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**STRATEGIC POSITIONING AND SUSTAINABLE  
COMPETITIVE ADVANTAGE IN COMMERCIAL BANKS IN  
KENYA**

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**ABSTRACT**

**Purpose of the study:** The determined the effect of strategic positioning on sustainable competitive advantage in commercial banks in Kenya, specifically examining branding, customer relationship management (CRM), product promotion and innovation and technology as strategic positioning dimensions.

**Statement of the problem:** Despite extensive literature on strategic positioning, limited studies examine how branding, CRM, product promotion, and innovation specifically influence sustainable competitive advantage in Kenyan commercial banks.

**Methodology:** A mixed-methods research design was adopted, combining quantitative and qualitative approaches. The target population comprised 117 senior managers (heads of customer care, IT, and sales and marketing) across 39 commercial banks. Using stratified random sampling at 30%, 36 respondents were selected. Data were collected through structured questionnaires and interview schedules. Quantitative data were analysed using descriptive statistics, Pearson correlation, and multiple regression analysis, while qualitative data were analysed thematically.

**Results of the study:** All four strategic positioning dimensions positively and significantly correlated with sustainable competitive advantage. Product promotion was the strongest predictor ( $\beta = 0.499$ ), followed by innovation and technology ( $\beta = 0.324$ ), CRM ( $\beta = 0.106$ ),

and branding ( $\beta = 0.090$ ). The regression model explained 59% of the variance in SCA ( $R^2 = 0.650$ , Adjusted  $R^2 = 0.590$ ,  $F = 9.157$ ,  $p < 0.001$ ). Reliability coefficients exceeded 0.7 for all constructs (Overall Cronbach's Alpha = 0.819).

**Conclusion and policy recommendation:** Strategic positioning through branding, CRM, product promotion, and innovation and technology significantly influences sustainable competitive advantage in Kenyan commercial banks. Banks should invest in integrated digital branding, value-based CRM systems, targeted promotional campaigns, and continuous technological innovation. Regulators should create enabling environments for technology adoption while ensuring cybersecurity resilience.

**Keywords:** *Strategic positioning, sustainable competitive advantage, branding, customer relationship management, product promotion, innovation and technology, commercial banks, Kenya.*

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## BACKGROUND OF THE STUDY

The Kenyan commercial banking sector operates within a highly competitive and dynamic environment characterised by rapid technological advancements, shifting customer preferences, and evolving market conditions. Strategic positioning has emerged as a critical strategy through which banks develop unique identities and value propositions that resonate with target customers, thereby attracting and retaining them. Positioning strategies including market segmentation, product differentiation, technology adoption, and locational strategies have been demonstrated to improve banks' competitiveness and overall performance (McConnell, 2022). However, executing these strategies is not straightforward, as it requires harmonising internal resources and capabilities with external market opportunities for sustained growth. The sector additionally faces significant challenges including rising non-performing loans, regulatory pressures, and macroeconomic risks from credit, liquidity, and interest rate fluctuations, which collectively threaten long-term sustainability and demand that banks continuously innovate, forge strategic partnerships, and manage growth and costs prudently.

Globally, strategic positioning is recognised as essential for organisational survival and competitiveness in an ever-evolving marketplace. Leading multinational firms such as Apple, Microsoft, and Amazon have demonstrated that aligning internal resources and capabilities with external market opportunities through innovation, brand strength, and customer-focused strategies creates distinct and defensible competitive positions (Grant, 2021). The rise of digital

technologies, particularly big data analytics and artificial intelligence, has fundamentally transformed positioning by enabling firms to generate actionable customer insights, deliver real-time personalised services, and optimise operational processes. Furthermore, sustainability has emerged as a critical global positioning dimension, with firms such as Tesla and Unilever earning sustainable competitive advantages by catering to environmentally and socially conscious consumers and investors. These global trends collectively underscore that effective strategic positioning requires the simultaneous integration of innovation, digitalisation, and sustainability into a coherent and adaptive organisational strategy.

In the African regional context, strategic positioning must account for the continent's unique economic, societal, and political complexities. Africa's dynamic markets, characterised by rapid growth in telecommunications, banking, and agriculture, are simultaneously constrained by regulatory challenges, infrastructure deficiencies, and market fragmentation, necessitating flexible and locally responsive positioning strategies (Prahalad & Hart, 2002). Firms such as MTN and Dangote Group have successfully positioned themselves by providing localised products and services that address the specific demands of African consumers while achieving economies of scale. Regional integration initiatives such as the African Continental Free Trade Area (AfCFTA) have created new positioning opportunities for firms capable of adopting continent-wide strategies. Innovation, particularly mobile money and financial technology, has proven especially transformative in Africa, enabling firms to address infrastructural gaps, promote financial inclusion, and establish sustainable competitive advantages that serve millions of previously underserved populations across diverse African markets.

In the Kenyan local context, commercial banks have pursued strategic positioning through technology-driven financial inclusion, regulatory compliance, and niche market targeting. The adoption of mobile banking innovations such as M-Shwari exemplifies how Kenyan banks have successfully positioned themselves by offering accessibility, convenience, and customer-focused services to previously underserved populations (Mwangi & Murigu, 2020). Regulatory changes introduced by the Central Bank of Kenya have further shaped market positioning by compelling banks to enhance transparency, customer service quality, and digital financial service offerings. Mergers and acquisitions have additionally enabled banks to expand service portfolios and achieve economies of scale. Furthermore, Kenyan banks have adopted green finance and sustainability-linked loan products in alignment with global sustainability agendas, attracting socially responsible consumers and investors while simultaneously managing

environmental risks and enhancing their competitive positioning in both domestic and international banking markets.

