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Effects of Customer Oriented Strategies on the Performance of Commercial Banks in Kenya: A Survey of Commercial Banks in Mombasa, Kenya

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Abstract:
Employee Performance Management is a process for establishing a shared workforce understanding about what is to be achieved at an organization level. It is about aligning the organizational objectives with the employees' agreed measures, skills, competency requirements, development plans and the delivery of results. The emphasis is on improvement, learning and development in order to achieve the overall business strategy and to create a high performance workforce. The study objective includes how the working environment affects the overall employee performance. The research has also examined how the type of reward offered to the employees impacts on the employee performance, further it has also examined out how employees personal issues affects the overall employee performance, the type of management practiced in the organization and how it affects the employee performance has also been analyzed. The case study research design has only selected Ecobank hence only one organization will be involved in the study. A descriptive research methodology has been incorporated. The data collected was edited to verify completeness and accuracy, corded for easy analysis using excel and then presented using pie charts, percentages, tables, graphs and figures. The population of study comprised of 150 persons performing the roles of management, the subordinate staff as well as the supporting contractual staff of EKE coastal region. The accessible sample size of the research is fifteen management staff and thirty eight junior staff making a sample size of 36 percent. The data was collected using questionnaires. The researcher used regression technique of data analysis. All the information collected was then presented and summarized inform of tables and figures for easier analysis. For the quantitative technique figures were used to summarize the data collected. The final data collected was then presented in tables and figures. The study found out that strategy of motivating Ecobank employees had a positive effect on employee performance. It showed that 60% of the respondents felt that the resources provided improved job performance. The study concluded that the adoption of rewards system had the highest effect on the performance of employee in the banking sector, followed by provision of resources followed by management style and finally the personal issues. At 5% level of significance and 95% level of confidence, resources, management style, rewards and personal issues were all significant measures of motivational performance in commercial banks. The study recommended that all the stakeholders in the banking industry should incorporate the findings of this study, especially performance improvement through managing employee welfare and internal relations. The study found out that commitment of resources yielded positive results hence the management should not fear to commit organization resources on reward system and creating good environment. The study recommends that management should provide workers with the means to communicate issues that bother them. Further, regular performance reviews, options for career development and a sense of autonomy in their job enables staff members to enjoy their work. The study also revealed that making an effort to create an enjoyable work environment will positively affect employee productivity and your business. Another recommendation key on improving performance is the ability to resolve conflict positively. Employees would be advised that when handling emotionally-charged situations, stay focused in the present by disregarding old hurts. Further if a conflict can't be resolved, choose to end the argument, even if you still disagree. A bigger sample may also be considered for more reliable results. The study recommends that other researchers may consider the following factors; recent technology, accountability, role clarity, transparency in workplace, valued employee feedback and ideas, team pairing and fair employee treatment.

1. Introduction

1.1. Background of the Study

It's widely known that today the basic condition for surviving in the market is the concept of customer-focused management since the customer is the backbone of a business, without customers a business enterprise can never be successful. Customer oriented strategies are critical in strategic management of a bank in order to survive in today's intensive competitive atmosphere through satisfying customer needs. According to (Fader, 2012) customer-oriented strategy is a planned approach to how we handle our customers at every touch point. It is more than just giving great customer service or a great customer experience. It requires a strategic plan to be put in place to address all of those areas, plus the metrics to ensure the success of the strategy.

According studies conducted it's been shown that firms which pursue customer oriented strategies are more likely to provide quality service and product, contribute to customer satisfaction and attain organizational goals more efficiently and effectively than competitors. In addition, it is argued that this type of orientation plays an even more relevant role in service organizations than in other types of companies (Kelly, 2012; Kim and Cha, 2012). During the last decade, Customer oriented strategies started to appear in the management literature as an important tool in both private and public organizations. For example Kaplan & Norton (2012) introduced the concept of balanced scorecard measures of performance. One of the four dimensions of the balanced scorecard focuses on customer perspective and the importance of monitoring the rate of customer acquisition, retention and satisfaction. Likewise in total quality management (TQM), the importance of monitoring customers' complaints, acquisition and loss of customers, is one of the philosophies. Foster & Gupta's (2014) study is among the earliest studies which emphasize the importance of monitoring customers on the premise that an organization should value customers as an asset.

Customer-oriented employees derive satisfactions from pleasing external and internal customers (Donavan and Hocutt, 2012); additionally, by improving their understanding of customer needs and using this knowledge to design better products and services, customer orientation should directly impact customer satisfaction (Gustafsson et al.,2013). Customer-oriented firms thus are consistently perceived as offering higher quality physical goods and employee performance (Brady and Cronin, 2011). Similarly, if service employee behaviours are focused on long-term relationships like high contact intensity, mutual disclosure, and cooperative intentions they improve their ability to provide satisfactory customer services.

It is widely acknowledged that successful organizations need to have a customer-oriented business culture (e.g., Athanassopoulos 2013; Deshpandé, Farley, and Webster 2013).Customer orientation has been identified as a cornerstone of the theory and practice of marketing management (Jaworski & Kohli, 2013). It's been argued that customer-oriented firms out-perform competitors by anticipating the developing needs of consumers and responding with goods and services to which superior value and greater satisfaction are consistently attributed. This implies that customer orientation is the basis for organizational learning that results in superior value attribution and greater customer satisfaction (Slater & Narver 2015). Therefore being customer oriented allows firms to acquire and assimilate the information necessary to design and execute marketing strategies that result in more favourable customer outcome and business performance.

Customer-oriented organizations focus on the delivery of value to ensure that the customer actually gets the desired value. The organization creates suitable policies, sets up appropriate structures and systems, and tracks the delivery of value. The culture of customer-oriented organizations tracks delivery and customer satisfaction. The organization shows a great deal of concern for customer satisfaction and the tracking is built into the processes and the culture. According to Barker & Hart (2014), competition increased among industries in the 1980 and it became obvious that customer retention was equally if not more important than customer creation. Given a saturated market everyone became somebody's customer and the only way to grow your customer was by winning new customers at the competitor's expense.

This is well documented as the cost involved in building a relationship with a new customer is projected to be around five times the cost of retaining an existing customer (Reichheld, 2011).While the precise meaning and measurement of customer retention can vary between industries and firms there appears to be a general consensus that focusing on customer retention can yield several economic benefits (Reichheld, 2010; Buttle, 2014).However no business is able to sustain a continuous revenue stream without attracting and retaining customers willing to take its services(Lovelock et al,2015).Therefore in addition to the traditional marketing the bank's management ought to pay more attention to potential and existing clients.

Within an increasingly competitive environment in, customer oriented strategies is seen as an organization strategic tool for improving product and service quality (Guilding & McManus, 2012). Organizations placing greater emphasis on Customer oriented strategies will tend to attach a relatively high degree of importance to eliminating non value added activities and cost, building closer links with customers, having a management approach of meeting customers' need, finding solutions to poor service, and regularly measuring customer service.

In Kenya, many changes are occurring in environments where commercial banks operate. According to a study by (Buchichi,2013), following the increased competition among commercial banks in Kenya, many banks have tried to gain competitive advantage through customer service. Customer service enables a bank to differentiate its market segments for greater customer satisfaction and improved bank performance. The products offered by different banks in Kenya are more less the same only differentiated through packaging and other service additional. Most banks have realized the importance of this and have now embarked on customer service to meet its customers' demands. In addition, the increased competition is making today's companies to begin to understand the value of customers, rather than the value the products generate for them. To retain these customers banks are now striving to develop meaningful relationships with key customers and more so to manage those customer relationships more pro-actively (Connor et al, 2014).

Over the last seven years tremendous growth has been observed in the banking sector in Kenya accompanied by expansion to the East African region. Mombasa has witnessed the growth of banks by the opening of additional bank branches in different parts of the county. The industry is characterized by intense competition amongst the mainstream players as well as the fast growing financial institutions such as the micro finance institutions, insurance companies, telecommunication companies (i.e. Safaricom's Mpesa: with money transfer and lending facilities) and other newly emerging financial services providers. The new entrants in the banking industry or financial services have disrupted the tradition banking approach by offering better customer experience in terms of products and delivery channels and thus stepping up competition.Zineldin(2015), emphasized that the banking industry more so in Kenya provides a good and reliable example of an industry that must respond to changes in the environment in order to survive.

1.1.1. History of Banking in Kenya

As at 31st December 2015 the banking sector comprised of the Central Bank of Kenya, as the regulatory authority, 43 banking institutions (42 commercial banks where 2 were under receivership and 1 mortgage finance company,Out of the 43 banking institutions, 30 are locally owned banks comprise, 3 with public shareholding and 27 privately owned while 14 are foreign owned. Kenyancommercial banks are classified into three peer groups using a weighted composite index that comprises net assets, customer deposits, capital and reserves, number of deposit accounts and number of loan accounts. As of March 2015, a bank with a weighted composite index of 5 per cent and above is classified as a large bank. A medium bank has a weighted composite index of between 1 per cent and 5 per cent while a small bank has a weighted composite index of less than 1 per cent. For the period ended 31st December 2014, there were 6 large banks with a market share of 49.9 per cent, 16 medium banks with a market share of 41.7 per cent and 21 small banks with a market share of 8.4 per cent.

Kenya's banking sector continued to leverage on robust Information and Communication Technology (ICT) platforms in the provision of quality banking services that are efficient and on a wider scope. Apart from the traditional Automated Teller Machine (ATMs) services, bank customers can receive other banking services such as mobile and internet banking. Further, robust ICT platforms have enabled banks to roll out agency banking services where customers are able to carry out banking services such as deposits and withdrawals from a third party contracted by the bank and such transactions are seamlessly posted into customers' accounts.

The Banking industry in Kenya is governed by the Banking Act, the Companies Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). In recent years, this sector has enjoyed tremendous growth in assets, profitability, deposits and product offering (CBK, 2015). This growth can be attributed to an aggressive network expansion locally and regionally undertaken by most banks in an effort to get the previously 'unbankable' segment of society. Secondly, growth can be attributed to automation of many services offered by banks including introduction of ATM services, agency banking, mobile banking and internet banking services. The banks have also experienced increased competition in the last few years; this has been due to increased innovations among the competitors and new entrants in to the market (CBK, 2005).During the years, institutions continued to invest in ICT infrastructure with the objective of improving quality of customer service through offering alternative ICT based products and delivery channels.

1.2. Statement of the Problem

The banking sector in Kenya is faced with significant challenges in the area of customer service and service delivery, both internally and externally. The constant change in demographics coupled with high customer expectations is making organizations rethink its customer oriented strategies. Strategies and tactics that worked in the past are less effective and require more effort to execute (Harrington and Akehurst, 2010). In an era where service has become a defining factor for customers, organizations of all types struggle to find the unique balance between delivery of a service, the cost of the delivery and customer expectations. Historically the key factors influencing the selection of a bank were influenced by rates, fees and prices charged. It has appeared that, on its own, superior service is not sufficient. Prices are essential, if not more important than service and relationship quality. In a service industry like in the bank, the quality of customer service holds a primal significance in the context of sustained business growth.

Management needs to carefully and critically assess how their companies have performed at developing and implementing a customer oriented service strategy. Customer service is a competitive weapon that can easily differentiate one supplier from another. The discipline to adhere to a good customer service and operational strategy can create substantial rewards (Dall and Bailine, 2014). In most industries, customers have become more sophisticated and demanding quality and efficient goods and services. Suppliers that offer the most in customer defined quality products; pricing and quick delivery will outperform their competitors and easily gain more market share in the future as customers clamour for more.

