



The Impact of Digitalization, Marketing, and Branding on Banking Operations and Customer Experience — A Case Study of the Cooperative Bank of Kenya Ltd

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Abstract

Original Research Article

The purpose of this article is twofold: (i) to examine the impact of digitalization, marketing, and strong branding on the profitability and growth of the Cooperative Bank of Kenya within the banking sector; and (ii) to evaluate the systems, approaches, and tools adopted by the bank to achieve digital operational efficiency (DOE), effective marketing, and a strong brand positioning in the marketplace.

Branding and marketing significantly strengthen digital marketing efforts by establishing a strong brand identity, increasing visibility, and fostering customer loyalty. Digital marketing, in turn, amplifies branding by enabling businesses to reach wider audiences, personalize interactions, and build stronger customer relationships.

For the Cooperative Bank of Kenya to sustain a competitive edge, it embraced digitalization of its services, integrated-supply-chain processes, and pursued both low-cost leadership and unique--differentiation of its financial products. The bank rigorously adopted strong brand awareness, process innovation, effective benchmarking processes, and re-engineering of flagship-brands, while leveraging competitive marketing strategies such as segmentation, digital marketing, and mass promotion.

To ensure elevated competitive advantage, the Co-Op Bank significantly has enhanced its brand-value and positioned itself as the bank of choice for low-income and progressive farmers. By pioneering retail banking initiatives—such as front office service activities (FOSAs) and the Co-op Switch payment card system—the bank expanded access to finance, deepened financial inclusion, and strengthened its reputation as a technology leader and low-cost provider.

Additionally, the bank adopted effective customer relationship management approaches focused on satisfaction, retention, and loyalty, while promoting an ethical business culture and engaging in corporate social responsibility. Through digital marketing and data-driven insights, the bank tailored strategies to customer needs, strengthening brand meaning, trust, and credibility.

Overall, the Cooperative Bank's integration of digitalization, marketing, and strong brand positioning has enhanced its differentiation, improved product and service recognizability, and driven growth, profitability, and fostered its long-term competitiveness in Kenya's financial sector.

The adoption of digital transformation, competitive marketing, and a strong brand position has enabled the Cooperative Bank to streamline its business processes, reduce costs, and enhance quality service delivery and convenience, and gain efficiency. These efforts have resulted in sustainable competitive advantage, growth, and profitability in the market.

Keywords: Branding, Branding Positioning, Competitive Advantage, Digitalization, Digital Marketing, Growth, Profitability.

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1.0 INTRODUCTION

Digital technology and transformation in banking refers to the integration of digital-technologies to optimize operations and deliver more personalized customer

experiences. Within the financial services industry, this transformation is often realized by breaking down data silos and reimagining the customer journey to enhance efficiency, improve service delivery, and expand financial inclusion—



particularly through e-banking and mobile banking services that reach previously underserved or remote areas.

The Cooperative Bank of Kenya has embraced digital transformation with notable rural outreach, ensuring that over 94% of all customer transactions are processed through mobile platforms, USSD, internet banking, and agency partners. This transition has been reinforced by a \$50 million upgrade to its core banking system, which has substantially reduced downtime and significantly enhanced the overall customer experience (Coop-Bank, 2025).

Branding enables financial institutions, such as the Cooperative Bank of Kenya, to significantly improve their differentiation and reinforce the unique-selling-proposition of their services, thereby positioning themselves more distinctly in the marketplace. Concurrently, effective marketing drives customer acquisition, retention, growth, and profitability. Strong branding not only influences consumer behavior but also fosters loyalty and shapes purchasing decisions, providing banks with a sustainable competitive advantage.

Digital marketing plays a pivotal role by boosting customer engagement through enhanced interaction and satisfaction across various tenets such as social media, and email. It drives sales and revenue by leveraging targeted advertising and improving online visibility through search engine optimization (SEO). In the banking sector, marketing involves positioning a brand before potential customers, increasing engagement, and acquiring leads—strategies that increasingly rely on digital channels.

