IMPLEMENTATION OF CUSTOMER SATISFACTION STRATEGIES IN KENYA COMMERCIAL BANK.

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SEPTEMBER, 2013
DECLARATION
This research project is my original work and has not been presented for another degree to any other university.

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This research project has been submitted for presentation with my approval as the University Supervisor.

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ACKNOWLEDGEMENT

I thank God for giving me the strength and the willingness to do this research. I also thank all those who have stepped in to help me in one-way or the other.

I thank my family for their encouragement and support during this entire period and thank my supervisor for the patience and guidance during this entire research period.
DEDICATION
This project is dedicated to my family. May they all know they can do it and make it.
ABSTRACT
Customer satisfaction has been considered the essence of success in today's highly competitive banking industry. On the other hand strategy implementation as an activity embraces all of those actions that are necessary to put a strategy into practice. Banking institutions are building their success on a long-term customer relationship by seeking customer satisfaction strategies. The main emphasis in management and marketing has focus on retaining and winning new customers. There has been no known study that has its focus on determining customer satisfaction strategy implementation in commercial bank in Kenya. This study therefore sought to fill the existence knowledge gap by assessing customer satisfaction strategy implementation in KCB. This was a case study aimed at getting detailed information regarding the implementation of customer satisfaction strategies. The researcher used both primary and secondary data. Primary data was collected using self-administered drop and pick interview guide which had open-ended questions. Content analysis was used to analyze data collected. This is a systematic detailed qualitative description of the objectives of the study.

From the findings, the study established that the bank implements instant customer demanded products, offer good customer service, have wide networking that is efficient and effective to the clients, conduct personal selling strategies, personal branding and apply marketing strategies as forms of customer satisfaction strategies. The study established that KCB strategically creates the value through pricing by way of applying price/cost reduction techniques. This is evidenced by how the bank has replaced the traditional pricing with a holistic data driven approach that includes customers’ needs, preferences, behaviors, purchasing patterns and price sensitivity. From the findings, the study concluded that customer satisfaction is an important strategy in maintaining customers, particularly those in banking industry. Enhancing the importance of strategy formulation and implementation through adoption of various customer satisfaction strategies is an advantage to a bank. This enables the bank to offer excellent customer service by embracing cost reduction approaches that deliver price productivity benefits that are difficult for competitors to duplicate. Identifying profitable customers and then customize marketing on the basis of customer value enables many banks to punch above their weight in today’s competitive environment.
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CHAPTER ONE: INTRODUCTION

1.1 Background of the study
The globalization of competition, saturation of markets, and development of information technology in financial market have enhanced customer awareness and created a situation where long-term success is no longer achieved through optimized product price and qualities (Dobni, 2003). Instead, banking institutions are building their success on a long-term customer relationship by seeking customer satisfaction strategies. The main emphasis in management and marketing has focus on retaining and winning new customers. Customer satisfaction is an important strategy in maintaining customers, particularly those in banking industry (Bennett and Rundle-Thiele, 2004). In general, if the bank customers are satisfied with a particular financial product or service, the probability that they use the service again increases. The banking industry is very competitive and homogeneous thus it may be very difficult to maintain a customer hence the need for implementation of customer satisfaction strategies (Tariq and Moussaoui, 2009).

The banking industry in developing countries such as Kenya has undergone numerous changes since post-independence. More recently, liberalization, the opening up of the economy in the 1990s and the government's decision to privatize banks by reduction in state ownership resulted in the banking reforms based on the recommendations of the Narasimham committee. Like any other financial services, the banking industry, is facing a market that is changing rapidly. New technology is being introduced and there is always a fear of economic uncertainties. Fierce competition, more demanding customers and the changing climate have presented an unparalleled set of challenges (Lynch, 2005).
This has led the Kenyan banking industry to experience difficult times. In such testing times of mature and acute competitive pressures, it is very urgent and important that banks are able to retain a loyal base of clients. To attain this and to improve their market and profit positions, banks have to formulate their strategies and policies towards increasing customer satisfaction levels (Best, 2004).

Banking institutions across the globe have recognized the importance of customer satisfaction and of developing and maintaining enduring relationship with their customers as two crucial parameters leading to increased business profits. At the same time, several banking institutions are experiencing increasing level of retail customer dissatisfaction. Research suggests that customer dissatisfaction is still the major reason of bank customers' switch to other banks (Manrai and Manrai, 2007). This dissatisfaction could be because of a variety of reasons access, services, products, prices, image, personnel skills, treatment, credibility, responsiveness, waiting time, location, technology, and store appearance (Bourgeois and Brodwin, 1984).

1.1.1 Concept of Strategy

Pearce and Robinson (2002) define strategy as large-scale, future oriented plans for interacting with the competitive environment to achieve company objectives. It is the company's 'game plan'. While it does not detail all future development of resources, it provides the framework for managerial decisions (Pfeifer, 2005). A strategy reflects a company's awareness of how, where and when it should compete and for what purposes it should compete. The underlying issue of this definition is that the main thrust of strategy is to achieve long term sustainable advantage over the other competitors of the organization in every business in which it participates (Pearce, 2007).
The term strategy gives the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within changing environment to meet the needs of the market and fulfill stakeholders' expectations. Minitzberg and Lampel, (1999) identified five interrelated definitions of strategy as a plan, ploy, pattern, position and as a perspective. He does not argue that one definition should be preferred to the others, but rather be considered as alternatives or complementary approaches. Since resources are scarce, managers must decide which alternative strategies will benefit the firm most. For any organization to succeed, it will be necessary for top management, managers and employees to work as a team to achieve the company goals and objectives (Grant, 2000).

1.1.2 Strategy Implementation

Strategy implementation is defined as the manner in which an organization should develop, utilize, and implement organizational structure, control systems, and culture to follow strategies that lead to competitive advantage and a better performance (Pearce and Robinson, 2007). Organizational structure allocates special value developing tasks and roles to the employees and states how these tasks and roles can be correlated so as maximize efficiency, quality, and customer satisfaction-the pillars of competitive advantage. An organizational control system is also required. This control system equips managers with motivational incentives for employees as well as feedback on employees and organizational performance (Beer and Eisenstat, 2000). Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. The environmental conditions facing banking institutions have changed rapidly.
Strategy refers to the machinery of the resources and activities of an organization to the environment in which it operates. According to Ansoff (1990), it is through strategic management that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. He further argues that this can be done by firstly, positioning of the firm through strategy and capability planning in its rightful competitiveness secondly, use of real time response through issue management and thirdly, systematic management of resistance during strategy implementation (Hill, and Jones, 2001).

The selected strategy is implemented by means of programs, budgets, and procedures. Implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. Strategy implementation is defined by Buttle, (2010) as a process by which strategies and policies are put into action through the development of programs, budgets, and procedures. Accordingly, Fuerer and Chaharbaghi (1997) define strategy implementation as the methods by which strategies are operationalized or executed within the organization; it focuses on the processes through which strategies are achieved.

Strategy implementation as an activity embraces all of those actions that are necessary to put a strategy into practice. In detail this Implementation involves identification of the key tasks to be performed, allocation of these tasks to individuals providing for coordination of separated tasks, the design and installation of an appropriate management information, system the drawing up of a specific programme of action including a time schedule down to the system of comparing actual performance with those standards and
the design of a system of incentives, controls and penalties appropriate to the individual concerned and the tasks to be performed (Bedi, 2010).