Sustainable competitive advantage represents the long-term ability of a firm to consistently outperform competitors by delivering superior value through the effective management of resources, capabilities, and strategic positioning. Globally, firms achieve SCA through innovation, resource optimisation, and customer prioritisation, with Porter's (1985) cost leadership and differentiation frameworks remaining foundational pathways. In Kenya, commercial banks have pursued SCA through digital transformation, customer satisfaction enhancement, and regulatory adaptation, with institutions such as Equity Bank and KCB leveraging mobile credit, e-savings, and digital wallets to achieve financial inclusion and market leadership (Central Bank of Kenya, 2021). The growing importance of environmental, social, and governance factors has further expanded the dimensions of SCA, with Kenyan banks introducing green finance products and targeting niche markets such as small and medium enterprises and women entrepreneurs, thereby deepening customer relationships, expanding market share, and consolidating sustainable competitive advantages in an increasingly complex and competitive banking landscape.

## **STATEMENT OF THE PROBLEM**

The positioning strategies adopted by commercial banks are important in shaping the competitive environment in the Kenyan banking sector, which is ever evolving and highly competitive. In recent times, banks in Kenya have pursued various positioning strategies, such as branch network expansion, technology adoption and customer experience improvement in order to gain market share and improve their profitability. For example, the number of commercial banks in Kenya has reduced from 43 in 2015 to 39 in 2025 due to consolidation as a result of banks repositioning their strategies and meeting the regulatory capital requirements (KBA, 2024). While some research like Musyoki and Muthama (2020) and others have recognised the role of strategic repositioning, the studies have not specifically focused on the peculiarities of the banking sector in Kenya, which is unique in that it is subjected to different market forces.

Wanjiku and Bwisa (2021) examined the impact of customer relationship management (CRM) on customer retention but did not connect with how this positioning may lead to sustainable competitive advantage in the long run, particularly in the Kenyan banking industry. They focused mainly on the immediate impacts of customer retention, overlooking how CRM

measures impact on sustained competitive advantage. Recent research indicates that banks successfully adopting CRM strategies experience a 58.1% increase in the number of promoters of customer loyalty, a key indicator for ensuring long-term competitive advantage (KBA, 2024). The literature tends to look at business strategy from a boardroom perspective and fail to include other key aspects such as technology adoption, and customer engagement and delivery in banking.

The Kenyan banking environment offers a special context due to high technological uptake, regulatory compliance changes, and customer expectations. The economy has experienced significant growth in the uptake of digital banking channels such as mobile and internet platforms, with more than 60% of transactions now undertaken through digital platforms, cementing its position as a global fintech hub. For example, Fosu (2019) examined the topic of banking strategy in sub-Saharan Africa's banking sector by looking at banks in West Africa, ignoring Kenya's technological advancements and changing consumer wishes that shaped the Kenyan banking sector. From a methodology standpoint, existing research mostly adopts either purely qualitative methods, such as case studies and interviews, or quantitative approaches that are based on financial indicators. A study by Mugo and Njuguna (2020) focused on the role of digital banking on competitive advantage by analysing financial performance data, digital banking accounted for 61.34% of the observed performance improvements in Kenyan banks, but failed to include qualitative insights from industry stakeholders to evaluate the role of strategic positioning from a managerial view.

This research aims to address these shortcomings by exploring the influence of specific strategic positioning approaches (such as technology, customer relationship, branding and promotion of banking products) on sustainable competitive advantage. Through a mixed-methods approach, combining qualitative interviews with key bank leaders and quantitative data on financial and operational performance from the questionnaires, the study will provide valuable insights into how Kenyan banks can maintain their competitive advantages in increasingly digital and competitive environments.

## **OBJECTIVES OF THE STUDY**

- i. To assess the effect of branding positioning on sustainable competitive advantage in commercial banks in Kenya.

- ii. To examine the effect of customer relationship management on sustainable competitive advantage in commercial banks in Kenya.
- iii. To assess the effect of product promotion on sustainable competitive advantage in commercial banks in Kenya.
- iv. To determine the effect of innovation and technology on sustainable competitive advantage in commercial banks in Kenya.

## **LITERATURE REVIEW**

This chapter provides a comprehensive review of the literature on strategic positioning and gaining sustainable competitive advantage in commercial banks in Kenya. The review is divided into parts which include theoretical framework, conceptual framework and empirical review.

### **Theoretical Framework**

The study was based on four theories namely theory of brand equity, social exchange theory, promotion mix theory and disruptive innovation theory. Theory of brand equity was put forward by Aaker (1991) who suggests that brand value goes beyond its utilitarian value to include intangible elements such as brand awareness, perceived quality, brand association and brand loyalty. Brand equity fosters a connection with consumers, making the brand more familiar and credible. This relationship is especially important in highly competitive markets such as banking, where it is essential to differentiate in order to sustain customer loyalty and trust.

