

Customer Satisfaction and Retention Based on Demographic Characteristics -A Study among the Customers of Commercial Bank

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ABSTRACT

(This study examines how demographic variables—such as age, income, occupation, education, gender, and geographic location influences customer acquisition and retention. Banks that integrate such insights into the design and marketing of deposit, loan, e-banking, credit card, insurance, and wealth management products are better positioned to attract, satisfy, and retain diverse customer groups. Employing a descriptive and analytical research design, the study uses survey methods to investigate strategies adopted by selected public and private sector banks. Multi-stage random sampling, including stratified and lottery methods, was used to ensure a representative sample of 446 customers from districts across northern, central, and southern Kerala. Data collected were analyzed using SPSS, ANOVA, regression analysis, provided deep insights into the relationships between demographic characteristics and product-driven banking strategies. The findings highlight that demographic-based product differentiation enhances customer satisfaction, trust, and long-term loyalty, contributing to sustained growth and competitive advantage for banks.)

Keywords: Deposit, Loan, E-banking, Credit Card, Insurance, and Wealth Management Products, Age, Income, Occupation, Education, and IT literacy

INTRODUCTION

Product-driven customer acquisition and retention strategies in commercial banks are significantly influenced by demographic variables such as age, income, occupation, education, gender, and geographic location. These factors play a vital role in shaping customer preferences, financial behavior, and product expectations. Banks that understand and integrate demographic insights into product design and marketing can more effectively attract and retain customers. By analyzing these demographic dimensions, banks can segment their markets more precisely and offer customized deposit, loan, e-banking, credit card, insurance, and wealth management products that align with specific customer groups. This demographic-based product differentiation not only enhances customer satisfaction and trust but also strengthens long-term relationships and loyalty, leading to sustained growth and competitive advantage in the banking industry.

LITERATURE REVIEW

Product-driven strategies in customer acquisition and retention have proven effective in commercial banking, especially when they emphasize personalization, customer segmentation, and technology integration. (Hasan et al., 2025) highlight that customized financial products, such as tailored loans or personalized investment packages, significantly enhance customer satisfaction and retention by meeting specific customer needs. This tailored approach encourages loyalty, as customers are more likely to remain with banks that address their unique financial goals.

Shahin, and Javed, (2022) in the study “Customer Retention for Digital Banking: Application of ‘Nudge Theory’” examine how digital banking habits can be leveraged to improve customer retention using Nudge Theory, focusing on banks' ability to influence customers' financial behaviors. It explored three key areas: the effectiveness of nudging strategies in encouraging savings, the role of financial literacy in preventing fund diversion after loans, and methods to enhance customer repurchase intentions. Using a behavioral economics framework, the study analyzed customer data and banking interventions to assess the impact of these strategies. The findings highlight that well-designed nudges can effectively influence financial behaviors, improving savings habits and increasing customer loyalty. Additionally, enhancing financial literacy plays a crucial role in ensuring responsible fund utilization, while targeted strategies can strengthen repurchase intentions. By integrating behavioral insights, banks can refine their digital banking approaches to foster long-term customer relationships and improve retention.

Sulemana et al. (2021) in the study “To leave or retain? An interplay between quality digital banking services and customer satisfaction” examines how quality digital banking services during the COVID-19 pandemic influenced customer satisfaction and retention in Ghana. It focused on key factors such as ease of use, efficiency, privacy/security, and reliability in shaping customer decisions. Using a quantitative research approach, data was collected from banking customers to assess their experiences with digital banking services and their impact on retention. The findings revealed a significant direct relationship between satisfaction with digital banking services and customer retention. Additionally, the study underscored the importance of delivering high-quality digital services as a competitive advantage for banks in developing markets, emphasizing the need for continuous improvements in service efficiency, security, and user experience to enhance customer loyalty.

Hadiyanto (2021) in the study “Customer Retention and Related Factors Analysis in Financial Services Company” examined factors influencing customer retention, including loan-to-value ratio, days past due, monthly income, and distance from customers' homes to company offices. The objective was to identify key determinants of customer retention, quantify their impact, and provide insights for financial institutions to enhance retention strategies. Findings revealed that mileage and loan-to-value ratio significantly influenced retention, with customers living closer to company offices and those with lower loan-to-value ratios being more likely to remain. In contrast, days past due and monthly income had little effect on customer retention, suggesting that financial institutions should focus more on geographic accessibility and loan terms when developing retention strategies.

