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Analysis of the Competitiveness of the Banking Industry in Kenya—a Case Study of the Cooperative Bank of Kenya Ltd

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Abstract **Original Research Article**

The banking sector in Kenya plays a vital role in driving economic growth. In an increasingly competitive and dynamic environment, it has become critical for banks to adopt prudent and strategic management practices aimed at enhancing operational efficiency, delivering high-quality services, and minimizing operational costs in ways that differentiate them from their competitors.
Over the years, the sector has undergone significant transformation, moving through various phases: the early development stage, nationalization, and later, liberalization marked by extensive reforms in 1991. These reforms opened the market to international banking giants such as Standard Chartered Bank and Barclays Bank, ushering in a new era of competition.
In response to this intensified competition, many financial institutions in Kenya have increasingly benchmarked their operations against international standards. This strategy is intended to strengthen competitiveness and expand their foothold in the regional market.
The constantly evolving business landscape, intensifying domestic and global competition, and increasingly volatile financial markets have driven significant reform and transformation within the banking industry. To thrive in this competitive landscape, institutions such as the Cooperative Bank of Kenya have had to adapt their operational models and strategic approaches.
To achieve sustainable profitability and maintain a competitive edge, commercial banks must align their business strategies, organizational architecture, and operational workflows. Such alignment allows them to respond effectively to market demands, leverage learning curve economies, and drive continuous improvement..

Keywords: Branding, Competition, Competitive Advantage, Competitive Marketing Strategies, Differentiation.

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1. INTRODUCTION

Commercial banks play a central role in Kenya's financial system and economic development. Their core functions include accepting customer deposits, facilitating money transfers, offering merchant banking services, providing loans to individuals and businesses, disbursing payments, issuing travelers' cheques, delivering foreign exchange services, offering safety deposit facilities, and providing financial advisory services on investments and insurance.

According to KenyaPlex (2018), commercial banks further support the economy by promoting financial literacy, guiding investment decisions, enhancing awareness of money markets, and supporting financial inclusion. Through the delivery of these services, the banking sector significantly contributes to Kenya's Gross Domestic Product (GDP).

The Central Bank of Kenya plays a critical regulatory role by formulating and implementing monetary policy, supervising financial institutions, and ensuring overall financial system stability. These functions enable commercial banks to operate effectively and contribute meaningfully to national development.

1.1 Resilience and Growth in 2024

In 2024, Kenya's banking sector demonstrated strong resilience In the face of macro-economic challenges, including high interest rates, inflationary pressures, and currency fluctuations, many banks have been compelled to adopt more resilient financial strategies and operational efficiencies to safeguard profitability and maintain market stability. By June 2024, the sector's total assets had grown to KES 7.6 trillion — a 7.1% year-on-year increase — driven largely by an expanded deposit base and strengthened shareholder equity.

The sector has also seen rapid digital transformation, with banks embracing artificial intelligence (AI), data analytics, and customer-centric innovations to enhance operational efficiency and service delivery. This strategic shift is positioning Kenyan banks at the forefront of digital financial services in the region.

Tax contribution by the banking sector has also grown significantly. By 2023, the industry had doubled its tax remittances over a five-year period, contributing KES 190 billion to the national treasury — a clear indicator of its growing economic relevance and fiscal impact.

1.2 Profitability amidst Adversity

Despite a challenging economic climate, Kenyan banks recorded a strong financial performance in 2024. According to Zawya (2024), the sector achieved a combined pre-tax profit of USD 1.22 billion (KES 179.4 billion), representing a 12% increase from the previous year. Notably, this growth was achieved even as lending to households and small businesses declined, underscoring the sector's ability to adapt to shifting market dynamics.

Profitability in the sector has been influenced by a mix of internal and external factors. Internally, key drivers include operational efficiency, asset quality, non-performing loan (NPL) management, and capital adequacy. Externally, macroeconomic conditions such as interest rate trends, inflation, and exchange rate volatility continue to impact financial performance across the board.

1.3 Case Study: Cooperative Bank of Kenya

The Cooperative Bank of Kenya is a strong example of success in 2024. The bank reported a Profit Before Tax (PBT) of KShs 34.8 billion, a 7.5% increase compared to the previous year, while its Profit After Tax (PAT) rose to KShs 25.5 billion — a 9.8% growth. Total assets increased by 10.7% to KShs 743.2 billion, and customer deposits grew by 12.1% to KShs 506.1 billion (Co-op Bank Annual Report, 2024).

This growth was supported by several strategic initiatives, including a full rollout of a new core banking system, a 92% adoption rate of digital channels, and a strong focus on environmental, social, and governance (ESG) integration. Co-op Bank's commitment to customer-centric service, innovation, and sustainability has reinforced its position as a market leader.

Considering increasing competition from the banking industry, the Cooperative Bank of Kenya Ltd has faced significant strategic challenges, compelling it to re-evaluate its business model, enhance operational efficiency, and adopt innovative marketing and customer engagement strategies to retain market share and drive sustainable growth. To remain competitive and sustain profitability, the bank has had to leverage technology, enhance operational efficiencies, and tailor its products to meet the needs of diverse market segments. These strategic initiatives have played a crucial role in strengthening the bank's brand positioning and expanding its market share both locally and within the broader East African region.

The Cooperative Bank has established a strong footprint in the Kenyan banking sector through sustained efforts in process innovation, continuous improvement, and the strategic acquisition and merger of smaller banks. These efforts have allowed the bank to expand its network, enhance service delivery and increase customer reach aimed at sustaining growth and improving shareholder value.