One of the trends in marketing today is the increasing importance of building customer loyalty instead of attracting and seducing new customers. In the wake of the changing dynamics in the financial services sector, commercial banks in Kenya have the uphill task of retaining key value customers, acquiring new customers, building their confidence and maintaining a robust financial performance. Corporate customers who have traditionally been reluctant to switch banks are now demanding for better services and are willing to switch banks if they are offered better services elsewhere (Farquhar, 2014; Lam & Burton, 2014).

From this development, banks now find themselves operating in a highly competitive and fragmented marketplace, characterized by increasingly empowered and financially literate consumers. It is therefore emerging that the strength of banks today lays in the quality of service their offer to their customers through relationship marketing. In addition, long-term customers buy more and, if satisfied, may generate positive word-of-mouth promotion for the company. Additionally they take less of the company's time and are less sensitive to price changes. The key variables influencing customers' selection of a bank today include the range of services offered, interest rates, fees and prices charged (Abratt &Russell, 2013). It is apparent that superior service, alone, is not sufficient to satisfy customers as prices are essential but not more important than service and relationship quality. Furthermore, service excellence, meeting client needs, and providing innovative products are essential to success in the banking industry. Most private banks claim that creating and maintaining customer relationships are important to them and they are aware of the positive values that relationships provide (Colgate et al., 2014).

From a number of empirical studies that have carried in the fields of strategy and marketing suggests that customer orientation influence organizational performances through organizational responsiveness. For example,Slater and Narver (2015) suggest that the

market-driven organization is well positioned to anticipate the developing needs of customers and to respond to them through the addition of innovative products and service. This ability gives the market-orientated organization the advantage in the speed and effectiveness of its response to opportunities and threats. However, Christensen and Bower (2014) and Grewal and Tansuhaj(2011) found that customer orientation leads to negative firm performance under disruptive technological innovation and crisis.
Furthermore research suggests that customer dissatisfaction is still the major reason of defection to other competing banks (Manrai & Manrai, 2012). Studies conduted on customers service and customer retention have shown that business naturally tend to lose around 50 per cent of its customer every five years (Mac *et al.*2012). This as a result makes the services oriented companies to invest more money,time and labour to draw new customers which could have been used in retention of customers. The reaction by an organization towards a service failure is the determining factor of making things good or worse:customer retention or defection.Therefore it is important for companies to have customer service strategies for prevention, recovery, planning and future improvement (Cranage, 2014).

1.3. Objectives of the Study

1.3.1. General Objective
The general objective of this study was to investigate the effect of customer oriented strategies on the performance of commercial banks in Kenya.

1.3.2. Specific Objectives
The study was guided by the following specific objectives:
1. To determine the effect of acquisition strategies of customers on the performance of commercial banks in Kenya.
2. To determine the effect of retention strategies of customers on the performance of commercial banks in Kenya.
3. To determine the effect of Customer relationship management strategies on the performance of commercial banks in Kenya.

1.4. Research Questions
1. What is the effect of acquisition strategies of customers on the performance of commercial banks in Kenya?
2. How do the retention strategies of customers affect the performance of commercial banks in Kenya?
3. To what extent do Customer relationship management affect the performance of commercial banks in Kenya?

1.5. Justification of the Study
The study is relevant as it will give insight of the best strategies should be embrace by the management and employees in financial institutions. The study will elucidate on avenues that all organizations need to improve on so as to be more effective with their customer oriented strategies. Bank managers will appreciate the information as useful in developing customer oriented strategies and review their present initiatives. Therefore, it is important to understand what constitutes effective customer service and how customers evaluate service provider's strategies and find the measures needed to give them value for their money through service. It will also identify the strategies that can be adopted or leverage by banks and other financial institutions to sustain its competitive edge.
The findings of this study will form a basis for the bank managers to determining whether the massive investment in areas covered is justifiable. This will include areas for improvement; staff training and consolidating on the strong areas of customer service delivery. The study will be valuable as a resource for further research on the role of customer oriented strategies on organization performance. The study will also identify new areas for study as well as serves as source of reference to future researchers and academicians in this field.

1.6. Scope of the Study
The study was based on the effect of customer oriented strategies on the performance of commercial banks in Kenya. This study was limited to the customer oriented strategies employed, the impact and challenges affecting the implementation of customer oriented strategies on the performance of commercial banks in Kenya. The study was carried out in some of the commercial banks found in Mombasa County.

1.7. Limitations of the Study
This study was expected to have inherent limitations. The banks were reluctant in giving much information of how they address customer service delivery failures or their customer oriented strategies thus an aspect of confidentiality was needed to address data collection and full participation. The researcher managed to win the confidence of the respondent by giving them the academic purpose of the research and assuring them of confidentiality. Other limitation observed included time factor, as more time was needed in data collection due to a tight schedule observed and the analysis of the data collected and associated overheads.

2. Literature Review

2.1. Introduction
This chapter mainly will deal with reviews of existing literatures from other researchers. The main areas mainly constituted: conceptual framework, theoretical review of the variables including the critique of existing literature relevant to the study.

2.2. Theoretical Framework

The theoretical review seeks to establish some of the theories that are attributed by other researchers, authors and scholars and are relevant to customer oriented strategies.

2.2.1. Resource Based Theory

This theory was developed by Wenefeldt in 2014. The main principle is that a firm differ in fundamental ways because each firm possess a "unique" bundle of resources-tangible and intangible assets and organizational capabilities to make use of those assets. Each firm develops competencies from these resources, and when well developed they become the firm's source of competitive advantage (Pearce & Robinson, 2015). In the context of this theory, it is obvious that the resources that a firm has will play a big role in the strategic implementation process that intends to improve firms' performance.

The resource based theory emphasizes the firm's resources as the fundamental determinants of competitive advantage through customer oriented strategies and performance. It adopts two assumptions in analyzing sources of competitive advantage Barney, (2012).The currently dominant view of corporate strategy in line with resource-based theory is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of strategy has a coherence and integrative role that places it well ahead of other mechanisms of strategic decision making. Traditional strategy models such as Michael Porter's five forces model focus on the company's external competitive environment. Most of them do not attempt to look inside the company. In contrast, the resource-based perspective highlights the need for a fit between the external market context in which a company operates and its internal capabilities.

The resource-based view is grounded in the perspective that a firm's internal environment, in terms of its resources and capabilities, is more critical to the determination of strategic action than is the external environment. The business strategy chosen should allow the firm to best exploits its core competencies relative to opportunities in the external environment. Abank that has attained a competitive advantage has created economic value than its competitors. Economic value is generally created by producing products and or services with either greater benefits at the same cost compared to competitors or the same benefits at lower cost compared to competitors. Because superior benefits tend to enhance customer loyalty and perceived quality a bank that can exploit its resource-capability combinations to effectively attain a differentiation-based competitive advantage. This should be able to improve its performance compared to competitors by selling more units at the same margin or by selling the same number of units at a greater margin.

Resource based theory sees the bank as a collection of assets, or capabilities. In the modern economy, most of these assets and capabilities are intangible. The success of businesses is based on those of their capabilities that are distinctive. Banks with distinctive capabilities have attributes which others cannot replicate, even after they realize the benefit they offer to the company which originally possesses them.

2.2.2. Structural Contingency Theory

Structural contingency theory points out that organizational structure must be adaptable to each business and that each business must make moves to ensure they are operating within the most efficient structure to support the business. A variety of factors which include internal contingency, environmental and organizational structure. Internal contingency factors are those that occur within the walls of the organization. Examples include job tasks and organizational size. Structural contingency plans can be affected by how tasks are performed and the number of employees needed to operate the company efficiently. For instance, the introduction of new technology can lead to changes in the way tasks are completed and thus effect the number of employees needed to accomplish those tasks. Environmental factors are those that influence how the organization fits within, and adapts to, the surrounding business environment. Typically environmental factors indirectly shape the organizational structure of the company through their interactions with internal contingency factors and influences. Examples of environmental factors include economic uncertainty, change in competition and shifts in consumer preferences (Jeong and Nawi,2012)

The organizational structure a bank chooses often depends on size. For instance, small banks may be better suited for a centralized management system where decisions are made by a select few. In contrast, large banks may require a more spread out management structure to help executives stay in touch with the many roles and tasks within the organization. Unfortunately, companies often wait until things hit bottom to put contingency plans in motion. For banks with significant profits, a delay may not have a detrimental impact; however banks need to be more cognizant of the various factors and influences that can impact the structure of the organization (Nicole 2011).

2.2.3. Market Oriented (Mktor Model)

A fundamental idea in the marketing literature is the suggestion that any firm that is able to raise its level of market orientation will improve its performance in the market place. According to Slater and Narver, (2013), market oriented firms are defined by their superior understanding of customer's current and future needs and by their ability to offer solutions to those needs that are superior to rival's offerings .They defined three equally important behavioural dimensions of market orientation, them being customer orientation, competitor orientation and inter functional coordination. In addition, they added two decision criteria that are long term focus and profitability to their model.

Customer-orientation refers to the understanding of current and future distributors and of user's value chain, as well as the creation of superior value for both of them (Narver & Slater, 2014). Competitor orientation implies knowledge of a company's current weaknesses and strengths, strategies, and future capacities, including knowledge of current and developing technologies. Finally, inter-functional coordination relates to the integration of the different areas of the business, transversal to the organization and not just as a marketing concern (Narver & Slater, 2014). In this case the researchers found a positive relationship between marketing orientation and financial performance. They also found a positive relationship between other management variables related to employees and competitive advantage, based on either product differentiation or low cost (Narver & Slater, 2014)

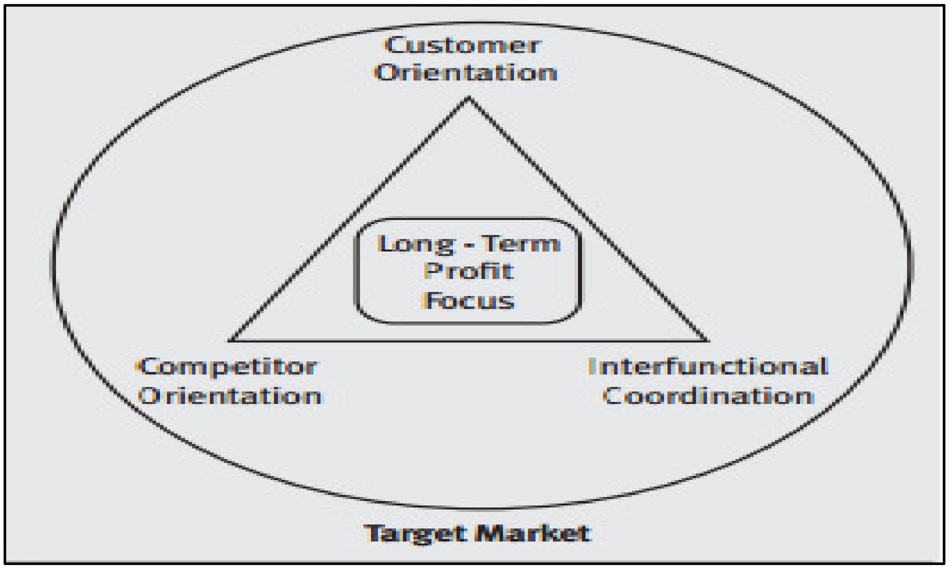

Figure 1: Mktor Model
Source: adapted from (Narver& Slater, 2013)

Fig 2.1.Shows the interaction between the three behavioral components; customer orientation, competitor orientation and inter functional coordination. Research shows that the consequence of market orientation materializes in all tasks performed by a firm by virtue of the customer oriented strategies employed. The degree of market orientation shows through employee and customer satisfaction, as well as content shareholders. Customers of a bank with a high degree of market orientation experience great value for money and excellent service that is gladly delivered by skilled and professional employees of that company. Gray (2014) found that the more market oriented companies are the more satisfied and loyal the customers and employees are.