1.1.3 Customer satisfaction Strategy

Customer satisfaction is one of the key factors in modern marketing and customers’ behavior analysis. If the customers are satisfied with the provided goods or services, the probability that they use the services again increases (East, 1997). Also, satisfied customers will most probably talk enthusiastically about their buying or the use of a particular service this will lead to positive advertising (File and Prince, 1992). On the other hand, dissatisfied customers will most probably switch to a different brand this will lead to negative advertising.

Customer satisfaction has been considered the essence of success in today's highly competitive banking industry. Patwardhan and Srivastava (2003) mentioned that the customer is the king. Profit and growth are stimulated primarily by customer loyalty. Ndubisi (2005) and Pfeifer (2005) pointed out that the cost of serving a loyal customer is five or six times less than a new customer. Several researchers including Tariq and Moussaoui (2009), and Ehigie (2006) found that loyalty is a direct outcome of customer satisfaction. Generally speaking, if the customers are satisfied with the provided goods or services, the probability that they use the services again increases (East, 1997). Also, satisfied customers will most probably talk enthusiastically about their buying or the use of a particular service this will lead to positive advertising. The significance of satisfying and keeping a customer in establishing strategies for a market and customer oriented organization cannot be ignored.
The history of KCB dates back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa. Eight years later in 1904, the Bank extended its operations to Nairobi, which had become the Headquarters of the expanding railway line to Uganda. The next major change in the Bank’s history came in 1958. Grindlay’s Bank merged with the National Bank of India to form the National and Grindlay’s Bank. Upon independence the Government of Kenya acquired 60% shareholding in National & Grindlay’s Bank in an effort to bring banking closer to the majority of Kenyans. In 1970, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. National and Grindlay’s Bank was renamed Kenya Commercial Bank. In 1972, Savings & Loan (K) Ltd was acquired to specialize in mortgage finance. In 1997, another subsidiary, Kenya Commercial Bank (Tanzania) Limited was incorporated in Dar-es-Salaam, Tanzania to provide banking services and promote cross-border trading. Since then, the subsidiary has 11 branches (KCB, 2013).

In pursuit of its Vision: To be the preferred financial solutions provider in Africa with a global reach, in May 2006 KCB extended its operations to Southern Sudan to provide conventional banking services. The subsidiary has 19 branches. The latest addition into the KCB Family came in November, 2007 with the opening of KCB Bank Uganda Limited which has 14 branches. In December 2008 KCB Rwanda began operations with one branch at Kigali. There are currently 9 branches spread out in the country. The Government has over the years reduced its shareholding to 35% and more recently to 26.2% following the rights issue exercise in 2004, which raised KShs 2.45 billion in additional capital for the bank. In the second Rights Issue exercise held in the year 2008,
the Government further reduced its shareholding to 23.1% after raising additional capital for Kshs 5.5 billion. The bank conducted the third Rights Issue exercise in 2010, in which the Government further reduced its shareholding to 17.74% after raising additional capital of Kshs 12.5 billion. In 2010 S&L was merged with KCB providing access to mortgage finance through the bank's wide branch network of 222 branches (KCB, 2013).

1.2 Research Problem

The market has become extra competitive and firm needs to draw much attention in maintaining customer by building strong relationship due to benefits enjoyed. As banking become more competitive, commercial banks recognize the importance of retaining current customers and some have initiated a variety of activities to improve customer satisfaction. Indeed, the benefits associated with customer satisfaction are lower costs associated with retaining existing customers, rather than constantly recruiting new ones especially within mature, competitive markets (Ehrenberg and Goodhardt, 2000).

Whether a bank wins or loses in the marketplace, it is directly attributable to the calibers of a customer satisfaction strategy and the proficiency with which the strategy is implemented and executed. Implementing and executing strategy are thus the core management functions. Indeed, competent strategy and good customer satisfaction strategy implementation are the most trustworthy signs of quality and good management (Aosa, 1992). To effectively implement Customer Satisfaction strategies, respect for customer value and demands is critical (Olson, Slater and Hult, 2005).

Enhancing customer satisfaction, loyalty, and Corporate Image through implementation of customer satisfaction strategies is vital to commercial banks in Kenya. In today’s
competitive environment, financial product and service innovations are re-defining accepted levels of performance in banking sector. The relevance of customer satisfaction strategy implementation in decisions has been widely acknowledged in Kenya Commercial Bank. Customer satisfaction strategies are implemented to attract, retain, improve customer loyalty and improve bank performance has influence formulation customer satisfaction strategy as radical paradigm shift across operations, financial measures, sales and marketing in the bank (KCB, 2012). Despite formulation and efforts made in improving customer satisfaction in Kenya Commercial Bank, there has been scanty information on implementation of customer satisfaction strategies adopted in the bank.

A number of scholars have researched on strategy implementation in banks. Tonui (2010) carried out a study on challenges of strategy implementation at national Bank of Kenya. There has been no known study that has focused on challenges of strategic implementation experienced by National Bank of Kenya. Kamanda (2006) also did a study on Kenya Commercial Bank (KCB) with the objective of determining the factors that influence its regional growth strategy. His study, however, does not cover the issues on strategy implementation. Situma (2006) also covered KCB but focused on its turnaround strategy. Muguni (2007) studied the role of executive development in strategy implementation. His was a comparative study of KCB and National Bank of Kenya. There has been no known study that has focus on determining customer satisfaction strategy implementation in commercial bank in Kenya. This study therefore sought to fill the existence knowledge gap by assessing customer satisfaction strategy implementation in Kenya Commercial Bank. The study sought to answer the questions,
What are customer satisfaction strategies implemented at KCB Bank and what factors influence implementation?

1.3 Objective of the Study

To determine the implementation of customer satisfaction strategies in commercial banks in Kenya, focusing on a case of Kenya Commercial bank

1.4 Value of the Study

This study will be important to the management of Kenya Commercial Banks and other commercial banks in Kenya as they will gain insight on how customer satisfaction influences competitive advantage. The strategy practices may provide insight into the reasons why firms are able to be innovative. This will influence banks financial service competitiveness in the competitive market, retain customers, enhance customer loyalty and attract more customers.

The policy makers will also find the results of this study invaluable, as it will be able to significant of implementing customer satisfaction strategies in commercial banks so as to achieve competitive advantage.

To the researchers and academics the study will provide a base for secondary material on implementation of customer satisfaction strategies. The study will also provide good literature on the extent to which satisfying customers influence achieving of competitive advantage.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
This chapter presents the literature review on studies done on the same research. The specific areas covered in this chapter includes concept of strategy, customer satisfaction strategies, and implementation of customer satisfaction strategies.

2.2 Concept of Strategy
A strategy is a long term plan of action designed to achieve a particular goal, most often winning. Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated, and often practically rehearsed (Hamel and Prahalad, 1994). Strategy is a deliberate search for a plan of action that will develop a business’s competitive advantage and compound it. For any company, the search is an iterative process that begins with recognition of where you are now and what you have now. The differences between a firm and its competitors are the basis of its advantage. If a firm is in business and is self-supporting, then it already has some kind of advantage, no matter how small or subtle. The objective is to enlarge the scope of the advantage, which can only happen at some other firm’s expense (Dobni, 2003).