Brand equity is crucial in improving customers' perceptions of quality and value. In the Kenyan banking sector, brand equity helps commercial banks ensure customer loyalty and retention by positioning their services as reliable and high quality. It also reduces price elasticity and allows for a price premium, which is an essential component of competitive advantage. For example, financial institutions, such as Equity Bank and KCB, have leveraged brand equity in Kenya to drive financial inclusion and trust. Equity Bank's Wings to Fly program provides scholarships and mentorship to poverty-stricken but talented Kenyan students, whose families may not be able to afford banking services because of low incomes. This also familiarises the students and their families with the banking industry, ensuring their financial inclusion. Equity Bank's Eazzy Banking platform offers a reliable access to banking services such as mobile banking, money transfers and bills payment as per the customers' convenience, building trust with the clients

about the bank's stability and technological innovation. KCB Bank's Biashara Club offers financial services, loans and networking to small and medium enterprises (SMEs).

Social Exchange Theory by Blau (1964), describes social and professional relationships as exchanges between two parties seeking to gain the most and lose the least. In CRM, this theory highlights the need for trust, satisfaction and loyalty. The theory highlights the importance of developing reciprocal relationships between banks and customers. Through personalised service, timely resolutions of problems, and tailored financial advice, banks can build loyalty, trust and ensure repeat business. For example, loyalty cards and discounts on loan interest rates for existing customers are examples of Social Exchange Theory. Kenya's Cooperative Bank and Family Bank have adopted CRM strategies. Cooperative Bank uses the M-Coop Cash mobile banking service to improve its relationship with customers. Family Bank's Pamoja Loyalty Program is a key CRM strategy. This program incentivises customers to use the bank's products with points that can be redeemed for fee or partner service discounts.

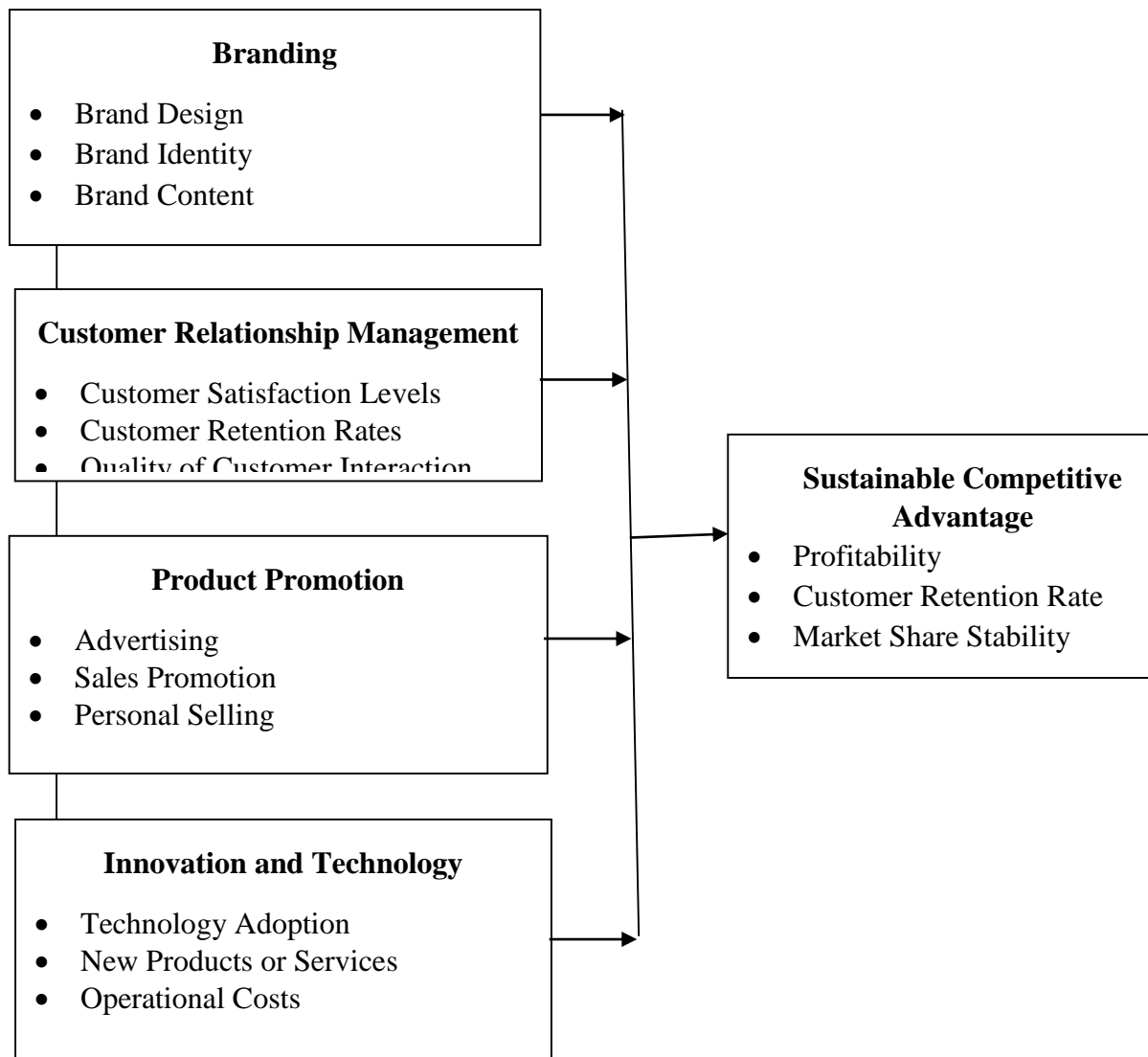
Promotion Mix Theory, as noted by Kotler and Keller (2012), stresses the importance of a coordinated mix of promotional activities advertising, personal selling, sales promotions, public relations and direct marketing to promote a product's value. An integrated promotion mix can enable a consistent message, reach the right audience and convey unique selling points. The theory highlights the need for targeted promotion. For financial institutions in Kenya, promotion strategies such as engaging advertising, social media marketing and attractive promotions (such as lower interest rates on loans and higher benefits on savings accounts) can boost their visibility and brand recognition. For instance, Equity Bank's "Wings to Fly" campaign promotes its brand while also highlighting its business as socially oriented, thus enhancing its competitive edge. Likewise, promotions for digital banking systems by institutions such as Safaricom's M-Pesa have boosted their visibility and market share, demonstrating the impact of promotion in positioning.

