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CUSTOMER SATISFACTION PRACTICE AND MARKETING PERFORMANCE OF COMMERCIAL BANKS IN KENYA

Philip Kipngetich Ngeno[1], Dr. Lydia Langat[2], Dr. James Mbugua[3]
University of Kabianga Kenya.

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Commercial banks are customer centric with seamless interaction with customers at all functional levels who are organized into different segments based on their distinct needs as guided by customer organizational culture, coordination of functions, policies, structures and systems for quality service delivery as well as continuous innovation by rewarding loyal customers. Customer satisfaction plays a vital role in determining organizational success. The study sought to examine the relationship between customer satisfaction practice and marketing performance of commercial banks in Kenya. The study adopted correlational research design and pragmatism research philosophy. The study targeted all the 38 commercial banks in Kenya where 152 respondents who were; bank relationship managers, marketing managers, treasury officer and customer service managers were targeted to respond to the study. Census sampling techniques was used since the target population was small. The study used primary data which was collected using structured questionnaires and was administered through drop and pick later. Data was presented using figures, graphs and tables. The study found that commercial banks in Kenya practice customer satisfaction and that they had aligned their business strategy, organizational culture, managerial support and expectations with appropriate software so as to meet the needs and circumstances of customers; their business processes are organized around customer satisfaction processes and functions where employees had been trained and are committed to excellent customer service. The study recommends that commercial banks should organize their business processes around customer satisfaction processes and functions and train their employees to commit to excellent customer service. They need to enhance their customer organizational culture, coordination of functions, policies; structures and systems for better customer satisfaction as well as inculcate the culture of products innovations. They need to continuously learn their changing customer taste and preference through market needs assessment as well as build, develop and maintain strong and long-lasting relationship with all customers.

KEY WORD: *Customer Relationship Management Practices, Customer Satisfaction Practice, Marketing performance*

1.0 INTRODUCTION

Customer satisfaction is the measure of a customer's perception of the quality of a product, service, or company. Customer satisfaction is important because it acts as a purchasing guideline for the company and the customer. If a customer is not satisfied with the result of their purchase, they are more likely to purchase from another company, (CRM Simplified, 2022).

In the context of contemporary marketing practices, Kotler and Keller (2012) underscore the growing significance of data analytics, personalization, and technological integration. They argue that in the digital age, marketing performance is increasingly influenced by a firm's ability to leverage customer data and deliver personalized experiences, rather than relying solely on relationship marketing and trust. This view challenges Onyango's (2016) emphasis on traditional relational factors as core drivers of success in that banks in Africa are grappling with heightened competition, rapid digital transformation, and evolving customer behavior.

Bulti and Fekede (2022) assert that the business environment in developing economies is increasingly competitive, necessitating the adoption of technology and data-driven CRM strategies. According to Munari, Ielasi, and Bajetta (2013), satisfaction enhances retention, loyalty, competitive advantage, and profitability, while dissatisfaction contributes to customer complaints and switching behavior.

Marketing performance according to Mugane and Ondigo, (2016) may be defined as the reflection of the way in which the resources of a company are used in the form which enables it to attract and retain its customers. Heremans (2007) on the other hand describes marketing performance as the employment of marketing indicators used to measure the extent of objective achievement, contribution to making available resources and support of the bank with banking opportunities and services to its customers.

1.1 Statement of the Problem

Commercial banks are central to a country's economic development. In Kenya, however, many commercial banks

continue to face low marketing performance, characterized by declining customer retention, reduced product uptake, weak brand positioning, and high customer churn. A key contributor to this problem is the ineffective implementation of Customer Relationship Management (CRM) practices**,** particularly in enhancing customer satisfaction. While several studies have explored aspects of CRM, they often do so in isolation and without accounting for the broader organizational context. Moreover, much of the existing literature is based on studies conducted outside Kenya, limiting their applicability to the local banking sector due to contextual differences. This study seeks to address these gaps by establishing the relationship between customer satisfaction practice and marketing performance of commercial banks in Kenya.