The bank has positioned itself at the center of the digital-revolution, with 94% of clients-transactions now processed through digital delivery-channels. While retaining a nationwide branch network of over 193 outlets, the bank has embraced digitalization to fundamentally transform customer experience in the Kenyan banking sector. Clients can conveniently perform a wide range of transactions, and payments—including balance-inquiries, fund-transfers, and bill-payments—from their convenience (Coop-Bank, 2025).

Branchless banking is increasingly dominant, driven by mobile applications, AI-powered chatbots, data analytics, and robotic process automation (RPA). These innovations have delivered unprecedented convenience, efficiency, and accessibility, reshaping how customers engage with financial services.

Commercial banks, such as the Co-operative Bank, have adopted a wide range of digital-marketing approaches—such as content-marketing, social media marketing, search-engine-optimization (SEO), optimized websites' design, targeted advertising, and the use of AI-powered chatbots for customer service—to enhance efficiency, improve convenience, and deepen financial inclusion.

2.0 RESEARCH OBJECTIVES

The objectives of this study are to:

1. Investigate the impact of digitalization, marketing, and strong branding on the profitability and growth of the Co-operative Bank of Kenya within the banking sector.

2. Evaluate the systems, approaches, and tools adopted by the bank to achieve digital operational efficiency (DOE), effective marketing, and a strong brand positioning in the marketplace.

3.0 THE LITERATURE REVIEW

3.1 Theoretical Perspective on Digitalization and Branding of Banking Services

Digitalization in banking refers to the combination of digital-technologies and approaches to optimize operations, boost customer experience, and improve financial inclusion. Several theoretical frameworks provide insights into how digital transformation creates value for banks and their customers, and these frameworks can be contextualized to the Co-operative Bank of Kenya's strategies.

Technology Acceptance Model (TAM) by Davis (1989) explains that users' espousal of digital-banking technologies is guided by perceived usefulness and perceived ease-of-use. The Co-operative Bank has leveraged this model by ensuring its mobile banking platforms, USSD services, and agency banking systems are simple, user-friendly, and responsive to customer needs. By designing platforms that reduce transaction time and improve convenience, the bank has increased adoption rates, with over 94% of transactions now processed through digital channels.

Innovation Diffusion Theory by Rogers (2003) suggests that the espousal of innovations are influenced by several factors such as compatibility, relative advantage, trialability, observability and complexity. The Co-operative Bank has demonstrated relative advantage by offering secure, faster, and more cost-efficient services through digital channels compared to traditional banking. Its services are compatible with customers' needs in rural and urban areas, especially farmers and cooperative members, by enabling them to access financial services without needing physical branches. This alignment has facilitated widespread adoption and acceptance of digital innovations.

From the **Dynamic-Capabilities-Theory** (Teece, 1997), organizations must continuously integrate, and reconfigure internal, and external competencies to address rapidly-changing-environments. The Co-operative Bank exemplifies this by investing \$50 million to upgrade its core banking system, thereby improving scalability, reducing downtime, and enhancing service delivery. These dynamic capabilities allow the bank to remain agile in an increasingly competitive digital landscape.

Finally, the **Resource-Based View (RBV)** (Barney, 1991) positions digital infrastructure and technological expertise as valuable resources that provide competitive-advantage. The Co-operative Bank's extensive digital platforms—ranging from mobile apps to agency banking—are not only technological assets but also strategic differentiators. These resources enable the bank to deepen financial inclusion, particularly in underserved rural areas, and secure sustainable profitability in Kenya's dynamic banking sector.



Together, these theoretical perspectives highlight that digitalization has helped the Co-operative Bank to strategically leverage digital tools to enhance seamless efficiency, inclusivity, and competitive-advantage in the banking industry.

Branding is a central concept in marketing and strategic management, providing firms with differentiation, recognition, and long-term customer loyalty. Several theoretical frameworks explain the role and impact of branding on organizational performance and customer behavior, and these can be applied to understand the Co-operative Bank of Kenya's branding strategies.

Aaker's Brand-Equity-Model emphasizes that brand-equity is built through dimensions such as brand-awareness, perceived-quality, brand-associations, and brand-loyalty (Aaker, 1991). The Co-operative Bank has consistently strengthened its brand equity by positioning itself as the "Bank for Co-operatives and Farmers." Through strategic product offerings such as Front Office Service Activities (FOSAs) and co-operative-based lending, the bank has built strong brand awareness and loyalty among farmers and cooperative members, enabling it to secure a unique place in Kenya's financial sector.