To maintain competitive advantage in a dynamic financial sector, the bank has adopted several strategic approaches. These include:

- Benchmarking its business processes and operations against international best practices.
- Introducing innovative financial products and solutions aimed at meeting evolving customer needs.
- Pursuing market penetration and diversification to expand its customer base.
- Implementing competitive marketing and branding strategies to differentiate itself in the crowded banking landscape.
- Strengthening its Unique Selling Proposition (USP) to highlight its core value offerings.
- Embracing business process re-engineering to optimize internal workflows and reduce inefficiencies.
- Focusing on the consistent delivery of Quality, Reliable Services, and enhanced Value for Money (QRSV).

2. RESEARCH OBJECTIVES

The primary objective of this study is to identify and evaluate the key competitive factors that have contributed to the rapid growth and sustained profitability of the Cooperative Bank of Kenya.

Specific Objectives

These mixed methods study specifically seeks to:

- Analyze the competitive marketing strategies currently employed by the Cooperative Bank of Kenya to increase its market share within the Kenyan banking sector.
- Examine the impact of branding and brand positioning on the bank's overall growth, market performance, and profitability.

2.1 Research Hypotheses

H1: The adoption of strategic marketing strategies by the Cooperative Bank of Kenya significantly contributes to an increase in its market share within the banking sector.

H2: Customers perceive the brand positioning of the Cooperative Bank of Kenya to be superior compared to that of its competitors in the banking sector.

3. THEORETICAL FRAMEWORK

This study is guided primarily by **Porter's Generic Competitive Strategies and the Resource-Based View (RBV) theory**, which together provide a comprehensive lens through which to understand the competitive positioning of the Cooperative Bank of Kenya.

Porter's Generic Competitive Strategies outline three fundamental approaches that firms can employ to gain and maintain a competitive advantage: Differentiation, Cost leadership, and focus strategies. Porter's Generic Competitive Strategies outline three fundamental approaches that firms can employ to gain and maintain a competitive advantage: cost leadership, differentiation, and focus strategies. **Cost leadership** involves achieving the lowest operational costs within the industry, **differentiation** focuses on creating unique products or services that are perceived as distinct and valuable by customers, and focus **strategy** involves targeting a specific market niche.

The Cooperative Bank has strategically leveraged these approaches by optimizing operational efficiencies (cost leadership), innovating customer-centric financial products (differentiation), and serving niche market segments such as cooperative societies (focus).

Complementing Porter's framework, the Resource-Based View (RBV) theory emphasizes the critical role of a firm's internal resources and capabilities in achieving and sustaining competitive advantage. According to RBV, firms that possess resources which are valuable, rare, inimitable, and non-substitutable are better positioned to outperform competitors and maintain superior performance over time. The Cooperative Bank's emphasis on technological innovation, skilled human capital, and customer relationship management reflects this theory, as these internal competencies contribute to its robust market position.

In the contemporary banking landscape, marked by intense competition and rapid technological change, banks must also focus on customer-centric marketing theories to attract, retain, and satisfy customers effectively. **Relationship Marketing Theory** is particularly relevant, emphasizing the development of long-term customer relationships over transactional interactions. This theory posits that trust, personalized communication, and loyalty programs are essential in building customer retention and lifetime value. In the context of the Cooperative Bank, relationship managers play a pivotal role in managing corporate and retail client portfolios, thereby fostering loyalty and deeper engagement.

Furthermore, **Customer-Based Brand Equity (CBBE),** as conceptualized by Keller, underlines the strategic importance of brand strength in influencing customer preferences and loyalty. Strong brand equity is built through heightened brand awareness, positive brand associations, perceived quality, and ultimately, customer loyalty. The Cooperative Bank's investment in brand development and consistent messaging supports its differentiation strategy in a highly competitive market.

Finally, the banking sector is undergoing rapid transformation, driven by digitalization, enhanced customer experience, and an increasing focus on sustainability. Incorporating these dimensions into marketing strategies allows the Cooperative Bank to remain agile, customer-focused, and resilient amidst evolving market demands.

Collectively, these theories provide a robust framework to analyze how the Cooperative Bank of Kenya sustains its competitive advantage through strategic alignment of internal capabilities, market positioning, and customer relationship management in a dynamic financial services environment.

4. METHODOLOGY

This study adopted a mixed methods research approach, which is widely recognized for its inclusivity, pluralism, reliability, congruence, validity, and complementary strengths in addressing complex research questions.

For the quantitative component, data were collected using structured questionnaires administered through virtual and online platforms. A total of 86 participants—equally distributed by gender (43 males and 43 females)—responded to the questionnaire. This approach facilitated the collection of standardized data on perceptions and practices related to the bank's competitive strategies.

The qualitative component was exploratory in nature and employed unstructured and semi-structured data collection techniques to gain deeper insights. Data were gathered through virtual in-depth interviews and focus group discussions. Forty respondents participated, balanced equally by gender (20 males and 20 females). Of these, 20 respondents engaged in telephonic interviews, while the remaining 20 participated in online focus group discussions. The convergent parallel design was employed to collect and analyze qualitative data concurrently with quantitative data, allowing for triangulation and a richer, integrated understanding of the research problem.

Overall, the mixed methods approach provided a robust framework to triangulate findings, strengthen the study's validity, and offer comprehensive insights into the key competitive factors driving the growth and profitability of the Cooperative Bank of Kenya.

4.1 Sample Size and Sampling Techniques

The study employed a mixed-methods approach, requiring distinct sampling strategies for both quantitative and qualitative data collection to ensure representativeness and depth of insights.

4.1.1 Quantitative Sample Size and Sampling

For the quantitative component, a sample size of **86 participants** was determined to be sufficient to provide reliable and generalizable findings within the scope of the study. The participants were drawn from various departments of the Cooperative Bank of Kenya, including Human Resources, Information Technology, Accounts, and Quality Assurance.

A **stratified random sampling technique** was employed for quantitative data collection. This approach involved dividing the bank's employee population into distinct strata based on departments, and then randomly selecting respondents from each stratum proportionate to their size. Stratification ensured that all relevant departments were adequately represented, reflecting the diverse perspectives within the bank.