This concept matches with Kohli´s and Jaworski´s (2014) suggestion that banks must collect and assess data on customer´s current and future needs. These banks employees should emphasize service delivery and manage their customer relations well. Employees should spend considerable time with their customers (Narver and Slater, 2014). Competitor orientation is the second component of market orientation and states that organizations should identify, analyze and use the strengths, weaknesses, opportunities and capabilities of both current and future competitors. Inter functional coordination or integrated marketing means that all departments within the company play a critical role in satisfying customers.

According to Narver and Slater (2014), competitor and customer orientation include all activities that involve generating market intelligence about customers and competitors, analyzing it and distributing that knowledge throughout the organization. This means that the market oriented company must provide adequate business processes and systems for data input and coordinate the communication of disseminated business info in order to create superior value for customers. According to Narver and Slater (2014), continuous innovation is implicit in each of these components. If there is no innovation and continuous data generation, employees will not have the right prerequisites to offer that extra service to the customer. The two decision criteria shown in the fig.2.1 are a long term profit focus and profitability. It is through the continuous creation of superior customer value that a business creates its long-run profit performance. A short period marketing campaign or sales action might boost sales, but the organizational image and generation of repeat customers only evolves over time along with reputation and word of mouth. An acquisition orientation encourages employees to look beyond the organization's existing customers to collect diverse customer knowledge.

2.3. Conceptual Framework

In this study, the dependent variable is organization performance while the independent are customer acquisition strategies, customer retention strategies and customer relationship management strategies.(See Fig. 2. below).As the figure illustrates the conceptual framework of the current study assessing the effects of the three elements was the main purpose of the study.

Each of the independent variable has its own effect in the performance of commercial banks in Kenya. They will be studied independently in this study and determined how they individually affect the performance of commercial banks.

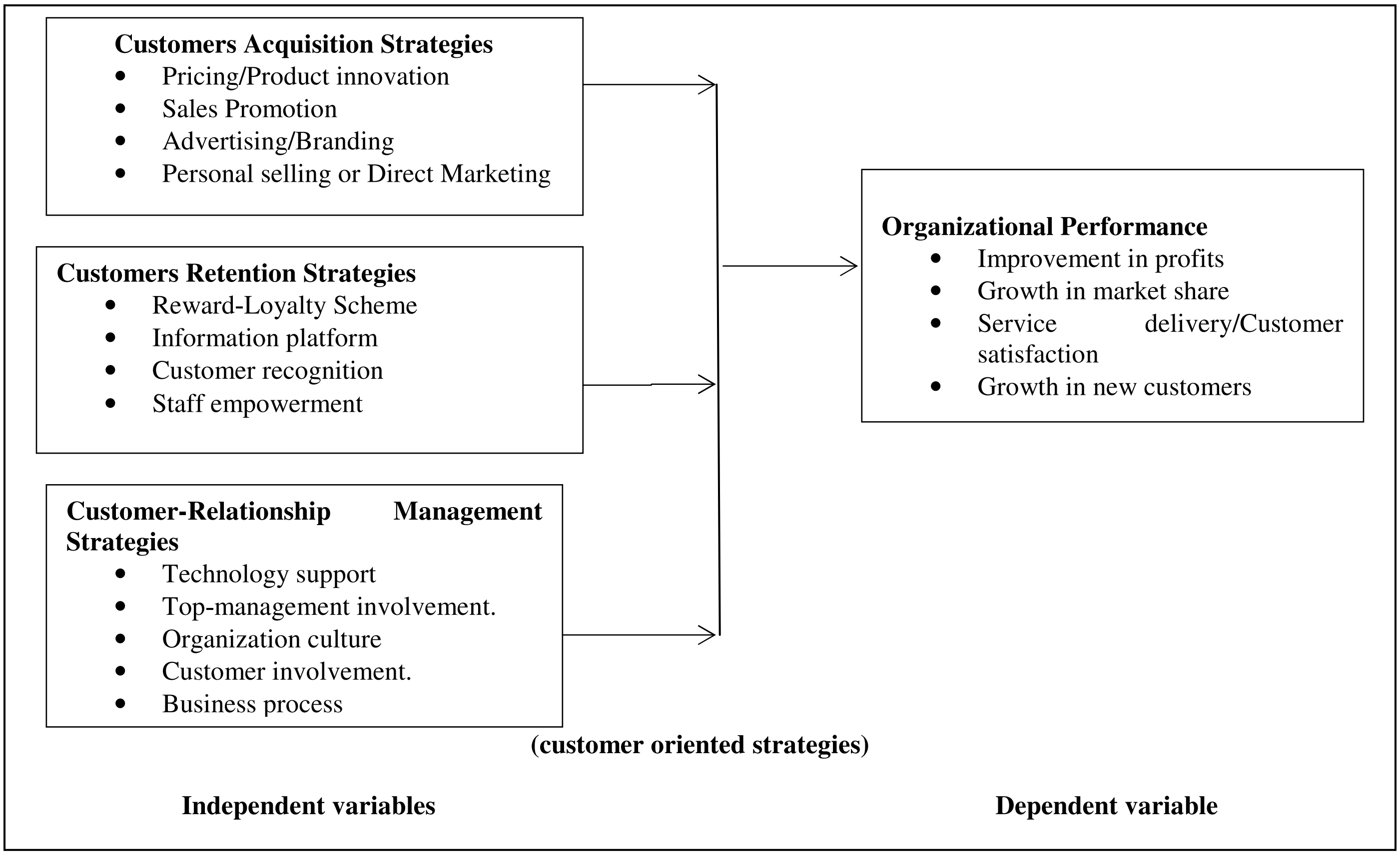

Figure 2: Conceptual framework of the study

2.4. Review of Variables of Study

2.4.1. Customer Acquisition Strategies

Customer acquisition extends from the channels customers use to first access the firm (Ansari*et al,* 2014) to the promotions that bring them to a firm. The value of a customer can also be enhanced by the firm through appropriate development strategies such as delivering customized products and cross-selling (Kamakura *et al.,* 2013)

The objective of acquisition strategies is to obtain more and profitable customers. For example, new home buyers are targeted by banks for home insurance as another new product offered by banks that have already diversified into insurance business. In spite of its importance, identifying potential customers for acquisition is an area of scant attention. In general, acquisitions areprofitable if the expected value of attaining the customer (over the lifetime) exceeds the cost (Blattberg *et al*., 2014).

Managing customer acquisition consists of a variety of interrelated tasks and activities. The widespread approaches usually adopted by the banks for acquisition strategy are pricing programs, brand strategy, product innovation, advertising, alternative and direct marketing systems, sales promotions, and personal selling methods. Based on the solid foundation of developing a customer-oriented company, customer acquisition creates the lifeline of sales and return visits vital to a company's long-term success. Customer acquisition occurs across an array of channels (e.g., direct television, direct mail, Internet, telemarketing, face to face etc.) and researchers have begun to assess the efficacy of channel acquisition strategies and their effect on subsequent behaviors (Bolton *et al.,* 2014)he argued that customers acquired through channels with a price emphasis tend to be less loyal.

Acquiring new customers, especially from competitors, requires a firm to change its resource configurations significantly by either differentiating its product and service offerings or reducing the cost of offering those products and services (Eisenhardt & Martin, 2010). Even if a firm successfully acquires new customers without changing its resource configurations, uncertainties associated with acquiring new customers, as well as their potentially distinct needs and preferences, may demand that the firm invest resources to acquire new technology, skills, and processes and thereby achieve flexibility and novelty through increased variation and experimentation (Teece *et al*. 2013).While the banking sector is seeking to maintain a balance between acquiring customers and developing existing ones, customer acquisition is vital, as no retention strategy will entirely stem customer defection as the banks are experiencing unacceptable levels of defection or loss.

Acquisition of customers is a continuous and ongoing process, thus to maintain a stable rate, Kenyan banks need to improvise and develop customer-oriented strategies. To generate and create new experiences which consumers want to connect with, and also to make sure that a provider's offer continues to pamper and keep pace with the varying demands of its customer foundation, innovation becomes the key factor. It is imperative to understand the requirements of a customer and critical to initiate the much desired product at the right place and time.Park and Kim (2013) stressed on the importance of acquisition process, especially in the organization where potential customers are identified through information gathered from different communications.

In today's scenario where so many banks in Kenya and globally are vying for acquisition of the same customer, banks have been forced to form and enforce an appropriate acquisition strategy, which ensures that the best customer chooses them as their partner to bank with. This will involve identifying the best profitable customer and strategize as to how they may be acquired with a minimum costing. Berndt*et al.* (2015) explained acquisition process of customers as a want of finding fresh customers for their products; thus creating a need to develop strategies for attracting the customers. Hanan, (2013) and Buttle, (2014) reported that acquisition process of the customers is essential, even if those businesses which justify customer retention as the nucleus strategy as it has been found that 25% or more customers need to be replaced annually.

2.4.2. Customer Retention Strategies

Customer retention involves a focus on existing customers with an intention to develop long-term relationships with them which will lead to the generation of further business (Harrison and Ansell, 2012). According to Ang and Buttle (2013) focusing on customer retention can yield several economic benefits; the longer customers stay with the firm, the repeated patronage results in increase in the volumes purchased, customer referrals will increase as well.

Customer retention is more than giving the customer what they expect; it's about exceeding their expectations so that they become loyal advocates for your brand. Creating customer loyalty puts customer value rather than maximizing profits and shareholder value at the center of business strategy. The key differentiator in a competitive environment is more often than not the delivery of a consistently high standard of customer service. Previous studies have identified the benefits that customer retention delivers to an organization (Colgate *et al.*, 2013; Reichheld and Sasser, 2013).

Apart from the benefits that longevity of customers creates, researchers also suggest that the costs of customer retention activities are less than the costs of acquiring new customers. As it been argued that the financial implications of attracting new customers may be five times as costly as keeping existing customers. However, maintaining high levels of satisfaction does not ensure all customers remain loyal. Banks lose some satisfied customers who have moved, retired, or no longer need certain services. The main issue is that retention should not be taken as a substitute for loyalty and this suggests that banks need to understand why their consumers choose to stay and should not assume that it is a positive conscious choice (Colgate *et al.*, 2013).Hence banks need to take advantage of the Information systems which provide essential support for customer retention by keeping accurate details on purchase records, for assessing the value of customers to the bank and in picking up likely defectors (Schmittlein, 2015).

Beckett *et al*. (2013) draw tentative conclusions as to why consumers appear to remain loyal to the same financial provider, even though, in many instances, they hold less favorable views toward their service providers. For example, consumers appear to perceive little differentiation between financial providers. They may be motivated by convenience or inertia. Finally, many consumers associate high switching costs in terms of the potential sacrifice and effort involved with changing banks. Stum and Thiry (2013) argue that retained customers do demonstrate immunity to competitive pull. This is supported by Strandvik and Liljander (2014) in an exploratory study of customer relationship strength in retail banking in Finland. They found that if the bank-customer relationships were strong and that customers did not pay attention to competitor's advertising or make comparison to other banks.

Customer satisfaction has for many years been a key determinant in explaining why customers leave or stay with an organization. Eriksson and Löfmarck Vaghult (2013) argue that customer retention is central to the development of business relationships, and that these relationships depend on satisfaction. Reichheld (2012) suggests that some unsatisfied customers may choose not to defect, because they do not expect to receive better service elsewhere and that some satisfied customers may look for other providers if they believe they can get better services elsewhere. Knox (2013) argues that to build relationships, the company should strive for customer development. In addition, Athanassopoulos (2010) discusses satisfaction as an antecedent of customer retention in retail banking services in Greece his study indicate that product innovativeness, staff service, price, convenience and business profile are dimensions of customer satisfaction. The author also states that customers do not consider switching banks until they have encountered a series of negative effects.

