spenders, have large social networks and expensive lifestyles.

Figure 4.11 Organization’s Target of High End Customers
4.6.3.2 Customer Value
The respondents were asked whether the organization valued its customers and the results were as shown in Figure 4.12. The results show that 36.1% strongly agreed; 54.8% agreed; 7.0% disagreed; and 2.1% strongly disagreed. The results show that majority of the respondents 90.9% agreed that the organization valued its customers meaning that Barclays Bank values its customers regardless of their age, appearance or income levels.

Figure 4.12 Customer Value

4.6.3.3 Market Segmentation
The respondents were asked whether customer segmentation was done in terms of income levels and the results were as shown in Table 4.17. The results show that 43.1% strongly agreed; 48% agreed; 5.5% disagreed; and 3.4% strongly disagreed. The results show that majority of the respondents 91.1% agreed that customers were divided in terms of income levels meaning Barclays has segmented its customers depending on income levels for example premier banking, prestige, business club and standard customers.

Table 4.17 Relationship between Income Level and Loyalty

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>62</td>
<td>43.1</td>
</tr>
<tr>
<td>Agree</td>
<td>69</td>
<td>48.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>8</td>
<td>5.5</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>5</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>144</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.6.4 Correlations for Organizational use of Demographics

Table 4.18 presents the results of correlation analysis of the relationship between the organizational uses of demographics. Correlation results show that use of customer demographics had 0.647 correlations at a significant level of 0.01 with company culture. The results indicate a 64.7% correlation with each other. Component wise the results indicate that the marketing strategy component had a positive significant relationship with correlations of 0.544 at a significant level of 0.01.

Table 4.18 Correlations for Brand Positioning in the Organization

<table>
<thead>
<tr>
<th></th>
<th>Customer Demographics</th>
<th>Company Culture</th>
<th>Marketing Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Demographics</td>
<td>1</td>
<td>.647</td>
<td>.544</td>
</tr>
<tr>
<td>Company Culture</td>
<td>.647</td>
<td>1</td>
<td>.573</td>
</tr>
<tr>
<td>Marketing Strategy</td>
<td>.544</td>
<td>.573</td>
<td>1</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed)
*Correlation is significant at the 0.05 level (2-tailed)

4.7 Chapter Summary

In this chapter, the findings with regards to the information given by the respondents have been presented in terms of figures and tables. The results have been presented in the form of percentages and brief explanations of what the figures represent have been offered so that readers can understand the presentations of the percentages. Correlational analysis has been done to determine the level of relationships between the various variables of the study objectives. The next chapter gives the study summary, conclusions and offers recommendations.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study set out to determine the effects of brand loyalty on customer retention in the Kenyan banking sector with a key focus on Barclays Bank. The study has analyzed data collected and given meanings of the interpretation of the findings. This chapter deals with the study summary, gives discussions of the study. The chapter also offers the study conclusion and offers recommendations for improvement and further studies.

5.2 Summary

The purpose of this study was to examine the effects of brand loyalty on customer retention in Kenyan banking sector. The study was guided by the research questions that were aimed at answering how marketing mix strategies affected brand loyalty and customer retention in Kenyan banking sectors; how brand positioning affected brand loyalty and customer retention in Kenyan banking sector; and how demographics affected brand loyalty and customer retention in Kenyan banking sector.

The study used descriptive research design. The design was used to determine the effects of brand loyalty which was the independent variable on customer retention which was the dependent variable in this study in the Kenyan banking sector. The target population in this study was 2050 in number. This target population was selected from the list of loyal customers of the bank. For this study, the sampling frame came from a list of loyal customers who banked with Barclays. Stratified sampling technique was used to select the respondents from among the list of loyal customers obtained from Barclays Bank. After the population had been divided into different loyalty period strata, each stratum was then sampled as an independent sub-population, out of which individual elements were randomly selected. The sample used was 10% of the target population which was 205 since the target population of 2050 was large.

Secondary data was collected from previous researches and works done by authors on the same subject matter. Primary data was collected from the study population through the
use of questionnaires to meet the study objectives. Questionnaires were administered on a “drop and pick” method to the selected respondents. The respondents were given a week to fill in the questionnaires. The study used quantitative method of data analysis. To ensure easy analysis the questionnaire was coded according to each of the research questions to ensure accuracy during the analysis process. The data collected was classified into meaningful categories (coded), edited and tabulation of the same was done. The MS Excel spreadsheets were used for the initial tabulation, analysis and drawing of charts based on the respondents responses while Statistical Package for Social Science (SPSS) Student Version 16.0 which is a unified and comprehensive package was used to analyze the collected data thoroughly and conveniently.

