

**CUSTOMER LIFE CYCLE MANAGEMENT BY BARCLAYS
BANK OF KENYA**

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DECLARATION

This research project is my original work and has not been submitted for examination in any other university.

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DEDICATION

This research project is dedicated to my entire family, especially my parents Samuel Njoroge Kinuhi and Judy Njeri Njoroge for encouraging me to always aim higher. My spouse Engineer Nicholas Kariuki Mwai and children Grace and Emmanuel for their love, encouragement and support during the entire period.

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ABSTRACT

Nowadays, organizations have realized the importance of becoming more customer-centric and invested a large amount of time and resources in a Customer Relationship Management. To be able to understand these behavioural changes the customer lifecycle model is used, which is divided into five different stages depending on the customer relationship to the company. In banking sector, Customer Lifecycle Management (CLM) has the potential to help bank acquire new customers, retain existing ones and maximize their lifetime value. Through use of CLM the bank has been able to provide better customer service, make call centres more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenue. Thus this study aimed to investigate the extent to which customer life cycle management has been adopted by Barclays Bank of Kenya. The study adopted a case study. The study relied mostly on primary data source which was collected through use of interview guides. The population of the study was the Barclays Bank of Kenya while customer relations managers were interviewed. The data obtained was analyzed using content analysis. The study found that customer life cycle put in place by the bank is supposed to make the lives of their customers much easier and to be a customer friendly bank. To the bank the customers' needs could be met by identifying their needs and putting in the necessary service products to support the continuous patronage of the customers. The study also concludes that CLM customer needs and desire drive behaviour and it should be addressed properly in order to lead to high customer satisfaction. Relationship marketing tries to establish an 'intimacy' that is individualized like with customers via strong personal appeal and continuing commitment. This calls for trust and commitment to exist between the banker and the customer in order to ensure loyalty and build relationship. The study recommended that monitoring competitive customer relationship constantly should be an important part of a company's. Since customer relationship is competitive and a company's major competitors are also managing their customer relationship with potentially the same customer relationship management practice. The study also recommends that there is need for proper training for frontline staff to handle customers since it is very important must be taken into account. There is the need to identify the underlying factors that determine the behaviour of the customers. Management of banks need to develop suitable organizational support systems that will promote good customer relations as a marketing strategy to improve market growth, share and profitability.

ABBREVIATIONS

BBK:	Barclays Bank of Kenya
CBK:	Central Bank of Kenya
CLM:	Customer Life Cycle Management
MNC:	Multinational Corporation
TNC:	Transnational Company

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In today's highly competitive world, an expanding number of organizations have understood the significance of turning out to be more customer driven and contributed a lot of time and assets in a Customer Relationship Management (CRM) framework with the point of better dealing with their customers (Lykegaard, 2011). To have the capacity to comprehend these behavioral changes the customer lifecycle model is utilized, which is partitioned into five distinct stages depending on the customer relationship to the organization (Churchill, 2010). The customer life-cycle suggests that a more created relationship will make a more gainful customer and as indicated by this the customer lifecycle is critical to comprehend keeping in mind the end goal to be productive (Egan, 2013).

Theoretically, the study is based on customer value-based theory, theory of customer relationship management, and customer lifecycle theory. According to the Customer Value-Based Theory advocates that based assets can be built or acquired through various forms of investment, including staff time spent in relationship building, databases, advertising and promotion, sponsorship and such like (Zhang, 2009). The theory of Customer Relationship Management stipulates that enterprises uses information technology to coordinate between businesses and consumers in the sales, marketing, and service interaction. This helps management to provide innovative personalized customer interaction and the service to the customer. Finally, Customer Life Cycle theory advocates for a series of steps which the customer experiences a

long-term consideration of the time in the process of purchasing, using and loyalty maintaining to the product or service.

The dynamic nature and volatility of Kenya's banking sector underscores the need for studies to be done on how customer relations management can influence business growth and market share. This underscores the need to understand how these processes that an organization undertakes to move through the customer life cycle (Edgan, 2008). Barclays Bank of Kenya is an example of an organization where customer lifetime value has a major importance, where attractive deals are commonly offered to young people in order to make them open new accounts. Customers on the bank market are normally loyal customers and due to this the lifetime value is an important concept to understand.

1.1.1 Concept of Customer Life Cycle

In today's business field, customers are prime resource for an association and dealing with the customer connection is similarly basic for the organizations (Ul Haq et al., 2010). The general accomplishment of the organizations is needy upon consumer loyalty and consumer loyalty can't be accomplished without dealing with the customer relations CLM management is the estimation of numerous customer related measurements, which, when broke down for a timeframe, demonstrate execution of a business.

This ensures customer satisfaction at every step along the consumer decision journey, from acquisition to loyalty and retention to debt management. Effective customer life cycle management has significant business growth and profitability. Customer life cycle management provides a 360 view of the customer and provides solutions.

Creating customer loyalty ensures customer value is enhanced more than the drive to maximize profits and shareholder value (Buttle, 2010).

Before, the budgetary division depended intensely on innovation and item advancement for upper hand. With worldwide rivalry and steady mechanical advances, organizations now fight for separation through customer management, cost and nature of management. Advertising specialists keep up that fulfilled customers are basic to productivity since they get to be faithful customers, extend their organization with the organization, show less value affectability, and prescribe the organization's items or managements to others (Haridasan and Venkatesh, 2011). Customer life cycle management is not a financially savvy and gainful technique but rather in today's business world it's essential. Barton J, (2012) pointed that no less than 80% of organizations deals originate from 20% of existing customers (Lykkegaard, 2011).

At times MNOs utilize such frameworks to make far reaching profiles and section the customer construct into particular subsets based with respect to criteria, for example, calls made abroad, the utilization of advanced cells or information empowered handset and so on. This has various advantages to a transporter as far as advertising. A competitive Customer life cycle management agenda on a MNC is to deliver consistently high standards of customer service. Customer life cycle management journeys with the customer from acquisition to upselling/cross-selling to a customer product based loyalty and retention program to debt management. Customer life cycle management has a direct impact on profitability. Engaged customers generate 1.7 times more revenue than normal customers, while having engaged employees and engaged customers returns a revenue gain of 3.4 times the norm (Limayen, 2007).

