

**EFFECTS OF NON-FINANCIAL FACTORS ON
CUSTOMER RETENTION IN THE BANKING SECTOR:
THE CASE OF COMMERCIAL BANKS IN NAKURU
MUNICIPALITY**

BY

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**RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
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DECLARATION

This research is my original work and has not been presented for award of a degree in any other university

Signature 

Date: 07.09.2010

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DEDICATION

This research project is dedicated to my Parents Mr. and Mrs. John Namukali who have nurtured and encouraged me as I undertook my academic work since childhood.

Not forgetting my dear wife Sofia Mbosei and daughter Angela Monica Wafula for their invaluable support and encouragement during my research period.

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ABBREVIATIONS AND ACRONYMS

ATM	Automated Teller Machine
Ms Excel	Microsoft Excel
SPSS	Statistical Package for Social Scientists
KCB	Kenya Commercial Bank
BBK	Barclays Bank of Kenya
NBK	National Bank of Kenya

ABSTRACT

Customer retention is an important element of banking strategy in today's increasingly competitive business environment. Bank management must identify and improve upon factors that can increase customer retention. There are compelling arguments for bank management to carefully consider the factors that might increase customer retention rates. Customer retention has been hypothesized to be a function of both financial and non financial factors. Non financial factors can be categorized as either personal, physical, product packaging and service delivery factors. The main purpose of this study was to establish the effects of non-financial factors on customer retention in banks in Nakuru municipality. Nakuru municipality was chosen as a study point because of its proximity and its diversity in demographics. Nakuru municipality currently has an establishment of over twenty four banks; these banks have and continue to rely on the attrition of customers from other existing banks and also sourcing for new ones in the market. This study examined the extent to which personal factors; product packaging factors, physical factors, service delivery factors influenced customer retention, in banks within Nakuru Municipality. The study was carried out in six banks in Nakuru municipality namely; KCB, Barclays Bank, National Bank of Kenya, Stanchart, Equity Bank, and Cooperative Bank, amongst its customers. These banks were selected because they are the oldest banks in the area and customer retention patterns could thus be easily examined over the last 10 years. The study adopted the cross-sectional survey design. The study used stratified sampling technique to select a sample of 317. Data collected by use of questionnaire was then coded and analyzed using descriptive statistics especially percentages, frequencies and means with the aid of Statistical Package for Social Scientists and Microsoft Excel computer software. Results were presented in tables. The study was successful in addressing the study objectives and answering the research questions. It was established that some of the personal factors examined e.g. gender, influence of associates and age of the respondents did not influence customer retention. The level of education and the customers' marital status significantly influenced retention. The study also established that location of the bank, banking hall space, security of the bank and interior bank design significantly influenced retention; while colour scheme of the bank did not influence retention. The product packages factors that were found to influence customer retention were; ease of account opening, range of opening hours, product information availability and adequate feed back. The study also found out that service delivery factors influenced customer retention to a moderate extent in banks within Nakuru Municipality. The customers indicated that their level of satisfaction of this service quality factors was moderate. From the findings the study concluded that it was necessary that banks consider strengthening these factors for the enhancement of customer retention levels amidst competition. Following the findings, the study recommends banks to consider employee training on customer retention tactics, timely provision of product information to customers, physical expansion and improvement of bank facilities in Nakuru Municipality. There is need for further research to be carried out to establish the role of technology and challenges that the banks face in enhancing customer retention and also assess the strategies adopted by banks in retaining their customers.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The competitiveness in the banking industry has increased significantly in recent years due to deregulation and globalization. Since the products and services offered by banks can often be easily duplicated, banks are not only competing with each other but also with other non-banks financial institutions (Hull, 2002). When banks provide nearly identical services, they can only distinguish themselves on the basis of price and quality.

Globally, the banking industry has reached saturation and has become commoditized since banks offer nearly identical products. Such evidence suggests that banks have reached the maturity phase of the product lifecycle. This carries the danger of creating a downward spiral of perpetual discounting – fighting for customer share (Menzela, 1999). Thus, it is essential for bank management to try their best to retain as many customers as possible in order to remain competitive.

From a cost perspective, retaining an existing bank customer costs less than creating a new one. The cost of creating a new customer has been estimated to be five times more than that of retaining an existing customer (Reichheld, 1996). Banks seek to achieve a zero defection rate of profitable customers, to minimize the customer churn; the acquisition and subsequent loss of customers (Farquhar, 2004). In addition, longer-term customers buy more and, if satisfied, may generate positive word-of-mouth promotion for the banks (Reichheld and Kenny, 1990). Furthermore, long-term customers also take less of the bank's time and are less sensitive to price (Healy, 1999). As a consequence, retaining customers becomes a priority and there are compelling arguments for bank managers to carefully consider the factors that might increase customer retention rates.

Previous researches have also shown that longevity does not automatically lead to profitability (Colgate, Stewart, and Kinsella, 1996). A bank cannot claim to have loyal clients, unless customers express their future commitment to use the bank's services and their willingness to consider the bank's new financial strategies and services. In addition, loyal clients will also show their resistance to competitors' enticements and be willing to give their current bank both solicited and unsolicited referrals.

Customer retention has focused narrowly on customer loyalty and customer satisfaction without attempting to link them in a model to further explore or explain customer retention. If retention aspects are not well managed, customers may still leave their banks, regardless of how hard bankers try to retain them. Some of the following link factors impact customer retention in banks; The links between customer satisfaction, customer value and bank image, The links between competitive advantage, customer satisfaction, customer value, bank image and the switching barriers with regard to consumers' behavioral intentions and customer loyalty, and also The links between consumers' behavioral intentions and customer loyalty with regard to customer retention.

In general, higher levels of customer satisfaction do not necessarily lead to customer loyalty and retention hence Customers can be highly satisfied but still leave their current banks. It is assumed that when the customer is completely satisfied, then loyalty towards the bank is strengthened but it is not guaranteed that he or she will stay in that bank forever.

1.2 Statement of the Problem

As a country becomes more developed there is greater need for banking services to facilitate the people's monetary transactions. The banking industry in Kenya is becoming turbulent and competitive, characterized by an increasing trend towards globalization, mergers, takeovers and consolidation. Moreover, a number of non-banking companies have entered the banking industry by offering financial products and services; Safaricom's MPesa services and Zain's Zap services that offer mobile banking services.

The increase in banks in Nakuru municipality shows that there is a new level of competition as all the banks race to acquire and retain their customers. Current trends show customers moving from existing banks to new ones although there are those who don't move but they hold accounts with other banks, they are multi-banked and enjoy cross-sectional services from the various banks.

Financial factors especially, interest rates, loans, account charges, are fairly similar in all banks thus they affect customers in the same way and can not therefore account fully to the movement of customers from one bank to the other. This being the case, there must be other reasons non-financial in nature that are responsible for customer movements and thus the need to establish these non-financial factors influence movements thereby impacting on customer retention, hence the interest to conduct this study.

1.3 Purpose of the Study

The main purpose of this study was to establish the effects of non-financial factors on customer retention in banks in Nakuru municipality.

1.4 Objectives of the Study

The general objective of the study was to establish the effect of non-financial factors on customer retention in banks with specific reference to banks in Nakuru municipality. The specific objectives guiding the study are;

1. To evaluate the extent to which personal factors influence customer retention in banks within Nakuru Municipality.
2. To establish the extent to which product packaging factors offered by banks influence customer retention in banks within Nakuru Municipality.
3. To establish the extent to which physical factors influence customer retention in banks within Nakuru Municipality.
4. To examine the influence of service delivery factors on customer retention in banks within Nakuru Municipality.

1.5 Research Questions

1. To what extent do personal factors influence customer retention in banks?
2. To what extent do product packaging factors offered by banks affect customer retention?
3. To what extent do physical factors determine customer retention in banks?
4. How do service delivery factors influence customer retention in banks within Nakuru Municipality?

1.6 Significance of the Study

It is hoped that the findings obtained through this study; that is on the influence personal factors, product packaging factors, physical factors and service delivery factors on customer retention; would be used by banks to improve on policy formulation and their operational procedures as they work to retain customers and thus go a long way on improving on banks profitability trend, Customers can also benefit Since the banks can make attempts to improve their customer retention levels through improved; efficient and effective customer services measures tailored at retaining them, New entrants in the banking industry could also benefit from the findings the study may serve as industry analyses to enable them know how consumers make their choices for banks. This could also assist Researchers and other academician to carry out future research on same /related topics.

1.7 Limitations of the Study

The study was faced with the limitation of time, where the study was to be carried out within the academic calendar, however, the study managed to overcome the limitation through proper planning and utilizing the favourable opportunities that arose for quicker but accurate results.

1.8 Delimitation of the Study

The study was carried out in Nakuru Municipality at the six mentioned banks within their banking halls. Only bank customers on the queue were interviewed. The bank customers helped provide information related to their reasons as why they have chosen to stay with their current bankers. The study lasted for six months as from November 2009 to 2010.

1.9 Basic assumptions of the Study.

Assumptions made on this research are that; respondents from the banks answered questions truthfully; thus enabling the study to come up with a reliable conclusion and recommendations from the study findings.

1.10 Definition of Significant Terms used in the study

1. **Customer retention:** refers to the percentage of customer relationships that, once established, a bank is able to maintain on a long-term basis
2. **Non-Financial factors:** factors that do not have monetary values in this context are; Personal, Product mix, Physical factors and Service delivery factors.
3. **Personal factors:** Personality and Self-Concept of a customer that influences his/her bank retention rate
4. **Product packaging factors:** the way in which banks tailor and present their products to prospective and existing customers.
5. **Physical factors:** Non-living factors in banks that affect customer retention
6. **Service Delivery Factors:** This the mode of delivering the services at the bank and is associated with the service quality factors.
7. **Customer satisfaction:** is an individual's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations.

1.11 Organization of the study

This study contains five chapters and an appendices section. Chapter I, which is the introduction, gives the background of the study, statement of the problem, research objectives and questions that guided the study, significance of the study, underlying assumptions, and limitations of the study and delimitations of the study. The chapter also contains the definition of significant terms used in the study.

Chapter two contains a comprehensive literature review of review of past research studies and publications conducted regarding the effects of non-financial factors on customer retention in banks in Nakuru municipality. The section contains a theoretical framework, a conceptualization of the researcher based on the literature review and a summary and gaps section.