Strategic response to competitive environment is the art and science of formulating, implementing and evaluating cross-functional decisions that will enable an organization to achieve its objectives amid the competitors’ existence. It is the process of specifying the organization's objectives, developing policies and plans to achieve these objectives, and allocating resources to implement the policies and plans to achieve the organization's
objectives. Strategic management comes in handy and combines the activities of the various functional areas of a business to achieve organizational objectives (Hill and Jones, 2001). It is the highest level of managerial activity, usually formulated by the Board of directors and performed by the organization's Chief Executive Officer (CEO) and executive team. Strategic management provides overall direction to the enterprise and is closely related to the field of Organization Studies (Mintzberg, 1998).

2.2 Theoretical Review

Co-evolutionary theory Lewin and Volberda, (1999) indicates that as firms grow and evolve from small to larger and multidivisional organisations, the strategy implementation methods also evolve simultaneously. The various strategy implementation models described by Bourgeois and Brodwin (1984) are meant to meet the changing needs of firms as they evolve through various stages of the organisational life cycle (Parsa, 1999). In contrast to the earlier descriptive models, this model is more prescriptive with an, albeit limited, empirical basis. Our research highlights three of Bourgeois and Brodwin's (1984) classifications of strategy implementation styles: change, collaborative, and cultural.

Mintzberg (1998) suggests that the traditional way of thinking about strategy implementation focuses only on deliberate strategies and suggests that some organizations begin implementing strategies before they clearly articulate their mission, goals or objectives. In this case, strategy implementation actually precedes strategy formulation. He further points out that most organizations make use of both deliberate and emergent strategies. Whether deliberate or emergent, a strategy has little effect on an
organization’s performance until it is implemented. Noble (1999) made a distinction between structural and interpersonal process views on strategy implementation. The structural perspective focuses on formal organizational structure and control mechanisms, while the interpersonal process is about understanding issues like strategic consensus, autonomous strategic behaviors, diffusion perspectives, leadership and implementation styles, and communication and other interaction process (Drazin, and Howard, 1984).

The majority of existing classification models in strategy implementation tend to be normative in nature (Parsa, 1999). Alternatively, they are developed from organisational observation, and as such, become context specific and frequently lack any broader theoretical grounding (Kotler, 2008). Bourgeois and Brodwin (1984) to refute the traditional approach to strategy implementation as simply an addition to the strategy formulation phase of the strategy process. Rather, they contend that strategy implementation evolves either from a process of winning group commitment through a coalitional form of decision-making, or as a result of complete coalitional involvement of implementation staff through a strong corporate culture.

2.3 Customer satisfaction strategy.

In a competitive market place where businesses compete for customers, customer satisfaction strategy is seen as a key differentiator and increasingly has become a key element of business strategy (Ehigie, 2006). Customers satisfaction is an ambiguous and abstract concept and the actual manifestation of the satisfaction of the bank product and financial will vary from customer to customer and product/service to product/service (Kaplan, and Norton, 2004). The state of satisfaction depends on a number of both
psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products (Otley, 2001).

The banking industry is highly competitive, with banks not only competing among each other but also with non-banks and other financial institutions. Most bank product developments are easy to duplicate and when banks provide nearly identical services, they can only distinguish themselves on the basis of price and quality. Therefore, customer satisfaction strategies implementation is potentially an effective tool that banks can use to gain a strategic advantage and survive in today’s ever-increasing banking competitive environment (Pearce and Robinson, 2007).

Customer satisfaction strategies implementation, rather than forecasts, is allowed to drive bank strategy (Kotler, 2008). Once customers understand the value proposition of a company (whether service provider or enterprise), they expect automation to work to process their routine transactions. They want to be able to pay bills, transfer money and execute other routine orders from their cell phones, laptops or on the Web. Again, this requires integration at all levels of the organization’s systems, and requires a deep understanding of the business activities and workflows that support the critical interaction point with the customer (Miller and Wilson, Hickson, 2004).

A one-dimensional or silo approach to voice and data networks cannot deliver on the high expectations of consumers and business customers. Not delivering on the promise of integrated communications reduces efficiency in the short term, and can lead to
competitive disaster in the long term. Customers prize customer service and expect product quality above all else (Kotler, 2008).

2.4 Implementation of Customer Satisfaction strategies in Banks

A body of research that examines the drivers of successful customer satisfaction strategy implementation is emerging. Anderson and Kerr (2002) note the importance of cooperative goals within an organization with respect to salespeople forging successful satisfaction with customers. To retain the existing customers, attract new customers, satisfy the customers and promote the comprehensive competitiveness, the commercial banks in China should implement the service marketing strategy based on customer satisfaction (Zeithaml, Reed, and Buckley, 1996).

The facts are that many commercial banks in the implementation of customer satisfaction strategy (CS Strategy) have achieved the key competitive advantages, which make the long-term profitability of these banks better than competitors (Bahia and Nantel, 2000). Banks need to attract and establish a customer market and would need to retain it through satisfaction. That is the key to its bank performance (Mintzberg, 1988). In order to attain this goal, a bank should have a high satisfaction rate from its clients. The increasing competition, whether for profit and non profit purposes, is forcing the business sectors to pay much and more attention to satisfying customers (Minitzberg and Lampel, 1999). Kenyan banking sector have undergone intense competition and a change in customers’ expectations over the last few years through implementation of customer satisfaction strategies. Intense competition and endlessly evolving customer demands have led Kenyan banks to identify strategies of customer satisfaction and loyalty (Raps, and Kauffman, 2005).
Implementation of Customer satisfaction strategies is the key for survival in the market. Cost of acquiring a new customer is much more than the cost of retaining the customers (Raps, and Kauffman, 2005) Customers are giving top priority, and according to their expectation, new product and services are being developed to satisfy them with special focus on service quality. New marketing concept and strategies are paying greater attention to identifying customer need and expectation (Foss, Stone and Ekinci, 2008), and offering high service quality to customers. The interest is largely driven by the realization that high service quality results in customer satisfaction and loyalty with the product or service, greater willingness to recommend someone else, reduction in complaints and improved customer retention (Simons, 2004). There is a significant difference in customer and job satisfaction in both private and public sector.

In Bedi, (2010) implementation of customer satisfaction strategies efficient and effective the acquisition and retention of bank customers. Simons (2004) indicate that implementation of customer satisfaction strategies have implications and influences for acquisition strategies, and that successful add-on offering financial products and services to current customers can allow a bank to increase investment in new customer acquisition, since the cost of offering additional products to current customers is generally lower and therefore increase bank profits are higher. Schmidt (1994) emphasizes that failure to make correct customer satisfaction strategies will lead to inaccurate forecasts about how long a customer will stay, the expected profitability of customers, and the impact of marketing efforts. She proposes that bank implement satisfaction strategies for customer acquisitions and customer retention while accounting for the impact of the acquisition process on the retention process, even when data on
prospects are not available (Ehigie, 2006). Best (2002) indicated that customer satisfaction strategies are designed and implemented to deliver customer satisfaction and retention.

Raps and Kauffman (2005) found that acquisition channels had some effect on customer loyalty. In addition, however, effective management of the customer relationship is the key to managing customer satisfaction and customer loyalty. According to the concept of the service profit chain, once customer satisfaction increases, customer loyalty must increase accordingly, and then profitability increases (Reed and Buckley, 1988). Customer satisfaction and retention have been labeled as defensive strategies, and defensive marketing is becoming more attractive and popular, a trend magnified by the rapid development of customer satisfaction systems and the adoption of the customer-centric orientation (Schmidt, 1994). The Purcell, and Boxal, (2003) suggested that the existence of relationships among customer-orientation, and Customer relation will enhance the implementation of customer-related strategies, and of customer loyalty and satisfaction programs, as well as impacting positively on their success.