1.1.2 Banking Industry in Kenya

In Kenya there are a sum of 43 commercial banks, 10 micro-life partner banks and 1 contract firm. Kenya has a high relative proportion of banks to the aggregate populace, with 43 commercial banks. The banking sector in Kenya has kept on developing in resources, stores, benefit and items offering in the later past (CBK, 2014). The development has been primarily supported by an industry wide branch organize extension procedure both in Kenya and in the East African people group locale; and, robotization of an expansive number of administrations and a move towards accentuation on the mind boggling customer needs as opposed to conventional 'off-the-rack' banking items. Commercial banks in Kenya have been upgrading their versatile and web managing an account stages to empower their customers access their ledgers and execute from any part of the world (CBK, 2014).

Banking sector part changes presented toward the start of the most recent decade have added to a sharp quickening in credit to the private area over the EAC as of late. Nations over the district have effectively actualized measures to change state-controlled saving money frameworks, rebuild misfortune making organizations, discount nonperforming advances, and enhance governance and monetary segment supervision. Thus, banks that had beforehand to a great extent held government securities and remote resources have consistently moved their benefit allotment toward local loaning. While this extension in private part credit has occurred from a low beginning volume, the rate of development amid this period has been great.

In the Kenyan market, the central bank of Kenya CBK has encouraged the commercial banks to restructure and rationalize their operations by getting the latest technology and rationalizing the branches and staff. This is evident especially with

government owned banking institutions. For a long time the commercial banks mainly made their income from interest on deposits by overcharging customers until later in the 1980's when the CBK began regulating these charges and rates and the bank had to come up with new products and ways of maximizing their income (CBK, 2014). The Central Bank of Kenya has developed stringent measures to ensure that the banks meet all the standards so as not to defraud the investors. The banking sector in Kenya plays a pivotal role in the economic growth of the country. In order for banks to be able to reduce the turnover of customers there is need to analyze customer behavior including; spend behavior, preferences, transaction behavior (KNBS, 2014).

1.1.3 Barclays Bank of Kenya (BBK)

Barclays is a Multinational corporation and has been in operation for over 365 years. The bank's history follows from 1916 when the National Bank of South Africa (now First National Bank) opened a branch at Mombasa. Barclays is a main money related administration supplier in the nation with a broad scope. The bank is an extensive money related organization in Kenya, with an expected resource base in overabundance of US\$2.329 billion (KES: 200.975 billion), as of March 2014. Around then, Barclays Bank of Kenya was the fifth-biggest business bank in Kenya, by resources, behind KCB Group, Equity Group Holdings Limited, Cooperative Bank, and Standard Chartered Kenya. The foundation serves the keeping money needs of vast and independent venture customers and additionally people.

As of August 2014, the bank maintains a network of nearly 120 branches and over 240 ATMs in various locations across Kenya. The bank financial performance over the years has built confidence to its stakeholders. Its solid brand has a reputation of modernity and a leading blue chip company on the Nairobi Stock Exchange. Barclays

bank has a say in the financial services sector. The company was best company that complies with International Financial Reporting Standards –FiRe Awards (2009), Best bank in Kenya –Global Finance (2010). According to the banking Survey Part IV (2004), Barclays Bank is a market leader in the retail segment and corporate business (KNBS, 2014). The products offered by the bank are classified into liabilities and assets. Liability products include current accounts and savings accounts which are segregated into various market segments i.e. mass market, standard, prestige, premier and local business. Assets products include loans, overdrafts. Loans are segmented into scheme loans, local business loans, executive loans, Barclay-loan, prestige loans and premier loans. The bank offers credit card product through its brand of Barclaycard. The card is segregated into platinum card, Gold card, Co-brand KQ Msafiri Gold card, Classic card and BPL card (KNBS, 2014).

The creation and implementation of customer life cycle management was as a result of increased dormancy and attrition of existing customers. The drive to acquire new customers was expensive and high. It was perceived to increase dormancy and attrition on the existing customer base. There is a range of strategies that Barclays bank of Kenya implements and are classified based on a customer's position in the customer life cycle. New to bank customers are the single largest group of CLM strategies that have been implemented. Customer onboarding strategy is a very crucial part of the CLM. Customer first 3 months in the bank will determine how long they stay and get engaged. A very recent model is to educate the customer and ensure the customer is fully aware of the product. This is implemented via the Onboarding/Welcome call, welcome email and welcome letters. Onboarding call is well structured and controlled via a call script. The call gives the customer a chance to query or complain and a solution is offered at first point of contact (CBK, 2014).

After six months, the customer is then referred to as an existing customer, the best customer life cycle strategy for BBK is to classify each type of customer; dormant customers and unhappy customers and create appropriate initiatives to change their behavior. Dormant customers are those that have reduced or stopped using a product but where the account still remains open. An example of Strategy is offering a loyalty points for Barclaycard customers for every transactions carried out within a specific time (CBK, 2014). Exiting customers' strategy is implemented at the point where a customer has already decided to move out. In Barclaycard, the customer fills up a form and indicates the reason for attrition. These reasons give the business direction on what could be going wrong. A retention call is done to the customers in Barclaycard before they return the card and a variety of win backs are offered i.e. bonus points, annual fee waiver. These strategies are expensive and offer low return on investment (CBK, 2014). Relationship management is an excellent CLM mechanism that can work well for niche high value customers.

1.2 Research Problem

Today, most organizations especially benefit suppliers, for example, banks, insurance agencies and other administration ventures have understood the significance of Customer Lifecycle Management (CLM) and its capability to help them obtain new customers hold existing ones and augment their lifetime esteem (Egan, 2013). The entire substance of customer life cycle management is to augment the capability of the current customers. Cooks (2002) pointed that an organization's capacity to pull in and hold new customers is a capacity of its items offering as well as the way it benefits its current customers and the notoriety it makes inside and over the business. Now, cozy association with customers requires a solid coordination amongst IT and showcasing divisions to give long haul maintenance of chose customers. As indicated by Buttle

(2010) organizations utilize CLM as a business technique to distinguish the bank's most productive customers and prospects, and give time and thoughtfulness regarding extending account associations with those customers through individualized promoting, re-valuing, optional basic leadership, and modified administration all conveyed through the different deals channels that the bank uses.