Chapter three gives a description of the methodology used for the study. Research design included some of the major decision in research methodology. The chapter has also discussed the sampling methods, data collection and data analysis plan. The chapter has looked at the major parts of the research project, the samples or groups, measures, treatments or programs, and methods of assignment will work together so as to address the central research question. The methodology has been established will include using logical methods in collecting of the data, determining target population, sampling technique, and sample size and finally the data analysis techniques and procedures.

Chapter four contains the presentation and interpretation of the findings arising from data analysis using the techniques described in chapter three, the chapter also contains the discussions of the findings. The findings are presented in the form of tables accompanied with an explanation of the findings below each table.

Finally, chapter five contains the summary of the findings, the conclusion and the research recommendations. The chapter has a section for suggested areas for further studies arising from the study findings and is concluded with a section for the study's contribution to the body of knowledge.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter contains literature review drawn from past studies related to the non-financial factors influencing customer retention within the banking sector. Previous studies have identified the benefits that customer retention delivers to an organization (Reichheld and Sasser, 1990). For example, the longer a customer stays with an organization the more utility the customer generates. This utility is an outcome of a number of factors relating to the time the customer spends with the organization, including the higher initial costs of introducing and attracting a new customer; an increase in the value of purchases; an increase in the number of purchases; the customer's better understanding of the organization and positive word-of-mouth promotion.

2.2 Customer Retention

Most of the research in customer retention and customer exit investigates the processes separately without linking the two processes together (Colgate and Norris, 2001). Previous literature indicate a customer retention model linking several major constructs that are proposed to impact a customer's decision to stay with, or leave, his or her current bank. The literature suggests that there is a positive relationship between consumers' behavioral intentions and customer loyalty and customer retention in banks. Furthermore, there is a positive relationship between customer satisfaction and customer value and consumers' behavioral intentions and customer retention. Similarly, there is a positive relationship between competitive advantage, customer satisfaction, customer value, corporate image, switching barriers, customer loyalty, and customer retention.

Apart from the benefits that longevity of customers creates, researchers also suggest that the costs of customer retention activities are less than the costs of acquiring new customers. For example, Rust and Zahorik (1993) argue that the financial implications of attracting new customers may be five times as costly as keeping existing

customers. However, maintaining high levels of satisfaction does not ensure all customers remain loyal. Banks lose some satisfied customers who have moved, retired, or no longer need certain services.

Beckett, Hewer and Howcroft, (2000) draw tentative conclusions as to why consumers appear to remain loyal to the same financial provider, even though, in many instances, they hold less favourable views toward their service providers. For example, consumers appear to perceive little differentiation between financial providers. They may be motivated by convenience or inertia. Also many consumers associate high switching costs in terms of the potential sacrifice and effort involved with changing banks.

Stun and Thiry (1991) argue that retained customers do demonstrate immunity to competitive pull. This is supported by Liljander and Strandvik (1994) in an exploratory study of customer relationship strength in retail banking in Finland. They found that if the bank-customer relationships were strong, customers would not pay attention to competitors' advertising or make comparison to other banks. These findings are similar to Christopher, Payne and Ballantyne (1991) study that suggested prospective customers become actual customers and move along the "ladder of customer loyalty" to become clients, then supporters and, finally, advocates.

Customer satisfaction has for many years been a key determinant in explaining why customers leave or stay with an organization. Every organization needs to know how to retain their customers, even if they appear to be satisfied. Reichheld (1996) suggests that some unsatisfied customers may choose not to defect, because they do not expect to receive better service elsewhere and that some satisfied customers may look for other providers if they believe they can get better services elsewhere. Customer satisfaction is viewed an important indicator of customer retention but customer satisfaction is not always an assurance of customer retention. Retaining customers is also dependent on a number of other factors such as choices, conveniences, prices, and incomes (Richards, 1996; Jones and Sasser, 1995). Customer retention is thought to improve profitability, principally by reducing costs incurred in acquiring new customers; the prime objective

being “zero defections of profitable customers” (Reichheld, 1996). There is, however, a distinction between customers who are retained and those who are loyal. The inertia prevalent within the industry of financial services implies that customers retained may not necessarily be loyal. True loyal customers are usually portrayed as being less price-sensitive and more inclined to increase the number and/or frequency of purchases. They may become advocates of the organization concerned and either directly or indirectly influences the decision making of their peers or family.

The links between customer loyalty and organizational profitability have been also demonstrated, suggesting that an organization with loyal customers enjoys considerable competitive advantage (Reichheld, 1996). Loyal customers have a positive effect on customer retention but customer loyalty is not customer retention. Loyalty is only a valid concept in situations where customers have options to choose from. The main issue is that retention should not be taken as a substitute for loyalty and this suggests that banks need to understand why their consumers choose to stay and should not assume that it is a positive conscious choice (Colgate *et al.*, 1996). Similarly; repurchase alone is not an indicator of loyalty. In financial services, continued customer support, which might even include extending the range of purchases, can often be an indication of inertia. Behavioral patterns form only one component of loyalty and if the consumer does not demonstrate a favorable attitude towards a brand or company, there is an increased chance of switching.

Customers may be lured away by attractive offers made by competitors when they experience dissatisfying incidents (Jones and Farquhar, 2003). Clearly, there are compelling arguments for bank management to carefully consider the range of factors that increase customer retention rates. To date, there is a wealth of research advocating the importance of customer retention in the banking industry (Fisher, 2001; Marple and Zimmerman, 1999). However, there has been little empirical research undertaken to investigate the constructs that lead to customer retention in the banking industry. Previous empirical work has focused on identifying some of the constructs that are thought to be precursors to customer retention and other studies have focused on

developing a measure of customer satisfaction, customer value and customer loyalty without, examining other potential constructs (such as competitive advantage, customer satisfaction, switching barriers, corporate image and behavioral intentions) and their link to customer retention

2.2.1 Customer Loyalty and Customer Retention

Loyalty may be expressed either as a repurchase intention or as a direct action whereby a customer continues the relationship of buying products from the same supplier and or recommending the supplier to others.

Hallowell (1996) defines customer loyalty as the relationship a customer maintains with the seller after the first transaction. Gremler and Brown (1996) categorise three aspects to customer loyalty: cognitive, affective and behavioural. Cognitive is the customer's expressed future buying intention; affective is the customer's feeling of attachment to or affection for a company's people, products or services; and behavioural refers to the actual purchase pattern of the customer. Cognitive psychology is probably more appropriate for complex services as it assesses the importance of cognitive schemes in the decision-making process and consumer behaviour prior to action, e.g. the impact of corporate image (the attitude to a company) and its effect on customer loyalty. Although Andreassen and Lindestad (1998) have proposed that the general feeling of satisfaction felt by a customer is the result of purchase encounters, it need not be based on previous transactional experience. Intermediaries who may not have personally sampled the product or service could also display loyalty in their recommendations to third parties. In the banking industry, loyalty may be any one or a combination of these influences:

- i. Confirmation-based satisfaction with previous purchases;
- ii. Cognitive decision to buy based on a company's reputation or image; and
- iii. Recommendation by a third party with or without previous transaction experience.

The stages for developing a long-term customer relationship suggested by Grönroos (1984) in his loyalty model are establishing, maintaining and enhancing the link. Keeping or retaining the customer is the most important step. This is based on satisfaction arising from an initial contact or through purchase experience, especially the last encounter between the customer and the service provider. It is worth noting, however, that Storbacka *et al.* (1994) argue that customer satisfaction is only one dimension in building relationship strength and that environmental factors such as market concentration can

also affect the longevity of the relationship. Long-term customers are more likely to buy additional services and to pass on favourable recommendations.

Existing customers tend to be less price-sensitive and have lower maintenance costs than what might be involved in finding new customers. Reichheld and Sasser (1990) went on to suggest that customer retention should be a key performance indicator for senior management and a fundamental component of any bonus or incentive scheme. Stone (1998) proposed that the net economic contribution of customer longevity is dependent on the concept of the “good” and “bad” customer supports findings in retail banking. They reported that customer satisfaction was greater among the most unprofitable (high volume) customers. The aim therefore for a business is to identify and segregate the good from the bad customers so as and to direct the company’s improved or modified service qualities at the good customers to retain their loyalty. Bachelor (1998) argued that customer loyalty is not appropriate for commodity products where selling price seems to play a major role in the purchase decision, asks the question “Is there such thing, any more, as customer loyalty?” Nonetheless, the service management literature shows increasing interest in relationship strategies where the focus is evidently on building customer satisfaction and loyalty.

Environmental factors such as demographic shifts, the rapid growth of competition through increased customer choice (Barich and Kotler 1991), the breakneck pace of innovation and companies realizing that repeat business is similar to compounding interest, have witnessed a strategic move away from “offensive marketing” aimed mostly at getting new customers to “defensive marketing” focused on customer retention. This prominence placed on keeping existing customers rather than acquiring new ones will have an impact along the value chain system and companies will have to review their competencies in order to meet this objective. In the banking sector especially in Nakuru and Kenya at large the customer base is relatively small and thus customer retention is a pertinent strategy to embrace.

2.3 Customer Defection

Marple and Zimmerman (1999) have suggested that the cross-selling of banking services is more important today than before. Many bankers pointed out that their retention rates have increased in parallel with the rate at which customers begin using more products (Daniell, 2000). Colgate and Norris (2001) found that barriers to exit include the amount of time and inconvenience it would take to switch banks, having to get new cheque books, to transfer funds, and having to learn a new cash management system. The amount of paperwork involved, issues with existing loans and guarantees, and a good history and rapport with their current bank also seemed to be factors inhibiting complaints.

Butcher, Sparks and O'Callaghan (2001) study highlights that loyalty construction precludes changing service providers. This has been expressed as the bonding to another when it seems contrary to self-interest (Gilmore and Czepiel, 1987) or demonstrates a resistance to the pull of the competition. This theme is also supported by Oliver and Swan (1989), who expressed loyalty as a commitment to repurchase against the odds and costs. Fisher (2001) further identified that some people see little advantage to be gained in switching bank accounts. They therefore prefer to stay with their current banks, although they might not be satisfied with the offerings.

Loyal clients are believed to be less price-sensitive (Clark, Peck, Payne and Christopher 1995) but these conflicts with Abratt and Russell (1999) findings have it that reasonable prices are rated as an important requirement for consumers to stay loyal. This is also supported by Fisher (2001), who identified that a key factor in loyalty to any brand is price. As consumers are given more choices, they appear to be more willing to try new brands, especially if they do not feel 'rewarded' for remaining loyal, and they perceive many brands to be equal in terms of quality and value received (Schrive, 1997).