Alhabsji and Arifin (2018) in the study “Factors Affecting Customer Retention in the Banking Sector (Study on BRI Customer in East Nusa Tenggara, Indonesia)” examines how service quality, customer satisfaction, corporate image, trust, and loyalty affect customer retention among BRI bank customers in East Nusa Tenggara, Indonesia. The findings revealed that service quality significantly impacts customer satisfaction and corporate image but does not directly influence retention. Instead, customer satisfaction and corporate image play a crucial role in enhancing trust and loyalty, which ultimately drive retention. While the study's cross-sectional design and single-bank focus limit its generalizability, it provides valuable insights for bank managers, emphasizing the importance of prioritizing retention strategies over customer acquisition to sustain long-term customer relationships.

Elizabeth et al. (2018) in the study “Factors Affecting Customer Retention in Commercial Banks In Tanzania; A Case Of Azania Bank Arusha” revealed that the factors influencing customer retention in commercial banks in Tanzania, focusing on Azania Bank in Arusha. It examined the impact of service delivery and customer relationships on retention, assessing key elements that encourage customers to maintain their banking relationships. Using regression analysis, data was collected from bank customers to evaluate the significance of various factors. The findings revealed that quality service and positive interactions significantly contribute to customer retention. Key determinants included respectful staff treatment, access to electronic banking services, prompt responses to inquiries, and appreciation of customer feedback. The study underscores the importance of service quality, customer satisfaction, and strong relationships in retaining customers, highlighting the need for banks to enhance these aspects to ensure long-term loyalty.

Mahapatra, and Kumar(2017) in the study “Customer retention: A study on Indian Banks.” examined the factors influencing customer retention in the Indian banking sector by analyzing customer experiences and expectations. A survey was conducted with 500 customers in the National Capital Territory, collecting demographic data and opinions on 20 retention-related factors. Using statistical analysis, the study identified key determinants of customer retention. The findings revealed that “Within Timeframe Service Delivery,” “Sincere Efforts in Solving Customer Problems,” and “Accepting and Resolving Faults” are the most significant factors influencing customers' intentions to remain with their banks. The study highlights the importance of efficient service, proactive problem resolution, and accountability in strengthening customer retention strategies within the banking industry.

Olannye et al.(2017) in the study “Enhancing Customer Retention through Electronic Service Delivery Channels in the Nigerian Banking Industry.” examines the impact of electronic service delivery channels, particularly point-of-sale (POS) services, on customer retention in the Nigerian banking industry. The objective was to analyze how these digital channels influence customer loyalty, assess their role in enhancing banking efficiency, and provide recommendations for improving service delivery. Findings indicate that POS services significantly boost customer retention by meeting high demand and ensuring seamless transactions, reducing queuing times, and enhancing overall convenience. Banks have leveraged this technology to renew their business models and improve service efficiency. The study recommends that banks collaborate with internet service providers to enhance service quality and accessibility, ensuring a more reliable and customer-friendly electronic banking experience.

Tinashe and Eustina (2016) in the study “The Impact of Customer Retention Strategies on Customer Loyalty and Satisfaction in Zimbabwean Commercial Banks” examined the impact of customer retention strategies on customer loyalty and satisfaction in Zimbabwean commercial banks, assessing their effectiveness in enhancing bank performance. Using a quantitative research approach, data was collected from bank customers to evaluate their experiences and expectations regarding retention strategies. The findings revealed a positive correlation between customer retention strategies and both customer loyalty and satisfaction. However, the study also highlighted that many banks fall short of fully meeting customer expectations and must improve key service attributes to strengthen retention. The results emphasize the need for banks to invest in effective retention strategies to remain competitive, enhance customer satisfaction, and attract new customers in an evolving financial landscape.