Today's organizations are confronting wild and forceful rivalry while working in both a household and a worldwide market. Most managers and advertisers would obviously concur that setting up long haul business associations with customers is about advancement and survival. This has constrained associations to receive CLM to assistance to utilize innovation and HR to pick up understanding into the conduct of customers and the estimation of those customers (Wang, Huang, Chen, and Lin, 2010). Like whatever other money related establishments around the world, Barclays bank has been taking a gander at better approaches to improve its customer potential and administration quality. Through utilization of CLM the bank has possessed the capacity to give better customer benefit, make call focuses more proficient, cross offer items all the more viably, help deals staff get it done speedier, improve promoting and deals forms, find new customers, and increment customer incomes. Regardless of the way that CLM conveys enduring advantages to organizations, all in all, some of them pick up benefits from actualizing it more than others; CLM conveys advantages to the organizations that produce a great deal of data about customers (Wu and Li, 2011).

Local studies done includes; Oduori (2006) studied application of customer relationship marketing strategies by classified hotels in Nairobi, Mbobua (2007) studied customer perceived quality of service in the banking sector in Kenya, Gachie (2008) conducted an evaluation of service quality in Kenyan Commercial Banks, Caroline (2010) conducted an analysis of the effectiveness of customer retention

strategies in Equity Bank Kenya, Otieno (2011) a multiple case study on the factors influencing customer loyalty in Mobile telecommunication industry in Eldoret while Nyaguthii (2013) conducted a study on the determinants of customer satisfaction in the life insurance industry in Kenya. Despite the key role played by customer lifecycle management in service sector particularly in banking industry no study has been done on Kenya context. It is against this backdrop, the current study aims to investigate the Customer life cycle management approach adopted by Barclays bank to mitigate dormancy and attrition. The study sought to address the following research question; to what extent has Barclays Bank of Kenya adopted the customer life cycle management model to strategically reduce dormancy and attrition through proactively involving and engaging its customers?

1.3 Research Objectives

The main objective of the study was to investigate the extent to which customer life cycle management has been adopted by Barclays Bank of Kenya.

The specific objectives of the study include:

- i. To identify the customer life cycle management strategies adopted by Barclays Bank;
- ii. To establish the extent to which of customer life cycle management strategies have been adopted by Barclays Bank of Kenya; and
- iii. To establish the effects of engaging customers on performance.

1.4 Value of the study

The findings of the study will have managerial policy implications at the firm, industry, and macro levels. At firm level, the findings of the study will be instrumental to both marketing strategic managers and practitioners by unravelling the

connections between strategic marketing design practices and customer life cycle management strategies. Towards this end, the findings of the study will significantly influence the marketing operations and strategic management policy among banks in Kenya and beyond.

At the macro-level, the findings of the study will provide backstopping for policy makers on enhancing firm and national competitiveness through dynamic capability that results from adopting the customer life cycle management model. This will provide vital insights to policy makers particularly in public-private collaborative efforts to enhance the competitiveness of the banking sector in Kenya.

On a theoretical level, some of the results of this study will be in line with the mainstream of existing literature on strategic marketing and market entry strategy while at the same time some of the findings may challenge the assumptions made in the literature. The study may also contribute on the methodological level by providing additional information on both the measurement and analysis of how customer life cycle management strategies impact bank overall performance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews theoretical and empirical literature from past studies on the subject of customer relations management and in particular, customer life cycle management. The chapter focuses on; the theoretical frame work of the study, the empirical literature review.

2.2 Theoretical Foundation of the Study

This section discusses the theory that the study had used, this includes, customer value-based theory, theory of customer relations management, customer life cycle management model, and the product life-cycle theory.

2.2.1 Customer Value-Based Theory

Customer value-based theory can be sensibly connected specifically to the production of market-based resources (Alderson, 1957: and Drucker (1973). Market-based assets are to a great extent elusive, and comprise of scholarly resources (learning about the market), social resources (results of associations with partners including channel individuals, customers, and different players), and the cooperation between these advantage shapes (Peppers and Rogers, 2002). They can be constructed or obtained through different types of speculation, incorporating staff time spent in relationship building, databases, publicizing, and advancement, sponsorship and such like. Market-based assets can make esteem for a firm by: building solid obstructions to passage that redirect contenders to higher cost or less successful techniques (Lombardo, 2007).

Customer value is the esteem that customer can bring for the venture, its size is equivalent to the D-estimation of the undertaking past, present and future comes back from customers and draw, being developed, keeping up the customer costs. Here the advantages incorporate fiscal and non-financial wage; Attract cost alludes to the venture put resources into request to win consumer loyalty consumption, including showcasing, publicizing and advancement, and so forth; Development cost alludes to the undertaking to fortify or keep up existing customer relationship, including innovative work, creation, and so forth.; Maintain cost alludes to the need use that endeavor to augment the customer relationship span, decrease customer disappointment, or win back customers (Halligan, 2006).

The study used this theory based on the central aim of the firm is to expand the adequacy of the organizations customer esteem creation exercises. These exercises are most suitable saw as a procedure that cut crosswise over multifunction in the organization. Case of these procedures incorporates the new item advancement process, the customer arrange satisfaction prepare, and the customer detecting process.

2.2.2 Theory of Customer Relationship Management

Customer Relationship Management started in the "Contact Management" which was advanced in the 1980's. The "Contact Management" is an arrangement of specific administration to help the ventures to gather and sort the data of contact between the customer and the endeavor. In 1985, Barbara Bund Jackson set forward the "Relationship Management" to an idea. It people groups to make another stride for the exploration of marketing theory. In the mid 1990's, "Contact Management" advanced

into "Customer Care" which incorporates Call Center and Support Data Analysis (Zhang, 2009).

Since the beginning, numerous definitions have showed up with various significances and now and then even the importance of the acronym CRM shifted from Customer relationship administration to Customer relationship advertising (Buttle, 2009). As indicated by Lehtinen (2007) CRM appeared together with advancement of showcasing which step by step turned out to be more individual until it changed into direct customer promoting, otherwise called coordinated advertising, which goes for individual customers. Along these lines CRM execution obliges organizations to change their perspective of advertising. Customer relationship management implies that endeavours utilizes data innovation and Internet innovation to arrange amongst organizations and shoppers in the business, showcasing and benefit collaboration, in order to upgrade their administration, give imaginative customized customer management and the support of the customer (Zhang, 2009).