To address the problem of customer defection, loyalty programmes have been implemented to encourage multiple product sales (Healy, 1999). These include discounted rates for credit products, improved rates for deposit products, discounts for rental vehicles, frequent flyer programmes, retirement plans, insurance, and others. Ennew and Binks (1997) found that loyal clients enjoy a better relationship with the bank. By building relationships with clients, banks get to know the needs of their clients better and meet (or exceed) their expectations. Personal friendship between a customer and an individual service employee has also been modeled to influence customer loyalty (Bove and Johnson, 2000). Price and Arnould (1999) found that customer loyalty may be cultivated or strengthened, as customers find entertainment value or highly satisfying personal relationships in their interaction with the service provider.

Apart from personal relationships, a service recovery effort is also necessary, where a service provider is notified that a problem has occurred (Trubik and Smith, 2000).

A service recovery processes encompasses all the actions taken to get a disappointed customer back to a state of satisfaction. The plethora of literature on service recovery, both managerial and academic suggests that service recovery is the most important factor in driving a customer to exit or stay after a service failure. As a result, switching behavior can increase, as do complaints, cynicism toward the concept of loyalty, and litigious activities (Schriver, 1997).

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2.4 Personal Factors Affecting Customer Retention in Banks

Coulter and Coulter (2002) findings analyzed the impact of “person-related” service characteristics (empathy, politeness, and similarity) and “offer-related” service characteristics (customization, competence, and promptness) by examining business client trust in their current bank service representatives based on the length of the relationships with their banks. They tested the effects of the above variables by collecting data from small business owners in the transportation industry in British Columbia, Canada. Clients were surveyed as to their beliefs about and feelings toward their bank service representatives. They established that building in general, but the factors are more

salient at different periods of the relationship with their banks. Customization was found to be of particular importance at “crucial” periods of time in the business life cycle. This demonstrates how relationship-managers at banks can work toward the establishment of their clients' trust by emphasizing the attributes that meet their clients' respective and timely needs. Coulter and Coulter (2002) documented that both “person-related” and “offer-related” service characteristics have an impact on trust.

The study focused on and presented the relative importance of the characteristics in general and across various time periods in particular. The results uniquely demonstrated that the relative importance of the factors in building trust varies according to stages in the life cycle of the businesses. Metawa and Mohamend, 1998, describes a study designed to investigate the banking behavior of Islamic bank customers in the state of Bahrain. The study sample comprised 300 customers. A comprehensive profile analysis and a series of chi-square tests were conducted to reveal key characteristics and patterns: the majority of Islamic bank customers are well educated; approximately 80 per cent are between 25-50 years of age; more than 50 per cent of the surveyed customers have maintained their current banking relationship with Islamic banks for more than six years; customers' awareness and usage rates are quite high for savings accounts, current accounts, investment accounts and automated teller machines; customers were found to be most satisfied with the products/services they use most, with the investment accounts receiving the highest satisfaction score; Islamic bank employees received the highest satisfaction score among the elements of the service delivery system; the two most important bank selection criteria were adherence to the Islamic principles, followed by the rate of return.

2.5 Product packaging factors and their Influence on Customer Retention

Young and Roland (2009) found that Commercial banks' lending and deposit-taking business has declined in recent years. Deregulation and new technology have eroded banks' comparative advantages and made it easier for nonbank competitors to enter these markets. In response, banks have shifted their sales mix toward noninterest income — by selling ‘nonbank’ fee-based financial services such as mutual funds; by

charging explicit fees for services that used to be 'bundled' together with deposit or loan products; and by adopting securitized lending practices which generate loan origination and servicing fees and reduce the need for deposit financing by moving loans off the books. The conventional wisdom in the banking industry is that earnings from fee-based products are more stable than loan-based earnings, and that fee-based activities reduce bank risk via diversification. However, there are reasons to doubt this conventional wisdom. But in the same line it is why the product packaging aspects of any particular bank has to come out strongly to enable differentiation and enhance customer retention rates.

Packaging and packaging design have become an important factor in marketing diverse "consumer goods" and have a key role in communicating product benefits to the customer. Product packaging is therefore also related to other variables in the marketing mix (Czinkota and Ronkainen, 2007). These are within the control of the company and are means of meeting changes within the business environment (Cateora and Ghauri, 2000). However, packaging design is a complex set of influences from the business environment. Among the main influences, new technology, service development, logistic requirements, environmental issues, consumer preferences and marketing aspects all play a key role for management decisions on marketing strategy (Packaging Federation, 2004).

The importance of the different variables varies among the actors through the supply chain, but is also linked with consumer concerns and product safety. Hence packaging design can be used to meet new challenges within a supply chain. There are factors driving packaging design and thereby derives suggestions for achieving competitive advantage within a rapidly changing and complex banking sector. In order to reveal such complexity and focus on the role of packaging design we have to understand issues regarding different driving forces within the "packaging market" and also develop a framework for analyzing the interface between packaging and driving forces within the banking sector. The analytical problems are inherent in the "packaging market" since the latter can vary with the packaging material. A change in packaging material at the retail

level may be of minor importance, but have a great influence in terms of substitute products or new entries on the supply side of the packaging industry. A sudden change in attitudes among end consumers influenced by the media, can therefore lead to a shift in the actual consumption of the different banking products. It is obvious that packaging design and packaging development are subject to dynamic influences originating from many sources and this creates threats but also opportunities for strategic management decisions that may eventually affect customer retention in the banking sector.

Packaging of consumer goods is an area where conditions are continuously changing as a result of globalization and influencing factors in the supply and demand side of the banking industry. There are several factors that determine the success of product packaging; the interface between external driving forces and the ability to assess and transform them into attractive packaging solutions. There is little doubt that packaging design and developed packages is subject to dynamic influences from the surrounding business environment. These influences originate from changes in consumer values such as greater convenience and functionality, but also from environmental issues. Packaging has become an important marketing tool for many consumer products in a competitive business environment, relatively few studies and little interest has been directed towards the theoretical work in the marketing literature. Some of the early research was done in the area of general characteristics and role of packaging design and as a variable influencing product evaluation (Banks, 1950; Schwartz, 1971).

Other packaging-related research includes studies of the communicative role (Nancarrow *et al.*, 1998; Underwood *et al.*, 2001); ethical packaging matters (Bone and Corey, 2000); packaging as a profit (Wills, 1990); packaging design with respect to the use of material (Lee, , Pi, Kwok, and Huynh,2003); advertisement and package coordination (Garreston and Burton, 2005) and packaging size and shape (Wansink, 1996; Raghurir and Greenleaf, 2006). The multi-function of packaging has been investigated by Prendergast and Pit (1996) and Rundh (2005). Despite these works, little is known about packaging design and its relation to marketing strategy in the banking industry.

There are a number of demographic and lifestyle factors, documented by scholars and companies, that have resulted in various changes in consumer behaviour (Hogg, 2003). The consequences of demographic factors are an ageing population and an increasing number of people consuming bank products. The environment also is an increasingly important issue for all areas in the banking industry. A number of environmental problems have increased the interest of governments, official institutions and international companies around the world in coming up with ideas for solving these problems such as money laundering. Many countries have also introduced legislation or regulations governing the packaging of various bank products. We do also have international influences, these are consequences of globalization. One important topic is the fact that international trade has increased and products and services are in many senses becoming worldwide (Dimitratos *et al.*, 2003). Some international bank products and their brands can be marketed in a standardized way, whereas most others need to be adapted to local requirements, which also affect the packaging (Cateora *et al.*, 2000). Customers are also bringing back ideas and influences from other market areas requesting new products or setting up innovative banking businesses. Product Packaging is a vital factor contributing to product differentiation which goes along way in influencing customer retention in banks.

Changes in consumer demands and requirements of products and services in a specified way have put pressure on the bankers to come up with new solutions (Hogg, 2003). This has also been reinforced by strong competition in many product areas. Product and market managers in retailing have pushed for new designs and higher quality of product features hence giving their packages luxurious or prestigious appeal. We do also have new technology and technological developments that create opportunities for many new packaging solutions within diverse distribution systems (Sorensen, 2006; Widman, 2006).

Packaging design has also become an important factor for marketing various bank products in consumer markets. The actual package can be considered as a part of the product since the packaging can contribute to the product's benefits and in some cases be vital for the use of the product. In some areas the package is the same as the product (George, 2005). For various products the shape of the package has been an essential factor for success in the marketplace, whereas size and colour are important ingredients in other product and market areas (Wansink, 1996; Raghurir and Greenleaf, 2006).

Texture and graphics are also variables that can be modified and contribute to a successful package. Another phenomenon contributing to the development of innovations is special showrooms that suppliers of board, for instance, use to develop new packaging solutions in co-operation with their customers. One innovation is the use of web design where customers can see the suggested package on the computer presented, for example, a demonstration of how a certain banking service i.e. account opening is offered to a client in a bank.

2.6 Influence of Physical Factors on Customer Retention

Michael, David and Sharon, 2003, found that Location has long been touted as an important competitive factor in retailing and services. However, since convenient, high-traffic locations are costly, an examination of conditions under which location convenience is more important and those in which it is less important is critical. This Supplements the logic of prior research to examine the importance of location as a function of both customer satisfaction with the core service and service type. Finds suggest that a convenient location is critical in more standardized and less personalized services when satisfaction falters, but is not important for less standardized, more personalized services regardless of satisfaction levels. Michael, David and Sharon, 2003 say that, a convenient location can act as a barrier to defection in more standardized, less personal services such as banks, making it an important strategic factor in minimizing defection when satisfaction with the core service drops.

However, contrary to conventional wisdom, location convenience appears less important to repurchase intentions for less standardized, more personal services such as hairstylists, thus negating its potential as a switching barrier for such services. Rexha, John and Shang, 2003 found that there's need for Marketing managers in financial institutions should be aware that customers are likely to embody electronic banking provided that such technology contributes to existing relationships.

Based on a survey of bank corporate clients in Singapore, the impact of satisfaction, trust and the use of electronic banking on commitment towards current banks was investigated. It was found that trust was the key factor influencing the adoption of electronic banking. Perceived customer satisfaction with the bank only impacted indirectly on the adoption of electronic banking. The cumulative effects of customer satisfaction were found to have a positive impact on trust directed towards the bank, and this greatly impacted on the propensity to use electronic banking. Customer satisfaction, trust, and the use of electronic banking were found to have a positive impact on the corporate clients' commitment towards their bank.