Kemunto Mecha et al. (2015) in the study “Effectiveness of Customer Retention Strategies: A Case of Commercial Banks, Kenya” aimed to identify and evaluate customer retention strategies used by Kenyan commercial banks, focusing on management perceptions of their effectiveness. Using qualitative and quantitative research methods, data was collected from bank managers to assess the impact of various strategies on customer retention. The findings highlighted that product innovation, employee training, and customer relationship management were the most effective strategies in retaining customers. Additionally, the study recommended that banks develop targeted retention strategies, reward staff for retention efforts, and consistently create value for customers to maintain a competitive edge. By implementing these approaches, banks can enhance customer loyalty and strengthen their market position.

Agudze-Tordzro et al. (2014) in the study “Customer Retention Strategies: A Study of Ghanaian Banks” examines the significance of customer retention in the competitive Ghanaian banking sector, focusing on four key retention strategies: bank service quality, customer relationship management, switching barriers, and loyalty rewards. The objective was to analyze the impact of these strategies on customer loyalty, assess their effectiveness in retaining clients, and provide insights for banks to enhance their retention efforts. Findings reveal that bank service quality, customer relationship management, and loyalty rewards have significant positive effects on customer retention, while switching barriers play a lesser role. These results highlight the importance of delivering high-quality services, fostering strong customer relationships, and offering attractive loyalty programs to encourage continued patronage. The study emphasizes the need for Ghanaian banks to prioritize these strategies to maintain a loyal and satisfied customer base.

Ganesamurthy and Jothi(2013) in the study “Customer Retention Practices of Banks: Evidence from Sivagangai District of Tamil Nadu” explores customers' perceptions of retention practices in banks and examines whether these perceptions remain consistent across various demographic factors, including age, sex, education, occupation, income level, and type of account maintained. The objective was to assess the uniformity of customer retention strategies, determine if demographic differences influence perceptions, and evaluate the overall effectiveness of these strategies. Findings reveal that there are no significant differences in how different customer groups perceive retention efforts, suggesting that banks in this district apply retention practices consistently across their diverse clientele. This indicates that customer retention strategies are effective and inclusive, catering to a broad spectrum of customers without demographic bias, thereby ensuring equitable service delivery and customer satisfaction.

Boohene et al. (2013) in the study “Factors Influencing the Retention of Customers of Ghana Commercial Bank within the Agona Swedru Municipality” aimed to examine the factors influencing customer retention at Ghana Commercial Bank within the Agona Swedru Municipality, focusing on the role of switching barriers, customer commitment, and trust. Using a quantitative research approach, data was collected from bank customers to assess the impact of these factors on retention. The findings revealed that switching barriers were the most significant determinant of retention, followed by customer commitment and trust. Based on these insights, the study recommends that bank management invest in relationship marketing strategies to strengthen customer commitment, increase dependency on bank services, and minimize the likelihood of switching, ultimately enhancing long-term customer retention.

Alnsour(2013) in the study “How to Retain a Bank Customer: A Qualitative Study of Jordanian Banks Relational Strategies” investigates how banks in Jordan employ long-term strategies to attract and maintain loyal customers through an exploratory qualitative study. The objective was to examine the relational strategies used for customer retention, identify key drivers influencing loyalty, and assess the role of internal marketing in enhancing customer profitability. Interviews with experts from nine Jordanian banks, including marketing directors, managers, executives, and senior relationship managers, provided insights into the various tactics and tools utilized. Findings from the content analysis highlight trust, satisfaction, loyalty, commitment, and communication as critical drivers of successful retention strategies. Additionally, the study underscores the importance of internal marketing in strengthening customer relationships and enhancing profitability.

Sahoo and Sureshkumar(2013) in the study “Strategies for Successful Customer Retention in Multinational Bank with Reference to Standard Chartered Bank.” exploring customer retention strategies at Standard Chartered Bank, the study delves into their effective use of Business Process Management (BPM), coupled with robust Customer Relationship Management (CRM) practices and advanced technologies. The objectives include identifying measures to enhance retention amidst competitive pressures from foreign and private banks adopting similar innovations. Findings underscore the pivotal role of personalized CRM approaches, streamlined BPM frameworks, and the strategic integration of cutting-edge technologies like AI-driven analytics and digital platforms. These elements collectively reinforce customer loyalty by delivering tailored products.