Christensen's (1997) Disruptive Innovation Theory describes how technology and business model innovations can change industries by offering innovative and new services and products that are simple, affordable and disruptive. Digital banking, blockchain, artificial intelligence and fintech have transformed banking services and have enabled banks to serve the unbanked, and improve efficiency. This theory explains how digital technologies can help banks deliver more value, reduce costs and help banks meet the increasing consumer demand for convenience. In Kenya, digital banking technology like M-Pesa and digital wallets have enabled banks to

find new ways to enhance the customer experience and to gain competitive advantage. Vooma is connected to M-Pesa and other mobile money services, making it more convenient and user-friendly, and enabling users to make financial transactions without a bank account.

### Conceptual Framework

The conceptual framework illustrates the relationship between the independent variables and the dependent variable.



**Independent Variables**

**Dependent Variable**

**Figure 1: Conceptual framework**

### Empirical Review

Globally, branding has been consistently demonstrated as a critical driver of sustainable competitive advantage in commercial banking. Smith and Brown (2019), using a correlational

study of JPMorgan Chase and Bank of America, found that strong brand reputation significantly enhanced customer trust and loyalty, enabling institutions to acquire and retain more customers than weaker-branded competitors. Johnson and Patel (2020) employed a case study approach on HSBC and Barclays in the UK, revealing that rebranding initiatives such as logo and message refreshes improved market positioning and customer acquisition. Williams and Thompson (2021) used survey methods on Canadian banks including Royal Bank of Canada and TD Bank, establishing that strong brand identity messages and imagery significantly boosted customer acquisition and competitive differentiation. These findings collectively confirm that branding is a foundational strategic positioning tool across developed banking markets globally.

In the African and Kenyan contexts, branding studies reinforce global findings while revealing localised dimensions. Okonkwo and Ibrahim (2019) used descriptive survey methods on Nigerian banks including Access Bank and Zenith Bank, finding that positive brand perceptions significantly built customer trust and loyalty, enabling banks to maintain competitive positioning. Van der Merwe and Botha (2020) employed a comparative case study on Standard Bank and FNB in South Africa, demonstrating that rebranding through updated messaging and visual identity successfully differentiated banks and retained customers. In Kenya, Mwangi and Wanjiku (2019) conducted a survey on KCB and Cooperative Bank customers in Thika, finding that clear brand messages significantly shaped customer preferences and perceptions. Njeri and Kamau (2021) similarly found through descriptive research in Kitale that high brand equity, comprising recognition and loyalty, substantially boosted competitive advantage for Standard Chartered Bank and NCBA Bank.

Regarding CRM, global studies demonstrate its central role in building customer loyalty and sustaining competitive advantage across diverse banking environments. Williams and Johnson (2019) used a mixed-methods design on Barclays and Lloyds Bank in the UK, finding that sophisticated CRM systems enabled personalised financial products that increased customer trust, loyalty, and long-term profitability. Sato and Nakamura (2020) employed longitudinal survey methods on Mitsubishi UFJ Financial Group and Sumitomo Mitsui Banking Corporation in Japan, revealing that personalised communication and regular engagement through CRM significantly improved customer retention and satisfaction. Silva and Oliveira (2021) used quantitative methods on Brazilian banks including Banco do Brasil and Itaú Unibanco, finding that CRM enabled effective market segmentation, allowing banks to develop

targeted products for youth and small businesses, ultimately improving market share and competitiveness through innovation-driven satisfaction.

African studies on CRM highlight its strategic value while revealing implementation challenges unique to developing markets. Adeyemi and Abimbola (2020) conducted a descriptive study on Zenith Bank and Access Bank in Nigeria, finding that CRM-enabled personalised services and faster query responses significantly boosted customer satisfaction, retention, and sustainable competitive advantage, though continuous system training and upgrades remained necessary. Mkhize and Phiri (2019) employed a cross-sectional survey on Standard Bank and FNB in South Africa, establishing that CRM effectively facilitated cross-selling of insurance and investment products, improving customer retention and profitability, while emphasising that digital banking innovation remained equally critical. In Kenya, Otieno and Wambua (2019) conducted descriptive research on Equity Bank and KCB in Nairobi, finding that CRM-driven personalisation of credit and savings services significantly increased customer loyalty, though effectiveness depended on continuous technological harmonisation and system upgrades.