The study showed that customers of Barclays Bank were not sensitive about product and service prices charged and the fee they paid for their accounts was reasonable and they were not likely to leave Barclays because of prices. This showed that customers were engaged by the employees and that they were served in the shortest time possible. From the findings, the study concludes that Barclays Bank has a wide network of service points like branches and ATMs which make it convenient for customers to access services and that the customers are happy and satisfied with the services offered by the organization.

The study concludes that customers liked the physical appearance and the level of cleanliness of the banking halls in Barclays, which made them want to be associated and to stay with the bank and the branding material and the stationery used to do banking was clearly legible and easy to understand. The study also concludes that Barclays Bank advertisements were placed in the media and press regularly and its internal and external signage was clear and visible. The study also concludes that Barclays Bank employees represent the right image of an international bank that is caring and listening and are always pleasant and this differentiated them from other banks in the market.

The study concludes that Barclays Bank uses simple information such as age of the clients to determine new products and they also use the level of consumer spending and habits to determine what type of products suits their customers. The study concludes that the level of income affects loyalty to the bank and that the organization tries to do everything it can to maintain customer loyalty regardless of the customer’s age. The study concludes that Barclays Bank has a very strong culture that is inclined to meeting
customer needs as opposed to employees meeting their performance objectives and the bank does not target the high end customers. The study concludes that Barclays Bank values all its customers and it has segmented its customers depending on income levels.

The study recommends that Barclays Bank needs to take a fresh look at their customer loyalty and retention strategy. With the decline in customers’ perceived value of loyalty programs and the new customer sovereignty, they need to ensure that their strategy is relevant and meaningful. The bank needs to differentiate their program by identifying and connecting with the unique characteristics of their customer base as well as align loyalty and retention programs with marketing strategy. If marketing is doing its job by effectively segmenting and targeting to attract the right customers for the business, this makes the job of loyalty and retention that much easier.

5.3 Discussions

5.3.1 Effects of Marketing Mix Strategies to Consumer Loyalty and Retention

Porter (1998) states that firms develop strategies to enable them seize strategic initiatives and maintain a competitive edge in the market and its aim is to do a significantly better job of providing what customers are looking for, thereby enabling the company to earn a competitive advantage and outsmart rivals in the market place making the customers happy with the products and services offered. The study results showed that customers were happy with the services offered by the bank meaning that Barclays Bank customers were happy with the services offered.

Ouma and Munyoki (2010) state that the core of a company’s marketing strategy consists of its internal initiatives to deliver satisfaction to customers but also includes offensive and defensive moves to counter the maneuvering of rivals. The study results showed that majority of the customers were satisfied with the services offered by the bank meaning that Barclays Bank customers were satisfied with the services offered.

According to Azevedo and Farhangmehr (2005), consumers with high brand loyalty are willing to pay a premium price for their favored brand, so, their purchase intention is not easily affected by price. The study results showed that the responses were not sensitive
about product and service prices at Barclays in terms of bank charges and compared to other banks, the fee they paid for their accounts at Barclays was reasonable and they were not likely to leave Barclays because of prices.

Keller (1993) states that people are a defining factor in a service delivery process, since a service is inseparable from the person providing it. Kotler and Armstrong (1994) note that service companies are thoroughly aware that they must effectively manage the customer contact employees in order to monitor the quality of the service with respect to attitudes and behavior. The results showed that customers were engaged by the employees meaning that Barclays Bank employees usually spoke to their customers and introduced them to new services and products offered by the organization.

According to Kotler and Armstrong (1994), service delivery from employees is very important in service companies because there might be a large variable in the performance of the customer contact employees in relation to the results of the services delivered. The results showed majority of the customers were served in the shortest time possible meaning that the bank’s employees served their customers as fast as possible.

Product quality refers to the features or characteristics of a product or service that is able to satisfy the stated or implied customer needs (Coldren, 2006). In other words, product quality can be defined as “fitness for use” or ‘conformance to requirement” which to a great extend determines and measures the loyalty of customers to a stated product on offer to the market (Russell-Bennett, McColl-Kennedy and Coote, 2007). The study results showed that the organization had a lot of network meaning that Barclays Bank had a wide network of service points like branches and ATMs which made it convenient for customers to access services.

5.3.2 Effects of Brand Positioning to Consumer Loyalty and Retention

According to Coldren (2006), positioning is the way by which the marketers attempt to create a distinct impression in the customer’s mind. This impression ensures that the consumer is attracted to the service and product that makes them be loyal and retained. The results of the study showed that customers liked the physical appearance and the
level of cleanliness of the banking halls in Barclays, which made them want to be associated and to stay with the bank.