4.1.2 Qualitative Sample Size and Sampling

For the qualitative component, **40 participants** were purposively selected to provide in-depth insights into the competitive strategies and organizational dynamics. This group included 20 males and 20 females, maintaining gender balance and inclusivity.

A **purposive sampling technique** was used for qualitative data collection. Participants were selected based on their roles, expertise, and experience relevant to the research objectives, ensuring that those with critical knowledge and insights were included. This technique is appropriate for exploratory qualitative research where depth and richness of data are prioritized over statistical generalizability.

4.2 Sample Size Determination Using Design Effect (DEFF)

To ensure statistical reliability and account for the effects of clustering within the target population, the study adopted the **Design Effect (DEFF)** formula for sample size determination. The formula used is as follows:

DEFF=1+δ (n−1)\ text {DEFF} = 1 + \delta (n - 1) DEFF=1+δ (n−1)

Where:

- δ\deltaδ = Intraclass correlation coefficient (ICC) for the statistic
- nnn = Average size of the cluster

The **Design Effect (DEFF)** accounts for the increased variance that arises when data is collected in clusters (e.g., bank branches) rather than from a simple random sample. In this study, participants were drawn from various departments across multiple branches of the Cooperative Bank of Kenya, necessitating this adjustment to maintain accuracy and representativeness.

Based on the DEFF-adjusted calculations, a total of **86 participants** were selected from a target population of **150 senior managers** across **80 bank branches** (out of 193 total branches). This represents **57% of the target population**, ensuring a robust and representative sample. The selected sample adequately captures the perspectives of key decision-makers across a broad geographic and departmental spread, aligning with the objectives of the study.

5. RESULTS

Table 1: Impact of Branding on Cooperative Bank of Kenya

Response	Number	Percentage (%)
Strongly Agree	64	74%
Agree	16	19%
Undecided	6	7%
Disagree	0	0%
Strongly Disagree	0	0%
Total	86	100%

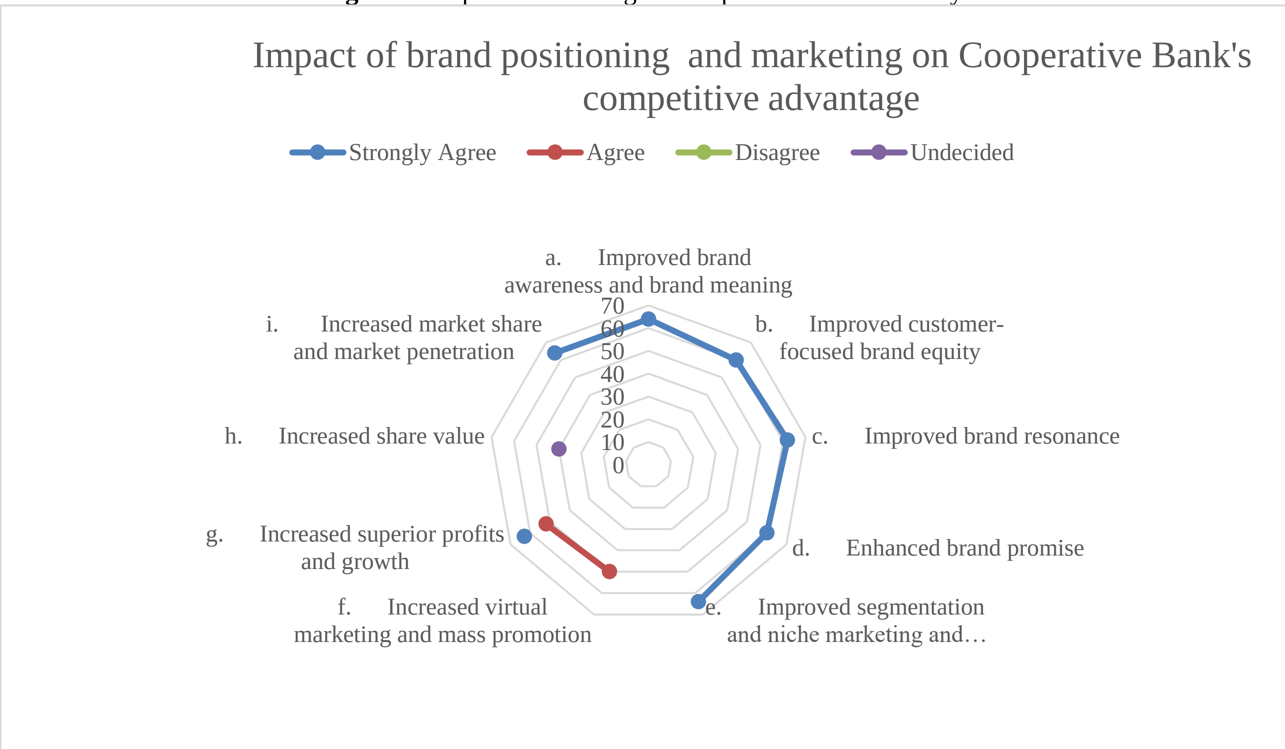
Source: Field Survey on the Impact of Branding on Cooperative Bank of Kenya (2024)

Interpretation:

The data in **Table 1** indicates a strong consensus among respondents on the positive impact of branding on the Cooperative Bank of Kenya. A combined 93% (64 strongly agree + 16 agree) of participants affirmed that branding plays a significant role in influencing the bank's growth, customer perception, and competitiveness. Only 7% remained undecided, while none of the respondents disagreed or strongly disagreed with the statement.

This overwhelmingly positive response underscores the strategic importance of branding in the bank's positioning and performance within the highly competitive Kenyan banking sector.