Chimote and Srivastava (2012) in the study “Analyzing the Effectiveness of Customer Retention Strategies with Existing Customers in Banking Industry” aimed to evaluate the effectiveness of customer retention strategies from the perspective of existing bank customers in Dehradun, India, focusing on financial, social, structural, and customization bonds. Using a survey-based approach, data was collected from customers to assess how these factors influence retention. The findings revealed that the effectiveness of retention strategies is primarily driven by value-added services, convenience, and business development efforts. Additionally, among demographic variables, education was the only significant factor affecting customer retention perceptions. The study emphasizes the need for banks to enhance personalized services and develop strategic initiatives to improve long-term customer loyalty and satisfaction.

Research Gap

Demographic variables such as income, educational qualification, age, and occupation significantly influence customer retention in commercial banks, especially in the context of product-driven strategies. While product innovation—through attractive deposit schemes, customized loans, digital banking, credit cards, insurance, and wealth management products—enhances customer satisfaction, its interaction with demographic factors remains underexplored. Customers from different demographic groups vary in financial needs, digital literacy, and product preferences, which affect their satisfaction and long-term loyalty. This gap highlights the need for research on how demographic characteristics shape the effectiveness of product-driven strategies in improving customer retention and competitive advantage. Understanding these dynamics can help banks tailor products more effectively and strengthen their market position..

Objectives of the study

- To analyse the variation in the influence of various product driven strategies on customer satisfaction based on Age, Gender, Educational Qualification, Annual Income, IT Literacy and Occupation of the customers.
- To analyse the variation in customer retention based on Age, Gender, Educational Qualification, Annual Income, IT Literacy and Occupation of the customers.

Hypothesis

Ho: There is no significant variability in the influence of product driven strategies such as Deposit Products (DP), Loan Products (LP), E-banking Products (EP), Credit Card Products (CP), Insurance Products (IP), and Wealth Management Products (WP) on Customer Satisfaction based on Age, Educational Qualification, Annual Income, IT Literacy and Occupation of the customers.

Ho: There is no significant variability in Customer retention based on Age, Gender, Educational Qualification, Annual Income, IT Literacy and Occupation of the customers.

RESEARCH METHODOLOGY

This study adopts a descriptive and analytical research design using a survey method to examine product-driven customer acquisition and retention strategies in selected public and private sector commercial banks in Kerala. A pilot survey with 60 employees and 105 customers confirmed the reliability of the research instruments. Multi-stage random sampling, including stratified and lottery methods, was used to select 446 customers from districts across Kerala's central, northern, and southern zones. Data were collected through pre-tested questionnaires between January 2020 and January 2024. The study analyzed customers' perceptions of deposit products, loan products, e-banking services, credit cards, insurance, and wealth management offerings. Primary data were coded and processed using SPSS, AMOS, and SMART PLS, employing descriptive statistics along with ANOVA, regression, EFA, CFA, and SEM to generate meaningful insights.

Data Analysis and Interpretation

Analysis Based on Age

The variation in dimensions used in the study based on Age of customerse of selected commercial banks in Kerala was analysed using the statistical test of one way analysis of variance (ANOVA). The tableNo5.2.B.1.1 shows the ANOVA test results.

Table 5.2.B.1.1 ANOVA (Age)

Construct/Dimension	Age	N	Mean	SD	F value	P value	Inference
Loan Products (LP)	Below 30	92	3.48	0.74	5.21	0.000**	Reject HO
	30 - 40	164	3.55	0.95			
	40 - 50	116	3.58	0.90			
	50 - 60	43	3.42	0.86			
	Above 60	31	2.77	1.34			
	Total	446	3.48	0.94			
Deposit Products (DP)	Below 30	92	3.61	0.82	4.158	0.000**	Reject HO
	30 - 40	164	3.52	0.97			
	40 - 50	116	3.72	0.95			
	50 - 60	43	3.83	0.99			
	Above 60	31	2.99	1.62			
	Total	446	3.58	1.01			

Construct/Dimension	Age	N	Mean	SD	F value	P value	Inference
E-Banking Products (EP)	Below 30	92	3.94	0.69	5.972	0.000**	Reject HO
	30 - 40	164	3.97	0.84			
	40 - 50	116	3.88	0.74			
	50 - 60	43	3.83	0.68			
	Above 60	31	3.22	1.12			
	Total	446	3.87	0.81			
Credit Card products (CP)	Below 30	92	3.82	0.59	0.467	0.76	Accept HO
	30 - 40	164	3.79	0.67			
	40 - 50	116	3.72	0.68			
	50 - 60	43	3.73	0.81			
	Above 60	31	3.68	0.72			
	Total	446	3.77	0.67			
Insurance Products (IP)	Below 30	92	4.05	0.73	5.052	0.000**	Reject HO