On product promotion, global and African studies consistently demonstrate its role in customer acquisition, retention, and market differentiation. Müller and Schmidt (2019) used an empirical quantitative design on Deutsche Bank and Commerzbank in Germany, finding that promotional strategies including advertising and special offers substantially grew market share and enabled competitive differentiation. Tan and Lim (2020) employed survey methods on DBS Bank and OCBC Bank in Singapore, establishing that referral programs and service discounts significantly accelerated customer acquisition compared to banks with subdued promotional strategies. In Africa, Katende and Besigye (2020) used descriptive methods on Stanbic Bank Uganda and Barclays Bank Uganda, finding that product bundling and promotional campaigns were critical for market differentiation and competitive advantage. In Kenya, Odongo and Njoroge (2019) found through survey research in Eldoret that zero-balance accounts and low-interest loan promotions significantly boosted customer acquisition and market share for Equity Bank and Cooperative Bank.

On innovation and technology, global and African studies unanimously confirm their centrality to strategic positioning and sustainable competitive advantage. Thompson and Lee (2020) used a mixed-methods approach on Commonwealth Bank and Westpac in Australia, finding that FinTech collaborations enabled advanced payment systems that attracted tech-savvy customers

and improved competitive agility. Roberts and Wong (2021) employed a quantitative design on RBC and TD Bank in Canada, establishing that AI-driven predictive analytics and machine learning significantly improved fraud prevention, credit scoring, and customer communication efficiency. In Kenya, Wambua and Njeru (2019) conducted descriptive research on Equity Bank and Standard Chartered in Nairobi, finding that mobile banking apps and digital platforms enhanced customer engagement and service delivery, though cybersecurity threats and digital inclusion gaps remained persistent challenges requiring strategic attention and continued institutional investment.

## **RESEARCH METHODOLOGY**

The study adopted a mixed-methods research design integrating quantitative and qualitative approaches within a positivist epistemological paradigm. The quantitative strand enabled hypothesis testing through statistical techniques, while the qualitative strand captured participants' subjective experiences and perspectives, together ensuring a comprehensive investigation of how strategic positioning influences sustainable competitive advantage in Kenyan commercial banks. Grounding the study in positivism ensured objectivity and verifiability, as the entire research process was anchored in measurable and observable data. The target population comprised 117 senior managers drawn from all 39 commercial banks in Kenya, specifically the heads of customer care, information technology, and sales and marketing at each bank's head office. These departments were selected because of their pivotal roles in shaping strategic direction, and their heads were considered the most appropriate informants for capturing high-level insights into strategic decision-making and competitive positioning.

To arrive at a representative sample, the study employed stratified random sampling, dividing the target population into three strata corresponding to the three managerial roles. Applying a 30% sampling rate consistent with Mugenda and Mugenda (2009) yielded 36 respondents, with 12 drawn from each stratum through simple random sampling. Data were collected using structured questionnaires and interview schedules. Questionnaires were self-administered using a drop-and-pick-later approach, supplemented by follow-up phone calls and emails to maximise response rates, while interviews were conducted in person. Before main data collection, a pilot test was administered to five banks outside the main sample, achieving a 100% response rate. The pilot's findings informed refinements to both instruments, improving their

clarity, structure, and alignment with the research objectives, ensuring they were well-positioned to capture the required data effectively and efficiently.

Instrument quality was rigorously assessed through reliability and validity testing. Reliability was measured using Cronbach's Alpha, with 0.7 set as the minimum acceptable internal consistency threshold. Content validity was ensured by grounding questionnaire items in a comprehensive literature review and the study's conceptual framework, while construct validity was achieved by aligning each item with the theoretical constructs of branding, CRM, product promotion, and innovation and technology, underpinned by Porter's Generic Strategies and the Resource-Based View. Expert reviews from academic supervisors and senior lecturers at JKUAT further refined the instruments. For data analysis, quantitative data were subjected to descriptive statistics, Pearson correlation, and multiple regression analysis.

## **RESEARCH FINDINGS AND DISCUSSION**

This chapter presents the key findings based on the data collected across commercial banks where questionnaires were hand-delivered.

### **Instrument Response Rate**

This study focused on the Kenyan commercial banks. The response rate is defined by Mellahi and Harris (2016) as the number of people who return their questionnaire. It is calculated as the number of respondents who completed and returned the questionnaire divided by the total number of respondents in the sample (those who took part and those who didn't). 36 questionnaires were sent to the commercial banks. 35 of the 36 self-administered research questionnaires were completed properly, with a response rate of 97.2%. This is due to some of the recipients refusing to respond to the questionnaires. This is shown in Table 1. The response rate was good, representative and sufficient for analysis to draw conclusions and make generalisations from the study. Fincham (2014) suggests the analysis should be made with a response rate of 60% or higher. Likewise, Kothari (2012) considers a response rate of 50% as average, 60% to 70% as adequate and 70% or above as remarkable.

**Table 1: Instrument Response Rate**

Item	Frequency	Percentage
Distributed Questionnaires	36	100.0
Completed and Returned Questionnaires	35	97.2
Unreturned Questionnaires	1	2.8

**Descriptive Findings**

The first objective of the study was to determine the impact of branding on sustainable competitive advantage of commercial banks in Kenya. The descriptive findings on branding practices revealed that respondents consistently agreed across all five statements, reflecting a positive perception of branding's role in sustaining competitive advantage. Branding's influence on customer loyalty recorded a mean of 3.71 ( $\sigma = 1.017$ ), while brand identity as a differentiator scored a mean of 3.51 ( $\sigma = 1.121$ ). The bank's brand reputation in retaining customers also recorded a mean of 3.71 ( $\sigma = 0.893$ ). Notably, branding's role in enhancing the perceived value of products and services attracted the highest mean of 3.89 ( $\sigma = 1.078$ ), indicating strong agreement among respondents. The contribution of branding strategy to long-term competitive advantage recorded a mean of 3.77 ( $\sigma = 1.060$ ). These findings confirm that branding is a significant strategic positioning tool for achieving sustainable competitive advantage in Kenyan commercial banks.