Retaining customers is also dependent on a number of other factors such as choices; conveniences, prices, and incomes also include discounted rates for credit products, improved rates for deposit products, discounts for foreign exchange trade, insurance, and others. This satisfaction focus prompts a business to improve elements in which it already has invested, as well as refine and extend its existing product innovation activities (Mithas *et al.*2015).Thus important to empower employees, If staffs are given more power, greater access to information and adequate knowledge they are in a better position to recover situations or delight customers. Internal marketing need to supports the creation of a positive climate of cooperation where everyone in the organization is working towards keeping customers (2013).

The banks in Kenya and globally have witnessed a strategic move away from "offensive marketing" aimed mostly at getting new customers to "defensive marketing" focused on customer retention (Lee-Kelley *et al*., 2012).This is due to the recent environmental changes, especially the rapid growth of competition, the changing consumer landscape and increased customer choice. Many studies emphasize the benefits of customer retention in improving firm value and ultimately increases a firm's profits (Hidalgo *et al*., 2018).Hence, important and crucial that for managers to compete successfully in today's marketplace, it is a top priority for them to develop a sound and profitable customer retention strategy (Weinstein, 2012). Managers should provide clear direction so that the causes of customer defections are uncovered and addressed (Reichheld and Kenny, 2010). Managers are responsible for establishing priorities and making strategic choices, making it clear that the bank's customer base is a key strategic asset.Service quality, IT and a long-term perspective all require significant commitment and clear signals from senior managers with appropriate reinforcement since without their commitment implementation becomes a challenge.

Customer recognition is important in the banking sector which has contributed to the growth in customer segmentation and recognition. The main aim being retaining profitable or potentially profitable customers and recognizing, equally, that there are customers who should not be served (Reichheld and Sasser, 2010). One of the bases for segmentation should be existing and potential customer value. Relational exchanges can be most effectively maintained through relationship marketing, based around dialogues with individual customers and ensure the customers are recognized by the bank in one way or another.

2.4.3. Customer Relationship Management (CRM) Strategies

CRM in banking industry is viewed on how the organizations offer the best services for customers and to retain a good relationship with them. Although CRM has become widely recognized as an important business strategy, there is no universally accepted definition of CRM (Yim *et al* 2015). The CRM gained importance as popular business tools of a number of CRM projects implemented successfully in the early 1990s. However, about 70% CRM projects resulted in loss or no bottom line improvement in firm performance (Richard *et al.,* 2013). Levine, (2000) stated CRM is the utilisation of customer related information or knowledge to deliver relevant products or services to customers. In line with this, Ginger and Nancy(2014); Ngai, (2015) argued that CRM is important in banking practices in order to make better customer information and effective management between organization and customer. Recently, CRM strategy is used by many organizations for managing interactions with profitable customers. This is supported by Chahal (2013) that said CRM will ultimately impacts overall organization performance.

Research conducted on CRM strategies shows that it is not a product or technology; it is an actually a strategy of an integrated approach to customer relationships. This involves all business functions and must be led from the top hence it requires review and reorientation of the company's culture and focus. Responsibility for delivering customer value demands alignment across functions and hierarchies. Both competition and poor service lead to increased focus on price and CRM is the answer for a differentiation strategy. CRM is about moving to customer orientation and developing strategies that increase the value of relationships, which requires careful segmentation (Nguyen &Mutum 2012).

CRM can be viewed as a strategy for organization to improve their performance by maintaining a long-term relationship with customers. The main CRM driver is the move from a focus on efficiency to effectiveness. This means understanding customer needs and working with customers to fulfil those needs, which is a huge shift in business emphasis. Traditional marketing segments markets to position strong products but CRM focuses on customer behavior and profitability. Relationship marketing in banks is enabled by developments in IT, which allow organizations to identify and manage large numbers of customers. Data warehousing and mining enable the banks to learn from customer data, however marketing needs the technical and modelling skills to get best value out of the data and respond to what they learn.

Personal friendship between a customer and an individual service employee has also been modelled to influence customer loyalty (Bove and Johnson, 2011). Price and Arnould (2013) found that customer loyalty may be cultivated or strengthened, as customers find entertainment value or highly satisfying personal relationships in their interaction with the service provider. Customers expect more information, transparency and good service. In effective business marketing practice customers are involved with the firm in developing products and services. The investment in changing business strategy to relationship management is significant, not only the systems and processes, but also change of strategy and culture. Integration only happens when departments see the value of involving the customers and many organizations fail to provide the necessary resources and rewards to encourage customer-focus. Building the value proposition for target customers is key to achieving the balance of giving value to customers and getting value from customers. This demands detailed knowledge of customers, competition, opportunities and the company's performance capabilities. Customers expect multiple contact points with a bank and it is a priority to develop both traditional and new distribution channels and media to achieve this in a consistent and coherent way. This demands careful selection of channels and media according to suitability and structure

A bank may see to it that it reduces it costs through automating the processes and increasing customer self-service, thereby reducing staff and overheads, but this must be done in the context of enhancing the customer experience. For the banks to achieve this, the bank must measure and segment according to the customer. For example, Chen and Popovich (2013); Arab *et al.* (2010) report that integration of people, technology and process are the root factors that contribute to the successful CRM in business. In the banking sector the factors that strongly lead to the success of CRM's implementation are top management, support, and technology and organization culture. Even though CRM is widely-implemented and used by many organizations unsuccessful CRM will lead to poor performance by the organizations. Richards and Jones (2008) found that failure of CRM may lead to decrease in customer satisfaction and customer loyalty.

Customer retention in CRM is important to banking firms based on the organization's limited resources (Baumeister, 2012). Kalakota and Robinson (2010) argue a firm's strategy should focus on how to find and retain the most profitable customers instead of just providing superior services. The practices of CRM are necessary to ensure delivering better customer value, retaining customer and having a good relationship with customers.

2.4.4. Performance of Banks

The concept of organizational performance in this case, banks can be measured in terms of financial performance (profitability), growth in market share, service delivery, employee satisfaction and customer satisfaction to determine the success of the organization. The measurement of customer satisfaction, customer loyalty, increased customer lifetime value, service and quality improvement, innovation and competitiveness are considered as non-financial or intangible measures (Payne & Frow, 2015).

Organization performance describes the subjective measure of how well a firm can use its assets from its primary mode of operations to maximize service delivery and generate revenues. According to Anderson (2011), the benefits of financial stability ranges from enabling an organization to have sufficient resource for quality of service delivery, enhancing the ability to pay staff, vendors, creditors on time and maintenance of good credit risk.
Financial performance is used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Crane, 2014). The recommended measures for financial analysis are grouped into three broad categories: liquidity, profitability, and shareholder's wealth. Monitoring these measures as a group is more important than focusing on only one or two measures at the exclusion of others. The determinants of bank performances can be classified into bank specific (internal) and macroeconomic (external) factors. Internal factors are individual bank characteristics which affect the banks performance. These factors are basically influenced by internal decisions of management and the board. The external factors are sector-wide or country-wide factors which are beyond the control of the company and affect the profitability of banks. These factors are widely influenced by the customer oriented strategies employed by the bank.

2.5. Critique
Customer oriented strategies has been highlighted extensively in terms of literature whereby its uses and merits have been put to literature; its application has not been embraced passionately as the literature about it such as on customer service. The existing literature provides a good theoretical frame work that provides academicians with necessary information on good customer oriented strategies and performance of banks. It is clear that a good customer oriented strategies in a bank goes a long way to increase the bank value. More often than not implementation of good customer oriented strategies has been left for a few individual in organization. However little research has been done to make it clear that good customer oriented strategies has an impact the on performance hence its worth researching on the relationship between customer oriented strategies to banks performance specifically on the customer experience, bank size, information technology and ownership by the board.

2.6. Summary
Customer oriented strategies assure investors in banks that they will receive adequate returns on their investments evidence suggests that customer oriented strategies has a positive influence over bank performance. The literature also established that good customer oriented strategies results in a lower cost of capital. One explanation is that customer oriented strategies will lead to lower firm risk and subsequently to a lower cost customer acquisition and retention. Good customer oriented strategy is a signal or symptom of lower agency costs, a signal not properly incorporated in market prices.

2.7. Research Gaps
This study focused on commercial banks in Mombasa County and the findings will be generalized to other banks. Therefore future research opportunities can be exploited by conducting the same study in other counties. The review of literature has shown that there are theoretical and empirical studies in other parts of the world but there is little empirical studies on banks in Africa particularly Kenya. Ondieki (2010) studied the effect of customer experience strategy on the performance of Kenya commercial bank limited. The study indeed found out that the performance of KCB, as measured by the key performance indicators, has improved since the inception of the strategy in 2008.The study also found out that with the changing business environment, progress in service industry and the focus on customer service, has forced the bank to change their focus from customer acquisition to customer retention by building relationships with customers and adding more value to goods and services. Kimando (2012) in his research on factors that affect quality of customer service in the banking industry in the case study of Post bank, he found out that the human resource factors were positively influencing the quality of customer service in the bank through the performance of the employees. It is important to note that Wanyonyi (2011) conducted a study on Competitive strategies adopted by Kenya Commercial Banks to attract and retain customers. He found that banks have always embraced Service Recovery Processes as an effective tool in attracting new customers and retaining the old ones. But no study has been done and if available its minimal to investigate the relationship between customer oriented strategies and performance of the banks in Mombasa. Therefore this study was to fill this gap by investigating the relationship between customer oriented strategies and the performance of the commercial banks in Mombasa.

3. Research Methodology

3.1. Introduction
This chapter presents the tactics of research methodology that was embraced by the researcher during the study. It comprises of a blue print for the collection, measurement and analysis of data. It therefore analyses the research design, population and sampling design, data collection methods, research procedures and data analysis methods.

3.2. Research Design
The research problem was studied through the use of a descriptive research design. According to Cooper and Schindler (2013) a descriptive study is concerned with finding out the what, where and how of a phenomenon. The appropriateness of a research technique depends on numerous issues including but not limited to the research problem and the complexity of knowledge necessary for the phenomena in question. Kumar (2008) outlines research design as methods used in conducting research. Sekaran (2013) observes that the goal of descriptive research is to offer the researcher a profile or describe relevant aspects of the phenomena of

interest from the individual, organization, industry or other perspective. Descriptive survey designs are used in preliminary and exploratory studies (Luck and Ruben, 2012). This is to allow researchers to gather information, summarize, present and interpret for the purpose of clarification (Orodho, 2012). This study therefore will be able to generalize the findings to a larger population

3.3. Target Population

This study was carried out in the commercial banks in Mombasa. The target population of study comprises of 1100bank managers in the 38 commercial banks operating in Kenyaand with a representative in Mombasa (CBK 2015). Population is a collection of knowledgeable persons also known as universe (Hair *et al*., 2013). According to Cooper and Schindler (2013), a population is the entire collection of fundamentals about which a researcher needs to make implications. The researcher conducted a survey and collected data from the top management positions, middle and lower level management in Credit departments, Customer relationship departments and operation departments who have first-hand information about customer oriented strategies and the bank's performance.

3.4. Sample and Sampling Technique

Sample is a small group of objects or individuals selected or drawn from a population in such a manner that its characteristics represent population characteristics (Orodho, 2014).Sampling is a way of choosing some part of the group to symbolize and represent the entire group of the population of concern (Yin, 2013). It decreases the research period required to complete the study, it is controllable, cut costs, and it is virtually a mirror to the population.