	30 - 40	164	3.91	0.99			
	40 - 50	116	3.86	0.82			
	50 - 60	43	3.68	1.12			
	Above 60	31	4.52	0.24			
	Total	446	3.94	0.89			
Wealth Management Products (WP)	Below 30	92	2.77	0.86	2.17	0.071	Accept HO
	30 - 40	164	2.95	0.77			
	40 - 50	116	2.81	0.87			
	50 - 60	43	3.07	0.91			
	Above 60	31	2.65	0.46			
	Total	446	2.87	0.82			

ANOVA (Educational Qualification)

**Significant at 0.01 level, * Significant at 0.05 level ANOVA (Annual Income)

Construct/Dimension	Educational Qualification	N	Mean	SD	F value	P value	Inference
Loan Products (LP)	Below +2	5	2.8	1.1	6.404	0.000**	Reject HO
	Degree	119	3.73	0.8			
	PG	262	3.45	0.92			
	Above PG	60	3.16	1.12			
	Total	446	3.48	0.94			
Deposit Products (DP)	Below +2	5	4.07	0.55	1.074	0.36	Accept HO
	Degree	119	3.59	0.92			
	PG	262	3.61	0.95			
	Above PG	60	3.41	1.39			
	Total	446	3.58	1.01			
E-Banking Products (EP)	Below +2	5	3.27	0.37	1.582	0.193	Accept HO
	Degree	119	3.91	0.73			
	PG	262	3.9	0.74			
	Above PG	60	3.74	1.21			
	Total	446	3.87	0.81			
Credit Card products (CP)	Below +2	5	3.92	0.66	0.979	0.403	Accept HO
	Degree	119	3.8	0.54			

	PG	262	3.78	0.73			
	Above PG	60	3.63	0.68			
	Total	446	3.77	0.67			
Insurance Products (IP)	Below +2	5	4.2	0.27	10.308	0.000**	Reject HO
	Degree	119	4.09	0.77			
	PG	262	3.77	0.99			
	Above PG	60	4.4	0.28			
	Total	446	3.94	0.89			
Wealth Management Products (WP)	Below +2	5	3.1	0.82	7.341	0.071	Accept HO
	Degree	119	2.63	0.63			
	PG	262	3.01	0.92			
	Above PG	60	2.69	0.46			
	Total	446	2.87	0.82			

Construct/Dimension	Annual Income	N	Mean	SD	F value	P value	Inference
Loan Products (LP)	Below 2 Lakhs	189	3.44	0.83	1.889	0.131	Accept Ho
	2- 5 Lakhs	65	3.65	0.87			
	5 - 10 Lakhs	83	3.32	1.05			
	Above 10 Lakhs	109	3.55	1.06			
	Total	446	3.48	0.94			
Deposit Products (DP)	Below 2 Lakhs	189	3.55	0.80	1.45	0.028**	Reject Ho
	2- 5 Lakhs	65	3.75	0.81			
	5 - 10 Lakhs	83	3.44	1.26			
	Above 10 Lakhs	109	3.65	1.20			
	Total	446	3.58	1.01			
E-Banking Products (EP)	Below 2 Lakhs	189	3.94	0.64	2.088	0.001**	Reject Ho
	2- 5 Lakhs	65	3.98	0.69			
	5 - 10 Lakhs	83	3.74	1.10			
	Above 10 Lakhs	109	3.78	0.87			
	Total	446	3.87	0.81			
Credit Card products (CP)	Below 2 Lakhs	189	3.72	0.68	0.956	0.414	Accept Ho