Brand positioning enables businesses to market their products and services and place them strategically in the minds of the consumers and make them loyal (Toit, 2013), and the results of the study showed that the branding material and the stationery used to do banking was clearly legible and easy to understand.

According to Azevedo and Farhangmehr (2005), an ad position strategy can also support or enhance a company’s product strategy. Some companies use advertising to position certain product attributes. The ad position strategies can also enhance or repair a product’s image. The study results show that the organization advertised its products and services meaning Barclays Bank advertised its products and services in the media and press regularly.

Wiegand and Oster (2012) states that marketing communications are designed to inform potential customers and to motivate them to purchase products or make use of their services as offer consumer needed information. They further state that each element of their communications strategy, promotions, advertising and public relations must be aligned with and support a compelling positioning statement that is unique to their business. The results show that the organization used signage meaning that the signage at Barclays’ branch were very clear and visible, and therefore it was easy for consumers to know which counter to go for different services and the external signage were also very clear and it made it easy to trace where the branch was located.

Edmunds (2012) states that particular companies are able to sell their product for more or and consumers are willing to pay more for the product. In the end, they may believe that the higher-priced product or service is worth more. The results of the study showed that the organization had a good image meaning customers chose to go to Barclays as their employees represented the right image of an international bank that is caring and listening and are always pleasant and they handled customers with a high level of professionalism.

Browne (2014) states that whether a company is centered on consumer packaged goods, business services or emerging technology, part-time team should consider the dimensions
in developing a market positioning strategy even if it is consumer and community involvement. The study showed that Barclays Bank participates in community events and is involved in corporate social responsibility and that the organization interviews customers to establish what they like before introducing new products.

5.3.3 Effects of Demographics to Consumer Loyalty and Retention

Adamy (2006) states that changes in the world demographic environment have major implications for business. It determines how a business will offer differentiated products and services to the needy customer and the one which will ensure their loyalty is retained at all cost. The results showed the organization used customer demographics in product decision process meaning Barclays uses simple information such as age of the clients can be used to determine new products.

According to Handlin (2012) a business makes an analysis of the given market, including consumer spending habits, consumer median income levels and performance of competitors already in the market. These factors can help a company determine the areas in which consumer needs are greatest and allow it to tailor products and services to meet those needs. The results of the study showed that the organization used customer spending habits in product fitting meaning Barclays uses the level of consumer spending and habits to determine what type of products suits their customers.

Huang and Perloff (2005) note that as household income rises, consumers are more likely to be loyal to a national brand, less likely to be loyal to a private label, and less likely to switch. The study results showed that the level of loyalty changed with the customers’ level of income meaning that as income levels rose; customers became more loyal to the bank.

Although few empirical studies analyze how brand preferences vary with age, several studies show a tendency for older consumers to prefer long-established options, the younger people do not rely strongly on their satisfaction with the product itself but seem to base their buying decision primarily on information provided to them by the sales personnel (Lambert-Pandraud and Laurent, 2007; Lambert-Pandraud et al., 2005). The
results showed that the organization was driven to maintain loyalty meaning the bank tries to do everything it can to maintain customer loyalty regardless of the customer’s age.

Lister (2012) states that a company hopes that by targeting consumer needs within a given market can create the prevailing view that its products and services are essential. A consumer driven market strategy may also be tailored to create interest in products and drive sales for a particular consumer demographic within a particular market. The results show that the organization was driven to meeting its customers’ needs meaning that Barclays Bank has a very strong culture that is inclined to meeting customer needs as opposed to employees meeting their performance objectives and Barclays Bank did not target the high end customers who are regarded as high spenders, have large social networks and expensive lifestyles.

According to Omar (2011) business as a whole needs to be properly positioned, and then the product or services portfolio needs to be positioned. The organization needs to also value all its customers irrespective of their demographic differences. The results showed that the organization valued its customers meaning that Barclays Bank values its customers regardless of their age, appearance or income levels.

Suttle (2012) notes that consumer demographics are certain characteristics of people that better define them as potential buying groups. Once a company better understands the various consumer demographics of their customer base, they can develop marketing strategies that target those key customers and make them loyal. The results showed that customers were divided in terms of income levels meaning Barclays has segmented its customers depending on income levels for example premier banking, prestige, business club and standard customers.

5.4 Conclusions

5.4.1 Effects of Marketing Mix Strategies to Consumer Loyalty and Retention

The study showed that customers of Barclays Bank were not sensitive about product and service prices charged and the fee they paid for their accounts was reasonable and they were not likely to leave Barclays because of prices. The showed that customers were
engaged by the employees meaning and they were served in the shortest time possible. From the findings, the study concludes that Barclays Bank has a wide network of service points like branches and ATMs which make it convenient for customers to access services and that the customers are happy and satisfied with the services offered by the organization.