Stratified random sampling method was used to select relevant respondents from various departments of commercial banks in Mombasa. Mugenda and Mugenda (2006) argue that stratified random sampling is where a given number of cases are randomly selected from each population sub-group. Stratified sampling enables the population to be divided into three segments (relevant departments within banks) called strata. Simple random sample is then drawn from each stratum, and then those sub-samples joined to form complete stratified samples. In addition proportional allocation is done, where each stratum contributed to the sample a number that is proportional to its size in the population. These strata are going to comprise the Credit managers, Customer relationship managers and the Operations managers who are expected to have first-hand information about customer oriented strategies and the bank's performance. This is well illustrated in Appendix VI.

3.4.1. Sampling Frame

Sample frame is a broad list of the elements from which the trial is drawn (Hair *et al*., 2012). It is a goals list of the population from which the researcher can create a selection. A sampling frame includes a numerical identifier for each individual, plus other identifying information about characteristics of the individuals, to aid in analysis and allow for division into further frames for more in-depth analysis. The sampling frame for this study was the list of all licensed commercial banks in Kenya that operate in Mombasa; the listing that was obtained from Central Bank of Kenya (CBK) and the Kenya Bankers Association (KBA) in December 2015.

3.4.2. Sample Size

Mugenda and Mugenda (2006) asserts that sampling is that part of the statistical practice concerned with the selection of individual or observations intended to yield some knowledge about a population of concern, especially for the purpose of statistical inferences.

Kothari (2014) recommends that a sample size be as large as possible in order to reproduce salient characteristics of the accessible population to an acceptable level as well as to avoid sampling errors. Mugenda and Mugenda (2006) claims that a representative of at least 30 respondents is a good representative sample of a population which does not exceed 10,000 respondents. They also claim that a sample size of 10% is adequate and representative enough for the whole population: therefore a sample of 110 respondents was used.

Category	Target Population	%	Sample Size
Credit Managers	307	10	31
Customer Relationship Managers	466	1047	
Operation Managers	327	1032	
TOTAL	1, 100	10	110

Table 1: Target Population and Sample size

3.5. Data Collections Instruments

Data collected was quantitative, and it wasanalysed by descriptive analysis techniques. The main data collection instrument was a structured questionnaire. A questionnaire with high reliability would receive similar answers if it is done again and again or by other researchers (Bryman and Bell, 2013; Saunders, Lewis and Thornhill, 2012). The use of questionnaire is cost effective, less time consuming as compared to the use of interview. Data collected through the use of well-structured questionnaire is easy to analyse.

3.6. Data Collection Procedure

Data collection involved a self-administered questionnaire. The researcher dropped the questionnaires physically at the respondent's places of work and was picked later. The questionnaires were distributed to the branch managers (marketing, credit and operation departments) in the respective banks. The study will collected both primary and secondary data. Primary data was collected using a questionnaire while secondary data was obtained from audited and registered annual reports of the banks.

3.7. Pilot Testing

The researcher carried out a pilot study to pre-test the validity and reliability of data collected using the questionnaire. According to Berg and Gall (2013) validity is the degree by which the sample of test items represents the content the test is designed to measure. According to Kotler (2003) reliability refers to the consistency of measurement and is frequently assessed using the test–retest reliability method. Mugenda & Mugenda, (2006) asserts that reliability is done using Cronbach's Alpha Model on SPSS. Mugenda and Mugenda (2006) assert that reliability is the measure of the degree to which research instrument yields consistent results or data after repeated trials. The researcher managed to conduct a pilot study with 10 respondents before distributing the questionnaire. The purpose was to ensure that those items in the questionnaire are clearly stated and have the same meaning to all respondents. At the same time helped to determine how much time is required to administer the questionnaire. Respondents for pre-testing did not form part of the sample.

3.8. Data Processing, Analysis and Presentation

Kothari (2009) argues that data collected has to be processed, analyzed and presented in accordance with the outlines laid down for the purpose at the time of developing the research plan. Data analysis involves the transformation of data into meaningful information for decision making. In this study it involved editing, error correction, rectification of omission and finally putting together or consolidating information gathered. The collected data was analyzed quantitatively and qualitatively. The quality and consistency of the study was further assessed using Cronbach's alpha. Data analysis was performed on a PC computer using Statistical Package for Social Science (SPSS Version 22) for Windows. Analysis was done using frequency counts, percentages, means and standard deviation, regression, correlation and the information generated was presented in form of graphs, charts and tables. Set of data was described using percentage, mean standard deviation and coefficient of variation and presented using tables, charts and graphs. Fraenkel and Wallen (2000) argue that regression is the working out of a statistical relationship between one or more variables. The researcher used a multiple regression analysis to show the effect and influence of the independent variables on the dependent variables.

The relationship is as follows;

$\mathbf{Y}=\alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$

$\mathbf{Y}$ = Represents the dependent variable, Performance of commercial banks

$\boldsymbol{\alpha}$= Constant

β_1, β_2, β_3, = Partial regression coefficient

$\mathbf{X_1}$ = Customer acquisition strategies.

$\mathbf{X_2}$ = Customer retention strategies.

$\mathbf{X_3}$ = Customer relationship management strategies.

$\boldsymbol{\varepsilon}$= error term or stochastic term.

4. Data Analysis, Results and Discussions

4.1. Introduction

This chapter presents analysis of the data on the effects of customer oriented strategies on the performance of commercial banks in Kenya. The chapter also provides the major findings and results of the study and discusses those findings and results against the literature reviewed and study objectives. The data is mainly presented in frequency tables, means and standard deviation.

4.2. Response Rate

The study targeted 110 employees of commercial banks Mombasa County, Kenya. From the study, 81 out of the 110 sample respondents filled-in and returned the questionnaires making a response rate of 73.6% as per Table 2 below.

	Frequency	**Percentage**
Respondents	81	73.6
Non-respondents	29	26.4
Total	**110**	**100**
According to Mugenda and Mugenda (2003) a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent; therefore, this response rate was adequate for analysis and reporting.		

Table 2: Questionnaire Return Rate

4.2.1. Data Validity

The researcher asked experts, three academicians, to assess the scales' content validity. Accordingly, the researcher made changes on the first draft in terms of eliminating, adding or rewording some of the items included in that draft.

4.2.1. Reliability Analysis

Prior to the actual study, the researcher carried out a pilot study to pre-test the validity and reliability of data collected using the questionnaire. The pilot study allowed for pre-testing of the research instrument. The results on reliability of the research instruments are presented in Table 3 below.

Scale	Cronbach's Alpha	Number of Items
Customer Acquisition	0.764	11
Customer Retention	0.809	17
Customer Relationship	0.723	14

Table 3: Reliability Coefficients

The overall Cronbach's alpha for the three categories which is 0.752. The findings of the pilot study shows that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.7 (Mugenda and Mugenda, 2003).

4.3. Background Information

The background information was gathered based on gender, position working in, level of education and the length of time respondents have worked in the organization.

4.3.1. Gender of Respondents

The study sought to establish the gender of respondents. The results showed that male respondents were 65.4% and female respondents were 34.6% with a (M = 1.35 and a SD = 0.479) as shown in figure 3 below.

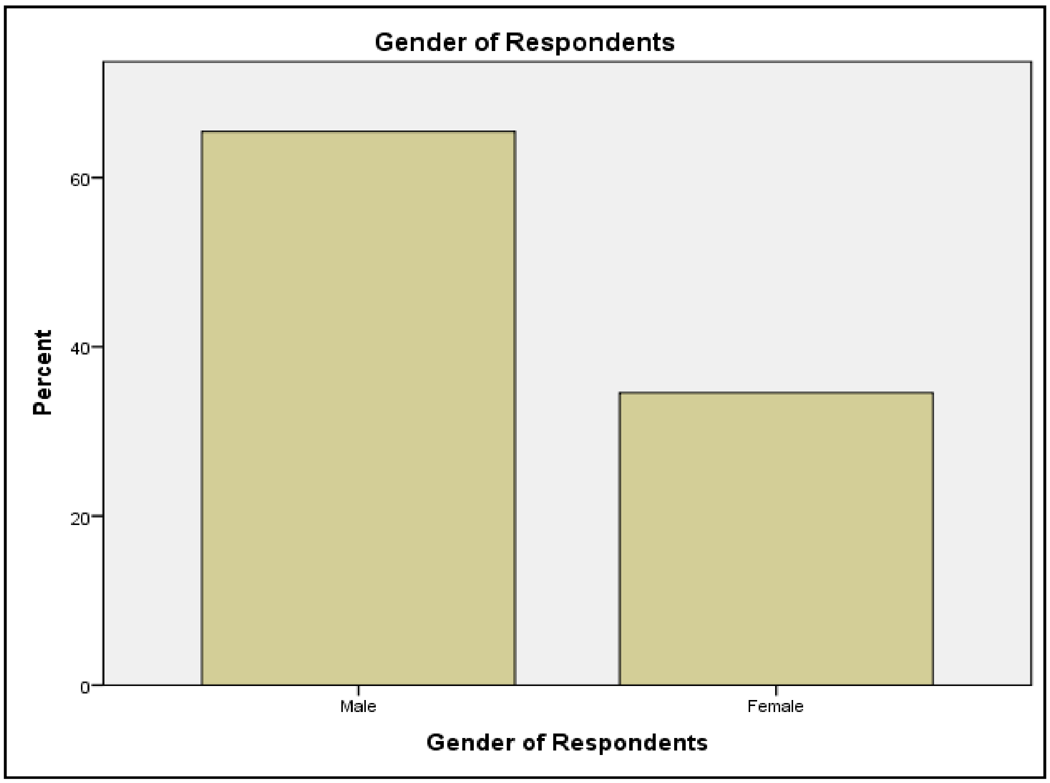

Figure 3: Genders of Respondents

4.3.2. Position in Organization

The study sought to establish what positions respondents hold in the organization. The study revealed that majority of respondents are in middle management standing at 59.3%, respondents in top management were 22.2% and that on lower management were 18.5% with a (M = 1.96 and a SD = 0.641) as shown in figure 4 below.

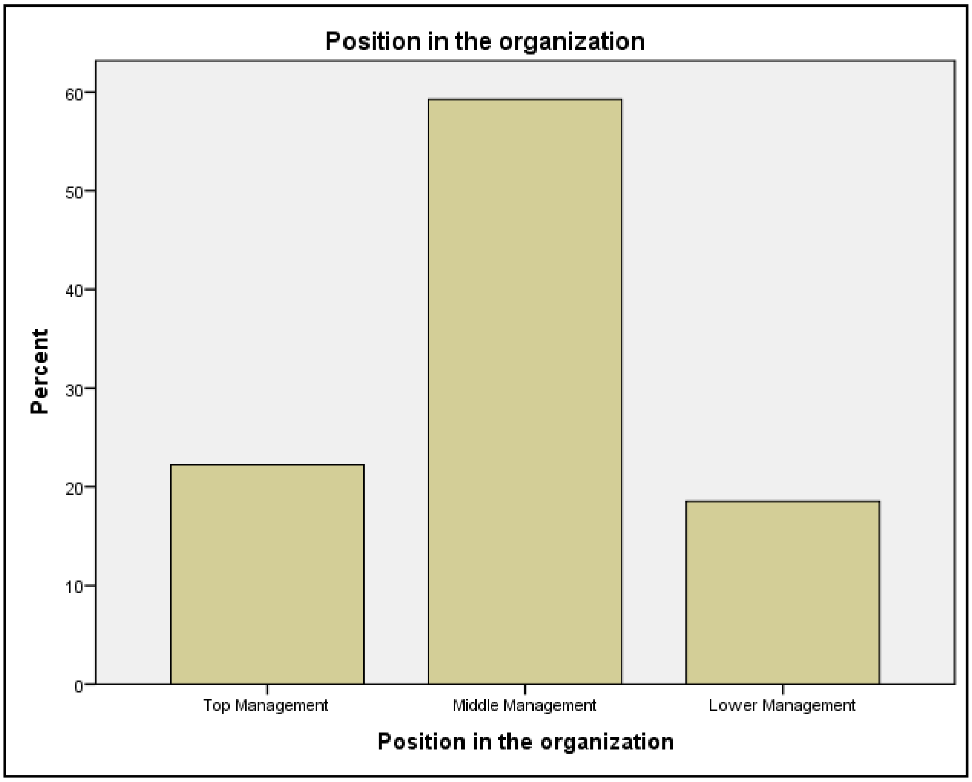

Figure 4: Position in the organization

4.3.3 Level of Education

The study sought to establish the highest education level of respondents. The results revealed that most respondents holding bachelors degree were 55.6%, master's degree were 25.9%, PhD were 6.2% and other forms of certificate were 12.3% with a (M = 2.74 with a SD = 0.755) as shown in figure 5 below.