2.7 Influence of Service Delivery Factors on Customer Satisfaction

If customer loyalty is an important determinant of future financial health, then the challenge for managers is in knowing how to achieve it. Discrepancy on the extent to which satisfaction with service quality leads to customer longevity has been the subject of many studies but an outright conclusion has still to be drawn (Cronin and Taylor, 1992; Boulding ., 1993; Spreng *et al.*, 1996; Holmlund and Kock, 1996). Although Rust and Zahorik's (1993) research into retail banking indicated a relationship between customer satisfaction and retention, other studies have shown that despite apparent satisfaction, customer defection can still take place and, in some industries, be as high as 50 per cent (Mittal and Lassar, 1998). Taylor and Baker (1994) argue that service quality and customer satisfaction are separate constructs. Whilst satisfaction indicates the state of a customer's psyche, quality refers to the state of a business' resources and efforts. Whiteley (1991) differentiates product and service quality by defining the former as "What you get" and the latter as "How you get it". This is in agreement with Grönroos' (1990) two-dimensional aspects of service quality: technical quality – the quality of what is delivered and functional quality – the quality of how the service is delivered.

Whilst customer satisfaction could be viewed as the outcome of the difference between customer's perception and expectation of service quality, it should not be forgotten that factors such as price, packaging and situational factors such as the service encounter, would also influence satisfaction. Hence, Bitner (1990) define service quality as the way in which the whole service experience is performed. Their model of customer perceptions of quality and customer satisfaction hypothesises that satisfaction is more of an attitude and this attitude would influence perceptions of service quality, which in turn would influence purchase intentions. Failure to provide reliable service may result in customer dissatisfaction and possible defection. This is based on the premise that a satisfied customer will continue to maintain a relationship (Hallowell, 1996) and that relationship will lead to loyalty and longevity.

Zeithaml (2000) arrived at the same idea by looking at the probable behaviour of the dissatisfied customer. They maintain that a dissatisfied customer is likely to switch to a competitor and may inform others of the bad experience. One study conducted by the US Office of Consumer Affairs indicated that one dissatisfied customer could be expected to tell nine other people about the experiences that resulted in dissatisfaction (Knauer, 1992). This raises the question of whether dissatisfied customers do actually “voice” their complaints or whether they simply do not buy from the same supplier again. Andreassen and Lindestad (1998) argue that customer defection may not necessarily be the natural outcome if switching barriers are high or if there are no real alternatives. Other factors preventing switching may be social pressure or cost of exit (Holmlund and Kock, 1996). Conversely, some customers although satisfied are still willing to sample other suppliers in anticipation of even better results (Rust and Zahorik, 1993). Customers are value-maximizers and perceiving that value is being received is also thought to influence retention (Chang, Chan and Leck, 1997; Neal, 1999). It is worth noting that service quality is intangible (Cadotte, Woodruff and Jenkins, 1987) and satisfaction is based on an individual’s perceptions or emotions towards a product or service. Indeed, how customers perceive service quality is sometimes more important than the actual level of quality (Goncalves, 1997). It has thus proven difficult to obtain concrete, measurable results with clear conclusions from consumer satisfaction/dissatisfaction models.

2.8 Conceptual Framework

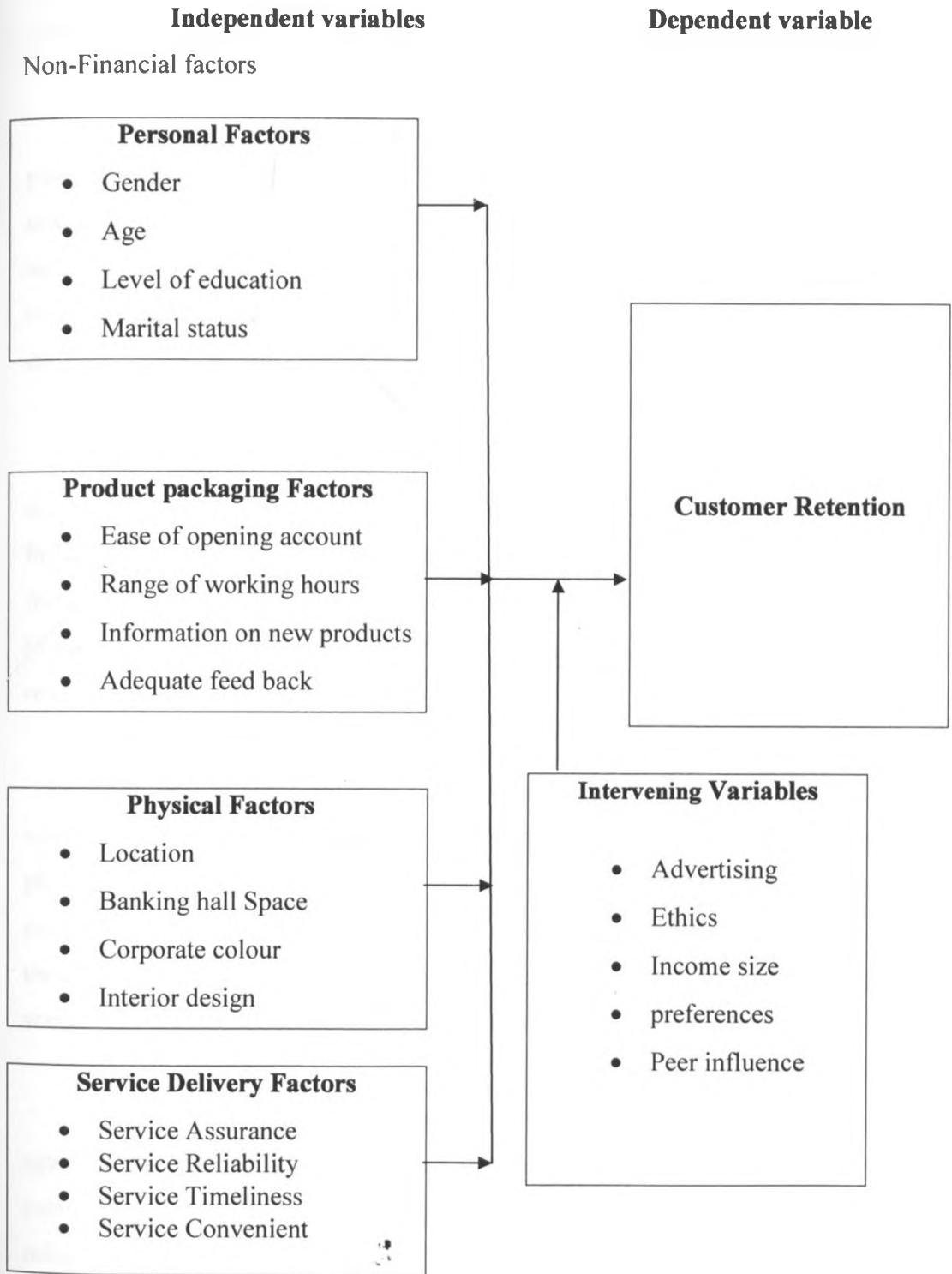


Figure 2. 1: Factors influencing customer retention in banks

Figure 1 shows the relationship between the independent variables and dependent variable where by the non-financial factors; Personal, Product packaging and Physical Factors all have an influence on the depended variable; customer retention.

This conceptual framework hypothesizes that there is a relationship between the personal factors i.e. Gender, Age, level of education, marital status and the level of customer, education. The conceptualization here is that these personal factors would influence the perception of the customers and their individual expectation; in other words customer satisfaction. Satisfied customers will want to continue their membership with the bank, while dissatisfied customers will want to ship to other banks.

The study conceptualizes that product packaging factors i.e. ease of opening account, range of working hours, information on new products and adequate feed back influence the banks' customer retention. The product packaging factors contain some form of flexibility which enables the customer to choose from a variety of products, and to receive service at his / her convenience. These aspects contribute to high customer retention levels.

The third independent variable, physical factors i.e. location, banking hall Space, corporate colour, and interior design; depicts the existence of a relationship that the physical factors affect the customer retention. Customers will want to be associated with nicely decorated banks and some form of bank' physical stylishness; hence, will retain their membership. The physical location which carries some form of convenience (easy access) has a direct influence on the customer retention levels in the bank.

The study also conceptualizes that service delivery factors such as service assurance, service reliability, service timeliness and service convenience influences to customer retention. When customers are assured of service delivery, if the service is reliable, if the service is offered within the expected time (timely) and if the customer perceives the service to be convenient the customers will want to retain their membership with the bank.

All those factors discussed above if properly manipulated, can lead to high customer retention levels. However, this realization (customer retention) is subject to a number of intervening variables, which include: advertising, ethics, income size, preferences and peer influence. Proper advertising, high maintenance of ethical standards, the income size of the customer, customer's preference (which are varied) and influence from the customer's peers (sharing of experiences from other banks) will influence customer retention levels.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents research methodology that was used in this study. It is divided into three broad sections. The first will address issues relating to data source, the study population, data quality and the study area while the second presents the variables used in this study and section three presents the analytical method. This chapter contains the research design, methods of data collection, and methods of data analysis techniques.

3.2 Research Design

The study adopted Cross-Sectional Surveys design. According to Owens, (2002), Cross-Sectional Surveys, involve collection of data at one point in time from a sample selected to represent a larger population. This was preferred because data was collected only once. The design is an efficient method of collecting descriptive data regarding characteristics of a sample of a population, current practices, conditions or needs and preliminary information for generating research questions.

3.3 Target Population

The study was conducted within the commercial banks in Nakuru municipality and was carried out amongst the banks' customers. The research focused on six banks in Nakuru municipality namely; KCB, BBK, NBK, STANCHART, EQUITY Bank, and Cooperative Bank. Customers who have chosen to stay with the banks according to Marketing Survey by Synovate, 2007 average by about 10 years and must visit the banks daily for various transactions are called loyal customers. Mostly these customers are what are called Prestige or Cooperate bankers who enjoy customized services. CBK, 2007 regards the six banks as top players that share similar characteristics.

At branch level about 300 customers of this category are served daily by KCB bank only in Nakuru branch according to (www.kcbbankgroup.com). Since the research instrument was administered on a daily basis on each of the banks to this category of customers, it implied that the banks served loyal, corporate customers to the tune of 1800 customers on a daily basis average. This constitutes the entire population (N) for this research.

