

Abstract

The study set to examine evaluate customers' retention strategies on customer satisfaction in the banking sector in Kenya case of Equity bank Thika branch, Kenya. Despite their central role in the economy, banks are faced with intense competition as a result of many similar products offered in the market, fast changing technological advancements and demanding customers. These challenges have rendered most traditional forms of competitive advantage like cost management, technology, product features and robust marketing strategies ineffective. Due to this, most banks have resorted to customers' retention. Specifically the study investigated how customers' demographic factors (age, gender, income and level of formal education), service quality and corporate image affect customers' retention in the banking industry in Kenya.

Data for this study was collected from 100 customers of Equity bank, Thika branch who were selected through multistage sampling technique using a questionnaire. The quantitative data was analyzed using SPSS. Data was analyzed using both the descriptive and analytical techniques.

The study result found that the quality of services offered by the bank has a great effect on customers' retention. However, customers' demographic factors like age, gender, level of formal education and marital status had no influence on customers' retention. Further, the study found that the bank stability, reliability and involvement in community work will influence customers' retention.

This study therefore recommended that banks should strive to ensure good quality service so that they ensure high customer retention. This can be achieved by improving their opening hours and closing hours, speed of service, and degree of responsiveness to enquires, time taken to get service and good communication with the bank staff. Further, banks should market themselves but in their marketing they should emphasize their uniqueness especially on their services and products offered.