2.0 LITERATURE REVIEW

Williams and Naumann (2015) examined the relationships between customer satisfaction and a variety of company performance metrics at the firm-level of analysis. The primary research method used in the study was a longitudinal analysis of series of quarterly surveys of customer attitudes, in relation to various company performance metrics of one large Fortune 100 company. The data were collected over a five-year period and were analyzed with several statistical tests of association. The study found that there are significant, and moderate-to-strong associations between satisfaction levels and market performance. More specifically, there are strong links between customer satisfaction, and retention, revenue, earnings per share, stock price, and Tobin's q. The current study used primary data as the main data collection instrument and adopted correlational analysis.

Suchánek, and Králová (2015) did a study on customer satisfaction and its impact on company performance through satisfaction with its products, including a comparison with the competition. Research was conducted in search of factors which affect customer satisfaction on the one hand and the performance of the company on the other hand. The study constructed a model explaining what specific factors (affecting customer satisfaction) have an impact on the performance of a company. The study was based on research that focused on companies in the food industry in Czech Republic and on their customers. The study established that, performance of surveyed companies (based on indicators ROA, ROE and assets turnover) and on this basis they have been divided on companies efficient and inefficient.

Williams and Naumann (2015) used longitudinal analysis to examine the relationships between customer satisfaction and a variety of company performance metrics at the firm-level of analysis. Suchánek, and Králová (2015) in their study on customer satisfaction and its impact on company performance through satisfaction with its products, including a comparison with the competition used ROA, ROE and assets turnover as a measure of performance. The current study used primary data as the main data collection instrument and will adopt correlational analysis and measured marketing performance based on market share.

3.0 RESEARCH DESIGN

The study adopted pragmatism research philosophy which is a mixed method since it employs both qualitative and quantitative analysis and that it produces data with a high level of validity, which is reliable and honest (Collins, 2010). This study adopted a correlational research design to investigate customer relationship management practices, quality management system, and marketing performance of commercial banks in Kenya. The design sought to answer questions like what, who, and how of a phenomenon in a study (Ogula, 2015). This was to gain insights on the current phenomena in relation to situations, processes and relationships. The design enabled the researcher to establish facts; examine relationships; describe, analyze and interpret data accordingly, (Siedlecki, 2020).

According to the CBK, Commercial Banks can be stratified into large, medium, and small on the basis of the size of their market share. The target population for this study was the entire 38 banks in Kenya as per the Central Bank of Kenya, (2022). The study targeted staff members working in key departments of commercial banks in Kenya, including marketing, relationship management, customer service, and treasury. These employees are directly involved in the implementation and monitoring of Customer Relationship Management (CRM) practices, Quality Management Systems (QMS), and marketing performance strategies. Therefore, they were considered the most appropriate respondents to provide insights into the internal practices, systems, and performance outcomes of their respective institutions.

The sample 152 respondents for the study who were the marketing manager, relationship manager, treasury officer and customer service manager of each of the large, medium and small commercial banks in Kenya. This sample group was chosen because they are on day-to-day basis developing strategies to ensure that their banks retain and attract more new customers. Studying a sample selection allows for greater accuracy of results, greater speeds of data collection, lower cost of research and availability of the population elements. A non-probability sampling design was used and it was purposive sampling.

The study used questionnaire to collect primary data and was self-administered by the researcher. According to Kinyanjui (2014), self-administered structured questionnaire was used to collect both quantitative and qualitative strands. The study involved both the qualitative and quantitative aspects of both independent and dependent variables and therefore, self-administered structured questionnaire was appropriate for this study.

The researcher observed ethical standards before, during and after data collection. Researcher ensured confidentiality and anonymity, informed consent and privacy of respondents. A respondent had a right to have their identity anonymous (Kothari & Garg 2014). Anonymity was guaranteed by presenting the data in group form so that it did not reflect the individual responses. Informed consent was issued to the respondents so as to make a decision to participate or not to participate in the research.