Figure 1: Impact of branding on Cooperative Bank of Kenya



From the analysis of Figure-1, it is evident that effective brand positioning and strategic marketing have significantly contributed to the Cooperative Bank of Kenya's overall performance. The data clearly indicates that these branding efforts have led to:

- Enhanced brand awareness and stronger brand meaning within the competitive marketplace
- Improved market segmentation and niche marketing, which have collectively driven increased sales
- Customer-focused brand equity and brand resonance, supporting deeper market penetration
- Increased market share, which has translated into measurable business growth and superior profitability

These findings align with the theoretical and empirical literature. Parklean (2022) supports these results by arguing that for enterprises to achieve substantial market penetration, expand their marketing reach, and grow their market share, they must strengthen their points of differentiation, enhance their customer value propositions, and continuously revitalize their flagship and megabrands. This ensures ongoing brand relevance and deepens brand resonance, which in turn drives customer loyalty, sales performance, and sustained profitability.

Table 2: Competitive Strategies Adopted by the Bank

Response	Number	Percentage (%)
Strongly Agree	65	76%
Agree	18	21%
Undecided	2	2%
Disagree	1	1%
Strongly Disagree	0	0%
Total	86	100%

Source: Field Survey on Competitive Strategies Adopted by the Bank (2024)

Interpretation:

The data in Table-2 demonstrates that most of the respondents (97%) either strongly agree or agree that the Cooperative Bank of Kenya has implemented clear and effective competitive strategies. These strategies are perceived as key drivers of the bank's performance, market presence, and profitability.

Only 3% of respondents were either undecided or disagreed, while none strongly disagreed, further reinforcing the general consensus around the strategic direction of the bank.

This supports the study's findings that Cooperative Bank has adopted a combination of cost leadership, differentiation, and focus strategies, along with strong digital transformation, market penetration, and brand positioning, to remain competitive in the Kenyan banking sector.

Figure-2: Competitive strategies adopted by the bank.

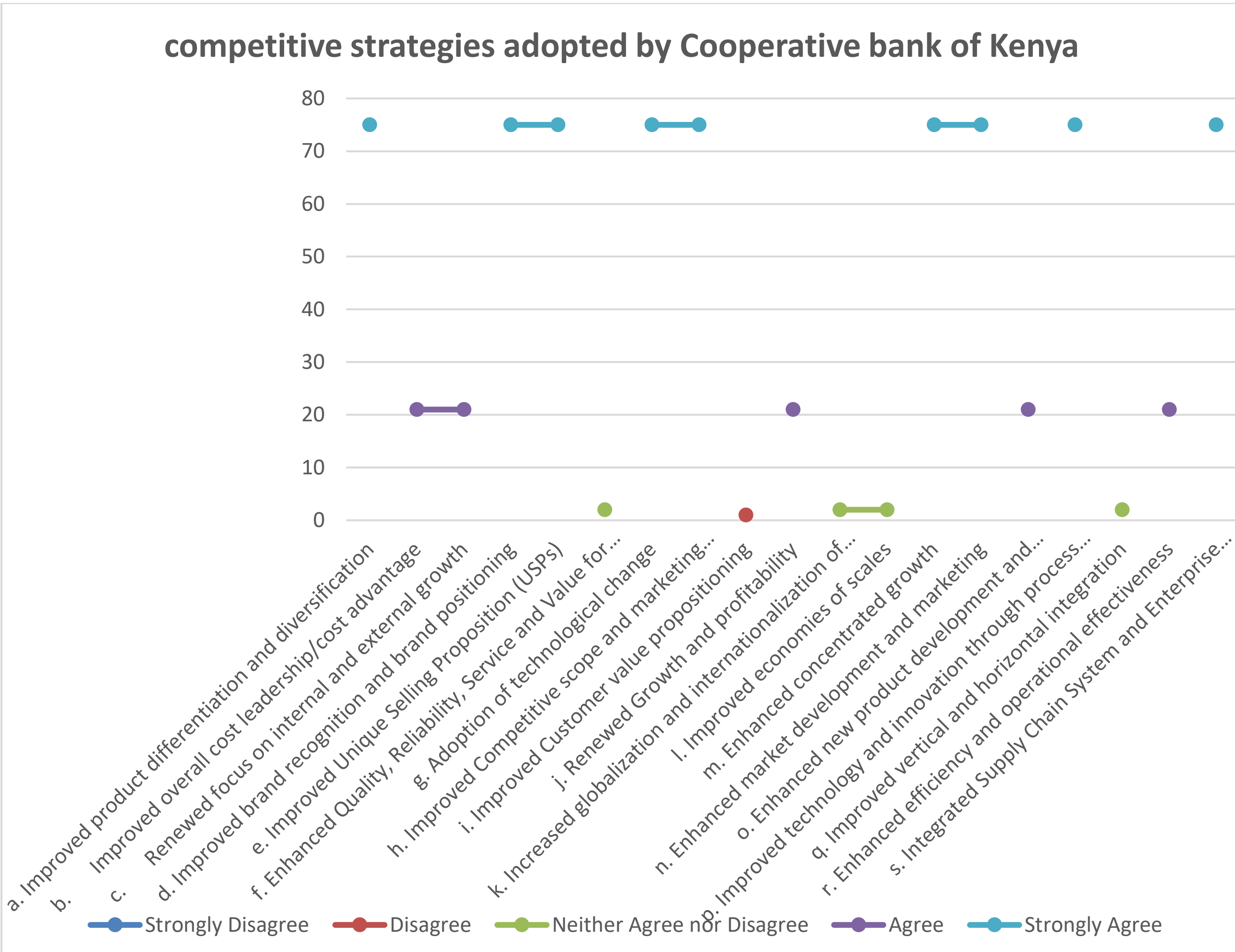


Table-2, adopted from the field survey on key competitive strategies used by the Cooperative Bank of Kenya Ltd (2020), reveals that a significant majority of respondents—76% strongly agreed and 21% agreed—that the bank has actively adopted various competitive strategies to gain and sustain success in the dynamic banking sector. In contrast, only 2% were undecided, and 1% disagreed, indicating a strong consensus on the effectiveness and visibility of the bank's competitive approach.