**Table 2: Branding Practices**

Statements on Branding	Mean	Std. Deviation
Branding significantly influences customer loyalty in our bank	3.71	1.017
Our bank's brand identity differentiates us from competitors	3.51	1.121
The bank's brand reputation plays a key role in retaining customers	3.71	.893
Branding has helped enhance the perceived value of our bank's products and services	3.89	1.078
Our branding strategy contributes to achieving long-term competitive advantage	3.77	1.060

The second aim of the study was to determine the effect of customer relationship management on the sustainable competitive advantage of Kenyan commercial banks. The findings on CRM practices demonstrated that respondents consistently agreed that CRM contributes positively

to sustainable competitive advantage. CRM's enhancement of customer satisfaction recorded a mean of 3.74 ( $\sigma = 1.146$ ), while the effectiveness of CRM systems in managing and retaining customers scored a mean of 3.86 ( $\sigma = 0.879$ ). The highest-rated statement was CRM's ability to enhance responsiveness to customer needs, recording a mean of 4.00 ( $\sigma = 1.057$ ), reflecting strong agreement. CRM's contribution to overall competitive advantage recorded the lowest mean of 3.49 ( $\sigma = 1.337$ ), suggesting some uncertainty among respondents, possibly reflecting implementation challenges in the Kenyan banking context. CRM's role in maintaining a loyal customer base scored a mean of 3.71 ( $\sigma = 1.126$ ). Overall, these findings affirm that CRM is a vital strategic positioning dimension for competitive advantage in Kenyan commercial banks.

**Table 3: Customer Relationship Management Practices**

<b>Statements on CRM</b>	<b>Mean</b>	<b>Std. Deviation</b>
Our CRM systems improve customer satisfaction	3.74	1.146
The bank's CRM system is effective in managing and retaining customers	3.86	.879
The bank's CRM enhances our ability to respond to customer needs.	4.00	1.057
CRM practices have increased the bank's overall competitive advantage	3.49	1.337
Our CRM strategy is vital to maintaining a loyal customer base	3.71	1.126

**Product Promotion**

The descriptive findings on product promotion practices indicated that respondents agreed that promotional strategies positively contribute to sustainable competitive advantage across all measured dimensions. Product promotion's contribution to increased market share recorded a mean of 3.66 ( $\sigma = 1.211$ ), while its role in improving brand awareness scored a mean of 3.60 ( $\sigma = 1.117$ ). The importance of product promotions in attracting new customers attracted a mean of 3.83 ( $\sigma = 1.248$ ), reflecting strong agreement among respondents. Promotions' role in boosting customer retention recorded a mean of 3.74 ( $\sigma = 1.291$ ). The highest-rated statement was the contribution of effective product promotion to competitive advantage, scoring a mean of 3.86 ( $\sigma = 1.264$ ). These findings collectively confirm that product promotion is a powerful strategic positioning dimension that significantly drives customer acquisition, retention, brand awareness, and sustainable competitive advantage in Kenyan commercial banks.

**Table 4: Product Promotion Practices**

<b>Statements on Product Promotion</b>	<b>Mean</b>	<b>Std. Deviation</b>
Product promotion has significantly increased our market share	3.66	1.211
Promotional strategies have helped improve our bank's brand awareness	3.60	1.117
Product promotions are crucial in attracting new customers	3.83	1.248
Our promotions have increased customer retention	3.74	1.291
Effective product promotion contributes to our bank's competitive advantage	3.86	1.264

In the study, the respondents were requested to rate the degree to which they agreed with the impact of innovation and technology on the sustainable competitive advantage of commercial banks in Kenya. The findings on innovation and technology revealed consistently high levels of agreement among respondents regarding its impact on strategic positioning and sustainable competitive advantage. Technological innovations' improvement of bank operations recorded a mean of 3.86 ( $\sigma = 1.033$ ), while the highest-rated statement was technology investment's enhancement of customer experience, scoring a mean of 4.11 ( $\sigma = 1.105$ ). Innovation and technology's role in differentiating banks from competitors recorded a mean of 3.80 ( $\sigma = 1.302$ ), while technology adoption's improvement of service delivery scored a mean of 4.06 ( $\sigma = 1.162$ ). Innovation and technology as key drivers of sustainable competitive advantage recorded the lowest mean of 3.63 ( $\sigma = 1.215$ ), suggesting some nuanced perceptions, consistent with Ngugi (2018), who argued innovation alone is insufficient without complementary strategic attributes. Overall, these findings affirm innovation and technology as critical strategic positioning dimensions in Kenyan commercial banking.