3.4. Sampling Technique

The customers to be interviewed were selected through systematic sampling techniques (Mugenda and Mugenda 2003). According to Mulusa 1988), from a population of 1800, a sample size of 317 is considered sufficient (see sample determination table in the appendix 4).

3.5 Research Instruments

McDaniel and Gates (2001) and Lancaster, Withey and Ashford (2001) define a questionnaire as a set of questions designed to generate the data necessary to accomplish the objectives of the research project. In this study, the questionnaire was used. It is more systematic and structured and aims at obtaining information from respondents in a direct and open manner. Shao (1999) points out that, questionnaires may be structured, consisting of direct questions to obtain factual data, or indirect (semi – structured), allowing more flexibility on the part of the interviewer in setting questions in an indirect manner, or probing for answer.

The study used both primary and secondary data. A structured questionnaire was used to collect the primary data. Secondary data was obtained through use of textbooks and visiting various websites in the internet. Other documents relevant to the research were examined and these included books magazines and periodicals as well as published and unpublished research works from the Library.

The study used the stratified sampling technique during the data collection stage in the identification of the respondents to be interviewed, whereby the tenth customer on the queue in the selected banks.

The research instruments used were questionnaires containing structured questions. This was appropriate as the questions were accompanied by a list of all possible alternatives from which the bank customers in the sample were able to respond to the answer that best described the reason for their retention in their chosen banks. The last question 'Other reasons that can affect retention' took care of those responses not fitting in any of the categories that had been listed in the questionnaire (Mugenda and Mugenda, 2003).

Part A is the general information of the respondent (questions 1 through to 8) and covered the individual respondents' attributes. Part B, C and D contain the questions touching on the main topic of this study; it covered the personal, product packages and the physical factors characteristics that influenced the respondent's retention level in the chosen bank. For the purposes of this study, only the prestige / cooperate customers who were transacting in the banks were considered for the administration of the research instrument.

3.5.1 Validity of Instruments

Validity of instruments is the accuracy of and meaningfulness of the inferences, based on the research results. (Anastasia 1982) refers to validity as the quality that a procedure or instrument or a tool used in research is accurate, correct, true and meaningful and right. (Mugenda and Mugenda, 2003) refers to validity as the accuracy and meaningfulness of inferences which are based on research results. It is the degree to which results obtained from the analysis of data actually represent the phenomenon under study. Both construct and content validity was carried out, whereby the study relied on the opinion of an expert (research supervisor).

3.5.2 Reliability of instruments

Kerlinger, (1986) says that Reliability addresses how accurate research methods and techniques produce data. The reliability of the research instrument is how certain a

person using the same interview script (the research instrument) will not sway the answers of the interviewees. It is also possible to design the questionnaire to facilitate document analysis, so it is possible to address reliability issues regarding the consistency of methods used for recording data. This study used a standard questionnaire which was tested for reliability. The questionnaire was pretested at Family Bank amongst 10 customers. The results of the pretest were used for the improvement of the questionnaire, thereby boosting its reliability.

3.6 Data Collection Procedures and Techniques

Zikmund and d'Amico (2001) define data analysis as the statistical and qualitative considerations of data gathered by research. The data collected was both qualitative and quantitative in nature. The collected data was coded, edited for errors and then analyzed. The received questionnaires were numbered and entered serially in the SPSS spread sheet. The data was posted according to created variables such as gender, age etc. (in SPSS each question in the questionnaire created a variable / variables for analysis. After this process of data entry various analysis tests were performed. Descriptive statistics (frequencies and percentages) were computed.

The researcher then prompted the SPSS program to generate results tables from the analysis performed. The results were then presented in the form of tables for easier interpretation. The tables generated contained results for descriptive statistics computations (frequencies and percentages).

3.7 Operational Definition of Variables

The Table 3.1 gives the variables measurable indicators, Data collection and analysis techniques and instruments. An operational definition is a demonstration of a process such as a variable, term, or object in terms of the specific process or set of validation tests used to determine its presence and quantity. The independent variables are operationalized as shown in the Table 3.1:

Table 3. 1: Operational Definition of Variables

Objectives	Operational Definition of Variables					
	Variables	Indicators	Measure	Scale	Data Collection Tools	Tools of Analysis
To evaluate the extent to which personal factors influence customer retention.	<u>Dependent Variable</u> Customer Retention	Gender	Male or female	nominal	Questionnaire Observation	Frequencies Percentages
	<u>Independent Variable</u>	Age	Age bracket	interval	Questionnaire Observation	Frequencies Percentages
	Personal factors	Level of education	Highest level attained	nominal	Questionnaire Observation	Frequencies Percentages
		Marital status	Married or single	nominal	Questionnaire Observation	Frequencies Percentages
		Influence of associates i.e. friends, family members, workmates	Rate of influence	Ordinal	Questionnaire Observation	Frequencies Percentages
To establish the extent to which product packaging factors offered by banks influence customer retention	<u>Dependent Variable</u> Customer Retention	ease of account opening	Procedures and requirements	Ordinal	Questionnaire Observation	Frequencies Percentages
	<u>Independent Variable</u>	Range of opening hours	Convenient time	Ordinal	Questionnaire Observation	Frequencies Percentages
	Product packaging factors					

Objectives	Variables	Indicators	Measure	Scale	Data Collection Tools	Tools of Analysis	
To establish the extent to which physical factors influence customer retention.		Information availed on products	Access of information on new and existing products	Ordinal	Questionnaire Observation	Frequencies Percentages	
		Adequate feed back	Conclusive advise i.e. statement with requested details.	Ordinal	Questionnaire	Frequencies Percentages	
	<u>Dependent Variable</u> Customer Retention	Location	Convenient and ease of access	Ordinal	Questionnaire Observation	Frequencies Percentages	
		<u>Independent Variable</u> Banking hall space	Congestion level	Ordinal	Questionnaire Observation	Frequencies Percentages	
	Physical factors	Colour scheme of the bank	Attraction level	Ordinal	Questionnaire Observation	Frequencies Percentages	
		Interior bank design	Comfort-ability	Ordinal	Questionnaire Observation	Frequencies Percentages	
	Security of the bank		Risk level of muggers, robbers	Ordinal	Questionnaire Observation	Frequencies Percentages	
		Service quality	Convenient Reliability Timeliness Assurance	nominal Ordinal	Questionnaire Observation	Frequencies Percentages	
	To establish the extent to which Service delivery factors influence customer retention.	<u>Dependent Variable</u> Customer Retention					
		<u>Independent Variable</u> Service delivery factors					

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter contains findings arising from the analysis of data collected using of questionnaires and discussed in chapter 3 above. The chapter presents findings related to the effect of non-financial factors on customer retention in banks with specific reference to banks in Nakuru municipality. The study targeted 318 bank customers drawn from selected banks.

Table 4. 1: Response Rate

Category of respondents	No. of questionnaires returned	Target No. of questionnaires	Response rate
BBK	50	53	94%
KCB	53	53	100%
NBK	48	53	91%
Cooperative	40	53	75%
Equity	46	53	87%
Standard	44	53	83%
Total	281	318	88%

The average response rate was 88%. The rest of the questionnaires that were not returned were either misplaced by the respondents or the respondents deliberately decided not to fill them or return them.

4.2 General information

This section contains the presentation of general information about the respondents. This information was necessary so as to understand the general demographic characteristics of the respondents. In addition the aspect of length of membership with the bank enabled the respondents establish whether the banks were succeeding in retaining their customers.

4.2.1: Gender of the respondent

Table 4. 2: Gender of the respondent

Gender	Frequency	Percent
Male	158	56.2
Female	123	43.8
Total	281	100.0

The study sample was made up of 56.2% Male and 43.8% Female.

4.2.2: Customers' occupation

Table 4. 3: Customers' occupation

Customers' occupation	Frequency	Percent
Employee	157	55.9
Self- Employed	124	44.1
Total	281	100.0

The study sought to establish the employment status of the respondents and found out 55.9% were employed while 44.1% were Self- Employed.

4.2.3: Marital Status

Table 4. 4: Marital Status

Marital Status	Frequency	Percent
Single	194	69.0
Married	87	31.0
Total	281	100.0

The finding related to the marital status revealed that 69% were single and 31% were married.

4.2.4: Age of the respondent

Table 4. 5: Age of the respondent

Age of the respondent	Frequency	Percent
Below 25 years	65	23.1
26-35 years	54	19.2
36-45 years	99	35.2
Above 45 years	63	22.4
Total	281	100.0

The findings revealed that 35.2% of the respondents interviewed were in the age bracket of 36 – 45 years, 23.1% 25 years, 22.4% above 45 years, while 19.2% were in the age bracket of 26-35 years.

4.2.5: Highest academic qualification

Table 4.6: Highest academic qualification

Highest academic qualification	Frequency	Percent
Primary school level	4	1.4
Secondary school level	56	19.9
College level	114	40.6
University level	107	38.1
Total	281	100.0

The findings revealed that the highest level of education attained by the respondents was as follows. 40.6% respondents indicated College level; 38.1% respondents indicated University level; 19.9% respondents indicated Secondary school level, while 1.4% respondents had attained primary school level.

4.2.6: Number of bank accounts held by customers

Table 4.7: Number of bank accounts held by customers

No. of bank accounts	Frequency	Percent
Only 1 bank	126	44.8
1 to 3 banks	133	47.3
Over three banks	22	7.8
Total	281	100.0

The study sought to establish the number of accounts held by a customer. From the findings it was revealed that 47.3% were members to 1 to 3 banks; 44.8% had only 1 bank; and while 7.8% were members to over three banks.

4.2.7: Length of membership with the bank

Table 4.8: Length of membership with the bank

Length of membership with the bank	Frequency	Percent
Below 1 year	15	5.3
1 to 3 years	134	47.7
Over 10 Years	59	21.0
4 to 6 years	38	13.5
7 to 10Years	35	12.5
Total	281	100.0

The findings revealed that 47.7% of respondents had been members in their bank for a period of 1 to 3 years; 21% of respondents for over 10 years; whereas 13.5% of respondents indicated 4 to 6 years; 12.5% of respondents indicated 7 to 10 years, while 5.3% of respondents indicated 1 year as the period they had stayed with the bank.

4.3 Factors influencing customer satisfaction

This section presents findings related to the first objective, which aimed at evaluating the influence of personal factors, physical factors, product packaging factors and service delivery factors on customer retention.