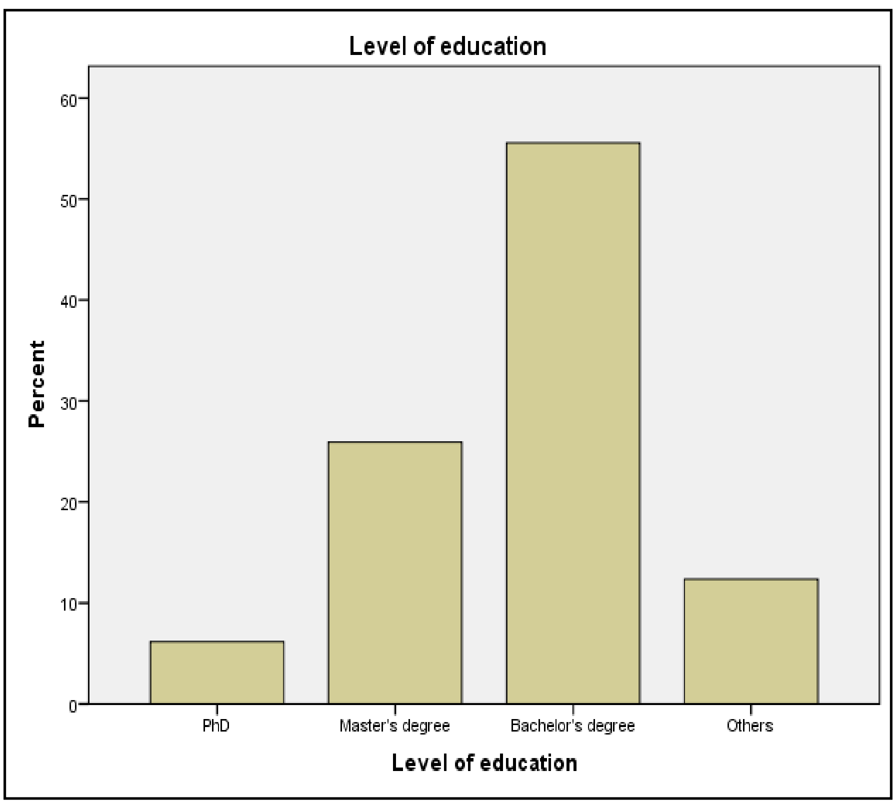

Figure 5: Level of Education

4.3.4. Length of Years Worked in Organization
The study sought to establish the length of time respondents have worked in the organization. The results revealed that respondents who have worked for between 0-5 years were 44.4%, between 6-10 years were 37%, between 11-15 years were 7.4% and respondents who have worked for over 15 years were 11.1% with a (M = 1.85 and a SD = 0.976 as shown in figure 6 below.

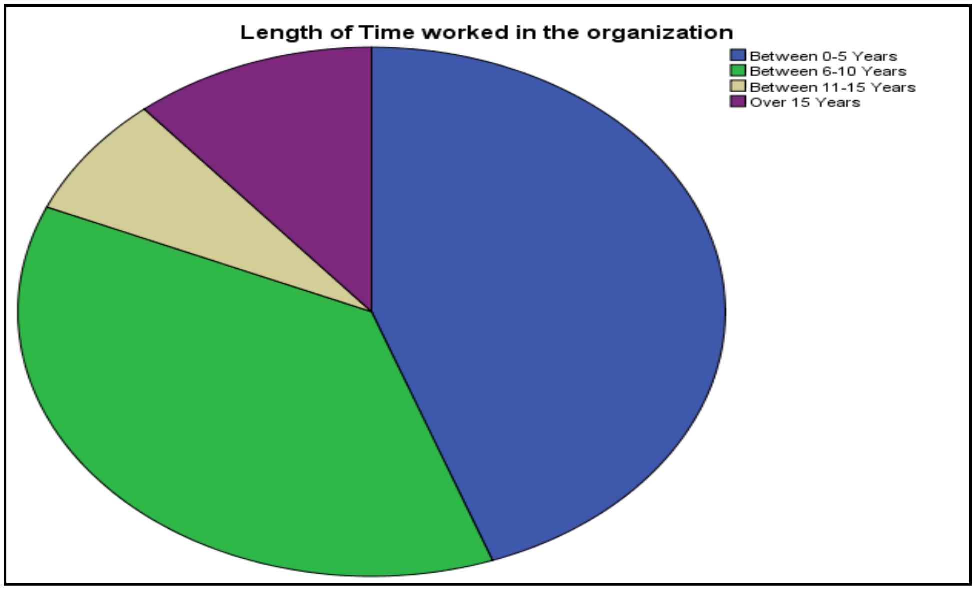

Figure 6: Length of Time Worked in Organization

4.4. Interpretation of Findings

4.4.1. Effects of Customer Acquisition Strategies on Performance of Commercial Banks
The following section provides a summary of a mean response for each of the constructs. The mean responses are calculated based on the average response of each questions attributed to a particular construct in the questionnaire. Effect of Customer Acquisition Strategies for instance was measured using an eleven-item index. In the research analysis the researcher used a tool rating scale of 5 to 1; where 5 was the highest and 1 the lowest. Opinions given by the respondents were rated as follows, 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree and 1= Strongly Disagree. The analysis for mean, standard deviation and coefficient of variation were based on this rating scale.

4.4.2. Effects of Customer Acquisition strategies on Performance of commercial banks

Customer Acquisition	N	Mean	Std.Dev
My bank has acquisitions appropriate and sufficient strategies that are effective at attracting new customers	81	3.68	1.047
My bank does conduct sales promotion campaigns to win new customers	81	4.02	1.151
I feel that our customer oriented strategy enables us to capture data and hence give value back to our customers through better prices on services and products	81	4.35	.883
My bank does conduct effective personal selling or direct marketing campaign	81	4.23	.795
My bank conducts periodic product pricing analysis	81	4.49	.691
I feel that our customer acquisition strategy enables us to produce services and /or products for our niche market	81	3.81	.963
We are able to prioritize the needs of our key customers because of the customer acquisition strategy we use	81	4.57	.724
I feel that the customer acquisition strategy has helped us to understand what customers are willing to pay for services and products	81	3.88	.872
I feel that our customer acquisition strategy has enabled us to deliver services efficiently to our customers	81	4.41	1.022
I feel that our customer acquisition strategy enables us to capture data and hence give value back to our customers through price	81	4.01	.716
We have used customer acquisition strategy to create a specific product for specific customers	81	4.25	.681
Valid N (listwise)	81		

Table 4: Customer Acquisition

The first objective of the study was to establish the effect of customer acquisition strategies on bank performance. Respondents were required to respond to set questions related to customer acquisition strategies and give their opinions. From the table better pricing and product innovation are emphasized by the banks as they influences customer buying a product or service and being loyal this is from the opinions: that the customer oriented strategy enables the respondents to capture data and hence give value back to the customers through better prices on services and products had a (M = 4.35 and a SD = 0.883).The respondents agreed that the bank conducts periodic pricing analysis had a (M = 4.49 with a SD = 0.691 The respondents agreed that the customer acquisition strategy enables us to capture data and hence give value back to customers through prices had a (M = 4.01 with a SD = 0.761).This result is similar to Reidenbach (2015) who argued that customer value is a more viable factor than customer satisfaction because it includes not only the usual benefits that most banks focus on but also a consideration of the price that the customer pays.
The respondents agreed that the bank has appropriate and sufficient strategies that are effective at attracting new customers had a (M = 3.68 with a SD = 1.047). The statement that the bank does conduct sales promotion campaigns to win new customers had a (M = 4.02 with SD = 1.151). The respondents emphasized that effective sales promotion and advertising are important at convincing customers that they are getting high value from their bank .The respondents agreed that the bank does conduct effective personal selling or direct marketing campaigns had a (M = 4.23 with a SD = 0.795. The analysis shows that the banks treasures personal selling or direct marketing to its customers as from the opinions that the customer acquisition strategy enables us to produce services or products for our niche market, had a (M = 3.81 and a SD = 0.963).
The respondents agreed that they are able to prioritize the needs of the key customers because of the customer acquisition strategy usedit had a (M = 4.57 and SD = 0.724). The respondents feel better that the customer acquisition strategy has helped them to understand what customers are willing to pay for services and products it had a (M = 3.88 and a SD = 0.872). The statement that our customer acquisition strategy has helped us to deliver services efficiently to our customers had a (M = 4.41 with a SD = 1.022. The respondents agreed to have used customer acquisition strategy to create specific product for specific customers had a (M = 4.25 and SD = 0.681).

4.4.3. Effects of Customer Retention Strategies on Performance of commercial banks

Customer Retention	**N**	**Mean**	**Std.Dev**
For the bank to encourage repeat customers the customer experience levels in the bank should be remarkable	81	4.56	.922
I feel that the organization uses customer needs and preferences in its decision making	81	4.40	1.137
I feel that we are educated and well trained to drive employee buy-in in the organization	81	4.26	1.104
Our staff are sufficiently trained and equipped to offer the desired customer experience levels	81	3.86	.984
The bank empowered staff play a big role in retaining customers	81	3.70	.914
Out IT has developed and improved new products for the customers by facilitating a variety of products offered by the bank	81	3.91	.869
I feel that our core banking applications are not focused on creating and managing relationship-based offerings	81	4.01	.829
I have noticed that the bank does rigorous coaching/mentoring programs to measure customer needs	81	4.16	.858
Our employees at times find it difficult to access customer information to help in retaining them	81	3.12	.927
The bank has a central customer care and marketing team that implements the organization strategy towards the customer	81	4.04	.431
The voice of the customer is integrated in our core business process through interface functions	81	3.93	1.046
I feel that customer centricity has been anchored in all our employees hearts and minds including the top management	81	3.90	.800
My bank has invested heavily in customer reward schemes to motivate and retain customers	81	4.20	.600
The information platform in the bank is conducive and aids in retention	81	4.02	.474
The information system has added competitive advantage to the bank	81	4.10	.604
Customer recognition has helped in retaining customers at the branches	81	3.94	.857
Our customer oriented strategy has a continual focus and development programme	81	3.98	1.162
Valid N (listwise)	81		

Table 5: Customer Retention

The second objective of the study was to establish the effect of customer retention strategies on bank performance. Customer retention Strategies for instance was measured using a sixteen item index. Respondents were required to respond to set questions related to customer retention and give their opinions. From the table the respondents agreed that for the bank to encourage repeat customers the customer experience levels in the bank should be remarkable it had a (M = 4.56 and a SD = 0.922). The respondents agreed that the bank has a central customer care and marketing team that implements the organization strategy toward the customer it had a (M = 4.04 and SD = 0.431), the voice of the customer is integrated in the core business process through interface functions had a (M = 3.93 with a SD = 1.046). The opinion that customer recognition has helped in retaining customers at the branches had a (M = 3.94 with SD =

0.857). The respondents agreed that the customer oriented strategy had a continual focus and development programme had a (M = 3.98 with a SD = 1.162).