Further analysis of Figure 2 underscores that Cooperative Bank has implemented a comprehensive array of strategic initiatives to achieve and sustain its competitive advantage. These initiatives include:

- Diversification, and Product differentiation of its flagship brands
- Pursuit of inclusive cost-leadership to establish cost advantages
- Continuous monitoring of internal and external environments to anticipate market trends
- Enhancement of its Unique Selling Proposition (USP) alongside new product development
- Espousing the principles of competitive marketing scopes, including market penetration strategies

- Focused growth through market development and segmentation marketing
- Integration of technological innovations via process improvements and process re-engineering
- Deployment of integrated Supply-Chain-Management Systems and Enterprise-Resource-Planning (ERP) tools

These strategic levers collectively enhance the bank's market responsiveness, service efficiency, and brand competitiveness.
Supporting the research findings, Dess and Nystrom (2018) emphasized that the Cooperative Bank's competitiveness is driven by:

- Strong product differentiation and brand diversification
- Adoption of technological innovation to improve service efficiency
- Reinforcement of competitive points of difference and a compelling USP
- A continuous focus on Quality, Reliability of Services, and Value for Money (QRSV)
- Holistic and targeted marketing efforts to boost market penetration and share expansion

Similarly, Hilver (2019) highlighted the importance of sustaining competitive advantage through strategies such as:

- Strengthening brand equity and brand resonance
- Building a high-performing team to protect strategic advantages
- Delivering superior customer care to enhance customer retention and loyalty
- Developing grand strategies to outcompete rivals, including pricing strategies and digital marketing innovation
- Promoting externalization of flagship brands

The evidence from the empirical data suggests that the Cooperative Bank's ability to sustain competitive success lies in its deliberate and multifaceted approach. Key competitive strategies—such as product differentiation, cost leadership, USP development, market expansion, technological innovation, and holistic marketing—have proven essential in positioning the bank as a leader within Kenya's increasingly competitive financial sector.

Table-3: Unique Selling Propositioning (USP) of the Cooperative Bank of Kenya

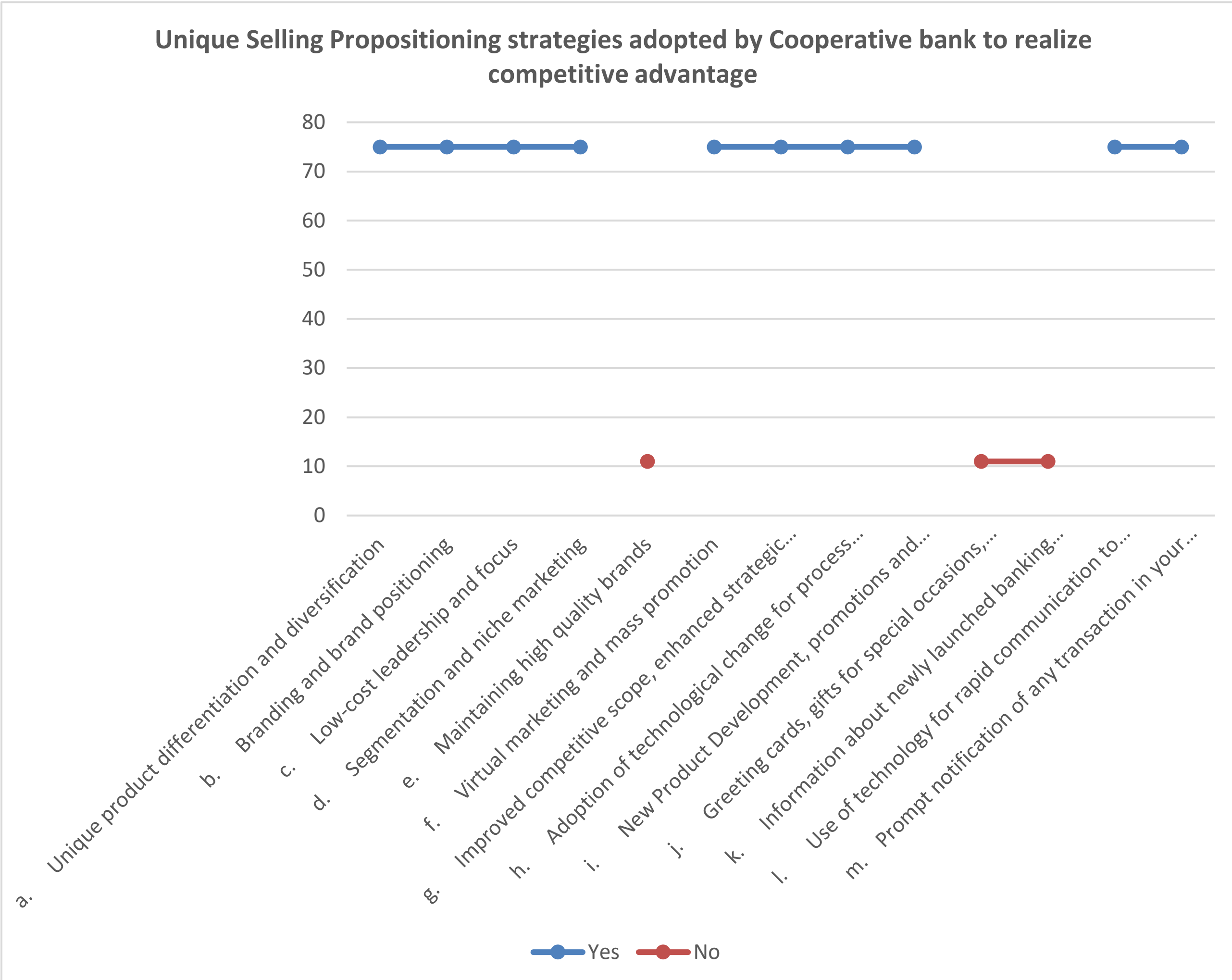
Response	Number	Percentage (%)
Yes	75	87%
No	11	13%
Total	86	100%