4.3.1 Personal contact of customers with their bank

The study sought to establish whether the bank had personal contact with the customers on aspects that would boost customer retention. Statements related to Personal contact of customers with their bank, were tested using a likert scale of 1-5 ranging from Strongly Agree [5] to Strongly Disagree [1]. Descriptive statistics (frequencies and percentages) were computed. The frequencies and percentages are presented in Tables 4.9 to 4.13.

Table 4.9: **Personal contact of customers with their bank**

Level of personal contact	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Reminders of future services	0%	0%	26%	58%	16%
Verification of satisfaction by the bank	0%	44%	6%	49%	0%
Banks finding out on customer loyalty status	0%	0%	24%	62%	14%
Customer's friendliness with bank employees	5%	88%	6%	0%	0%
Customer's value of personalized treatment	35%	32%	27%	5%	0%
Average	8%	33%	18%	35%	6%

The response to the statement that the bank contacts customer to remind them of future services was as follows: Disagree 58%; Neutral 26% and Strongly Disagree 16%.

The response to the statement that the bank contacts customers to verify if they are satisfied was as follows: Disagree 49%; Agree 44%; and Neutral 6%. The study also showed that the response to the statement that, the bank contacts employees to find out why they do not still stay loyal was as follows: Disagree 62%; Neutral 24%; and Strongly Disagree 14%. The response to whether the bank customers valued friendliness with employees was given as follows: Agree 88%; Neutral 6%; and Strongly Agree 5%. The response to the statement that the bank customers valued personalized treatment was as follows: Strongly Agree 35%; Agree 32%; Neutral 27% and Disagree 5%.

The average percentage for the Level of customer's personal contact with the bank was given as follows: Strongly Agree 8%; Agree 33%; Neutral 18%; Disagree 35%; and strongly agree 6%. These results give a 50:50 situation of the factor tested. This implied that there level of customers' personal contact with the banks visited was average, hence, there was need to improve on this aspect.

4.3.2 Influence of personal factors to Customer Retention in Banks

Statements related to influence of personal factors to Customer Retention in Banks, were tested using a likert scale of 1-5 ranging from Strongly Agree [5] to Strongly Disagree [1]. Descriptive statistics (frequencies and percentages) were computed. The and presented in Table 4.10

Table 4.10: Influence of Personal factors

Personal factors	Highly Influential	Influential	Neutral	Slightly Influential	Not Influential
Marital status	23%	74%	3%	0%	0%
Influence of age mates	7%	26%	3%	64%	0%
Profession status	7%	70%	3%	20%	0%
Influence of family background	8%	24%	3%	65%	0%
Influence of spouse	0%	20%	1%	79%	0%
Employee's salary	23%	67%	3%	7%	0%
Business associates and friends	23%	28%	3%	46%	0%
Average	13%	44%	3%	40%	0%

The results of the influence of the marital status were as follows: Influential 74%; highly influential 23%; and Neutral 3%. The results for the influence of age mates on customer retention were: Slightly Influential 64%; Influential 26%; Strongly Agree 7%; and Neutral 3%. The response for the influence of professional status on customer retention in banks was Influential 70%; Slightly Influential 20%; Highly Influential 8%; and Neutral 3%. The result for influence of family background on Customer Retention in Banks was Slightly Influential 65%; Influential 24%; Highly Influential 8%; and Neutral 3%. The result for influence of Influence of spouse on Customer Retention in Banks was Slightly Influential 79%; Influential 20%; and Neutral 1%. The result for the influence of Employee's salary on Customer Retention in Banks was as follows: Influential 67%; Highly Influential 23%; Slightly Influential 7%; and Neutral 3%. The result for influence of business associates /friends on Customer Retention in Banks was Slightly Influential 46%; Influential 28%; Highly Influential 23%; and Neutral 3%. The average percentages for the influence of personal factors to Customer Retention were Influential 44%, slightly influential 40%, highly influential 13% and Neutral 3%.

4.3.3 Influence of Product Packaging Factors on Customer Retention in Banks

Statements related to influence of Product Packaging Factors on Customer Retention in Banks, were tested using a likert scale of 1-5 ranging from Strongly Agree [5] to Strongly Disagree [1]. Descriptive statistics (arithmetic-mean, frequencies and percentages) were computed and presented in Tables 4.11

Table 4.11: Influence of Product Packaging Factors

Product Packaging Factors	Highly Influential	Influential	Neutral	Slightly Influential	Not Influential
Influence of ease of account opening	2%	89%	9%	0%	0%
Range of bank opening hours	2%	91%	5%	2%	0%
New and existing products information availability	88%	1%	0%	9%	1%
Adequate feed back	1%	86%	11%	1%	0%
Average	23%	67%	6%	3%	0%

The results for the Influence of ease of account opening on Customer Retention in Banks were Influential 89%; Moderate 9%; and Highly Influential 2%. The results for the Influence of range of bank opening hours on Customer Retention were: Influential 91%; Neutral 5%; Slightly Influential 2%; Highly Influential 2%. The results for the Influence of new and existing products on Customer Retention were: Highly Influential 88%; Neutral 9%; Not influential 1%; and Influential 1%. The results for the Influence of adequate feedback on Customer Retention were: Influential 86%; Neutral 11%; Highly Influential 1%; Slightly Influential 1%. The Average percentages for the product packaging factors were: Influential 67%, highly influential 23%, Neutral 6% and slightly influential 3%. This implied that product packaging factors were influential on customer retention levels.

The customers were also asked to indicate the level of importance attached to selected product packaging factors in determining their retention at the bank. The results are given in Table 4.12

Table 4.12: Influence of Product Packaging Factors

Product Packaging Factors	Very Important	Important	Moderate	Less Important	Not Important
Automated telephone banking services	1%	99%	0%	0%	0%
Provision of internet services	86%	6%	8%	0%	0%
Range of quality products	89%	11%	0%	0%	0%
Speed and efficiency in dealing with customer needs	91%	0%	9%	0%	0%
Availability of all the bank products under one roof/branch	9%	0%	91%	0%	0%
Speed and efficiency of response to complaints	94%	0%	5%	0%	0%
Knowledgeable bank personnel on bank product features	82%	13%	5%	0%	0%
Launching of new products which represent a superior customer offer	80%	19%	1%	0%	0%
The tailor made products for high net worth	89%	4%	7%	0%	0%
Average	70%	16%	14%	0%	0%

The result for the importance of automated telephone banking services on customer retention was: important 99% and very important 1%. The table also shows that, the result for the importance of the provision of internet services on customer retention was as follows: very important 86%; important 6%; and moderate 8%. The result for the importance of the provision of range of quality products on customer

retention was as follows: very important 89%; important 11%. The result for the importance of speed and efficiency in dealing with customer needs on customer retention was as follows: very important 91%; moderate 9%. The result for the importance of Availability of all the bank products under one roof/branch on customer retention was as follows: moderate 91% and very important 9%. The result for the importance of the provision of Speed and efficiency of response to complaints was as follows: very important 94%; and moderate 5%. The result for the importance of the provision of knowledgeable bank personnel on bank product features was as follows: very important 82%; important 13%; and moderate 5%. The result for the importance of the launching of new products which represent a superior customer offer was as follows: very important 80%; important 19%; and moderate 1%. The result for the importance of the tailor made products for high net worth was as follows: very important 89%; important 4%; and moderate 7%. The above tested factors registered the following average percentages: Very important 70%, Important 16% and Moderate 14%. This implied that the product packaging factors were influential in determining customer retention at the banks.

4.3.4 Influence of Physical Factors to Customer Retention in Banks

Statements related to influence of Physical Factors on Customer Retention in Banks, were tested using a likert scale of 1-5 ranging from Strongly Agree [5] to Strongly Disagree [1]. Descriptive statistics (frequencies, percentages and means) were computed. The frequencies and percentages are presented in Tables 4.13

Table 4.13: Influence of Physical Factors to Customer Retention

Physical Factors	Highly Influential	Influential	Neutral	Slightly Influential	Not Influential
Location of the bank premise	0%	90%	10%	0%	0%
Banking hall space	0%	87%	4%	9%	0%
Colour scheme of the bank	0%	72%	2%	11%	15%
Interior design of the bank	0%	59%	20%	21%	0%
Safeness of the bank	0%	91%	0%	9%	0%
Privacy of the banking counters	0%	86%	14%	0%	0%
Average	0.00%	80.83%	8.33%	50.00%	2.50%

The results for the Influence of Location of the bank premise on Customer Retention, was as follows: Influential 90%; and Neutral 10%. The results for the Influence of Banking hall space was as follows: Influential 87%; Slightly Influential 9%; and Neutral 4%. The results for the Influence of Colour scheme were: Influential 72%; Not Influential 15%; Slightly Influential 11%; and Neutral 2%. The results for Influence of Interior design of the bank were Influential 59%; Slightly Influential 21%; and Neutral 20% . The Influence of Safeness of the bank -Slightly Influential 91% and Influential 9%. The Influence of privacy of the banking counters- Influential 86% and Neutral 14%. The Average percentages for the Physical Factors were: Influential 80.83%, slightly influential 50%, Neutral 8.33% and not influential 2.50%. This implied that physical factors were influential on customer retention levels

4.3.5 Influence of Service Delivery Factors on Customer Retention in Banks

Statements related to influence of Service Delivery Factors on Customer Retention in Banks, were tested using a likert scale of 1-5 ranging from Strongly Agree [5] to Strongly Disagree [1]. Descriptive statistics (mean, frequencies and percentages) were computed. The frequencies and percentages were presented in the Table 4.14

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Table 4. 14: Influence of Service Delivery Factors on Customer Retention

Service Delivery Factors	Highly Influential	Influential	Neutral	Slightly Influential	Not Influential
Friendliness of the employees	10%	58%	17%	15%	0%
Employees having a concerned and caring attitude	10%	32%	16%	42%	0%
Employees providing prompt customer service	10%	20%	20%	45%	5%
Employees' capability and competence	13%	15%	57%	15%	0%
Employees' undivided attention	13%	46%	31%	10%	0%
Employees being consistently courteous	13%	55%	17%	15%	0%
Employees' dressing code	0%	45%	53%	2%	0%
Employees keeping customers transactions confidential	0%	60%	3%	37%	0%
Average	9%	41%	27%	23%	1%

The results for the Influence of Friendliness of the employees on Customer Retention in Banks were: Influential 58%; Neutral 17%; Slightly Influential 15% and Highly Influential 10%. The Influence of employees' attitude - Slightly Influential 42%; Influential 32%; Neutral 16%; and Highly Influential 10%. The results for the Influence of prompt customer service were: Slightly Influential 45%; Influential 20%; Neutral 20%; Highly Influential 10%; Not Influential 5%. The Influence of employees' capability and competence: Neutral 57%; Slightly Influential 15%; Influential 15%; and Highly Influential 13%. The Influence of employees' undivided attention - Influential 46%; Neutral 31%; Highly Influential 13%; and Slightly Influential 10%. The Influence of employees being consistently courteous - Influential 55%; Neutral 17%; Slightly Influential 15%; and Highly Influential 13%.