2.5 Effectiveness of Implementation of Customer Satisfaction Strategies in Banks

2.5.1 Commitment of Top Management in Implementation

The most important thing when implementing a strategy is the top level management’s commitment to the strategic direction itself. This is undoubtedly a prerequisite for strategy implementation. Therefore, top managers must demonstrate their willingness to give energy and loyalty to the implementation process. This demonstratable commitment
becomes, at the same time, a positive signal for all the affected organizational members (Raps and Kauffman, 2005).

To successfully improve the overall probability that the strategy is implemented as intended, senior executives must abandon the notion that lower-level managers have the same perceptions of the strategy and its implementation, of its underlying rationale, and its urgency and instead, they must believe the exact opposite. They must not spare any effort to persuade the employees of their ideas (Raps and Kauffman, 2005). Overall though, it is increasingly acknowledged that the traditionally recognized problems of inappropriate organizational structure and lack of top management backing are the main inhibiting factors to effective strategy implementation (Aaltonen and Ikävalko, 2002).

2.5.2 Effective adoption of technology

To implement customer satisfaction driven strategy, the balance of power should be roughly equal, with everyone subordinating to the very precise individual needs of the end customer (Olson, Slater and Hult, 2005). There is no place for political and power games, which have long been acknowledged as restrictive to total system effectiveness. In each of these areas, leadership and human behaviour are critical to achieving a paradigm shift from traditional ways of thinking and working (Purcell and Boxal, 2003). Organization is all too familiar with silo-driven mentality in organisations where decisions are made based upon the perspective of a single department and not on the need of the end customer. With the continued use of cost/profit centres and internal transfer pricing, managers in organisations often make win/lose decisions between internal departments that impact badly on the bottom line of the company (Aaltonen, and Ikävalko, 2002).
It is critical that people across supply chains understand that they are in business to deliver a service to the end user, not to meet measures relating to the parts of the supply chain. With modern technology enabling unprecedented levels of information and communication from point of sale throughout the entire supply chain, it is easier than ever to take a whole system view rather than become preoccupied with local, departmental measures (Raps and Kauffman, 2005). However, individual needs for recognition, reward and security may lead to reluctance to implementation of customer satisfaction strategy (Thompson, 1993).

2.5.3 Empower employees to resolve customer service problems

Empower frontline employees to do what it takes to satisfy the customer. Bank management must support employee empowerment by clearly defining the boundaries of the empowerment, while remaining flexible within those boundaries (Thompson, 1993). This will encourage creativity. In general, rules should be simple and few commercial banks actually had an employee handbook to signify the change from a procedural environment to one of empowered customer service. In addition to skills and empowerment, equip frontline personnel with the technology, information, and internal resources to do what it takes to satisfy bank customers.

2.5.4 Develop good communications and rewards system

At first look, the suggestion that communication aspects should be emphasized in the implementation process seems to be a very simple one. Even though studies point out that communication is a key success factor within customer satisfaction strategy implementation, communicating with employees concerning issues related to the strategy implementation is frequently delayed until the changes have already crystallized.
Customer satisfaction strategies can be formulated on its own without any effort, but usually it needs work and planning. Customer satisfaction strategy is a competitive tool for bank to achieve.

The competitive advantage received from implementation of customer satisfaction strategies is hard to duplicate for other companies, especially if the company devotes more effort into their customer service than their competition (Thompson, 1993). Even the ability to apologize or react correctly to negative feedback can indicate a sense of professionalism to the customer and that the customer is taken seriously. For many companies the situation nowadays is that their core competence needs to be refined into a service offering to develop their competitiveness and that the offering consists of all the value creating items that customers expect (Raps. and Kauffman, 2005). The customer does not want to go through the effort of switching the service provider and to go through all the steps to achieve the same position in the competing company again, this result from effective implementation of customer satisfaction strategies in the banks (Foss, Stone and Ekinci, 2008).

2.5.5 Focus on recruiting and retaining good employees

There are many benefits that a company can achieve through customer satisfaction strategies, not only monetary benefits but also intangible benefits. When a regular customer is being served, the time used in the process is much shorter than the time used with a new customer and the risk of misunderstandings decreases. This will make the customer more satisfied and the communion between the customer and the personnel more relaxed (Simons, 2004).
When the bank’s personnel are able to serve happy customers, the atmosphere within the entire bank raises the rate of satisfaction of the employees with it. When the employees of the bank are satisfied, they tend to expend more effort in serving the customers and keeping the customers satisfied, making a cycle of satisfaction. The bank needs to make the first effort in achieving the cycle through implementation of customer satisfaction strategies (Rapert, Velliquette and Garretson, 2002).
CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The chapter presents the research design and methodology of the study. It entails the study design, the population, the data collection techniques and the data analysis procedure.

3.2 Research Design

This was a case study since the unit of analysis was one organization. This was a case study aimed at getting detailed information regarding the implementation of customer satisfaction strategies. According to Mugenda (2008), a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. According to Kothari, (2004), a case study involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations.

3.3 Data Collection Method

The researcher used both primary and secondary data. Primary data was collected using self-administered drop and pick interview guide while secondary data was collected from published reports and other documents. Secondary data includes the company's publications, journals, periodicals and information obtained from the internet.
The interview guide had open-ended questions. The open-ended questions enabled the researcher to collect qualitative data. This was used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the study. The interview guide designed in this study comprised of two sections. The first part included the general information about the bank while the second part was devoted to the implementation of customer satisfaction strategies in Kenya Commercial bank. The interview guide was administered to 35 who included the senior management staff, head of departments, finance officers and strategic officers who are responsible for strategies formulation and implementation in the bank.

3.4 Data Analysis

Content analysis was used to analyze data collected. This is a systematic detailed qualitative description of the objectives of the study. It involves observation and detailed description of objects, items or things that comprise the study (Mugenda and Mugenda, 2003). This method made it possible to analyze and logically group the large quantity of data and compile the rest of the study. Norusis, (2007) define content analysis as a technique for making references by systematically and objectively identifying specific characteristics of information and using the same approach to relate to trends. The researcher used the data with an aim of presenting the research findings in respect to the implementation of customer satisfaction strategies in Kenya Commercial Bank.
CHAPTER FOUR
DATA ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction
This chapter presents the results and findings of the study based on the research questions. The findings were given based on the objectives of the study as explored. The primary data was collected using an interview guide and analysis was done through content analysis to determine the implementation of customer satisfaction strategies in commercial banks in Kenya, focusing on a case of Kenya Commercial Bank. The target population of the study was 35 where all 35 interviewees responded and returned the interview guide. This constituted 100% response rate. Of the 35 interviewees were the senior management staff, head of departments, finance officers and strategic officers working at Kenya Commercial Bank.

4.2 Demographic Information on the interviewees
Interviewee’s level of education
The study sought to know the level of education at which the respondent had completed. From the findings, the interviewees had varying level of education including, bachelors degree, diploma and even masters degree. This implies that employees at Kenya commercial bank were literate and would be effectively responsible for strategy formulation and implementation in the bank. Therefore would offer the rightful information on strategy formulation and implementation.
Interviewee’s department

On the distribution of respondent’s department work, the study also found that interviewees were in operations, human resource, finance, marketing, procurement, strategic, ICT and corporate departments. This shows that interviewees were from various departments in the bank and held various job titles. This implied that the information on implementation of customer satisfaction strategies in KCB bank was collected from the interviewees who were drawn from all the bank operating units.