Source: Field Survey on Unique Selling Propositioning, 2020

Interpretation:

As shown in **Table-3**, 87% of respondents acknowledged that the Cooperative Bank of Kenya has a clear and distinct Unique Selling Proposition (USP). This indicates a strong perception among staff and stakeholders that the bank effectively differentiates itself from competitors through unique value offerings—whether in its services, customer engagement, competitive marketing, branding, or product innovations.
Only 13% of the respondents stated otherwise, suggesting that while the vast majority see the value differentiation, a small proportion may perceive overlaps with competitor offerings or a need for further communication and refinement of the USP.
The high percentage of positive responses supports the notion that USP as a factor of competitive marketing is a key competitive lever for the bank. This includes a focus on customer-centric innovations, wide branch network, affordable financial solutions tailored to diverse market segments, strong cooperative-based ownership model, and a reputation for reliability and trust.

Figure-3: Unique Selling Prepositions



Analysis of Unique Selling Propositioning Strategies

The findings from Table-3 clearly demonstrate a strong endorsement of the Cooperative Bank of Kenya's Unique Selling Proposition (USP) strategies. With 87% of respondents affirming that these strategies have *significantly contributed* to the bank's competitive edge, it's evident that the USP-driven approach is perceived as both effective and impactful. The minimal dissent (13%) further underscores the broad consensus regarding the success of these initiatives in enhancing the bank's market position.

Figure-3 outlines the core USP strategies that underpin this competitive advantage. These include:

1. Unique Product Differentiation and Diversification – Offering varied and innovative financial products tailored to diverse customer needs.
2. Branding and Strategic Brand Positioning – Establishing a strong, recognizable brand image that resonates with trust and reliability.
3. Low-Cost-Leadership with Market Focus – Balancing affordability with targeted market engagement to attract price-sensitive segments.
4. Segmentation and Niche Marketing – Customizing services for specific customer groups to deepen market penetration and customer loyalty.
5. Technological Innovations – Streamlining operations and enhancing service delivery through digital platforms and automation.
6. New Product Development and Innovation – Continuously introducing novel offerings to remain responsive to changing market dynamics.
7. Diverse Marketing Strategies – Employing multiple promotional channels and approaches to reach a wider audience.
8. Value Chain Integration – Enhancing efficiency and customer satisfaction through coordinated internal processes and service delivery channels.

The Cooperative Bank of Kenya's USP strategies, as identified in Figure-3, have been largely validated by stakeholder feedback in **Table-3.** The combination of strategic branding, innovation, operational efficiency, and targeted marketing has evidently played a pivotal role in sustaining a competitive advantage in Kenya's dynamic banking sector.

Table-4: Thematic Analysis of Qualitative Data (n = 40 Interviews)

Q1: How is the Cooperative Bank brand doing compared to competitors?

Theme	Mentions (out of 40)
Improved market scope, share, confidence, and penetration	35
Strong brand awareness and brand meaning	35
Effective brand resonance with low-income earners, especially farmers' SACCOs	35
Customer-Focused Brand-Equity	29
Brand Equity	10

Q2: What are the main forces of competition driving value and competitiveness?

Theme	Mentions (out of 40)
Technological change	35
Innovation through process improvement	35
Brand positioning	34
Improved-Unique- Selling -Proposition (USPs)	35
Diversification and Product differentiation	34
Competitive Marketing Strategies	35
New Market Development	35
Concentrated Growth	33
Integrated Supply Chain Management and ERP	35
Quality, Reliability of Services, and Value for Money (QRSV)	13
Globalization and internationalization of banking services	14

Q3: Can the bank’s competitive success be attributed to Unique Selling Proposition and product differentiation?

Theme	Mentions (out of 40)
Unique Selling Proposition (USPs)	35
Product differentiation and diversification	35
Efficient branding and positioning	35
Diverse marketing strategies and segmentation	35
Improved value chain systems and vertical integration	30
Technological innovation	35
Globalization/regional expansion	10
Quality, Reliability of Services, and Value for Money (QRSV)	11

Summary & Interpretation

The qualitative data highlights several recurring strategic themes that underpin the competitive advantage and brand success of the Cooperative Bank of Kenya:

Strong Brand Positioning: The consistent mention of themes such as brand awareness, brand resonance, and customer-focused brand equity shows that the Cooperative Bank has successfully differentiated its brand in a competitive banking sector. The emphasis on serving low-income earners and farmers' SACCOs demonstrates inclusive financial service delivery.

Technology and Innovation as Strategic Pillars: Both technological change and process innovation were cited in nearly every interview. These are considered major enablers of efficiency, customer satisfaction, and adaptability—especially in an increasingly digital banking environment.

Marketing and Differentiation Strategies: Themes such as USPs, product diversification, and segmented marketing strategies reflect an advanced, market-driven approach to banking. The use of targeted marketing and flagship brand revitalization aligns with modern competitive strategies for customer acquisition and retention.

Operational Excellence and Integrated Systems: The integration of ERP systems, supply chain management, and value chain improvement signifies a deliberate effort by the bank to streamline operations and reduce inefficiencies.

Globalization and Sustainability: Though mentioned less frequently, themes like internationalization and global banking practices suggest forward-looking ambitions, even if not yet fully mainstreamed among all staff.