**Table 5: Innovation and Technology Practices**

<b>Statements on Innovation and Technology</b>	<b>Mean</b>	<b>Std. Deviation</b>
Technological innovations have significantly improved our bank’s operations	3.86	1.033
The bank’s investment in technology has enhanced customer experience	4.11	1.105
Our use of innovation and technology differentiates us from competitors	3.80	1.302
Technology adoption has enabled us to improve service delivery	4.06	1.162
Innovation and technology are key drivers of our sustainable competitive advantage	3.63	1.215

The findings on sustainable competitive advantage indicated that respondents generally agreed that their banks had achieved meaningful levels of competitive advantage across the measured dimensions. Steady profitability over three years recorded the lowest mean of 3.46 ( $\sigma = 1.146$ ), reflecting modest but positive agreement. The highest-rated statements were consistently high customer retention rates, scoring a mean of 4.11 ( $\sigma = 1.051$ ), and possession of a competitive edge that is difficult for rivals to replicate, recording a mean of 4.09 ( $\sigma = 1.222$ ). Market share stability or growth recorded a mean of 3.71 ( $\sigma = 1.296$ ), while consistently outperforming competitors in key performance areas scored a mean of 3.57 ( $\sigma = 1.539$ ). These findings collectively suggest that Kenyan commercial banks have established meaningful sustainable competitive advantage, particularly in customer retention and competitive distinctiveness, consistent with CBK (2024) market share growth data.

**Table 6: Sustainable Competitive Advantage Practices**

<b>Statements on Sustainable Competitive Advantage</b>		
<b>Advantage</b>	<b>Mean</b>	<b>Std. Deviation</b>
Our bank has maintained steady profitability over the last 3 years	3.46	1.146
We have a consistently high customer retention rate	4.11	1.051
Our bank's market share has remained stable or grown over time	3.71	1.296
Our bank enjoys a competitive edge that is difficult for rivals to copy	4.09	1.222
We continuously outperform competitors in key performance areas	3.57	1.539

### **Correlation Analysis Findings**

The correlation analysis results are summarised in this section. The level of significance was set as  $p \leq 0.05$  (Table 7). The first was that branding had an impact on the sustainable competitive advantage of commercial banks in Kenya. The results show a significant correlation ( $r = 0.378$ ,  $p < 0.05$ ) between branding and the sustainable competitive advantage of commercial banks in Kenya. Therefore, the Pearson's product correlation coefficient of branding and sustainable competitive advantage of commercial banks in Kenya was positive, moderate and significant. This means that a moderate sustainable competitive advantage of commercial banks in Kenya would be generated with increased branding practices. The other objective of this study was to determine the effect of customer relationship management on sustainable competitive advantage of commercial banks in Kenya. The correlation results in Table 7 reveals that there is a significant correlation ( $r = 0.392$ ,  $p \leq 0.05$ ). The Pearson product correlation between CRM and sustainable competitive advantage of commercial banks in Kenya was also found to be moderate positive and significant. This shows that as the level of CRM increases, there will be a positive and moderate increase in sustainable competitive advantage of commercial banks in Kenya.

It was also necessary to find out the correlation between product promotion and sustainable competitive advantage of commercial banks in Kenya. In table 7, we can see that there was a strong significant correlation ( $r = 0.637$ ,  $p \leq 0.05$ ) between the variables. The correlation

coefficient of product promotion and sustainable competitive advantage of commercial banks in Kenya was strong and significant. Therefore, it also shows that the rise in the product promotion practices would lead to a strong sustainable competitive advantage of commercial banks in Kenya. Lastly, a correlation was performed to find the influence of innovation and technology on sustainable competitive advantage of commercial banks in Kenya. In Table 7 it was established that a correlation ( $r = 0.481$ ,  $p < 0.05$ ) was significant. Therefore, the Pearson product correlation of innovation and technology and sustainable competitive advantage of commercial banks in Kenya was moderate positive and significant.

**Table 7: Correlation Analysis**

		Branding	Customer Relationship Management	Product Promotion	Innovation and Technology	Sustainable Competitive Advantage
Branding	Pearson	1				
	Correlation					
	Sig. (2-tailed)					
	N	35				
Customer Relationship Management	Pearson	.211	1			
	Correlation					
	Sig. (2-tailed)	.223				
	N	35	35			
Product Promotion	Pearson	.396*	.325	1		
	Correlation					
	Sig. (2-tailed)	.019	.056			
	N	35	35	35		
Innovation and Technology	Pearson	.210	.321	.209	1	
	Correlation					
	Sig. (2-tailed)	.227	.060	.229		
	N	35	35	35	35	
Sustainable Competitive Advantage	Pearson	.378*	.392*	.637**	.481**	1
	Correlation					
	Sig. (2-tailed)	.025	.020	.000	.003	
	N	35	35	35	35	35

\*. Correlation is significant at the 0.05 level (2-tailed).  
 \*\*. Correlation is significant at the 0.01 level (2-tailed).

**Regression Analysis**

A multiple regression analysis was used in this study to test the significance of the relationship between the dependent and independent variables. It revealed the impact of the independent variables on the dependent. The results are shown in Table 8. It was shown in 8 that the value of the Pearson's Model Correlation Coefficient (R) is  $r = 0.841$  was high. This means that the model has been enhanced by including variables to predict the factors of sustainable competitive advantage in commercial banks in Kenya. The value of the coefficient of determination (r-square) ( $r = 0.590$ ) also showed that the regression model explained about 59% of the variation in the dependent variable. The ANOVA test values of the independent and dependent variables are presented in Table 8.