	2- 5 Lakhs	65	3.79	0.64			
	5 - 10 Lakhs	83	3.73	0.59			
	Above 10 Lakhs	109	3.85	0.74			
	Total	446	3.77	0.67			
Insurance Products (IP)	Below 2 Lakhs	189	3.69	1.02	10.187	0.000**	Reject Ho
	2- 5 Lakhs	65	4.20	0.84			
	5 - 10 Lakhs	83	4.19	0.54			
	Above 10 Lakhs	109	4.06	0.78			
	Total	446	3.94	0.89			
Wealth Management Products (WP)	Below 2 Lakhs	189	2.95	0.86	1.893	0.13	Accept Ho
	2- 5 Lakhs	65	2.86	0.66			
	5 - 10 Lakhs	83	2.69	0.78			
	Above 10 Lakhs	109	2.87	0.84			
	Total	446	2.87	0.82			

**Significant at 0.01 level, * Significant at 0.05 level ANOVA (IT Literacy)

Construct/Dimension	IT Literacy	N	Mean	SD	F value	P value	Inference
Loan Products (LP)	Low	6	4.25	0.82	5.974	0.000**	Reject Ho
	Average	294	3.38	0.99			
	High	146	3.64	0.79			
	Total	446	3.48	0.94			
Deposit Products (DP)	Low	6	4.17	0.91	4.913	0.000**	Reject Ho
	Average	294	3.48	1.08			
	High	146	3.76	0.83			
	Total	446	3.58	1.01			
E-Banking Products (EP)	Low	6	4.00	0.37	9.163	0.084	Accepto
	Average	294	3.76	0.91			
	High	146	4.10	0.52			
	Total	446	3.87	0.81			
Credit Card products (CP)	Low	6	3.70	0.77	0.12	0.000**	Reject Ho
	Average	294	3.76	0.69			
	High	146	3.79	0.65			
	Total	446	3.77	0.67			
Insurance Products (IP)	Low	6	4.00	0.27	0.507	0.887	Accept Ho

	Average	294	3.97	0.93			
	High	146	3.88	0.82			
	Total	446	3.94	0.89			
Wealth Management Products (WP)	Low	6	2.00	0.27	3.465	0.032**	Reject Ho
	Average	294	2.88	0.82			
	High	146	2.88	0.81			
	Total	446	2.87	0.82			

**Significant at 0.01 level, * Significant at 0.05 level ANOVA (Occupation)

Construct/Dimension	Occupation	N	Mean	SD	F value	P value	Inference
Loan Products (LP)	Business	14	3.73	1.07	5.297	0.000**	Reject HO
	Private Sector	109	3.67	0.81			
	Government Sector	181	3.51	0.91			
	Profession	61	2.95	1.23			
	Self Employed	57	3.52	0.69			
	Others	24	3.4	0.83			
	Total	446	3.48	0.94			
Deposit Products (DP)	Business	14	3.99	1.63	3.598	0.000**	Reject HO
	Private Sector	109	3.59	0.77			
	Government Sector	181	3.66	1.04			
	Profession	61	3.22	1.11			
	Self Employed	57	3.42	1.06			
	Others	24	4.04	0.55			
	Total	446	3.58	1.01			
E-Banking Products (EP)	Business	14	3.52	1.17	3.851	0.000**	Reject HO
	Private Sector	109	3.98	0.77			
	Government Sector	181	3.98	0.73			
	Profession	61	3.55	1			
	Self Employed	57	3.85	0.78			
	Others	24	3.67	0.61			
	Total	446	3.87	0.81			
Credit Card products (CP)	Business	14	3.43	0.82	5.443	0.000**	Reject HO
	Private Sector	109	3.64	0.61			

	Government Sector	181	3.93	0.69			
	Profession	61	3.56	0.73			
	Self Employed	57	3.84	0.58			
	Others	24	3.63	0.5			
	Total	446	3.77	0.67			
Insurance Products (IP)	Business	14	4.16	0.52	1.167	0.324	Accept HO
	Private Sector	109	3.91	0.88			
	Government Sector	181	3.91	0.95			
	Profession	61	3.98	0.9			
	Self Employed	57	3.87	0.9			
	Others	24	4.31	0.55			
	Total	446	3.94	0.89			
Wealth Management Products (WP)	Business	14	2.39	0.44	5.127	0.000**	Reject HO
	Private Sector	109	2.89	0.88			
	Government Sector	181	3	0.79			
	Profession	61	2.72	0.73			
	Self Employed	57	2.93	0.91			
	Others	24	2.28	0.45			
	Total	446	2.87	0.82			