In this study Customer relationship management theory has been adopted since it has the potential for making progress and development for organizations in these days environment of broad rivalry and quick innovative advancement. CRM empowers organizations to know their customers better and to assemble maintainable associations with them. In any case, CRM is considered as popular expression and it is not saw well. The fundamental segments of CRM are individuals, innovation, and procedures.

2.2.3 Customer Life Cycle Theory

In CRM, Customer Life Cycle is utilized to depict a progression of steps which the customer has encountered a long haul thought of the time during the time spent

acquiring, utilizing and devotion keeping up to the item or administration. Promoting investigators Jim Sterne and Matt Cutler have separated the Customer Life Cycle into five stages that are achieving, obtaining, change, maintenance and reliability. Regularly, these five stages speak to a cycle which contains drawing in the potential customer's consideration, demonstrating to them what you will offer, transforming them into paying customers and after that keeping them as a dependable customer to ask other more customers to join this cycle. From the examination of the Customer Life Cycle, in plain terms, the center of the Customer's Life Cycle process is customer procurement and customer maintenance (Buttle, 2010).

As a vital asset of the venture, the customer has esteem and life cycle. The theory of customer life cycle alludes to the procedure of the undertaking from the foundation of business relations to the entire procedure totally finished the association with customers, is the improvement of customer relationship level changing after some time, and it progressively depicts the distinctive element in various phases of the life cycle of customer relationship. The life cycle of customer relationship improvement is isolated into stages, and the phases of customer relationship depend on customer life cycle (Lykkegaard, 2011).

The four phases of the life cycle can be partitioned into: Probationary period is the hatching time of customer relationship; Formation period, is the fast improvement phase of customer relationship; Stable period, is the period and perfect phase of customer relationship; and Degradation period, are the inversion phases of customer relationship level. The five phases of the life cycle can be isolated into: Customer procurement, disclosure and access to potential customers; Customers enhance, make customers turn out to be high esteem customers by invigorating blend item or

administration request; Customer development, empower customers to utilize new items, and develop customer steadfastness; and Customer retreat, build up an early cautioning (Limayen, 2007).

Customer Lifecycle Management however is a static substance, and is more based upon a solitary estimation (which consolidates numerous measurements) than a rationality. Without honing CRM at all, an organization can take different estimations of its customer lifecycles and discover approaches to enhance, or "oversee" them better. CLM is likewise non-departmental, in that it by definition consolidates all collaborations with the customer all through such customer's reality. The other key feature of separation amongst CRM and CLM is the component of time. CLM is dependably an estimation after some time, while CRM can be a demonstration at one specific contact point with the customer (Lykkegaard, 2011).

2.3 Customer Relationship Management in Banking

Banks and financial institutions perceived that they can no longer take a gander at a buyer from a particular item or depiction point of view yet should envelop the whole customer relationship to completely comprehend a customer's benefit (Lykkegaard, 2011). From a vital angle, CRM assembles assets around customer connections instead of item gatherings and encourages exercises that amplify the estimation of lifetime connections. From an operational angle, CRM joins business forms over the production network from back-office works through all touch focuses, empowering congruity and consistency crosswise over customer connections. From a systematic outlook, CRM is a large group of investigative information instruments that empower banks to completely comprehend customer fragments, evaluate, and augment lifetime estimation of every customer (Peppers and Rogers, 2002).

The developing money related administrations industry is being reshaped by deregulation. Associations can now offer finish scopes of items in new geographic ranges and by the Internet. Customers and prospects have indicated to a staggering exhibit of contending offers. Together, these industry changes make it less demanding than any time in recent memory for customers to escape, and they are doing as such in record numbers. Procuring a customer, can cost between \$200 to \$600. Be that as it may, in the event that you hold that customer, the venture will be reimbursed ten times or more. Given the cost of getting customers, banks can't hope to develop the business basically by pulling in more customers (Egan, 2013).

In a multi-item environment, it is difficult to gauge weakening. Is this a customer who wipes out a solitary item yet at the same time has different items, or is this a customer who closes the whole relationship? It is harder still to anticipate and counteract steady loss, which is affected by a mix of subjective and quantitative elements. Why do a few customers clear out? Why do others remain? What do they esteem? In what capacity would you be able to alter their opinions? An effective CRM approach empowers customer benefit associations to make the learning they have to actualize the right maintenance systems and minimize abandonment of profitable customers (Limayen, 2007).

2.4 Contextualizing Customer Satisfaction

Kotler (2009) recommends that organizations ought to quantify consumer loyalty routinely as it is a critical key to customer maintenance. Normally fulfilled customers are customers that stay faithful longer and purchase more as the organization presents new items and overhauls existing ones. Such customers are less value delicate and

have a tendency to advance the organization by listening in on others' conversations, and additionally give careful consideration to contending brands. The cost to serve for faithful customers is lower since exchanges can get to be normal. More noteworthy consumer loyalty has likewise been connected to higher returns and a lower chance in the share trading system (Kotler, 2009).

As indicated by the desires disconfirmation model of consumer loyalty, a purchaser's fulfillment after buy relies on upon the offer's execution in connection to the desires of its execution, and whether any deviations between the two are found. On the off chance that the execution coordinates the desires, the customer is fulfilled. Lack of satisfaction happens if the execution misses the mark regarding desires. Large amounts of fulfillment happen when an offer's execution surpasses desires (Fox and stead, 2001; Kotler, 2009; Halligan, 2006) As Greenberg (2004) note, for consumer loyalty it is constantly better to under-guarantee and over-convey.

Despite the fact that a customer focused organization looks to make consumer loyalty, it ought not to be its definitive objective. To make progress, an organization must think about its assets and work on the theory that it is attempting to convey both an abnormal state of consumer loyalty and worthy levels of fulfillment to alternate partners (Eckerson and Watson, 2000). Customers may express high fulfillment levels with an organization in a study; however fulfillment does not equivalent unwaveringness. Unwaveringness is exhibited by the activities of the customer; customers can be exceptionally fulfilled and still not be faithful. Customer steadfastness does not come about because of restraining infrastructure since when there is another contestant into the market most customers will escape the oddity wears off, then the customers looks somewhere else. It additionally does not come to

fruition as a result of reducing. Genuine dependability comes about because of the relationship between the providers and the customer and the brand is an essential vehicle for characterizing and dealing with that relationship (Day, 2003).