Customer-Centric Value: The mention of Quality and Reliability of Services and Value for Money (QRSV) across multiple questions reflects a strong internal focus on maintaining service standards, which directly supports brand equity and competitive positioning.

Overall, the thematic analysis confirms that Cooperative Bank's competitive success is deeply rooted in a multi-pronged strategy involving:

- Technological innovation
- Strong brand identity and awareness
- Unique product differentiation and segmentation
- Integrated operational systems
- Customer-centric service delivery

These findings offer empirical support to the theoretical framework based on Porter's Generic Strategies, RBV Theory, and Relationship Marketing, validating the bank's strategic path toward sustained profitability and market leadership.

6. DISCUSSIONS

The research findings, in alignment with the formulated hypotheses (H1 and H2) and the reviewed literature, affirm that the banking sector in Kenya has undergone significant transformation over the years. These transformations have fostered increased competition and competitiveness, driven the expansion of market share through aggressive marketing intelligence, and ultimately contributed to enhanced growth and superior profitability.

6.1 Competitive Dynamics and Technological Adaptation

Within the theoretical framework of **National Competitive Advantage** (Porter, 1990) and supported by the **Resource-Based View (RBV)**, the study established that the Cooperative Bank of Kenya has successfully leveraged **technological change**, **product differentiation**, and a clearly defined **Unique Selling Proposition (USP)** to outmaneuver its competitors. These findings align with national and firm-level competitive strategies that emphasize internal capability development and external market responsiveness.

Consistent with **Kotler and Keller (2006)**, who argued that competitive success requires revitalizing brands, leveraging the power of mega-brands, and expanding market share, the Cooperative Bank has achieved elevated competitive advantage through brand awareness and strategic brand positioning. These strategic efforts have strengthened its market reach, especially within rural and underserved areas, and enhanced its relevance and resonance with key customer segments, such as SACCOs and SMEs.

6.2 Branding and Strategic Positioning

Quantitative and qualitative data affirm that effective brand positioning and customer-centric marketing strategies have been instrumental in creating Cooperative Bank's competitive advantage. These strategies include:

- Virtual and mass marketing
- Segmentation and niche marketing
- Customer-focused brand equity development
- Enhanced brand resonance and market penetration

Branding has significantly reinforced the bank's competitive marketing scope, facilitated deeper financial inclusion, and increased profitability, especially through digital platforms such as **M-Coop Cash**.

6.3 Market Penetration and Unique Selling Proposition (USP)

Findings revealed that the Cooperative Bank's competitive positioning is deeply influenced by its **USP-driven strategies**. These strategies encompass:

- Diversification and Product Differentiation
- Brand Awareness
- Cost-leadership, and focus
- Technological adaptation and process innovation

- Holistic and integrated marketing approaches
- Segmented and grassroots marketing

Such multifaceted strategies have helped deepen the bank's market presence, especially in rural Kenya, expanding both customer reach and market share. These findings are in agreement with Maina (2020), who emphasized the importance of cost efficiency, product uniqueness, and branding in achieving profitability and sustained growth.

6.4 Integrated Marketing and Competitive Advantage

The study's results reinforce the notion that **integrated and holistic marketing strategies** are vital for enhancing brand relevance, resonance, and ultimately, profitability. As Hilver (2025) and Wagner & Hollenbeck (2020) argue, achieving sustainable competitive success requires:

- Market skimming and penetration pricing
- Technological change for process efficiency
- Narrow product focus and segmentation
- Differentiation and cost leadership
- Customer-centric service delivery

These views were echoed by research participants and are consistent with observed practices at the Cooperative Bank, particularly in relation to digital marketing and tailored service offerings.

6.5 Empirical Support for Hypotheses H1 and H2

Both **H1** (Competitive marketing scope) and **H2** (on branding and competitive marketing scope) were empirically supported. The findings clearly demonstrate that:

- Brand revitalization of flagship products increased brand relevance.
- Integrated marketing strategies improved the bank's marketing scope.
- Differentiation and USP strategies were central to market growth.
- Technological change enhanced process efficiency and service quality.
- Financial inclusion was achieved through targeted digital banking efforts.

6.6 Strategic Implications

In line with the theoretical foundations of **Porter's Generic Strategies** and **RBV Theory**, Cooperative Bank's approach reflects a **differentiation-focus strategy** underpinned by internal capabilities and external market alignment. Furthermore, **Parklean (2022)** affirmed that revitalizing flagship brands and adopting integrated marketing approaches significantly improve marketing scope and enhance competitiveness.

This study therefore concludes that for Cooperative Bank to **maintain and expand** its competitive edge, it must continue:

- Innovating across product and service lines
- Strengthening digital transformation
- Accelerating diverse marketing strategies, emphasizing holistic, integrated, relationship-based, targeted, and virtual marketing approaches
- Building brand equity through consistent customer engagement
- Expanding financial inclusion with mobile and agency banking
- Pursuing global expansion strategies to enhance international competitiveness

7. RECOMMENDATIONS AND CONCLUSIONS

7.1 Recommendations

To sustain competitive advantage in the increasingly dynamic and globalized financial services landscape, commercial banks—such as the Cooperative Bank of Kenya—must continuously adopt the following strategic recommendations:

1. Enhance E-Banking Infrastructure for Financial Inclusion. Banks must continually expand their digital service portfolios to include comprehensive e-banking solutions such as e-personal banking, e-business banking, e-corporate banking, e-retail banking, e-agency banking, and e-money transfers. These services not only enhance convenience and accessibility but also deepen financial inclusion, particularly in rural and underserved markets, thereby improving market penetration and profitability.
2. Leverage Technological Change for Innovation and Process Improvement. Investment in technological innovation is essential for driving creativity, operational efficiency, and reverse innovation. Banks must prioritize technologies that enable real-time service delivery, automated processes, data-driven decision-making, and secure financial transactions. Technological change also facilitates business process reengineering and benchmarking, which are essential for achieving product differentiation and Unique Selling Propositioning (USP).
3. Focus on Quality and Reliability of Services, and the Value for Money (QRSV). Delivering consistently high-quality services, grounded in reliability and offering value for money, is critical for customer satisfaction and long-term retention. Banks must embed QRSV principles into every facet of service design and delivery to reinforce brand trust, enhance customer experiences, and drive customer loyalty.