**Table 8: Multiple Linear Regression Analysis Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.841 <sup>a</sup>	.650	.590	.927

a. Predictors: (Constant), Innovation and Technology, Product Promotion, Customer Relationship Management, Branding

Table 9 showed that there was a significant association between independent and dependent variables ( $F = 9.157$ ;  $df = 4, 30, 34$ ;  $p = 0.000$ ). This finding confirmed the one proposed in Table 9, and indicated that branding, customer relationship management, product promotion and innovation and technology practices of strategic positioning were important in determining the sustainable competitive advantage of the commercial banks in Kenya. Beta coefficient was used to establish the importance of the independent variables in the model and the result is shown in Table 9.

**Table 9: Summary of ANOVA Results**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	25.068	4	6.267	9.157	.000 <sup>b</sup>
	Residual	20.532	30	.684		
	Total	45.600	34			

a. Dependent Variable: Sustainable Competitive Advantage

b. Predictors: (Constant), Innovation and Technology, Product Promotion, Customer Relationship Management, Branding

The results in Table 10 indicated that the most significant variable ( $\beta = 0.499$ ) in the model was product promotion. This was followed by innovation and technology ( $\beta = 0.324$ ), customer relationship management ( $\beta = 0.106$ ) and branding ( $\beta = 0.090$ ). The beta values indicated that for every one standard deviation that the independent variables (branding, customer relationship management, product promotion and innovation and technology) change, the dependent variable (sustainable competitive advantage of commercial banks in Kenya) will increase or decrease by the number of standard deviations. Thus, the linear regression model was:

$$Y \text{ (Sustainable Competitive Advantage)} = .863 \text{ (Constant)} + (0.170) \text{ (Branding)} + 0.122 \text{ (Customer Relationship Management)} + 0.677 \text{ (Product Promotion)} + 0.301 \text{ (Innovation and Technology)} + 1.027$$

**Table 10: Overall Significance of Test Results**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.863	1.027		.840	.408
	Branding	.170	.253	.090	.670	.508
	Customer Relationship Management	.122	.155	.106	.788	.437
	Product Promotion	.677	.188	.499	3.595	.001
	Innovation and Technology	.301	.122	.324	2.469	.019

a. Dependent Variable: Sustainable Competitive Advantage

## CONCLUSION

The study found that there was an increase in the sustainable competitive advantage for every unit increase in Branding. This indicated that as there was an increase in branding, there was an increase in the sustainable competitive advantage of commercial banks. In addition, the study found that branding affects customer loyalty in the banks. The study further concluded that banks that develop a unique and consistent brand essence can increase customer loyalty, thus leading to competitive advantage.

The study suggested that the increase in sustainable competitive advantage is expected to increase by one unit with increase in CRM. This implied that the commercial banks had increased sustainable competitive advantage with improved CRM. But the study also found that if customers perceive a discrepancy between expected and actual service, they may not remain loyal to the bank despite CRM. The study suggested that while CRM is perceived to be a good thing, it has problems in the Kenyan bank environment due to lack of integration, lack of cultural service and lack of fit between expectations and perceptions of service.

The study indicated that there was a predicted increase in sustainable competitive advantage for each unit increase in product promotion. This meant that, the stronger the promotional strategies for commercial banks, the stronger the sustainable competitive advantage. In addition, it was observed that the sub-elements of the promotion mix (sales promotion, advertising and

direct marketing) have a positive impact on sales performance and new markets for commercial banks. It was also found that customer retention (promotional offers) are crucial in building customer satisfaction and loyalty. From the results it can be concluded that promotion of product has led to the growth in the market.

The study found that with a one unit increase in innovation and technology, there was an increase in sustainable competitive advantage. The present study found an increase in innovation and technology results in an increase in sustainable competitive advantage in commercial banks. The research also revealed that the adoption of technology enhances efficiency and quality of services to the customers, allowing banks to maintain competitive advantage in dynamic environment. Further, the study found the adoption of technological innovation strategies has a positive impact on competitive advantage in commercial banks. The results show that innovation and technology are factors of sustainable competitive advantage.

## **RECOMMENDATIONS**

The study recommends that commercial banks should prioritise developing strong and distinctive brand identities to differentiate themselves from competitors in Kenya's highly competitive banking sector. Banks should implement strategic rebranding efforts focused on cultivating unique brand elements including consistent brand messaging, distinct brand personalities, and targeted marketing programs that resonate deeply with diverse customer segments. Additionally, banks should adopt value-based CRM approaches that prioritise customised financial services, personalised communication, and proactive complaint management systems that address customer concerns promptly and effectively. CRM systems should be continuously upgraded and integrated with digital banking platforms to ensure seamless customer experiences across all touchpoints, significantly increasing account holder satisfaction and deepening customer loyalty. Both branding and CRM should therefore be treated as interconnected strategic assets that collectively drive long-term competitive positioning, customer retention, and sustainable institutional profitability in the Kenyan commercial banking environment.

The study further recommends that commercial banks should ensure their promotional strategies are deliberately designed to enhance brand awareness and strengthen customer confidence across all market segments. Banks should develop comprehensive promotional

campaigns that consistently remind customers of their institution's unique features, product benefits, and commitment to customers' financial success, utilising both digital and traditional channels to maximise reach and engagement. Furthermore, banks should continuously enhance their investment in innovation and technology, recognising these as indispensable sources of sustainable competitive advantage in an increasingly digital banking environment. However, banks should recognise that innovation alone is insufficient and should therefore complement technological investments with robust strategic asset management and product differentiation initiatives. Innovation and technology practices should be periodically reviewed and benchmarked against industry standards to ensure banks remain agile, resilient, and competitively positioned in Kenya's rapidly evolving commercial banking landscape.

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