2.5 Customer Life Cycle Management (CLM) and Customer Relationship Management (CRM)

Four pillars that constitute CLM include: the customer's role; the enterprise role; the competitive environment; and the customer touch zone. The Customer's Role: The customer life cycle is delineated as a circle or obscuration to speak to that it is genuinely a cycle, one that you need your best customers to travel through over and over. At the point when a customer is thinking about the buy of an item or administration (a "prospect" in the early phases of the customer life cycle), he or she experiences an anticipated arrangement of perspectives (Crosby, 2000).

The Enterprise Role: These are the procedures that your association attempts to travel through the customer life cycle. When you decide the attitude, and therefore the conceivable practices, of your customers as they travel through the customer life cycle, you can distinguish the communications or business forms your association has with these customers. The business forms directed by your association fall into the accompanying general classes: barge in and connect with, obtain, hold and extend (Denscombe, 2000). The Competitive Environment: While the customer life cycle exercises sit upon the establishment of items and administrations, the customer life cycle itself is driven by the standards of rivalry. A contender is any undertaking that offers items and administrations that adversary your own. The requirement for (and estimation of) CRM is affected by the measure of rivalry confronted by an association or industry (Dzato, 2007).

2.5.1 Customer Loyalty

Customer directs item, amount, quality and benefit and that the best associations are affirmed to go to outrageous lengths to accomplish quality, administration and unwavering quality and they assert that they get their best thoughts for new items from listening eagerly and consistently to their customers. CLM is more than giving the customer what they expect; it's about surpassing their desires with the goal that they get to be steadfast supporters for your image. Making customer devotion puts 'customer esteem as opposed to boosting benefits and shareholder esteem at the focal point of business technique'. The key differentiator in a focused situation is as a rule the conveyance of a reliably elevated expectation of customer administration (Burnes, 2004).

Good customer service builds loyalty and hence it aids CLM. Bad service increases dormant/zero balance accounts and attrition customers. Few customers expect 100% perfection. More than 65% change the banks because of poor customer service and it's often expressed as 'indifference' shown by the financial service or a member of staff at the financial institutions. If a bank fails to act in response to a problem or even to recognize that anything has occurred then these results in a shift of customer loyalty. Customer service main aim is to principally retain and maintain existing business through high levels of customers' satisfaction. It's the occupation of a brand to make and keep up dedication and the more unpredictable the relationship the shopper has with the brand, the more prominent the shot of progress (Egan, 2013).

2.5.2 Brand Perception

Brand perception is basically essentially a mental creation, which helps shoppers to comprehend an organization over another. This is important to comprehend what has turned into an extremely focused market. The capacity to share data immediately has democratized impression of brands. Customer assessment is more powerful than any other time in recent memory in deciding brand discernment. The roads accessible for individuals to impart have enormously expanded to the ascent of online networking, the sum and recurrence with which individuals share has correspondingly expanded as innovation improvement. Mark discernment is possessed by consumers, not brands. Notwithstanding the message, whatever individuals are considering organization mark that is the organization brand.

Behavioural researchers who support the theory of instrumental conditioning trust that brand steadfastness comes about because of an underlying item trial that is fortified through fulfilment prompting to rehash buy. Consumer loyalty is an individual's view of the execution of a product or service in connection to his or her desires. A customer whose experience falls beneath desires is disappointed Schiffman (2004). While one whose experience matches desire is fulfilled. Relationship marketing which is building up a nearby customized association with customers cements the level of loyalty and leads to more customers' satisfaction (Dzato, 2007).

2.6 Summary of the Literature Review and Research Gaps

From the following **literature review**, obviously Customer Life cycle management CLM empowers the organization to estimate and plan for customer request and recommends esteem included high edges benefits and not sit tight for customers to

seek benefit and new demand. Another preferred standpoint for CLM is nearer connection with customer, to recognize the genuine financial matters of administration and ascertain the administration cost valuing for various level of administration offerings. This customer information is the establishment for the association customer relationship pyramid. It is from the perspective of that player whose expectation is to profit by expanded information of expenses with a specific end goal to accomplish an expanded control over their esteem chain and overall revenues.

The CLM model in this manner speaks to a developing many-sided quality, requiring much more perplexing costing and administration techniques than the late advancements. It calls for administrative insight, giving promising conceivable outcomes to incorporating and of comprehension methodology improvement in unpredictable conditions. CLM concentrates on building positive and enduring associations with customers and other partners. It is a customer driven, information driven way to deal with advertising. The approach is time-driven process. It is a developmental and element wonder after some time.

While literature on strategic marketing abound, most of the past studies have largely ignored the massive upheaval in the social landscape that has led to the fragmentation of the mass market. Niche marketing and relationship marketing are the two most talked about methods. Each of these strategies was developed from a different perspective, and a little attention was paid to the possible synergy between the two. The current study is thus the first step in trying to integrate the modern concepts of relationship marketing and database marketing leading to the emergence of the hidden tool called customer lifecycle management-synergizing knowledge with relations.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Cooper and Schindler (2006) refer research methodology as a systematic way to solve a problem. This chapter focuses on; the research design, data collection and data analysis method that will be used in the study.

3.2 Research Design

Research design is the scheme, outline or plan that is used to generate answers to research problems. This research problem was studied through the use of descriptive research design. According to Kothari (2007) descriptive survey research design is a type of research used to obtain data that can help determine specific characteristics of a group. The main advantage of descriptive survey research is that it has the potential to provide us with a lot of information obtained from quite a large sample of individuals. By employing this study design, this study focused on obtaining quantitative data from interviews targeted.

3.3 Data Collection

Primary data was used in the study. According to Kothari (2005) primary data are those which are collected a fresh and for the first time and thus happen to be original in character. The data was collected through a face to face interview with the researcher. An interview guide containing a set of questions was prepared.

Fourteen (14) customer relations managers were interviewed. The interviewees included top and middle level customer relations managers who are tasked with strategic marketing and planning and management from seven (7) Barclays bank branches within Nairobi CBD (see appendix II) contributing to fourteen (14) interviewees. The procedure involved personal in-depth interviews to help to determine the approaches adopted by the bank to reduce dormancy and attrition and challenges encountered.