Working period

Interviewees were requested to state the number of years in which they have been working at their current department. From the findings, majority 56% of the respondents indicated that they have been working for the bank for 11 to 20 years, 31% said they have been working for the bank for 2-10 years while 13% of the respondents indicated they have been working for the bank for 21 to 30 years. This implies that interviewees had worked in their bank for a period of more than 2 years implying that they were well experienced on customers satisfaction strategies adopted by the bank for the purpose of achieving competitive advantages and improving bank profitability.

Interviewees rank in the department

The interviewees were requested to indicate their position in the departments. From the findings, the interviewees indicated that some were head of departments, senior managers, finance officers, marketing managers, procurement officers and strategic officers in the Bank. This implied that the information on implementation of customer satisfaction strategies in KCB bank was collected from staff who were involved in
strategic management of the banks and particularly strategy formulation and implementation.

4.3 Customer Satisfaction Strategies

4.3.1 Forms of customer satisfaction strategies employed by KCB

The interviewees were requested to indicate the form of customers satisfaction strategies adopted by KCB bank. From the findings, the interviewees indicated that the bank implement instant customer demanded products rather than forecasted financial products. Interviewees stated that good customer service, wide networking, efficiency and effectiveness to the clients, personal selling strategies, personal branding i.e. branded pens, tariffs and brochures and application of marketing strategies are the forms of customer satisfaction strategies adopted at Kenya commercial banks in Kenya. This is in line with Bennett and Rundle-Thiele (2004), who stated that customer satisfaction is an important strategy in maintaining customers, particularly those in banking industry. This implies that the KCB has enhanced the importance of strategy formulation and implementation through adoption of various customer satisfaction strategies.

4.3.2 Ways in which KCB use customer satisfaction strategies

The interviewees were requested to indicate how KCB used the forms of customer satisfaction strategies in terms of given aspects in considerations of the intended purposes.

Creating value through pricing

In the aspect of creating value through pricing, the interviewees indicated that the charges during withdrawing of money from the ATM’s are lowered compared to the counter withdrawals, by setting up services such as ATM’s and mobile banking which makes it
effective and efficient for clients to access money more easily and faster without a lot of struggle. The study further found that in considerations of the intended purposes of customer satisfaction strategies, KCB strategically create the value through pricing by way of applying price/cost reduction techniques. KCB has replaced the traditional pricing with a holistic data driven approach that includes customers’ needs, preferences, behaviors, purchasing patterns and price sensitivity. This is in line with Pearce and Robinson (2007), who states that most bank product developments are easy to duplicate and when banks provide nearly identical services, they can only distinguish themselves on the basis of price and quality. This implies that KCB offer excellent customer service by embracing price/cost reduction approaches that deliver price productivity benefits that are difficult for competitors to duplicate.

**Availability of resources and capabilities**

In the aspect of availability of resources and capabilities, the interviewees indicated that KCB used this form of customer strategies in making sure that the resources needed are effectively and efficiently delivered on the required high standards of service to its client. The study found that funds are always available at the customer’s request on time. The resources have been available to the potential investors if need be. The gap in demand and supply of resources in different segments has been met to facilitate smooth flow of funds between KCB and its customers. The study further found that KCB has also been employing and retaining skilled workers and specialists, re-training the existing workforce and promoting a culture of continuous learning. This has ensured that there is enough customer care attendants, tellers and managers who are always there to boost customer’s satisfaction at all times in order to cope with the rising competition. This is in
line with Beer and Eisenstat (2000), who states that strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. This implies that the ability of the KCB in its present structure to implement customer satisfaction strategies in terms of availability of resources and capabilities aspects has been enhanced.

**Customer satisfaction and retention**

In the aspect of customer satisfaction and retention, the interviewees indicated that the bank used customer satisfaction by way of involving the clients in the discussion in case the latter comes over for any enquiry or assistance in the banking hall. The bank also makes sure that it engages its clients in future updates and new services in the market by sending them updates in their cell phones to create customer retention. Other interviewees indicated that the bank makes follow up with their customers updating them on the account status and reminding them of the credit and loan repayment periods and the actual dates due. The study found that the bank has established specific goals for customer retention through cost mechanism, rewarding the loyal customers, appointing someone to head customer retention performance, lost customer analysis and conduct periodic surveys. This concurred with Bedi (2010) who states that implementation of customer satisfaction strategies through efficient and effective retention of bank customer have implications and influences successful offering of financial products and services to current customers and can allow a bank to increase investment. This implies that the profitability of a KCB increases as the customers are retained through adoption of customer satisfaction and retention strategies.
Building supply chain capabilities

In the aspect of building supply chain capabilities, the interviewees indicated that customer satisfaction was implemented through a network of customer care connection through telephone, e-mail and other technological communication connections. They indicated that the bank includes a combination of human, technical and business related activities. The bank has automated the routine working of the banks and for internal administrative purposes, there has been the use of electronic clearance of inter-bank transactions leading to faster and better transfer of funds. This is in lines with Aaltonen and Ikavalko (2002), who states that it is critical that people across supply chains understand that they are in business to deliver a service to the end user, not to meet measures relating to the parts of the supply chain. The study also concurred with Raps and Kauffman (2005), who stated that with modern technology enabling unprecedented levels of information and communication from point of sale throughout the entire supply chain, it is easier than ever to take a whole system view rather than become preoccupied with local, departmental measures. This implies that all links in the system are addressed adequately in the design of building supply chain capabilities to meet the end objective of providing efficient services to acquire customer satisfaction.

Creating and nurturing strong brands

The study sought to know how customer satisfaction was achieved by creating and nurturing strong brands, the interviewees indicated that the bank created and nurtured strong brand by incorporating new methods of advertisement like print media and new improved tariffs and pamphlets containing the bank’s accounts and services. The study found that there is a brand identity that reflects the customer satisfaction strategy and the firm’s willingness to invest on it. Interviewees stated that the bank leadership team
nurtures and sustains a culture that is coherent with the brand’s core purpose and values, tailoring the bank system to create, deliver and communicate as well as fostering a pioneering spirit for refreshing the customer satisfaction strategies KCB uses in terms of creating and nurturing strong brands whilst considering the intended purposes. This implies that strong brands created and nurtured at KCB are enjoyed by potential and new customers who in turn remain loyal.

**Environmental analysis and response to changes**

The study sought to investigate how KCB used the forms of customer satisfaction strategies in terms of environmental analysis and response to changes in considerations of the customer satisfaction strategies implementation. From the findings, interviewees indicated that the bank’s top management combines effort and has the willingness to respond, are competent with ability to respond and capacity. The study found that working environment is good, safe and friendly to its employees. Through communicating the need for change at KCB allows the bank to offer other services that the customers want. The environmental analysis and response to changes involved the organizational behaviour change at the bank. Such responses take has resulted to new products, new services, new processes, new markets, abandoned markets, new competitive strategies for attacking the markets and new responses to the social and political challenges. This is in line with Ansoff (1990), who stated that it is through strategic management that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. This implies that the overall responsibility for the effective responses belongs to the general management of the firm which management
ensures that the KCB engage in behavior which optimize the attainment of the organizations long term objectives.