4.0 FINDINGS AND DISCUSSION

The study sought to examine the relationship between customer satisfaction practice and marketing performance of commercial banks in Kenya. Respondents were asked to rate their individual

levels of agreement with the statements on customer satisfaction practice and marketing performance. Responses were given on a five-point Likert scale, where 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree. A mean of between 0.0 and 2.5 meant disagreed while a mean of between 2.6 and 5.0 meant agreed. The results are as presented in Table 1.

Table 1
Customer Satisfaction Practice

Customer Satisfaction Practice Statement	Disagreed (1 & 2)	Undecided (3)	Agreed (4 & 5)	Mean	SD	Skewness	Kurtosis
Our bank has aligned its business strategy, organizational culture, managerial support, and expectations with appropriate software.	12 (8.9%)	4 (3.2%)	109 (87.9%)	4.41	0.79	-1.52	2.26
Our bank organization and functions have been properly aligned to the needs and circumstances of customers.	3 (2.4%)	13 (10.5%)	108 (87.1%)	4.38	0.76	-1.47	3.18
Our business processes are organized around customer satisfaction processes and functions.	8 (6.5%)	6 (4.8%)	110 (88.7%)	4.53	0.71	-1.90	2.14
Our employees are well trained and committed to excellent customer service.	8 (6.5%)	5 (4.0%)	111 (89.5%)	4.54	0.73	-2.03	2.34
Our business organization is customer-centric and ensures seamless interaction with customers at all functional levels of the organization.	6 (4.8%)	10 (8.1%)	108 (87.1%)	4.54	0.72	-1.78	2.08
Our bank has high customer interaction which has led to organizing them into different customer segments based on their distinct needs.	12 (9.6%)	9 (7.3%)	103 (83.1%)	4.27	0.90	-1.49	2.39
Our customer organizational culture guides employees to achieve CRM values through internal coordination by maintaining high satisfaction.	6 (4.8%)	11 (8.9%)	107 (86.3%)	4.34	0.72	-1.18	2.68
Our bank has developed policies with appropriate structures and systems to track the delivery of value to customers.	8 (6.4%)	6 (4.8%)	110 (88.8%)	4.50	0.71	-1.49	2.26
Our bank maintains a culture that tracks quality service delivery, customer satisfaction and loyalty, and continuous innovation by rewarding loyal customers and personalization.	9 (7.3%)	10 (8.1%)	105 (84.6%)	4.27	0.85	-1.64	2.91
Overall				**4.42**	**0.77**		

The findings reveal that commercial banks had aligned its business strategy, organizational culture, managerial support and expectations with appropriate software as per 109 (87.9%) of the respondents who agreed while 12 (8.9%) disagreed and 4 (3.2%) were undecided. Majority of the respondents who were 108 (87.1%) agreed that commercial bank organization and functions has been properly aligned to the needs and circumstances of customers while 13 (10.5%) respondents were undecided and 3 (2.4%) disagreed. Respondents who were 110 (88.7%) agreed that commercial banks business processes were organized around customer satisfaction processes and functions while 6 (4.8%) were undecided and 8 (6.5%) disagreed. Commercial banks employees were well trained and committed to excellent customer service as attested by 111 (89.5%) respondents who agreed while 8 (6.5%) disagreed and 5 (4.0%) were undecided.

Respondents who were 108 (87.1%) agreed that commercial banks business organization was customer centric and ensured seamless interaction with customers at all functional levels of the organization. Respondents who were 10 (8.1%) were undecided and 6 (4.8%) disagreed. Commercial banks had a high customer interaction which led to organizing them into different customer segments based on their distinct needs as agreed by 103 (83.1%) respondents but disagreed by 12 (9.6%) while 9 (7.3%) respondents were undecided. Majority of the respondents who were 107 (86.3%) agreed that customer organizational culture guides employees to achieve CRM values through internal coordination of functions by maintaining a high level of customer satisfaction business processes while undecided respondent were 11 (8.9%) and those who disagreed were 6 (4.8%).

Commercial banks had developed policies with appropriate structures and systems to track the delivery of value to its customers, as agreed by 110 (88.8%) respondents while disagreed respondents were 8 (6.4%) and undecided respondents were 6 (4.8%). Respondents who were 105 (84.6%) agreed that commercial banks maintained an inbuilt culture that tracks quality service delivery, customer satisfaction and loyalty as well as continuous innovation by rewarding loyal customers and personalization in order to retain them. Undecided respondents were 10 (8.1%) while those who disagreed were 9 (7.3%).