5.4.2 Effects of Brand Positioning to Consumer Loyalty and Retention

The study concludes that customers liked the physical appearance and the level of cleanliness of the banking halls in Barclays, which made them want to be associated and to stay with the bank and the branding material and the stationery used to do banking was clearly legible and easy to understand. The study also concludes that Barclays Bank advertisements were placed in the media and press regularly and its internal and external signage was clear and visible. The study also concludes that Barclays Bank employees represent the right image of an international bank that is caring and listening and are always pleasant and this differentiated them from other banks in the market.

5.4.3 Effects of Demographics to Consumer Loyalty and Retention

The study concludes that Barclays Bank uses simple information such as age of the clients to determine new products and they also use the level of consumer spending and habits to determine what type of products suits their customers. The study concludes that the level of income affects loyalty to the bank and that the organization tries to do everything it can to maintain customer loyalty regardless of the customer’s age. The study concludes that Barclays Bank has a very strong culture that is inclined to meeting customer needs as opposed to employees meeting their performance objectives and the bank does not target the high end customers. The study concludes that Barclays Bank values all its customers and it has segmented its customers depending on income levels.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Effects of Marketing Mix Strategies to Consumer Loyalty and Retention

Barclays Bank needs to take a fresh look at their customer loyalty and retention strategy. With the decline in customers’ perceived value of loyalty programs and the new customer sovereignty, they need to ensure that their strategy is relevant and meaningful. The bank
needs to differentiate their program by identifying and connecting with the unique characteristics of their customer base as well as align loyalty and retention programs with marketing strategy. If marketing is doing its job by effectively segmenting and targeting to attract the right customers for the business, this makes the job of loyalty and retention that much easier.

5.5.1.2 Effects of Brand Positioning to Consumer Loyalty and Retention

The institution needs to build brand evangelists, not bargain shoppers. If a loyalty program centers on offering customers special deals, it trains them to wait for the discount, the organization needs to shift its loyalty focus to deepening the relationship with the customer and building evangelists. Loyal customers are less price-sensitive and more resistant to competitor overtures and they are also a huge marketing asset.

5.5.1.3 Effects of Demographics to Consumer Loyalty and Retention

Organizations should be able to launch marketing activities that can reflect social class, using prominent logos to fill their products with more symbolic value of wealth and to meet the psychological needs of consumers. Barclays needs to be able to employ an effective marketing mix strategy that meets the demographics of all its customers. The study recommends a strategy that aims to enhance customer satisfaction levels by enhancing their expectations and overall experience. The organization has to continuously deliver beyond what the consumers have experienced and expected before, not just in terms of products or services but also by paying close attention to various other hidden demographic factors such as the brand image, lifestyle enhancement, esteem enhancement, the marketing mix, sales team feedback, and psychological factors.

5.5.2 Recommendations for Further Studies

This research has been successfully applied what has been learnt from the literature with the support from the Barclays Bank Kenya. More research needs to be undertaken in this field with a focus on other financial institutions within Nairobi and across the nation so as to provide an even more convincing evidence for the casual relationship among the studies constructs. In addition, it is also of practical and theoretical significance to extend the study research to customer behaviors and intentions and put customer satisfaction into consideration so as to provide more useful suggestions for the financial institutions.
REFERENCES


Wiegand, B., & Oster, R. (2012). *Customers can’t buy your product if they don’t know it exists*. Advertising Age magazine


APPENDIX I: COVER LETTER

Dear Participant,

You have been selected to participate in this study. The main purpose of the study is to examine the effects brand loyalty on customer retention in Kenyan banking sector. The findings of the study will be used to help all the parties concerned to address the issue of brand loyalty so as to make it more appealing to the customers.

To accomplish this objective, you are kindly requested to complete the questionnaire provided so as to provide the necessary data. If you are interested in the results and recommendations of this study, please advise the researcher to avail them as soon as the study is completed.

Your contribution is highly appreciated.

Mbugua Mary

THANK YOU FOR YOUR CO-OPERATION
APPENDIX II: QUESTIONNAIRE

This is a research in partial fulfilment of the requirement for the award of Executive Masters of Science in Organizational Development at USIU.