**Aggressive anti-competitors marketing campaigns**

On the aspect of aggressive anti-competitors marketing campaigns, the interviewees indicated that the bank businesses have substantial market power. They further found that KCB has substantial market power where it profitably hold prices above competitive levels for a sustained period of time if the bank does not face effective competition from rivals in the same market. The bank strikes a balance between aggressive competition concerns and the objectives of restoring financial stability and ensuring adequate levels of lending to the real economy. The bank partially internalizes the negative externalities aggressive investment the competitors impose as such, when holding an equity stake in the bank. The study further found that bank has less inclined to aggressively invest in a competitor or to provide funding. Similarly, the bank has also played an important role in cartelizing industries and facilitating product market collusion. This implies that KCB has effectively played a role in softening product market competition protecting the customers and stakeholder greatly.

**Creating loyalty of the stakeholders**

On the aspect of creating loyalty of the stakeholders, the interviewees indicated that KCB bank’s customer satisfaction strategies were implemented through creating loyalty of the stakeholders. The study found that the bank keeps its stakeholders close with constant information as to the progress and even stressful setbacks. The bank does not withhold any information to the stakeholders and ensures that they are in better position to understand necessary actions by senior management and accede to decisions made in the
best interest of the company. This concurred with the several researchers including Tariq and Moussaoui (2009) and Ehigie (2006), who found that loyalty is a direct outcome of customer satisfaction. According to a report by KCB (2012), customer satisfaction strategies are implemented to attract, retain, improve customer loyalty and improve bank performance. This has influenced formulation of customer satisfaction strategy as radical paradigm shift across operations, financial measures, sales and marketing in the bank. This implies that Building and sustaining a trusted relationship with stakeholders has been ensured at KCB.

**Reasons of using customer satisfaction strategies in KCB**

The study sought to investigate the interviewee’s response on the reasons of using customer satisfaction strategies in the KCB. From the findings, the study found that KCB implements customer satisfaction strategies in order to create customer loyalty by ensuring service reliability, showcasing product and services and exceeding the expectations. Interviewees further stated that customer retention, maintaining customer-business relationship and measuring value of the business has been the main business of the Kenya Commercial Bank. This is in line with Zeithaml, Reed and Buckley (1996), who states that to retain the existing customers, attract new customers, satisfy customers and promote the comprehensive competitiveness, the commercial banks in Kenya should implement the customer satisfaction strategies and drive bank strategy. This implies that customer satisfaction strategies are potentially effective tool that KCB bank uses to gain strategic advantage and survive in today’s ever increasing banking competitive environment.
4.3.3 Impacts of using the customer satisfaction strategies on KCB

The study sought to investigate the impacts of using the customer satisfaction strategies on KCB. From the finding, interviewees stated that customer satisfaction held significant importance in corporate sector because without satisfied and loyal customers, there would be no business. Interviewees argued that a single unsatisfied customer could send away more business from the bank. The study found that the more the bank focused on implementation of using the customer satisfaction strategies, the more long-term business they got. It was worth to focus on customer satisfaction strategies for as the competition increased the bank was able to have high customer attraction and retention, reduced marketing expenditures, lessened number of complaints and lower attrition rates. This is in correspondent with Bahia and Nantel (2000), who stated that the facts are that many commercial banks in the implementation of customer satisfaction strategy (CS Strategy) have achieved the key competitive advantages, which make the long-term profitability of these banks better than competitors. This implies that implementation of customer satisfaction strategies has been regarded as a fundamental determinant in maintaining long-term customer relationship behaviors and in turn to increase future growth of bank.

Factors that affect the adoption of customer satisfaction strategies in KCB

On the factors that affect the adoption of customer satisfaction strategies in KCB, the study found that challenges faced by KCB in its customer satisfaction strategies included changing consumer tastes and preferences, volatility of the technological environment, lack of lower management involvement, stiff competition in the industry, staff motivation, complexity and poor teamwork barriers. The study further found that technological challenges, risk, information quality and immediacy, trust, personalization
among others in Kenya Commercial Banks. This is in line with Lynch (2005), who stated that like any other financial services, the banking industry is facing a market that is changing rapidly. New technologies are being introduced and there is always a fear of economic uncertainties. Fierce competition, more demanding customers and the changing climate have presented an unparalleled set of challenges. This implies that KCB encounter challenges when adopting customer satisfaction strategy.

4.3.4 Effect of challenges encountered in adoption of customer satisfaction strategies
The study sought to know how the general challenges encountered affects the adoption of customer satisfaction strategies by KCB.

Network Problems/unreliable infrastructure
In the factor of network problems/unreliable infrastructure, the interviewees indicated that the effect poses a very significant effect in the service delivery. Poor network infrastructure cost the KCB bank businesses, time and money by disrupting critical cloud services or slowing their adoption of customer satisfaction strategies. The KCB customer’s faces difficulties in time of network failure; customers have trying time in case the KCB bank network developed technical glitch. A network problem affects the operations of KCB, lack of in-house skills to support services and inadequate network connections were also seen as core deterrents. The study found that KCB bank generally spends a larger portion of the IT budgets on IT security. However unreliable infrastructures greatly inconvenience the customers and make them tend to retaliate as opposed to timely, reliable and highly technological infrastructures.

This is in line with Kotler (2008), who found that a one-dimensional or silo approach to voice and data networks cannot deliver on the high expectations of consumers and
business customers. Not delivering on the promise of integrated communications reduces efficiency in the short term, and can lead to competitive disaster in the long term. Customers prize customer service and expect product quality above all else. This implies that persisting challenges exemplified by network problem and unreliable infrastructure and fear of fraud would halt the progress of the adoption of customer satisfaction strategies by KCB if not adequately addressed.

**Lack of financial resources**
The study sought to investigate the effect of lack of financial resources in adoption of customer satisfaction strategies at KCB. From The findings, the interviewees indicated that lack of financial resources affects the adoption of customer satisfaction strategies intensively as the customers severally seeks further assistance from the management hence interruption of workflow in the bank. The lack of financial resources in KCB limits the range of services and credits for household and enterprises as well as slowing the work performance in banking hall. Individuals and small enterprises who rely on the bank’s financial resources to invest in their education and businesses are limited to access the full potential and this leads to the cycle of persistent inequality and diminished growth of the bank. This is in line with Grant (2000) who stated that since resources are scarce, managers must decide which alternative strategies will benefit the firm most. In addition to skills and empowerment, equip frontline personnel with the technology, information, and internal resources to do what it takes to satisfy bank customers. This implies that there is need for the components of financial resources when considering bank’s need for customer satisfaction strategies implementation be addressed.
Lack of awareness and knowledge

On the effect of lack of awareness and knowledge ability in the bank, interviewees stated that based on the consumer's past experience and knowledge of products, if the consumer doesn't find any solution then they start searching for external sources for example reference group, marketing communication and third party reports. Even satisfied customers’ tend to defects to the competitors when the competitors are differentiated and are creating awareness of their better service quality. The study further found that lack of the required knowledge by analysts, managers and clerical staff at KCB affects the financial and payment systems in which the bank typically invests heavily on. The employees who do not have a certain level of knowledge and skill treat customers with no respect and make them feel that they cannot trust their business to the company. This is in line with Purcell and Boxal (2003), who stated that after a consumer has an idea of the possible product or solution in the form awareness or knowledge, he or she then starts the evaluation process, which after then will the consumer reduces the focus to specific products of preference with regard to the price, color and other features related to the product. This implies that management should involve managing customer knowledge and all other available knowledge within an organization to achieve the common goal of increasing organizational productivity management should ensure that the bank is more customer-focused and use knowledge-based strategies to reach out to their customers.
High Cost or Too expensive projects

On the interviewee’s response on the effects of high cost or too expensive projects in adoption of customer satisfaction strategies at KCB, the study found that high cost or too expensive projects limit infrastructural development of the network in the bank, appropriate technical, strategic and project competencies within KCB leading to a lack of clear direction and leadership which in turn undermines the customer satisfaction strategies implementation. High cost or too expensive projects make the adoption of customer satisfaction hard when the cost of serving a loyal customer than a new customer. The study further found that cost of acquiring a new customer is much more than the cost of retaining the customers. This is in line with Ehrenberg and Goodhardt (2000), who stated that indeed, the benefits associated with customer satisfaction are lower costs associated with retaining existing customers, rather than constantly recruiting new ones especially within mature, competitive markets. Raps and Kauffman (2005) states that customers give top priority according to their expectation, new product and services are being developed to satisfy them with special focus on service quality. This implies that implementation of customer satisfaction strategies is the key for survival in the market and there should be ways to mitigate the high cost of the projects that affect strategy implementation.