The Influence of employees dressing code - Neutral 53%; Influential 45%; and Slightly Influential 2%. The Average percentages for the service delivery factors were: Influential 41%, slightly influential 23%, Neutral 27%, highly influential 9% and not influential 1%. This implied that service delivery factors were influential on customer retention levels.

4.4 Discussion of the research findings

This section presents a discussion of the study findings.

4.4.1 Influence of personal factors to Customer Retention in Bank

The most influential personal factor was the marital status, which had greatly influenced most customers to stay with their banks. This was followed by the fact that most customers interviewed were employees and that their employers paid them through the bank, hence influencing my continuity to stay with the bank. Other factors in the order of influence were customers' professional status, influence from business associates /friends, influence from most of their age mates, family background, and spouse influences. It can thus be concluded that personal factors greatly influence Customer Retention in Banks. Considering the influence of these factors on customer retention, it is important that banks consider improving on the quality of these factors.

4.4.2 Influence of Product Packaging Factors to Customer Retention in Banks

Most Service Delivery Factors also, were influential factors on Customer Retention in Banks: Speed and efficiency of response to complaints ; Provision of a range of quality products, appropriate to your needs ; Speed and efficiency in dealing with your requests ; The tailor made products for high net worth ; Provision of internet banking services ; Knowledgeable bank personnel on bank product features ; The launching of new products which represent a superior customer offer; Provision of automated telephone banking services; Availability of all the bank products under one roof/branch.

Ease of account opening; Range of bank opening hours; adequate feedback i.e. bank statement, response to queries; and availability of information on new and existing products were also influential on customers' retention. Considering the influence of these factors on customer retention, it is important that banks consider improving on the quality of these factors.

4.4.3 Influence of Physical Factors to Customer Retention in Bank

The Physical Factors in the order of their influence on Customer Retention in Banks were: Location of the bank premise and Privacy of the banking counters i.e while depositing money, while querying for personal/ private information, Safeness of the bank. i.e from robbers, conmen Banking hall space i.e. the average level of Congestion in the bank, Colour scheme of the bank and Interior design of the bank. Considering the influence of these factors on customer retention, it is important that banks consider improving on the quality of these factors for instance the location of the banks needs to be favourable to customers.

4.4.4 Influence of Service Delivery Factors on Customer Retention in Banks

The most influential Service Delivery Factors on Customer Retention in Banks were: employees being consistently courteous and friendliness of the employees. other factors included: employees' undivided attention to them, employees' dressing code, employees' concerned and caring attitude, employees' capability and competence, employees' confidentiality of transactions and Employees' prompt customer service. Customers were motivated to maintain their membership by service quality factors such as convenience, timeliness, reliability and assurance of service delivered to them. Considering the influence of these factors on customer retention, it is important that banks consider improving on the quality of these factors especially in the enhancement of service delivery factors (such as service reliability, assurance and product quality).

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes and makes conclusions on the research findings. At the end of the chapter, recommendations are made based on the research findings. This chapter also isolates contribution made by this study to the body knowledge.

5.2 Summary of the findings

The analysis involved usage of arithmetic means, percentages and frequencies. Tables were used for presentation. The interpretation is that, the higher the percentage the higher the strength of the factor that was tested.

The response rate for the questionnaires administered was very impressive from all the banks. The study was carried out free of gender biasness and the gender statistics provided reflect the composition of the workforce. The respondents were guided through the process of questionnaire completion. The study used a sample made up of 56.2% Male and 43.8% Female from the banks. Majority of the respondents were male clients who happened to be available during the data collection process. Most of the respondents interviewed were educated well enough to provide reliable information for the study since most of them were either of college level or University level (College level (114); University level (107); Secondary school level (56), while 4 respondents had attained primary school level). The results show that the occupational status of the respondents was as follows: Employed (55.9%) and Self- Employed (44.1%). Most of the respondents were single and aged above 35 years 35.2% of the respondents interviewed were in the age bracket of 36 – 45 years, 23.1% 25 years, 22.4% above 45 years, while 19.2% were in the age bracket of 26-35 years. This implied that age of the customers could influence customer retention. There were older people (above 35 years) in the banks visited than young persons (as shown in the findings (Single (69%) and Married (31%).

The study sought to evaluate the extent to which personal factors influence customer retention in banks within Nakuru Municipality. The study found out that gender was not a key influencer; age was not a key influencer; Level of education was an influencing factor to retention; Marital status was an influencing factor to retention; Influence of associates i.e. friends, family members, workmates was not an influencing factor to retention. The average percentages for the influence of personal factors to Customer Retention were Influential 44%, slightly influential 40%, Highly influential 13% and Neutral 3%.

The study sought to establish the extent to which physical factors influence customer retention in banks within Nakuru Municipality. It was established as follows: Location of the bank was an influencing factor to retention; Banking hall space was an influencing factor to retention; Security of the bank was an influencing factor to retention; Interior bank design was an influencing factor to retention; and Colour scheme of the bank was not an influencing factor to retention. The Average percentages for the Physical Factors were: Influential 80.83%, slightly influential 50%, Neutral 8.33% and not influential 2.50%. This implied that physical factors were influential on customer retention levels.

To establish the extent to which product packaging factors offered by banks influence customer retention in banks within Nakuru Municipality. It is clear from the study that Ease of account opening was an influencing factor to retention. Range of opening hours was an influencing factor to retention, whereas Information availed on products was an influencing factor to retention, while adequate feed back was an influencing factor to retention. The Average percentages for the product packaging factors were: Influential 67%, Highly influential 23%, Neutral 6% and slightly influential 3%. This implied that product packaging factors were influential on customer retention levels.

The study also sought to examine the influence of service delivery factors on customer retention in banks within Nakuru Municipality. From the study the following were established. Service Convenient was an influencing factor to retention; Service Reliability was an influencing factor to retention; Service Timeliness was an influencing factor to retention; and Service Assurance was an influencing factor to retention. The Average percentages for the service delivery factors were: Influential 41%, slightly influential 23%, Neutral 27%, highly influential 9% and not influential 1%. This implied that physical factors were influential on customer retention levels.

5.3 Conclusion of the study

This study examined the extent to which personal factors; product packaging factors, physical factors, service delivery factors influenced customer retention, in banks within Nakuru Municipality. A survey was conducted in six banks in the study area amongst its customers. The study used the methodology described in chapter three to carry out the study. The study used questionnaires to collect the data that was analysed and presented in chapter four. The study was successful in addressing the study objectives and answering the research questions. Following the study findings presented and discussed above the study conclusions are as follows:

1. Personal factors were not influential to customer retention in banks within Nakuru Municipality. Aspects such as Gender not a key influencer; age were not influential. Influence of associates i.e. friends, family members, workmates was also not influencing factors to customer retention). However, marital status and level of education were influencing factors to customer retention
2. Physical factors (location of the bank, banking hall space, security of the bank, interior bank design) were influential on customer retention levels. However, Colour scheme of the bank was not an influencing factor to customer retention in banks within Nakuru Municipality.
3. Product packaging factors (Ease of account opening, adequate feed back, Information availed on products and Range of opening hours were influential on customer retention levels in banks within Nakuru Municipality.
4. Service delivery factors (Friendliness of the employees, employees' attitude, prompt customer service, employees' capability and competence and employees' undivided attention) were influential on customer retention levels in banks within Nakuru Municipality.

It is, therefore, necessary banks consider strengthening these factors for the enhancement of customer retention levels amidst competition.

5.4 Recommendations

The study recommends the following:

1. Banks in Nakuru should consider enhancing customer retention through employee training, which will enhance their skills on how to deal with customers' personal factors.
2. The banks to consider improving on the aspect on sharing important information to the customers. These can be achieved by improving the information delivery systems and associated technologies.
3. The banks to consider increasing access to customers by bringing services closer to them. These can be achieved by opening more branches and cash dispensing units.
4. The banks to consider physical expansion of their service areas; such as banking halls and waiting areas.
5. The banks should consider enhancing security measures to assure the customers of safety of their resources kept at the bank as well as their own safety.
6. The banks should consider packaging their products in consideration of personal factors of customers such as gender and marital status.

5.5 Areas for further study

The study proposes that the following studies be done.

1. A study to assess the strategies adopted by the banks in enhancing customer retention to be carried out.
2. A study to establish the challenges faced by the commercial banks in the implementation of customer retention strategies be undertaken
3. A study to assess the role of technology in the enhancement of customer retention level in the banking sector.

5.6 Contribution to knowledge

This section presents the study's contribution to existing knowledge in Table 5.1

Table 5.1 Contribution to knowledge

<i>No.</i>	<i>Objectives</i>	<i>Contribution to knowledge</i>
1	To evaluate the extent to which personal factors influence customer retention in banks within Nakuru Municipality.	<ul style="list-style-type: none">• Personal factors such as age, gender and influence of associates were not influential to customer retention in banks within Nakuru Municipality.• Marital status and level of education were influencing factors to customer retention
2	To establish the extent to which product packaging factors offered by banks influence customer retention in banks within Nakuru Municipality.	Product packaging factors (Ease of account opening, adequate feed back, Information availed on products and Range of opening hours, were influential on customer retention levels in banks within Nakuru Municipality.
3	To establish the extent to which physical factors influence customer retention in banks within Nakuru Municipality.	<ul style="list-style-type: none">• Physical factors (location of the bank, banking hall space, security of the bank, interior bank design) were influential on customer retention levels.• Colour scheme of the bank was not an influencing factor to customer retention in banks within Nakuru Municipality.
4	To examine the influence of service delivery factors on customer retention in banks within Nakuru Municipality.	Service delivery factors (Friendliness of the employees, employees' attitude, prompt customer service, employees' capability and competence and employees' undivided attention) were influential on customer retention levels in banks within Nakuru Municipality.