3.4 Data Analysis

The qualitative data obtained from the interview guide was analyzed using content analysis. Content data analysis makes general statements on how categories or themes of data are related. This mode of analysis was adopted in this study because it enables the researcher describe, interpret and at the same time criticize the subject matter of the research since it would have been difficult to do so numerically.

Content analysis is the systematic qualitative description of the composition of the objects or materials of the study. It involves observation and detailed description of objects, items or things that comprise the object of study. Content analysis approach has been used previously in similar research papers. Dzato (2007) describes content analysis as a systematic procedure for analysing qualitative data where the analysis is guided by specific objectives. The primary purpose of the inductive approach is to allow research findings to emerge from the frequent, dominant or significant themes inherent in raw data without the restraints imposed by structured methodologies.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the analysis and interpretations of the data from the field. It presents analysis and findings of the study as set out in the research methodology on customer life cycle management by Barclays Bank of Kenya. The data was gathered exclusively from an interview guide as the research instrument. The interview guide was designed in line with the objectives of the study. To enhance data quality of data obtained, unstructured questions were used whereby respondents indicated their views and opinions on customer life cycle management by Barclays Bank of Kenya.

4.2 Response rate

The researcher targeted 14 interviewees; however 11 out of the 14 respondents targeted completed the interview guide making a response rate of 79%. This complied with Mugenda and Mugenda (2003) who suggested that for generalization a response rate of 50% is adequate for analysis and reporting, 60% is good and a response rate of 70% and over is excellent. This commendable response rate was made a reality after the researcher made personal calls and visits to request the respondent to fill-in the interview guide as well as insisting the importance of participating in the study.

4.3 Key Informant Analysis

The study requested respondents to indicate the types of products offered in the bank, interviewees purported that savings A/C, loans, credit facilities, and guarantees premier and prestige product packages, credit cards, savings A/Cs, transactional A/C, premier and prestige product packages, assets, loans and credit cards, liabilities e.g. Accounts, loans (Credit Facilities, accounts (Savings/Current) and that credit

facilities, savings accounts, premier as prestige products. Products and services offered by the bank affect CLM by providing up to date products, lifestyle wise, retain customers, products and services offered gives a room to engage fully customers by meeting their needs, help customers get a wide range of product/services to fit their lifestyles, gives customers satisfaction in that they can get product and services that suits their needs, ensures customer retention. Further the study requested respondent to indicate the nature of customer services offered in by the bank and how they affects retention of customers. Most of the interviewees pointed that the above services offered by the bank help the bank to retain their customers by enhanced customer loyalty, more products uptake, customer satisfaction, increased incomes, new business and customer referrals. Banks and financial institutions perceived that they can no longer take a gander at a buyer from a particular item or depiction point of view yet should envelop the whole customer relationship to completely comprehend a customer's benefit (Lykkegaard, 2011).

4.3.1 Customer Loyalty

The study also requested the interviewees whether the customer services influence customer retention interviewees good service definitely retains customers and creates a cared for sense, the service is excellent which has led to customer being loyal to us, when customer needs and expectations are met. Customer service main aim is to principally retain and maintain existing business through high levels of customers' satisfaction (Egan, 2013). Customer remain loyal to service provider (BBK), levels of customer satisfaction, creates a feeling of attention, possibilities of customer referrals, instil sense of confidence in our products and customer retention since the customers feel that they their needs are met. The study further requested interviewees to indicate

how customer satisfaction has influenced CLM in their bank. Customer satisfaction of the CLM at Barclays bank was generally positive. Customers express high fulfillment levels with an organization in a study; however fulfillment does not equivalent unwaveringness (Eckerson & Watson, 2000). Majority of the interviewees pointed that customer satisfaction has resulted to more loyal customers, development feedback, and new business referrals, has created good reputation for the bank, help in acquiring and retaining new and existing customers, and acquisition of new customers, retain existing customers and enhances feedback from the customers. Good customer service builds loyalty and hence it aids CLM. Bad service increases dormant/zero balance accounts and attrition customers. According to Day (2003) customer satisfaction comes about because of the relationship between the providers and the customer and the brand is an essential vehicle for characterizing and dealing with that relationship. Likewise, on whether Barclays bank services/products satisfy its customer's interviewees pointed unanimously that Barclays banks services/products satisfy customers. Making customer devotion puts 'customer esteem as opposed to boosting benefits and shareholder esteem at the focal point of business technique'. The key differentiator in a focused situation is as a rule the conveyance of a reliably elevated expectation of customer administration (Burnes, 2004).

On whether segmentation and targeting of customers for different products and services affects customer loyalty. Majority of the respondents unanimously alleged that market segmentation at Barclays bank was interaction oriented. Further interviewees were in opinion that the bank classifies its clients according to the customers' needs as the bank offers variety of product and services that not all customers may require them. Making customer devotion puts 'customer esteem as opposed to boosting benefits and shareholder esteem at the focal point of business

technique'. The key differentiator in a focused situation is as a rule the conveyance of a reliably elevated expectation of customer administration (Burnes, 2004). Customer also prefers the bank due to its services/products they offer in the bank. The interviewees explained that contribution of those product/services results most of the customers to prefer this bank. Most of the respondents indicated that the bank has customized products and services that suits customers need e.g. loans, mortgage facilities and micro credit.

4.3.2 Brand perception

On the objective of brand perception, most of the interviewees pointed that BBK Products are up-to-date with the current times, great since it provides a range of product and services, superior and well designed to meet their needs, they appreciate current products offerings since the bank is trying to keep up with current trends and that the products are aligned to customers news. Brand perception is basically essentially a mental creation, which helps shoppers to comprehend an organization over another. This is important to comprehend what has turned into an extremely focused market (Schiffman, 2004). To how Barclays and its service/product portfolio is regarded by its competitors, interviewees indicated that Barclays service/product are regarded by the players in the sector as competitor, brand to Watch, strong brand with potential, regarded as benchmark levels to gauge themselves, is regarded as superior and worth striving to achieve, regarded as a strong brand which is a multinational bank so secure and that it is considered as competition. Customer assessment is more powerful than any other time in recent memory in deciding brand discernment (Schiffman, 2004).