Lack of Skills on customer needs

On the effects of lack of skills on implementation of customer satisfaction, the interviewees indicated that lack of skills on customer needs ruins good customer relations in the bank, creates customer dissatisfaction due to poor service and leads to withdrawal of the customer from the bank. The study found that when bank’s own customer service
agents have low knowledge of their own company, the customer satisfaction strategy implementation is affected. Lack of basic understanding of various banks’ services such as evaluation and financing, let alone the required skills, experience and training to carry out such an evaluation is a challenge. Lack of the additional change leadership experience that organizations desperately need fails the bank to address the customer’s needs tentatively. The bank fails to obsess about customer needs, employees lack a strong understanding of their bank's brand and the bank is less likely to monitor customer interactions. In addition to skills and empowerment, equipping frontline personnel with the technology, information and internal resources to do what it takes to satisfy bank customers is required. Concurrently Bourgeois and Brodwin (1984), also indicated that this dissatisfaction could be because of a variety of reasons access, services, products, prices, image, personnel skills, treatment, credibility, responsiveness, waiting time, location, technology, and store appearance. This implies that to get positive results of implementation of customer satisfaction strategies, banks should take the test, share the results, discuss the implications and make plans to improve their skills on customer needs over time.

**Other barriers faced during adoption of customer satisfaction strategies at KCB**

The study sought to investigate the other barriers that are faced by KCB on the adoption of customer satisfaction strategies. From the findings the interviewees were of the opinions that, lack of adequate training on the use of the systems, the mode employed to change the system, high costs involved, system failure, poor communication in organization, lack of employee empowerment especially the lower managerial class, legal framework /policies and ethical backgrounds, were among other factors which hindered
smooth adoption of customer satisfaction strategies at KCB. The study further found that
technology induction in the bank changes customer’s perspective on how the
organization is doing business operations. Customers specifically express their
dissatisfaction with cash availability at the machines, frequent down times and security of
ATM locations. There are also perceptions of lack of competition, poor service and lack
of innovation as well as facing a changing regulatory environment are barriers faced
during adoption of customer satisfaction strategies at KCB. While some of these concerns
are real, others may be misplaced. Indeed, there have been important positive
developments in the KCB bank in recent years, with enhanced competition, innovations
in product and service delivery and greater choices for customers (especially savers) both
within and outside the country. This implies that despite the challenges of banking culture
differences, competitive strategy and lack of the required facilities faced by bank in
customer satisfaction strategy implementation, banks concentrate on doing things well to
offset customer’s dissatisfaction at KCB.

Solutions to the barriers faced during adoption of customer satisfaction strategies
The study sought to know the possible solutions to the barriers faced during adoption of
customer satisfaction strategies, the interviewees were of the suggestion that the top
management needs to stand tall to steer empowerment to subsequent levels, create loop
less communication channel, engage employees in decision making, conduct enough
training to the employees before implementing any strategy and review the legal
framework. The study further found that the bank management should aspire in
exceeding the expectations of its customers and associates and be the benchmark for
excellence in every aspect of its business. This implies KCB bank needs to take into
consideration the solution faced and the changing environment when formulating and implementing customer satisfaction strategies so to be dedicated to delivering exceptional service and value increasing customer satisfaction.
CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter provides the summary of the findings from chapter four, conclusions and recommendations of the study based on the objectives of the study. The responses were based on the objectives of the study. The main objective of this study was to determine the implementation of customer satisfaction strategies in commercial banks in Kenya, focusing on a case of Kenya Commercial bank.

5.2 Summary of the findings

From the findings, the study established that the bank implements instant customer demanded products, offer good customer service, have wide networking that is efficient and effective to the clients, conduct personal selling strategies, personal branding and apply marketing strategies as forms of customer satisfaction strategies. From the findings, the study established that KCB strategically create the value through pricing by way of applying price/cost reduction techniques. This is evidenced by how the bank has replaced the traditional pricing with a holistic data driven approach that includes customers’ needs, preferences, behaviors, purchasing patterns and price sensitivity. The study revealed that KCB bank has set up services such as ATM’s and mobile banking which makes it effective and efficient for clients to access money more conveniently and also lowered the ATM withdrawal charges compared to the counter withdrawals.

From the findings, the study established that KCB made sure that the resources needed are effectively and efficiently delivered on the required high standards of service to its client. Investible resources have been available to the potential investor’s request on time.
Demand and supply of resources gap in different segments has been met. This is evidenced the ability of the bank to employ and retain its skilled workers and specialists, re-training its workforce and promoting a culture of continuous learning.

The study established that customer satisfaction and retention in KCB bank involves the clients in the discussion in case they enquire for assistance in the banking hall, engages its clients in future updates and new services in the market, makes follow up with their customers updating them on the account status and reminding them of the credit and loan repayment periods. Specific goals for customer retention through cost mechanism, rewarding the loyal customers, appointing someone to head customer retention performance, lost customer analysis and conducting periodic surveys were also found to the customers satisfaction strategies implemented to acquire customer satisfaction and retention.

All links in the system are addressed adequately in the design of building supply chain capabilities to meet the end objective of providing efficient services to acquire customer satisfaction. The study established that KCB aimed at building supply chain capabilities through implementation of customer satisfaction strategies. There is a combination of human, technical and business related activities, automated working routine, electronic clearance of inter-bank transactions and technological communication network connections for purpose of customer care leading to faster and better transfer of funds.

Strong brands created and nurtured at KCB are enjoyed by potential and new customers who in turn remain loyal indicated that the effective implementation of customers satisfaction strategies. The study revealed that incorporation of new methods of advertisement containing the bank’s accounts and services, brand identity that reflects the
customer satisfaction strategy and the firm’s willingness to invest on it have been used. There is a bank leadership team nurturing and sustaining a culture that is imbued and coherent with the brand’s core purpose and values.

From the findings, the study established KCB use customer satisfaction strategies in terms of environmental analysis and response to changes in considerations of the customer satisfaction strategies implementation. This is evidenced by how the top management is able to combine effort to respond competently, the working environment is good, organizational behaviour change at the bank resulting to new products, services, processes, markets, competitive strategies and new responses to the social and political challenges.

Building and sustaining a trusted relationship with stakeholders has been ensured at KCB. This is evidenced by how the KCB bank keeps its stakeholders close with constant information, does not withhold any information news to the stakeholders, ensures that they are in better position to understand necessary actions by senior management and agree to decisions made in the best interest of the company. KCB implements customer satisfaction strategies for the purpose of customer retention, maintaining customer-business relationship and measuring value of the business.