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APPENDICES

Appendix 1: Letter of permission to carry out research work

To Bank Manager,

BANK

Dear Sir / Madam,

RE: PERMISSION TO CARRY OUT ACADEMIC RESEARCH

I am a Master of Arts (Project Planning and Management) student of the University of Nairobi conducting a research study entitled "*Effects of Non-financial Factors on customer retention in banks: The Case of commercial banks in Nakuru municipality*".

Your bank has been identified and selected for the study.

The purpose of this letter is to request you for permission to interview your Customer using the Questionnaire copies attached. The information obtained is strictly for academic purpose and shall be treated with utmost confidentiality.

Thank you.

Yours Faithfully,

Steve Wafula.

Appendix 2: Bank Customer Questionnaire

No.....

Dear Sir/Madam

I am a Master of Arts (Project Planning and Management) student of the University of Nairobi conducting a research study titled ***“Effects of Non-financial Factors on customer retention in banks: The Case of commercial banks in Nakuru municipality”***. You have been selected to assist in providing the required information as your views are considered important to this study. I am therefore kindly requesting you to fill this questionnaire. Please note that any information given will be treated with utmost confidentiality and will only be used for the purposes of this study.

Thank you

Yours Faithfully,
Steve Wafula.

Appendix 3: The Research Questionnaires

No.....

Bank Customer Questionnaire

This questionnaire is meant to generate information that will help in the analysis of the customer retention aspects in the banking sector and seek possible solutions that may enhance customer retention in banks. It is completely voluntary. When completing this survey be honest. Don't write your name on this schedule. If you come across a question that makes you uncomfortable, leave it blank. Only answer the questions that you feel obliged to answer but it will be appreciated if all the questions are answered.

Thank you for your cooperation.

Part A: Your General Information

1. What is your occupation?
 - A. Employee []
 - B. Self- Employed []
 - C. Others (specify).....
2. Kindly indicate your gender
 - A. Male []
 - B. Female []
3. Kindly tick as appropriate.
 - A. Married []
 - B. Single []
4. Please indicate your age from the choices
 - A. Below 25 years []
 - B. 26-35 years []
 - C. 36-45 years []
 - D. Above 45 years []

5. Kindly indicate your highest academic qualification

- A. Primary school level []
- B. Secondary school []
- C. College []
- D. University level []
- E. Any other (please specify).....

6. How many banks do you have an account with?

- A. Only 1 []
- B. 1 to 3 banks []
- C. Over three banks []

7. Please indicate the name of your main bank.

Bank _____ Branch _____ Name: _____

8. How long have you been a member of this bank

- A. Below 1Year []
- B. 1 to 3 years []
- C. 4 to 6 years []
- D. 7 to 10Years []
- E. Over 10 Years []

9. Listed are the five sets of features pertaining to banks and the services they offer. The study seeks to know how much each of these sets of features is important to the customer. *Please allocate 100 points among the five sets of features according to how important it is to you. Make sure the points add up to 100.*

Features	Points
The appearance of the banks physical facilities, equipment, personnel and communication materials.	
The bank's ability to perform the promised service dependably and accurately	
The banks willingness to help customers and provide prompt service.	
The knowledge and courtesy of the bank's employees and their ability to convey trust and confidence.	
The caring individual attention the bank provides its customers.	
Total:	100

10. The following information relate customers; personal contact with the bank. Please use this scale and tick appropriately.

Strongly Agree [5]

Disagree [2]

Agree [4]

Strongly Disagree [1]

Neutral [3]

Personal Contact	5	4	3	2	1
The bank contacts customer to remind them of future services					
The bank contacts customers to verify if they are satisfied					
The bank contacts employees to find out why they do not still stay loyal with the bank.					
I value friendliness with employees					
I value personalized treatment					

Part B: Personal Factors

11. To what extent do the following personal factors influence you to choose to stay with the current bank? Please use this scale and tick appropriately.

Strongly Agree [5]

Disagree [2]

Agree [4]

Strongly Disagree [1]

Neutral [3]

Personal Factors	5	4	3	2	1
My marital status has greatly influenced me to want to stay with the current bank					
I continue staying with the current bank as most of my age mates bank with it					
My profession status has greatly influenced me to continue banking with the current bank.					
My family background have an influence on my continuity to stay with the current bank					
My spouse greatly influences me to stay with the current bank					
My employer pays me through the bank, hence influencing my continuity to stay with the bank					
My business associates /friends bank with the bank that I would like to stay with.					

12. How has the following service delivery issues influenced you to want to stay with the current bank?

Very Satisfied [5]

Satisfied [4]

Neutral [3]

Dissatisfied [2]

Very Dissatisfied [1]

Service Delivery Factors	5	4	3	2	1
Friendliness of the employees					
Employees having a concerned and caring attitude.					
Employees providing prompt customer service.					
Employees being capable and competent.					
Employees giving me their undivided attention.					
Employees being consistently courteous.					
How the employees dress.					
Employees keeping my transactions confidential					

13. How critical are the service delivery issues are the reasons why you would like to continue staying with the current bank?

Very Critical [5]

Not Critical [2]

Critical [4]

Not Very Critical [1]

Neutral [3]

Service Delivery Factors	5	4	3	2	1
Friendliness of the employees					
Employees having a concerned and caring attitude.					
Employees providing prompt customer service.					
Employees being capable and competent.					
Employees giving me their undivided attention.					
Employees being consistently courteous.					
How the employees dress.					
Employees keeping my transactions confidential					

14. How satisfied are you with the bank in each of the following areas?

Very Satisfied [5]

Dissatisfied [2]

Satisfied [4]

Very Dissatisfied [1]

Neutral [3]

Service Delivery Factors	5	4	3	2	1
The bank promptly responds to my requests.					
The bank consistently delivers on its promises.					
The bank does things right the first time.					
The bank Properly handles any problems that arise.					
The bank lets me know when things will get done.					
The bank educates me on its new products.					
The bank understands my specific needs for non-financial factors.					

Part C: Product packaging Factors

15. To what extent do the following product packaging aspects influence your stay in the bank?

Very High [5]

Moderate [3]

Low [2]

High [4]

Very Low [1]

Product Packaging Factors	5	4	3	2	1
Ease of account opening					
Range of bank opening hours					
Availability of information on new and existing products					
Adequate feedback i.e. bank statement, response to queries					

16. How important are the following product packaging factors in determining your choice to stay with your current bank? Please use this scale and tick appropriately

Very Important [5]

Less Important [2]

Important [4]

Not Important [1]

Moderate [3]

Product Packaging Factors	5	4	3	2	1
Provision of automated telephone banking services					
Provision of personalized telephone banking services					
Provision of internet banking services					
Provision of a range of quality products, appropriate to your needs					
Speed and efficiency in dealing with your requests (e.g., account opening, money transfers etc)					
Availability of all the bank products under one roof/branch					
Speed and efficiency of response to complaints					
Knowledgeable bank personnel on bank product features					

17. How would the following factors have influenced you to continue staying with your current bank if they existed with the bank of your choice? Please use this scale and tick appropriately

Large extent	5	Small extent	2
Moderate extent	4	No Extent	1
Mild extent	3		

Product Packaging Factors	5	4	3	2	1
The launching of new products which represent a superior customer offer					
The tailor made products for high net worth Clients					
Generating product lines that are easy to access.					
Product innovation and general improvements in the products offered					
personalized services offered to you					
Opening up more branches/units to serve you.					
Improved response time to requests made.					
The quality of customer services and advice given by the bank.					
The introduction of Internet banking aspect					
Extension of range of operating time i.e early opening or late closing.					
Young energetic frontline staff employed					

18. To what extent would the following factors influence you to leave your current bank?

Leave Immediately [5]

Leave later [2]

Leave After a Short Time [4]

Not Leave at all [1]


Neutral [3]

Product Packaging Factors	5	4	3	2	1
Not trusting the bank with its future sustainability					
late with the introduction of Internet banking					
Slow upgrade of the banks technology level					
Other banks offering better products than your bank					
Movement/transfer/retiring of bank staff that used to serve you in the bank					
Lack of consistency in customer service offerings					
Lack of detailed information on all bank products offered					
Complaints resolving/ advising not efficiently and effectively done.					
low speed in execution of service i.e Visa card ordering, money transfer, loan processing etc.					
Low level of knowledge and in-experience of the bank staff serving you					

Part D: Physical Factors

19. To what extent do you think the following physical factors are likely to affect your choosing to remain a customer with your bank? Please use this scale and tick appropriately

- | | | | |
|-----------------|---|--------------|---|
| Large extent | 5 | Small extent | 2 |
| Moderate extent | 4 | No Extent | 1 |
| Mild extent | 3 | | |

Physical Factors	5	4	3	2	1
					
Location of the bank premise					
Banking hall space i.e. the average level of Congestion in the bank.					
Colour scheme of the bank					
Interior design of the bank					
Safeness of the bank. i.e from robbers, conmen					
Privacy of the banking counters i.e while depositing money, while querying for personal/ private information					

Appendix 4: Sample Size determination table

N - n	N - n	N - n	N - n	N - n
10 - 10	100 - 80	280 - 162	800 - 260	2800 - 338
15 - 14	110 - 86	290 - 165	850 - 265	3000 - 341
20 - 19	120 - 92	300 - 169	900 - 269	3500 - 346
25 - 24	130 - 97	320 - 175	950 - 274	4000 - 351
30 - 28	140 - 103	340 - 181	1000 - 278	4500 - 354
35 - 32	150 - 108	360 - 186	1100 - 285	5000 - 357
40 - 36	160 - 113	380 - 191	1200 - 291	6000 - 361
45 - 40	170 - 118	400 - 196	1300 - 297	7000 - 364
50 - 44	180 - 123	420 - 201	1400 - 302	8000 - 367
55 - 48	190 - 127	440 - 205	1500 - 306	9000 - 368
60 - 52	200 - 132	460 - 210	1600 - 310	10000 - 370
65 - 56	210 - 136	480 - 241	1700 - 313	15000 - 375
70 - 59	220 - 140	500 - 217	1800 - 317	20000 - 377
75 - 63	230 - 144	550 - 226	1900 - 320	30000 - 379
80 - 66	240 - 148	600 - 234	2000 - 322	40000 - 380
85 - 70	250 - 152	650 - 242	2200 - 327	50000 - 381
90 - 73	260 - 155	700 - 248	2400 - 331	75000 - 382
95 - 76	270 - 159	750 - 254	2600 - 335	100000 - 384

Source: Mulusa, (1988)