On how Barclays Banks' brand perception affects CLM that brand perception affects CLM, most of the interviewees indicated that brand perception affects CLM positively since BBK is a strong brand, BBK brand is appealing and reliable thus would positively affect our customers and that Barclays brand is strong that has led to customer's trusting and being secure. The products are fairly good, excellent and in a positive way help build customer loyalty, good, exceptionally great and that they meet the customers' needs and are fairly competitive.

Further the study aimed to investigate how the development of new products and services is done in BBK of Kenya. Most interviews indicated that BBK takes process of development and user testing to an approval committee of stakeholders, it first goes through business care development, then through system testing (remote) (VAT), then finally to approval for sign, product team comes up with a product, its tested then approved, products pretested and approved before released and that the product is first tested and then the stakeholder get to approve.

4.3.3 Customer Lifecycle Management

On whether the banks have CLM system that captures Customer information at all service points, majority of the interviewees unanimously alleged that the banks has CLM system such as e-channels, care calls, customer visits, face to face meetings, complaints and query resolution are the main services offered by the bank to enhance customer life cycle management. CLM concentrates on building positive and enduring associations with customers and other partners. It is a customer driven, information driven way to deal with advertising (Lykegaard, 2011). Additionally, interviewees pointed that the services help the bank to customer equipped with relevant information, clarifications to negate confusion, misunderstanding thus foster

healthy relationship's, customer satisfaction, more customers become loyal to the bank and that due to banking industry having homogenous product we have invested in our services. According to Lykegaard (2011) organizations have understood the significance of turning out to be more customer driven and contributed a lot of time and assets in a Customer Relationship Management (CRM) framework with the point of better dealing with their customers.

On how Barclay Bank has responded to changes in the macro-environment, respondents argued that there is slot but sure approach taking calculated risks as per business appetite. To have the capacity to comprehend these behavioral changes the customer lifecycle model is utilized, which is partitioned into five distinct stages depending on the customer relationship to the organization (Churchill, 2010). Barclay Bank has responded to changes in the macro-environment by trying to catch up, it is so cautious thus a delayed approach e.g. the adoption of agency banking. While the customer life cycle exercises sit upon the establishment of items and administrations, the customer life cycle itself is driven by the standards of rivalry. A contender is any undertaking that offers items and administrations that adversary your own. The requirement for (and estimation of) CRM is affected by the measure of rivalry confronted by an association or industry (Dzato, 2007). This could be because of its appetite for risks (Risk averse), it has led to creation of better product and services and that the process s gradual taking into consideration the risk involved. Further the study sought to investigate whether competition affected CLM in BBK. Most of the respondents indicated that competition affected CLM in BBK at times in a good way and at times bad, competition affected CLM in BBK positively with of cause minimal challenges which made the bank to improve it's services and product this has helped to improve the banks products development. The customer life-cycle suggests that a

more created relationship will make a more gainful customer and as indicated by this the customer lifecycle is critical to comprehend keeping in mind the end goal to be productive (Egan, 2013).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the data findings on customer life cycle management adopted by Barclays Bank of Kenya, the conclusions and recommendations are drawn there to. The chapter is structured into summary of findings, conclusions, recommendations and area for further research.

5.2 Summary of the Findings

The study sought to identify the CLM adopted by Barclays bank in promotion of good customer life cycle management. From the information gathered, it was revealed that the bank has adopted customer life cycle management. These customer life cycle managements are all meant to support the growth of the business as well as maintain good touch with the customer. The customer life cycle put in place by the bank are supposed to make the lives of their customers much easier and to be a customer friendly bank. To the bank the customers' needs could be met by identifying their needs and putting in the necessary service products to support the continuous patronage of the customers.

On customer services mainly offered by the bank, interviewees unanimously alleged that e-channels, care calls, customer visits, face to face meetings, complaints and query resolution are the main services offered by the bank to enhance customer life cycle management. Nature of customer services of affects customer retention, services offered by the bank help the bank to retain their customers by enhanced customer loyalty, more products uptake, customer satisfaction, increased incomes, new business and customer referrals. Likewise, services offered by the bank help in equipping customer with relevant information, clarifications to negate confusion, misunderstanding thus foster healthy relationship's, customer satisfaction and more customers become loyal to the bank.

Majority of the interviewees pointed that customer satisfaction has resulted to more loyal customers, development feedback, and new business referrals, has created good reputation for the bank, help in acquiring and retaining new and existing customers, acquisition of new customers, Retain existing customers and enhances feedback from the customers. To the types of products offered in the bank, interviewees purported that savings A/C, loans, credit facilities, and guarantees premier and prestige product packages, credit cards, savings A/Cs, transactional A/C, premier and prestige product packages, assets e.g. loans and credit cards, liabilities e.g. Accounts, loans (Credit Facilities, accounts (Savings/Current) and that credit facilities, savings accounts, premier as prestige products.

On the Perception of customers regarding Barclays Bank of Kenya and its service and product portfolio, interviewees pointed that BBK Products are up-to-date with the current times, great since it provides a range of product and services, superior and well designed to meet their needs. Service and product portfolio offered by BBK is regarded by its competitors, interviewees indicated that Barclays service/product are regarded by the players in the sector as competitor.

On whether Barclays Bank's brand perception affects CLM at the bank, interviewees argued that brand perception affects CLM Positively since BBK is a strong brand, BBK brand is appealing and reliable thus would positively affect our customers and that Barclays brand is strong that has led to customer's trusting and being secure. The products are fairly good, excellent and in a positive way help build customer loyalty, good, exceptionally great and that they meet the customers' needs and are fairly competitive. Good service definitely retains customers and creates a cared for sense, the service is excellent which has led to customer being loyal to us, when customer needs and expectations are met, customer remain loyal to service provider (BBK), levels of

customer satisfaction, creates a feeling of attention, possibilities of customer referrals, instil sense of confidence in our products and customer retention since the customers feel that they their needs are met.

To the development of the products, interviewees pointed that BBK takes process of development and user testing to an approval committee of stakeholders, it first goes through business care development, then through system testing, then finally to approval for sign, product team comes up with a product, its tested then approved, products pretested and approved before released and that the product is first tested and then the stakeholder get to approve.