**Significant at 0.01 level, * Significant at 0.05 level

The above analysis shows that there is significant variability in Customer Retention based on demographic variables such as Age, Educational Qualification, IT Literacy, Income and Occupation since the p value is less than .05

FINDINGS AND RECOMMENDATIONS

Variability in the influence of Deposit Products, Loans, E-Banking, Credit Card, Insurance, and Wealth Management Products on Customer Retention differs based on Age, Educational Qualification, Income, IT literacy, and Occupation of Customers. Banks should introduce targeted financial products that address the unique financial needs of diverse customer segments, ensuring accessibility and relevance.

a) Based on Age: There is significant variation in the influence of Product Driven Strategies based on Age categories except Credit Card and Wealth Management Products offered by selected Commercial Banks in Kerala.

- There is significant Customer Retention based on Age
- Customer Retention is highest in the age group 40-50

- b) Educational Qualification has on significant influence on Customer Retention
- c) Annual Income has on significant influence on Customer Retention
- d) IT Literacy has on significant influence on Customer Retention
- e) Based on Occupation:

There is significant variation in the influence of Product Driven Strategies based on Occupation of respondents, except for Insurance Products.

There is Significant Customer retention based on occupation-ie Business Class and Private sector Customers

Originality and Value of the study

This study offers original insights by examining how demographic variables such as income, education, age, and occupation influence customer retention within the context of product-driven strategies in commercial banks in Kerala. While prior research has focused largely on marketing or service-related factors, this study uniquely integrates demographic characteristics with product attributes across deposit, loan, e-banking, credit card, insurance, and wealth management products. By using advanced analytical tools such as EFA, CFA, and SEM, the study provides empirical evidence on how customer demographics shape product preferences, satisfaction levels, and long-term loyalty. The findings are valuable for banks seeking to design and deliver more personalized financial products, optimize customer segmentation, and develop targeted retention strategies, thereby enhancing competitive advantage and sustaining growth in a diverse banking market.

Practical Implications

There is significant variability in the influence of Product Driven Customer Retention Strategies like deposit product, loan product, E-Banking, Insurance and wealth management products on Customer Satisfaction based on age, Educational Qualification, Annual Income, IT Literacy and Occupation. So, banker should introduce more financial products based on Age, Educational Qualification, Annual Income, IT Literacy and Occupation of Customers because financial needs of the customers are different based on Socio demographic profiles.

CONCLUSION

Product-driven customer acquisition and retention in commercial banks are strongly shaped by demographic factors such as age, income, education, occupation, and IT literacy. These characteristics influence customer preferences for various banking products, including deposits, loans, e-banking services, credit cards, insurance, and wealth management offerings. Younger and IT-literate customers tend to prefer digital banking solutions, flexible loans, and reward-based credit cards, while older customers often prioritize secure savings schemes and retirement-oriented products. High-income groups seek premium services and advanced wealth management, whereas low-income customers focus on affordability and essential banking products. By segmenting customers based on these demographic dimensions and tailoring product features accordingly, banks can enhance satisfaction, build trust, and strengthen long-term loyalty. This demographic-based customization ultimately improves customer acquisition, retention, and overall competitiveness in the banking sector.

Limitations of the study

- The research focus only on product driven customer satisfaction and retention strategies of commercial bank
- Other banks like Co-operative, Small finance and Foreign banks are not considered for the study
- Banks are selected for the study based on the volume of business.

- Only major public and private sector banks were mainly considered

Scope for future Research

Future research can expand this study by exploring additional demographic variables such as gender, marital status, and digital literacy to gain deeper insights into customer retention patterns. Comparative studies across different states or regions in India could help identify whether demographic influences vary across cultural and economic contexts. Researchers may also examine how psychographic factors—such as customer attitudes, financial behavior, and risk tolerance—interact with demographic characteristics to shape product preferences. Longitudinal studies can further assess how customer retention evolves over time with changes in income levels, technology adoption, and market competition. Additionally, qualitative approaches such as interviews and focus groups could provide richer perspectives on how customers perceive product-driven strategies. The impact of emerging fintech innovations, artificial intelligence-based banking services, and personalized financial products on different demographic groups also presents a promising avenue for future inquiry.

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