4. Strengthen Brand Positioning and Customer Value Propositioning. Developing a distinctive brand identity that resonates with specific customer segments is crucial. This includes enhancing brand equity, investing in brand awareness campaigns, and consistently communicating the value proposition. Cooperative Bank and other financial institutions should also rejuvenate their flagship brands to ensure relevance, resonance, and adaptability in rapidly changing markets.
5. Adopt Integrated and Holistic Marketing Strategies. Banks must pursue integrated marketing communication (IMC) strategies that combine digital, traditional, and relationship marketing approaches. Holistic marketing efforts should target both mass and niche markets, ensuring alignment with evolving customer preferences and emerging market segments.

This study confirms that the competitive success of the Cooperative Bank of Kenya has been significantly driven by its strategic emphasis on effective brand positioning, technological innovation, and diverse marketing strategies. These strategies have enhanced the bank's ability to achieve a strong Unique Selling Proposition (USP), expand its competitive marketing scope, and grow its market share and profitability.

It is evident that technological change is a key enabler of both innovation and differentiation. Through process improvements and digitization of service channels, Cooperative Bank has achieved greater efficiency, service quality, and strategic market positioning. The alignment of branding with customer-centric values such as convenience, trust, and value has further reinforced its brand equity and loyalty in both urban and rural markets.

In conclusion, banks operating in today's complex financial environment must adopt a multi-pronged strategy that includes:

- Strengthening brand equity through revitalization and awareness campaigns
- Deepening digital transformation and e-banking capabilities
- Enhancing customer experience through quality service delivery
- Developing integrated marketing strategies to engage diverse customer segments
- Pursuing continuous innovation and reengineering for sustained differentiation

Such approaches will enable banks not only to survive but to thrive in an increasingly competitive and technologically driven global financial landscape.

7.2 Conclusion

This study sought to investigate the competitive factors propelling the growth and profitability of the Cooperative Bank of Kenya, with particular emphasis on its branding and marketing strategies, as guided by Research Objectives 1 and 2. The findings clearly indicate that the bank has aggressively pursued diverse and integrated marketing strategies—including holistic, relationship-based, targeted, and virtual marketing—alongside strategic brand positioning. These approaches have significantly expanded the bank's competitive marketing scope, increased its market share, and contributed to improved sales performance and profitability.

A central pillar of the bank's strategic success has been its deliberate investment in brand equity, which has enhanced brand awareness and resonance, thereby reinforcing both integrative and diversification growth. This finding has practical and policy implications: for commercial banks to remain competitive, they must prioritize brand development and marketing innovation as vehicles for enhancing customer engagement, driving revenues, and achieving long-term profitability.

The study further confirms that market penetration, product diversification, and the pursuit of a compelling Unique Selling Proposition (USP)—when underpinned by holistic marketing approaches—are critical for achieving competitive success. These strategies not only broaden the competitive landscape but also deepen customer loyalty and improve institutional performance. Accordingly, there is a clear need for banks to increase investment in branding and strategic marketing, with a view to strengthening value propositions and securing a sustained competitive advantage.

Additionally, the relevance of Porter's Five Forces of Competition (1985) was reaffirmed. These forces remain essential in shaping industry dynamics, influencing firm-level decision-making, and guiding strategic positioning. Banks seeking to outperform their competitors must continuously evaluate these forces, scan both internal and external environments, and adopt technological innovations to enhance operational efficiency, agility, and customer responsiveness.

The Cooperative Bank's adoption of grand strategies—including USP formulation, technological advancement, and ongoing business process reengineering—has reinforced its market leadership. These initiatives have improved transparency, reduced operational risk, safeguarded depositors' funds, and enhanced the bank's strategic responsiveness in a competitive and evolving financial landscape. This underscores the importance of aligning firm strategy with regulatory frameworks, fiscal prudence, and evidence-based policymaking.

More specifically, the study found that Cooperative Bank's competitive success can be attributed to the following strategic factors:

- Strong brand positioning and brand equity development
- Effective adoption of integrated and holistic marketing strategies
- Deployment of an integrated value chain and ERP systems
- Efficient customer care and relationship management

- Commitment to Quality, Reliability, Service, and Value for Money (QRSV)

These elements highlight the importance of brand revitalization, product differentiation, and innovative marketing strategies in sustaining long-term competitiveness in the banking sector.

Furthermore, achieving an effective USP and robust brand positioning in global and local markets requires commercial banks to provide a broad range of convenient e-banking services—including e-personal, e-business, e-retail, e-corporate, e-agency banking, and digital money transfer platforms. These services are essential not only for driving financial inclusion but also for enhancing the bank's strategic significance, growth, and profitability.

Finally, the role of technological change is pivotal. It facilitates innovation, efficiency, reverse innovation, and benchmarking, all of which support product differentiation and strategic market positioning. Commercial banks must continue investing in technological transformation and value-creation initiatives that reinforce service quality and customer satisfaction.

In Summary:

This study confirms that effective brand positioning, a clear Unique Selling Proposition (USP), and holistic marketing strategies are critical for enhancing brand awareness, achieving meaningful market penetration, and sustaining profitability. These insights offer both strategic guidance and policy recommendations for banking institutions aiming to maintain competitiveness in an increasingly digital and dynamic financial environment.

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