The study established that implementation of customer satisfaction strategies has been regarded as a fundamental determinant in maintaining long-term customer relationship behaviors and in turn to increase future growth of bank. It was worth to focus on customer satisfaction strategies for as the competition increases the bank was able to have high customer attraction and retention reduced marketing expenditures, lessened number
of complaints and lower attrition rates. From the findings, the study established that changing consumer preferences, volatility of the technological environment, lack of lower management involvement, high standards, stiff competition in the industry, low staff motivation, complexity and poor teamwork barriers, technological challenges, ubiquity in information quality and immediacy affect the adoption of customer satisfaction strategies in KCB.

On how the general challenges encountered affects the adoption of customer satisfaction strategies by KCB, the study established that unreliable infrastructures greatly inconvenience the customers and make them tend to retaliate as opposed to timely, reliable and highly technological infrastructures. The lack of financial resources in KCB limits the range of services and credits for household and enterprises as well as slowing the work performance in banking hall. The established that lack of needed knowledge by analysts, managers and clerical staff at KCB affects by the financial and payment systems in which the bank typically invests heavily on. The employees who do not have a certain level of knowledge and skill treat customers with no respect and make them feel that they cannot trust their business to the company.

High cost or too expensive projects limit infrastructural development of the network in the bank, appropriate technical, strategic and project competencies within KCB leading to a lack of clear direction and leadership which in turn undermines the customer satisfaction strategies implementation. Lack of skills on customer needs ruins good customer relations in the bank; creates customer dissatisfaction due to poor service hence leads to withdrawal of the customer from the bank.
Lack of employee empowerment especially the lower managerial class, legal framework policies and ethical backgrounds, were among other factors which hindered smooth adoption of customer satisfaction strategies at KCB.

The study finally established that to have solutions to the barriers faced during adoption of customer satisfaction strategies, the top management need empowerment and create loop less communication channel, engage employees in decision making, train the employees before implementing any strategy and review the legal framework. The study further found that the bank management should be aspire in exceeding the expectations of its customer’s benchmark for excellence.

5.3 Conclusion

From the findings, the study concluded that Customer satisfaction is an important strategy in maintaining customers, particularly those in banking industry. Enhancing the importance of strategy formulation and implementation through adoption of various customer satisfaction strategies is an advantage to a bank. This enables the bank to offer excellent customer service by embracing cost reduction approaches that deliver price productivity benefits that are difficult for competitors to duplicate. Identifying profitable customers and then customize marketing on the basis of customer value enables many banks to punch above their weight in today’s competitive environment.

From the findings, the study concluded that the ability of the bank in its present structure to implement customer satisfaction strategies in terms of availability of resources and capabilities aspects ensures that there is enough customer care attendants and that , tellers
and managers are always there to boost customer’s satisfaction at all times in order to cope with the rising competition.

Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. Implementation of customer satisfaction strategies through efficient and effective retention of bank customer have implications and influences successful offering of financial products and services to current customers and can allow a bank to increase investment. The study concludes that the bank need to conceptualize on a higher order capability that includes a combination of human, technical and business related activities as modern technology enables unprecedented levels of information and communication throughout the its entire supply chain.

Well developed and targeted strategic responses are formidable weapons for a firm in acquiring and sustaining a competitive edge. The study concludes that overall responsibility for the effective responses belongs to the general management of the firm which management ensures that the bank engage in behavior which optimize the attainment of the organizations long term objectives.

Banks are judged by their ability to develop financial instruments such as complex derivatives and sophisticated credit schemes that help connect the money of investors with the companies in need of those financial resources in the best possible way. In pursuing these ends, banks and financial institutions in general, strikes a balance between aggressive competition concerns and the objectives of restoring financial stability and ensuring adequate levels of lending to the real economy.
Loyalty is a direct outcome of customer satisfaction, assurance is the knowledge and courtesy of employees and their ability to inspire trust and confidence as well as treating customers with respect and make them feel that they can trust their business to the bank. Based on survey results, the study concluded that banks that are able to effectively and efficiently implement customer’s satisfaction strategies could achieve a significant difference in customer satisfaction and in turn to increase future growth of bank.

5.4 Recommendation
From the findings and conclusions this study recommends that customer satisfaction strategies should be implemented to attract, retain and improve customer loyalty. This would improve bank performance. Management need to have a thorough understanding of customer beliefs, behaviors, product or service attributes and competitors.

Formulation of customer satisfaction strategy as radical paradigm shifts across operations, financial measures, sales and marketing in the bank. From the findings and conclusions this study recommends that KCB bank should develop a data-driven, customer-focused bank pricing strategy. Facilities at the exposure of the customers such as ATM’ machines, banking agents, and mobile banking need to be enhanced for clients to access money more easily and faster without a lot of struggle. This would enable the bank to position itself to use pricing as a competitive advantage across market and customer segments, as well as the entire portfolio of deposit, lending and transaction products and services.

Bank should ensure involvement of all staff, more so the middle management, to ensure that the strategies are implemented effectively and they have a better chance of bringing the desired results. The study also recommends that the bank management should make it
a commitment to include boosting staff morale as a priority. The bank top management should employ a diverse range of motivation techniques to ensure that all employees have been bought into the bandwagon of customer service strategy. The bank should be obsessed about customer needs, reinforce brand with every interaction and treat customer experience as a competence. Customer service staff must remain polite and appeasing, even when faced with an angry or rude customer.

From the findings, the study recommends that measures aimed at customers satisfaction strategies should be designed so as to mitigate problems faced during adoption of customer satisfaction strategies. Support for banks in difficulty has hitherto had the effect of protecting the customer satisfaction strategy implementation and managers of banks need to apply the measures to achieve positive consequences.

5.5 Recommendation for further study
This study determined the implementation of customer satisfaction strategies in commercial banks in Kenya, focusing on a case of KCB. The study recommends that a further study should be carried out to investigate the challenges faced by other firms during implementation of customer satisfaction strategies.
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APPENDICES

APPENDIX I: INTERVIEW GUIDE

PART A: DEMOGRAPHIC INFORMATION ON THE RESPONDENTS

1. What level of education have you completed?

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2. Which department do you work at?

3. How many years have you been working at your current department?

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4. Which is your rank in the department?

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SECTION B: CUSTOMER SATISFACTION STRATEGIES

5. List down the forms of customer satisfaction strategies employed by KCB

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In considerations of the intended purposes of customer satisfaction strategies, how does KCB use these forms of customer strategies in terms of the following aspects?

Creating value through pricing

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Availability of resources and capabilities

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Customer satisfaction and retention
Building supply chain capabilities

Creating and nurturing strong brands

Environmental analysis and response to changes

Aggressive anti-competitors marketing campaigns

Creating loyalty of the stakeholders

What are the reasons of using customer satisfaction strategies in the KCB?

What are the impacts of using the customer satisfaction strategies on KCB?
6 Which are the factors that affect the adoption of customer satisfaction strategies in KCB?

7 How do these general factors affect adoption of customer satisfaction strategies by KCB?

Network Problems/unreliable infrastructure

Lack of financial resources

Lack of awareness and knowledgeable of customer satisfaction strategies

High Cost or Too expensive projects

Lack of Skills on customer needs

8 Which other barriers does the adoption of customer satisfaction strategies at KCB face?

What are the possible solutions to the barriers mentioned above?