SECTION ONE: GENERAL INFORMATION

Kindly answer the following questions by ticking in the boxes provided

1. Please indicate your Gender below.
   Male [ ]    Female [ ]

2. What is your age bracket?
   Below 20 yrs [ ]    Between 21 – 30 yrs [ ]    Between 31 – 40 yrs [ ]
   Between 41 – 50 yrs [ ]    Between 51 – 60 yrs [ ]    Above 61 yrs [ ]

3. What is your length of banking relationship with Barclays?
   Less than 5 years [ ]    6 -10 years [ ]    11-15 years [ ]
   Above 16 years [ ]

4. What type of account do you hold with Barclays?
   Savings Account [ ]    Personal Current [ ]
   Foreign Exchange Account [ ]    Business Current Account [ ]
   More than One Account [ ]

5. Do you have any other account with other banks?
   Yes [ ]    No [ ]
SECTION B: MARKETING MIX STRATEGIES

6. Looking at the following statements, kindly indicate your level of relation to them using the scale (Strongly Agree; Agree; Disagree; Strongly Disagree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>As a customer in Barclays, I am happy about the services I receive from my bank</td>
<td></td>
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<tr>
<td>I got to know about Barclays’ products and services through an existing account hold</td>
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<tr>
<td>I am not sensitive about product and service prices at Barclays in terms of bank charges</td>
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<tr>
<td>In my opinion, Barclays has a wide network of service points like branches and ATMs which makes it convenient for customers to access services</td>
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<tr>
<td>Compared to other banks, the fee I pay for my account in Barclays is reasonable</td>
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<tr>
<td>Every time I go for service at Barclays bank I am served in a very short time and the employees are very helpful</td>
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<tr>
<td>Barclays Bank advertises its products and services in the media and press regularly</td>
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<tr>
<td>In my opinion, Barclays employees talk to customers about their products and services quite often</td>
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<td></td>
<td></td>
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<tr>
<td>I am not likely to leave Barclays because of prices</td>
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<tr>
<td>In my opinion, Barclays has the best products and services in the market</td>
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</tbody>
</table>
SECTION C: BRAND POSITIONING

7. Looking at the following statements, kindly indicate your level of relation to them using the scale (Strongly Agree; Agree; Disagree; Strongly Disagree).

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I like the physical appearance and the level of cleanliness of the banking halls in</td>
<td></td>
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<tr>
<td>Barclays, which makes me want to be associated and to stay with my bank</td>
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<tr>
<td>The branding material and the stationery used to do banking is clearly legible and</td>
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<tr>
<td>easy to understand</td>
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<tr>
<td>The signages at my Barclays branch are very clear and visible, and therefore it is</td>
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<tr>
<td>easy to know which counter I should go for different services</td>
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<tr>
<td>The external signages are also very clear and it’s easy to trace where the branch is</td>
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<tr>
<td>located</td>
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<tr>
<td>In my view, I think Barclays will be the leading bank in the next 2 years because</td>
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<tr>
<td>their employees are aggressively marketing their products to the customers</td>
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<tr>
<td>Every time I think of going to the bank, I choose to go to Barclays as their employees</td>
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<td>represent the right image of an international bank that is caring and listening –</td>
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<tr>
<td>they are pleasant.</td>
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<tr>
<td>It is easy to locate Barclays branches because their signages at the road are clearly</td>
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<tr>
<td>and visibly positioned</td>
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<tr>
<td>Barclays bank is easily differentiated from other banks in the market because their</td>
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<tr>
<td>employees handle customers with high level of professionalism</td>
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<tr>
<td>Barclays participates in community events and is involved in corporate social</td>
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<tr>
<td>responsibility</td>
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<tr>
<td>In my opinion, Barclays interview customers to establish what they like before</td>
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<tr>
<td>introducing new products</td>
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</tbody>
</table>
SECTION D: DEMOGRAPHICS

8. Looking at the following statements, kindly indicate your level of relation to them using the scale (Strongly Agree; Agree; Disagree; Strongly Disagree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my opinion, I believe simple information such as age of the clients can be used to determine new products</td>
<td></td>
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<tr>
<td>The level of consumer spending and habits can be used by Barclays to determine what type of products suit their customers</td>
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<tr>
<td>I think that as income levels rise, a customer is more likely to be loyal to the bank</td>
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<tr>
<td>In my opinion, the bank tries to do everything it can to maintain customer loyalty regardless of the customer’s age</td>
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<tr>
<td>Barclays has a very strong culture that is inclined to meeting customer needs as opposed to employees meeting their performance objectives</td>
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<tr>
<td>Barclays Bank targets the high end customers who are high spenders, have large social networks and expensive lifestyles</td>
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<tr>
<td>Barclays values its customers regardless of their age, appearance or income levels</td>
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<tr>
<td>Barclays has segmented its customers depending on income levels for example premier banking, prestige, business club and standard customers</td>
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</tbody>
</table>

THANK YOU