The mean of 4.4118 and a standard deviation of 0.78559 implied that commercial bank had aligned its business strategy, organizational culture, managerial support and expectations

with appropriate software. This acted as a purchasing guideline for the commercial banks and this led to customer being satisfied with the result of their services which resulted to them not, moving to another banks, (CRM Simplified, 2022).

Commercial banks organization and functions had been properly aligned to the needs and circumstances of customers as shown by a mean of 4.3782 and a standard deviation of 0.75903. This concurs with Zeithaml & Bitner (2013) who noted that customer satisfaction is influenced by specific product or service features and perceptions of quality. The findings showed that commercial bank business processes were organized around customer satisfaction processes and functions for it had a mean of 4.5294 and a standard deviation of 0.71097. The satisfaction of customers was influenced by their attributions and their perception of equity and this made them to purchase frequently and also recommend banks products or services to potential customers, which lead to higher levels of customer retention as postulated by Tao (2014).

Employees of commercial banks were well trained and committed to excellent customer service as shown by a mean of 4.5378 and a standard deviation of 0.73404. The mean of 4.5378 and a standard deviation of 0.72240 imply that commercial banks were customer centric and ensured seamless interaction with customers at all functional levels of the organization. This agrees with Hague and Hague (2016) who established that besides buying more, commercial banks customers also work as a network to reach other potential customers by sharing real experiences.

Commercial bank had a high customer interaction which led to organizing them into different customer segments based on their distinct needs as shown by a mean of 4.2689 and a standard deviation of 0.89913. This concurs with Williams and Naumann (2015) study which examined the relationships between customer satisfaction and a variety of company performance metrics at the firm-level of analysis who established that there are significant and moderate-to-strong associations between satisfaction levels and market performance.

The mean of 4.3445 and a standard deviation of 0.71825 show that customer organizational culture guided employees to achieve CRM values through internal coordination of functions by maintaining a high level of customer satisfaction business processes. Commercial banks through their customer organization culture, were able to tests consumer precision and expectation of the product or service consumed and determines whether the product or service output meet customers' expectations as guided by Ong et al. (2017).

Commercial banks had developed policies with appropriate structures and systems to track the delivery of value to its customers as shown by a mean of 4.4958 and a standard deviation of 0.71157. This confirms the model of Suchánek, and Králová (2015) which explains what specific factors affecting customer satisfaction have an impact on the performance of a company in that commercial banks had policies and structures in place to ensure their customers are satisfied by always tracking their needs. Commercial bank maintained an inbuilt culture that tracks quality service delivery, customer satisfaction and loyalty as well as continuous innovation by rewarding loyal customers and personalization in order to retain them for it had a mean of 4.2689 and a standard deviation of 0.85070. This reveals that customer satisfaction is a positive reflection of the customer based on the consumption or use of a product or service as stated by Boonlertvanich, (2019). This does not concur with Kotler and Keller (2012), who underscore the growing significance of data analytics, personalization, and technological integration. They argue that in the digital age, marketing performance is increasingly influenced by a firm's ability to leverage customer data and deliver personalized experiences, rather than relying solely on relationship marketing and trust.

5.0 CONCLUSIONS AND RECOMMENDATIONS

The study concludes that commercial banks in Kenya practice customer satisfaction and that they had aligned their business strategy, organizational culture, managerial support and expectations with appropriate software so as to meet the needs and circumstances of customers; their business processes are organized around customer satisfaction processes and functions where employees had been trained and are committed to excellent customer service.

The study recommends that commercial banks should; organize business processes around customer satisfaction processes and functions and train their employees to commit to excellent customer service. They need to enhance their customer organizational culture, coordination of functions, policies; structures and systems for quality service delivery as well as inculcate the culture of products innovations. They continuously learn their changing customer taste and preference through market needs assessment as well as build, develop and maintain strong and long-lasting relationship with all customers.

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