On changes in the macro-environment, interviewees argued that there is slot but sure approach taking calculated risks as per business appetite, Barclay Bank has responded to changes in the macro-environment by trying to catch up, it is so cautious thus a delayed approach e.g. the adoption of agency banking. This could be because of its appetite for risks (Risk averse), it has led to creation of better product and services and that the process s gradual taking into consideration the risk involved. Further the study sought to investigate whether competition affected CLM in BBK. Most of the respondents indicated that competition affected CLM in BBK at times in a good way and at times bad, competition affected CLM in BBK positively with of cause minimal challenges which made the bank to improve it is services and product this has helped to improve the banks products development.

5.3 Conclusion

From the study it is evident that businesses have adopted applying customer lifecycle management to customers and users experience. These customers form a part of a value network which refers to supply chain, demand chain (channels/ routes to market) and various customers as well as contingents. Customers are multiplying rapidly. Thus, the

rationality underlying the research objective is to provide organization an ability to forecast and plan for customer demand. The study also concludes that In CLM, customer needs and desire drive behaviour and it should be addressed properly in order to lead to high customer satisfaction. Relationship marketing tries to establish an ‘intimacy’ that is individualized like with customers via strong personal appeal and continuing commitment. This calls for trust and commitment to exist between the banker and the customer in order to ensure loyalty and build relationship. Customer Life Cycle seeks to promote long term loyalty; this involves creating, maintaining and enhancing strong relationship with customer and other stakeholder.

The study also concluded that to win a customer in his lifetime, it is far from enough to just keep this customer's account active in a company's database or to keep this customer buying from the company. A company has to win this customer's relationship from his/her heart by providing him the best value among the competitors. A bank that is really oriented to a customer is the bank that believes that the financial objectives could be best achieved by the recognition and satisfaction of the customers’ needs and expectations throughout the entire life cycle of the relationship.

The study further concluded that CLM has proven to be a good strategy that can enable management and staff to establish a long and lasting relationship with the customers. It is a continuous strategic plan that management can put in place to promote good customer relations and ensure the consistent database of customers whose purchase pattern as well as taste could be easily determined. This will go a long way to determine the products and service design and moderations so as to reach the desired taste of the customers. CLM in the banking business has also made it necessary for banks to integrate the customer relationship marketing plan with the aim to improving the way products and services are rendered to customers.

5.4 Recommendations

The study recommended that monitoring Competitive Customer Relationship constantly should be an important part of a company's. Since customer relationship is competitive and a company's major competitors are also managing their customer relationship with potentially the same customer relationship management practice. Customer needs are changing so when their needs change, so does their relationship with a company.

The study further concluded that banks had to embrace use of CLM in order to sustain the customer base and extend it to other prospective ones with new approach to service as well as the existing banks that had new management concept and strategic direction. The study also recommends that there is need for proper training for frontline staff to handle customers since it is very important must be taken into account.

There is the need to identify the underlying factors that determine the behaviour of the customers. The need to look at the customer needs that drive their values and behaviour is the focus area now in integrated customer relationship management. Banks should therefore concentrate on identifying customer needs and the values that drive their behaviour. In the bid to attain this level of satisfaction in relationship building the segmentation of the market is very important. This will enable the banks to cut cost by not investing in the large market that may have customers who do not have interest in sticking to one bank.

Management of banks need to develop suitable organizational support systems that will promote good customer relations as a marketing strategy to improve market growth, share and profitability. Companies and banks alike need to concentrate on relationship marketing practices that will focus on correlations between product purchases for cross selling and predictions of what customers will buy in future from the services and products on offer in banks.

Developing a good customer relationship is fundamental in determining their loyalty behaviors and the ultimate factor that provides a company with a competitive advantage. To win a customer for a lifetime is not just keeping his/her account number or contact in the database, but by providing him/her with best value among the competitors in the market. This means therefore that the marketing activities have to be well integrated in all aspects of the organizational activities in order to attain good relationship marketing. Relationship marketing also brings to fore the marketing communication mix. It is about how we communicate to the customer and what a bank stands for in product and services.

Banks should be able to segment the market and attract the customers who are likely to build a long term relationship with them. In the course of this it is expected that there will be attraction of other customers through the experience shared by the banks customers. As customers get satisfied with one bank through a good relationship marketing strategy it will become difficult for the customer to switch to another bank. Through good services customers get transformed from being just normal customers to satisfied, retained and eventually enhanced customers. This will eventually benefit the organization.

5.5 Areas for Further Studies

The study suggested that further research should be done on the effect of customer life cycle management on banks performance. The study also suggested that further study to be done on the factors affecting adoption of customer life cycle management within other sector, other than banking sector, in order to depict a reliable result that covers all sectors.

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APPENDIX I: INTERVIEW GUIDE

Section A: Customer Loyalty

Briefly indicate the types of products offered by your bank

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.....

Kindly explain how products and services offered by the bank affect CLM

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.....

Explain how the nature of customer services offered in you bank affects customer retention

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.....

Explain how customer satisfaction has influenced CLM in your bank

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.....

In your opinion, do you think Barclays and its services/products satisfy its customers?

.....
.....

Explain how the quality of customer services influence customer retention

.....
.....

Is the segmentation and targeting of customers for different products and services likely to affect their choice to remain loyal to the bank? Explain.

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.....

Section C: Brand perception

Kindly indicate the perception of customers regarding Barclays Bank of Kenya and its service & product portfolio

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.....

Explain how Barclays and its service/product portfolio is regarded by its competitors

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.....

In your own opinion, explain how Barclays Banks' brand perception affects CLM at the bank

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.....

Briefly describe the how development of new products and services is done in your bank

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.....

Section D: Customer lifecycle management

Do your banks have a CLM system that captures Customer information at all service points? Explain

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.....
.....

Explain how Barclay bank has responded to changes in the macro-environment

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.....

Does the adoption and use of CLM concept in influenced your bank competitiveness and relevance in the banking industry? Explain

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To what extent has customer lifecycle management enhance competitiveness of Baclays Bank in the banking sector? Explain your answer

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.....

Which other measures can be taken to enhance the effectiveness of customer Lifecycle management in your bank?

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.....

Appendix II: LIST OF BARCLAYS BANKS BRANCHES WITHIN CBD

- i. Barclays Bank Market Branch
- ii. Barclays Bank Queensway
- iii. Development House Branch
- iv. Haile Selassie Branch
- v. Harambee Premier Life Branch
- vi. Moi Avenue Branch
- vii. Nairobi University Branch