The respondents felt that the organization uses customer needs and preferences in its decision making it had a (M = 4.40 with a SD = 1.137). The above responses indicated that customer recognition is paramount to the banks activities. In addition the respondents agreed that reward and loyalty scheme plays a big role in retaining customers as most were of the opinion that the bank has invested heavily in customer reward schemes to motivate and retain customers had a (M = 4.20 with SD = 0.600).
Majority of the respondents agreed that they are educated and well trained to drive employee buy-in in the organization and were sufficiently trained and equipped to offer the desired customer experience levels had a (M = 4.26 and a SD = 1.104. and (M = 3.86 with a SD = 0.984) respectively. Majority of the respondents indicated that they noticed that the bank does rigorous coaching and mentoring programs to measure customer needs had a (M = 4.16 and SD = 0.858). This was supported by the opinion that that customer's centricity has been anchored in all employees' hearts and minds including the top management which had a (M = 3.90 and SD = 0.800). The respondents agreed that the bank empowered staff play a big role in retaining customers had a (M = 3.70 with a SD = 0.914. This emphasized that employee empowerment is vital to business survival this result agree to the ones by (Nyanchama,2009) that employee empowerment leads to increased creativity in the organization, empowered employees have a high sense of self-efficiency accompanied by significant responsibility and authority over their jobs .
The respondents believed that IT has developed and improved new products for the customers by facilitating a variety of products offered by the bank had a (M = 3.91 and SD = 0.869). There was dissatisfaction withthe core banking applications are not focused on creating and managing relationships-based offerings had a (M = 4.01 and SD = 0.829).The respondents believed that employees at times find it difficult to access customer information to help retain them had a (M = 3.12 and SD = 0.929).This indicated the need to have ease of client information so as the bank employees can be able to serve the customer well. The statement that the information platform in the bank is conducive and aids in customer retention had a (M = 4.02 with a SD = 0.474). The respondents agreed that the information system has added competitive advantage to the bank had a (M = 4.10 and a SD = 0.604).

4.4.4. Effects of Customer Relationship Management Strategies on Performance of Commercial Banks

Customer Relationship Management	**N**	**Mean**	**Std. Deviation**
My bank has put in place good customer relationship management programs	81	4.47	.853
The organization culture of my bank is strongly linked to its management style and performance	81	4.01	.536
Organization culture influence Customer Relationship Management strategy implementation	81	4.12	.886
My bank is transparent and accountable it values customers contribution to its business	81	3.94	.940
My bank has a good leadership and management involvement structure which support customer oriented strategies	81	4.31	.831
Leadership especially top management is most critical in developing good relationship with customers	81	3.84	.873
My bank has put in place good customer information technology	81	4.21	1.057
We are very happy at adapting out IT applications and responding to unplanned customer demands	81	3.98	.651
There are set procedure-business processes in the bank's departments to be followed at all times during service delivery	81	3.81	.896
We utilize employee and management incentive in our organization to support customer relationship building	81	4.33	.592
Investment in training and other resources to support customer relationship management related initiatives has been extensive	81	3.79	.862
We take long term view to the formation of customer relationships as our information technology has ensured personalized attention provided by the bank to the customers	81	3.78	.962
There is promptness in handling customer complaints	81	4.21	.541
Customer Relationship management systems allows banks to develop its customer base and sales capacity	81	3.67	1.084

Table 6: Customer Relationship Management

The third objective of the study was to establish the effect of customer relationship management strategies on bank performance. Respondents were required to respond to set questions related to customer relationship management and give their opinions. Customer relationship management Strategies for instance was measured using a fourteen item index. Most of the respondents agreed that business process had much influence on customer relationship strategies. The opinions that my bank has put in place good customer-relationship management programs had a (M = 4.47 and SD = 0.853).The statement that there are set procedure-business processes in the bank's departments to be followed at all times during service delivery had a (M = 3.81 and SD = 0.896). The opinion that investment in training and other resources to support customer relationship management related initiatives has been extensive had a

(M = 3.79 with a SD = 0.862). We utilize employee and management incentive in our organization to support customer relationship building had a (M = 4.33 with a SD = 0.592).

The respondents felt that the organization culture plays a big role by the statements that the organization culture of my bank is strongly linked to its management style and performance had a (M = 4.01 and SD = 0.536). The statement that organization culture influence customer relationship management strategy implementation had a (M = 4.12 and SD = 0.886). The opinion that my bank is transparent and accountable it values customers' contribution to its business had a (M = 3.94 with a SD = 0.940).This was in agreement with earlier researchers who argued that clients' participation in the form of taking their feedback and implementing then create a strong bonding between the banks and their clients. This is in line with findings that banks should ensure that customer feel comfortable and safe, both physically and mentally, in the banks (Jiham and Mohd,2013).

The respondents were in agreement that top management involvement does influence performance of the bank by the opinions that My bank has good leadership and management involvement structure which support customer oriented strategies had a (M = 4.31 and SD = 0.831). Leadership especially top management is most critical in developing good relationship with customers had a (M = 3.84 and SD = 0.873).The respondents agreed that technology support is vital in strategic customer relationship management as a result of opinions that my bank has put in place good customer information technology had a (M = 4.21 and SD = 1.057). The banks were good at adopting IT applications and responding to unplanned customer demands had a (M = 3.98 with a SD = 0.651). The statement that there are set procedure-business process in the bank's departments to support customer relationship building had a (M = 4.33 with a SD = 0.592). The opinion that we take a long term view to the formation of customer relationships as our information technology has ensured personalized attention provided by the bank to the customers had a (M = 3.78 with a SD = 0.962). The respondents were of the opinion that customer involvement is important as the opinion that there is promptness in handling customer complaints had a (M = 4.21 with a SD = 0.541) this is in agreement with studies by Onyeaso, (2013).

4.4.5. Perception on Performance

Performance of the Bank	**N**	**Mean**	**Std. Deviation**
Our improved customer knowledge has led to an increase in profits	81	4.19	1.119
The perception of our customer towards us as an organization has led to an increase in profits	81	4.01	1.178
I feel that our customer oriented structure has led to the organization increasing its overall profits	81	4.53	.526
I feel that the customer oriented strategy has enabled us to develop better relationship with our existing customers	81	4.22	1.151
I feel that customer oriented strategy has enabled to acquire new customers	81	4.22	1.151
I feel that by serving our customer needs, we have been able to increase their satisfaction	81	4.36	.555
I feel that our customer oriented strategy has strengthened the organization in terms of growth	81	4.62	.717
I feel that our customer oriented strategy has strengthened the organization in terms of profitability	81	4.21	.996
I feel that our customer oriented strategy gives priority to customer segments with the greatest profit potential	81	4.19	.477
The adoption of the customer oriented strategies has resulted in growth in market share	81	4.10	1.402
I feel that the customer oriented strategy in the organization has enabled us to focus more on customer satisfaction	81	4.60	.890
I feel that the customer oriented strategy in the organization has enabled us to create and maintain an ongoing relationship with our customers	81	4.54	1.013
I feel that our customer oriented strategy has drawn us closer to our customers and understand their needs better	81	4.47	.867
The adoption of the customer oriented strategies improved on the service delivery	81	4.75	.865

Table 7: Perception on the effect customers oriented strategies on bank performance

The fourth objective of the survey was to test the perception of managers on the effect customers' oriented strategies on bank performance. Respondents were required to respond to set questions related to bank performance this was measured using a fourteen item index. The results show that most of the respondents agreed that good profit performance attributed to the opinions that improvement of customer knowledge has led to an increase in profits had a (M = 4.19, SD = 1.119). The perception of our customer towards the bank has led to an increase in profits had a (M = 4.01 with a SD = 1.178). The opinion that customer oriented structure has led to the bank increasing its overall profits had a (M = 4.53 with a SD = 0.526). The statement that the customer oriented strategy has strengthened the organization in terms of profitability had a (M = 4.21 with a SD = 0.996).

The table shows that respondents agreed that the growth of the market share which influence performance is attributed to the statement that customer oriented strategy has enabled them to develop better relationships with our existing clients and that the customer oriented strategy has enabled the banks to acquire new customers, both had a (M = 4.22 with a SD = 1.151.) The opinion that the adoption of the customer oriented strategies has resulted in our growth in market share had a (M = 4.10 and SD = 1.402). The opinion that our customer oriented strategy gives priority to customer segments with the greatest profit potential had a (M = 4.19 and SD =

0.477). This implies that segmentation plays a great role in improving the performance it is always good to segment customer based on economic advantages that will influence their patronage. Customer relationship management is about moving to customer orientation and developing strategies that increase the value of relationships, which requires careful segmentation (Nguyen & Mutum 2012).

The table shows that the respondents agreed that proper service delivery and customer satisfaction drives the bank performance this is by the agreement that customer oriented strategy in the organization has enabled the banks to focus more on customer satisfaction had a (M = 4.60 with a SD = 0.890). The statement that the customer oriented strategy has drawn the bank closer to the customers and understand their needs better had a (M = 4.47 with a SD = 0.867). The respondent argued that the adoption of the customer oriented strategies improved on the service delivery had a (M = 4.75 and SD = 0.865).Also by serving customer needs the banks have been able to increase their satisfaction had a (M = 4.36 and SD = 0.555), Customer oriented strategy in the organization has enabled us to create and maintain an ongoing relationship with our customers had a (M = 4.54 and SD = 1.013).The respondents felt that customer oriented strategy in the organization has enabled them to focus more on customer satisfaction had a (M = 4.60 with a SD = 0.890). The respondent also agreed that the customer oriented strategy has drawn the banks closer to their customers and understand their needs better had a (M = 4.47 with a SD = 0.867). The respondent also agreed that the adoption of the customer oriented strategies had improved the service delivery of the bank it had a (M = 4.75 and SD = 0.865).

4.5. Discussion

4.5.1. Perception on the Effect of Customers Oriented Strategies on Bank Performance

Most of the respondents indicated that the bank performance depends on the adoption of the customer oriented strategies on service delivery response. The respondents agreed that customer oriented strategies had strengthened the organization in terms of growth. The respondents were of the opinion that the customer oriented strategies in the organization has enabled the bank to focus more on customer satisfaction thus contributing to the bank performance. The respondents also agreed that the customer oriented strategy in the organization has enabled them to create and maintain an ongoing relationship with their customers. The respondents also agreed that performance influenced by the customer oriented structure has led to the organization increasing its overall profits. Respondents argued that the customer oriented strategies has drawn them closer to their customers and understood their needs better and by serving their needs able to increase their customer's satisfaction. The researcher therefore concludes that customer oriented strategies has positive effect on the bank performance in terms of increasing financial profits, growth in market share and new customers, and the improvement of service delivery and customer satisfaction.

4.6. The Correlation Analysis

In trying to show the relationship between the study variables and their findings, the study used the Karl Pearson's coefficient of correlation (r). This is as shown in Table 7 below. According to the findings, it was clear that there was a positive correlation between the independent variables, customer acquisition, customer retention and customer relationship the dependent variable performance. The analysis indicates the coefficient of correlation, r equal to 0.676, 0.453 and 0.712 for customer acquisition, customer retention and customer relationship. This indicates positive relationship between the independent variable namely customer acquisition, customer retention and customer relationship and the dependent variable performance.

Correlations					
		Performance	**Customer Acquisition**	**Customer Retention**	**Customer Relationship**
Performance	Pearson Correlation	1			
Customer Acquisition Strategies.	Pearson Correlation	.676	1		
Customer Retention Strategies.	Pearson Correlation	.453	.401	1	
Customer Relationship Management strategies.	Pearson Correlation	.712	.293	.085	1
**. Correlation is significant at the 0.01 level (2-tailed).					

Table 7: Karl Pearson Correlation

4.7. Co-efficient of Determination

Table 8 showed that the coefficient of determination was 0.388. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Performance) that is explained by all independent variables. From the findings this meant that 38.8% of commercial banks performance is attributed to combination of the three independent factors investigated in this study**.**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.623[a]	.388	.39	.92642

Table 8: Coefficient of Determination (R^2)

4.8. Analysis of Variance (ANOVA)

The study used ANOVA to establish the significance of the regression model. The significance value is 0.022 which was less than 0.05 thus the model is statistically significance in predicting how customer acquisition strategies, customer retention strategies and customer relationship management strategies affect commercial banks performance. This therefore means that the regression model had a confidence level of above 95% hence high reliability of the results obtained.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	48.343	3	16.114	1.045	.022[b]
	Residual	1187.089	77	15.417		
	Total	1235.432	80			
a. Dependent Variable: Performance						
b. Predictors: (Constant), Customer Relationship, Customer Retention, Customer Acquisition						

Table 9: ANOVA

4.9. Regression Analysis

A regression model was applied to determine the relationship between customer acquisition strategies, customer retention strategies and customer relationship management strategies and the performance of commercial bank in Kenya. A regression analysis done yielded the results as shown below in Table 10

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	55.673	13.862		4.016	.000
	Customer Acquisition	.008	.211	.005	.036	.001
	Customer Retention	.193	.149	.162	1.290	.002
	Customer Relationship	.148	.143	.124	1.035	.004
a. Dependent Variable: Performance						

Table 10: Multiple regression analysis

The regression equation was

$Y= 55.763 + 0.08X_1+ 0.193X_2+ 0.148X_3$

Where

Y: the dependent variable (Performance).

X_1: Customer Acquisition strategies.

X_2: Customer Retention strategies

X_3: Customer Relationship Management strategies.

The regression equation above has established that taking all factors into account (Performance of commercial banks as a result of customer acquisition strategies, customer retention strategies and customer relationship management strategies) constant at zero commercial banks performance among commercial banks will be 55.673. The findings presented also shows that taking all other independent variables at zero, a unit increase in customer acquisition strategies will lead to a 0.08 increase in the scores of commercial banks performance; a unit increase in customer retention strategies will lead to a 0.193 increase in commercial banks performance, a unit increase in customer relationship management strategies will lead to a 0.148 increase in the scores of commercial banks performance. This therefore implies that all the three variables have a positive relationship with commercial banks performance with customer retention contributing most to the dependent variable.

5. Summary of the Findings, Conclusions and Recommendations

5.1. Introduction

The chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study. The chapter finally presents the limitations of the study and suggestions for further studies and research.

5.2. Summary of the Findings

The objective of this study was to assess the effects of customer oriented strategies on the performance of commercial banks in Kenya. This population included all banks that operate in Mombasa. The total number of the population was 39 banks in Mombasa. The sample size was determined using a census which covered all banks. The researcher targeted three respondents from each bank. The study was conducted on the 81 employees out of 110 employees of commercial banks that constituted the sample size. To collect data the researcher used a structured questionnaire that was personally administered to the respondents. The questionnaire constituted 62 items. The respondents were the employees of commercial banks in Mombasa County. In this study, data was analyzed using frequencies, mean scores, standard deviations, percentage, Correlation and Regression analysis based on the feedback from the respondents in order to ensure objectivity and efficiency of the process. From the findings majority of the gender was males. On position held, majority of respondents were in the middle management. Majority of respondents have at least a bachelor's degree and have worked for between 0-5 years.

From the research findings, the study concluded all the independent variables studied have significant effect on commercial banks performance as indicated by the strong coefficient of correlation and a p-value which is less than 0.05.The overall effect of the analyzed factors was very high as indicated by the coefficient of determination. The overall P-value of 0.00 which is less than 0.05 (5%) is an indication of relevance of the studied variables, significant at the calculated 95% level of significance. This implies that the studied independent variables namely customer acquisition, customer retention and customer relationship management have significant effect on commercial banks performance.

<u>5.3.1. Effects of Customer Acquisition Strategies on Performance of Commercial Banks.</u>

According to the findings customer acquisition strategies affect the performance of the bank. The study has determined that acquisition strategies can be used to create specific products for specific customers and the help banks to identify niche markets .The study confirms that better pricing and product innovation are emphasized by the banks as they influences customer buying a product or service . Therefore it is paramount for banks to produce the services and/ or products for that particular market by prioritizing the needs of these customers as well as understand what customers are willing to pay for services and products through capturing their information. The study also has determined that customer oriented strategies comes up with marketing and sales concepts that are suitable for each market segment since it ensures that the voice of the customer is integrated in the organization's core business process .

The study has determined that customer oriented strategies geared toward acquisition need to create trust between the organizations and customers which leads to continued patronage. It has also been determined that effective strategies used in financial institutions ensure that customers are satisfied by receiving true value for their money.

Our survey finds that bank managers pays more attributes for customer acquisition on the true value for money that the customer are to get from the bank products and services based on pricing. The study confirms that effective sales promotion and advertising are more important at convincing customers that they are getting high value from their bank. Regardless, these results suggest that those banks that are able to improve their perceived value for money could quickly differentiate themselves in comparison to their competitors.The study has shown that acquisition strategies must have the key advertising and promotion objective to create and strengthen corporate brand leading to increase in acquired customers. The analysis shows that the banks treasures personal selling or direct marketing to its customers.

<u>5.3.2. Effects of Customer Retention Strategies on Performance of Commercial Banks.</u>

The study finding shows that customer retention strategies affect the performance of the bank. The study findings showed that customer retention strategies has created trust between the organizations and customers and this trust built in customers has led to a continued patronage between them and the organizations. The study shows that building trust in customers is the main drive that enables the organizations to retain them and this evokes positive feelings from customers leading to their long-term commitment with the organizations. The kind of trust that client wants emanates from the agreement in study finding that most bank were transparent and accountable to values customers contribution to its business.

The study has determined that empowerment of employees in service organization is inevitable in view of the nature of service itself, lack of it could lead to under performance during service encounters. Employee empowerment leads to increased creativity in the organization, empowered employees have a high sense of self-efficiency accompanied by significant responsibility and authority over their jobs according .

The study showed that customer retention strategies used in the financial institutions ensured that customers are satisfied and that had become the main customer retention strategy. The study has shown that that customer recognition is paramount to the banks activities hence measures need to be put in place so as to recognise the customers participation in the business through product uptake or creations. This indicated the need to have ease of client information so as the bank employees can be able to serve the customer well. The findings also show that collection of information or data from the customers is necessary in product development and service delivery leading to customer satisfaction.

The study results indicated that customer retention strategies enabled the banks to forecast customer needs properly and thus increase customer satisfaction as well as gain the ability to get customer relationships correctly. The study further suggest the need to offer rewards to its customers so as to motivate and retain them as this will lead to increase patronage and good performance. The study has confirmed that to encourage repeat customer the customer experience levels in the bank should be remarkable. This should begin from the bank information platform used by the customers to access the banks systems as an effective information system gives the bank a competitive advantage.

5.3.3. Effects of Customer Relationship Management Strategies on Performance of Commercial Banks.

The study found out that Customer relationship management strategies affect performance of the bank. The study found out that business process had much influence on customer relationship strategies and most banks had put in place good customer-relationship management programs and set procedure in the bank's departments to be followed at all times during service delivery. The study found out that investment in training and other resources to support customer relationship management related initiatives has been extensive. This can be seen by way of banks utilize employee and management incentives to support customer relationship building.

The study confirmed that organization culture plays a big to influence customer relationship management strategy implementation as it is linked to its management style and performance. The study confirmed that customer involvements in the banks were inculcated through the transparent and accountable measures. Clients' participation in the form of taking their feedback and implementing then create a strong bonding between the banks and their clients. The study found out that top management involvement does influence performance of the bank by the opinions that Leadership especially top management is most critical in developing good relationship with customers at all times. The study confirms that technology support is vital in strategic customer relationship management as most banks had put in place good customer information technology that serve to offer personalize attention where needed. It was observed that customer relationship management systems allow banks to develop its customer base and sales capacity

5.4. Conclusions

The results of the study show that the customer oriented strategies employed affect bank's performance, the research findings showed that all customer oriented strategies variables are positively correlated with business performance. It is important to note that bank business income is generated from service rendered to customers This study propose an integrated strategy as to how banks can put together and prolong their competitiveness in a competitive sector such as theirs, in view of the ever growing and challenging competition and pursuit of customer acquisition and retention that requires more product and services offers by banks in order to deliver better value to acquire more customers.

Therefore it is imperative for banking executives or management to put more emphasis on customer oriented strategies to improve performance on each construct that leads to customer retention this is because the cost of retaining an existing customer is far less than acquiring a new. Customer oriented strategies assure investors in banks that they will receive adequate returns on their investments evidence suggests that customer oriented strategies has a positive influence over bank performance. The literature also established that good customer oriented strategies results in a lower cost of capital. One explanation is that customer oriented strategies will lead to lower firm risk and subsequently to a lower cost customer acquisition and retention. Good customer oriented strategy is a signal or symptom of lower agency costs, a signal not properly incorporated in market prices. The findings of the study will assist banks to modernize the existing marketing strategies by incorporating the high rated elements in the customer acquisition process, customer retention and customer relationship management. This will go a long way in developing a well-adjusted marketing strategy to ensure effectiveness of the process and create its quality relationship with customer. Therefore banks need to ensure that customers are given the right products and any financial service gap acknowledged and corrected in order to provide quality services.

This study concludes that bank products need to be accessible, with robust channels of delivery, well-structured pricing and quality. The banks should listen closely to the voices of their customers and recognize their feedback as information source on the banks products and strategies thus able to provide competitive innovative products and services that satisfied its customers.

5.5. Recommendations

Based on the data analysis, findings and conclusions, the researcher makes the following recommendations;

1. Customer oriented strategies need to be strengthened and emphasised as it influences the growth and success of the organization amidst the competitive business environment. Therefore it is prudent for the management to take a pedestal role to utilize the key constituents that make up customer oriented strategies.
2. Customer oriented strategies also influences the numbers of customer and employees acquired or retained in a business hence organization need to invest on its people through proper human capital development. The banks employees need to be empowered and motivated for them to deliver on the customer expectation. The banks also need to reward and recognise its customer in order to build a lasting beneficial relationship. A proper and effective technological investment through the bank's infrastructures and processes is also needed as this will ensure effective utilization of the bank's resources.
3. The bank top management should ensure the involvement of all staff, more so the middle management as this will ensure that the customer oriented strategies are implemented effectively and they have a better chance of bringing the desired results.
4. The researcher recommends that Kenyan banks should endeavour to develop and implement effective customer oriented strategies that do recognize the needs of the bank business and success desired toward great performance of the bank in order to receive a high level of total effects. The financial institutions also need to have the basic valid framework of how to successfully implement and manage customer oriented strategies and avoid trends that are reactive, discontinuous and ad hoc.

5.6. Suggestion for Further Studies

This study sought to explore the effects of customer oriented strategies on the performance of all Commercial Banks in Kenya. The study was concentrated on the commercial banks that operate within Mombasa and thus further studies need to be conducted on other commercial banks that are not within Mombasa for evaluation of results. Similar studies may also be conducted on other industries so as to add on the pool of research that is focused on customer oriented strategies. Studies in various industries could develop a ranking of importance by industry and could be used to assess customer acquisition and retention rates. Additional study is needed to validate these finding using other customer service employee.

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