Keller's Customer-Based-Brand-Equity (CBBE) Model underpins the importance of fostering brand-resonance through stages such as performance, salience, imagery, feelings and judgments (Keller, 1993). The Co-operative Bank has achieved salience by ensuring visibility through its extensive branch network and strong digital presence. By providing reliable digital platforms—such as mobile banking, USSD services, and agency banking—the bank has enhanced performance and trustworthiness. These efforts cultivate brand resonance by fostering emotional connections and loyalty among rural and urban customers who increasingly associate the bank with accessibility, innovation, and inclusivity.

Finally, the **Resource-Based View (RBV)** regards branding as a valuable, rare, and inimitable intangible asset (Barney, 1991). The Co-operative Bank's brand reputation, rooted in decades of association with Kenya's co-operative sector, cannot easily be replicated by competitors. This brand strength provides the bank with a sustained competitive advantage, enabling it to retain loyalty among its core customer base while also attracting new clients in an increasingly competitive digital banking environment.

Together, these theoretical perspectives demonstrate that branding for the Co-operative Bank goes beyond logos and promotional activities. It represents a strategic process of creating trust, value, and differentiation—elements that are especially critical in Kenya's competitive and trust-sensitive banking industry.

4.0 METHODOLOGY

The study adopted a **mixed-methods-research-design**, combining quantitative, and qualitative approaches to provide a wide-ranging insight of the impact of digitalization, marketing, and strong brand positioning on the performance and competitiveness of the Co-operative Bank of Kenya.

For the **quantitative component**, structured questionnaires were administered to a purposive sample of 86 participants, consisting of 43 males and 43 females, ensuring gender balance.

The **qualitative component** involved open-ended questions and targeted interviews with selected respondents. These provided richer narratives and insights into how employees perceive the bank's digital transformation, branding, and marketing strategies.

4.1 Data-Collection, and Analysis

Quantitative data had been collected using a structured-questionnaire consisting of closed-ended, and Likert-scale questions. The instrument was designed to capture respondents' perceptions and experiences of digitalization, marketing strategies, and brand positioning at the Co-operative Bank of Kenya. Responses were analyzed using **descriptive-statistics** to summarize patterns and trends. For deeper examination of relationships, **inferential-statistics** such as **correlation-analysis** and **regression-models** had been adopted to determine the association between independent variables (digitalization, marketing, and strong brand positioning) and dependent variables (performance, profitability, and growth).

Qualitative data were obtained through open-ended questions embedded within the questionnaire and follow-up semi-structured interviews with selected participants. These data were analyzed using **thematic analysis**, which involved coding responses, categorizing them into themes, and identifying recurring patterns.

The integration of both quantitative and qualitative analysis allowed for **methodological triangulation**, which inevitably enhanced the credibility, depth, and validity of the findings.

4.2 Sample Size Determination Using Design-Effect (DEFF)

To ensure statistical reliability and account for the effects of clustering within the target population, this study employed the Design Effect (DEFF) method to determine an appropriate sample size. The DEFF adjusts for the increased variance that arises when responses within clusters (e.g., staff from the same bank branch or department) are more similar each other than to those from different clusters.

The formula for calculating the Design-Effect is given as:

$$DEFF = 1 + \delta(n-1)$$

Where-in:

- δ = Intraclass Correlation Coefficient (ICC), which measures the degree of homogeneity of responses within clusters.
- n = Average cluster size.

In this study, participants were drawn from multiple departments and branches of the Co-operative Bank of Kenya, which naturally formed clusters. Applying the DEFF adjustment was therefore essential to ensure accuracy, validity,

and representativeness of the sample, while minimizing the risk of underestimating sampling error.

4.3 Ethical Considerations

This study adhered to established ethical principles. All critical ethical principles were strictly adhered to throughout the research process. These included: informed-consent, confidentiality- anonymity, Privacy, and Data Protection, Avoidance of Harm, Integrity and Transparency, and Ethical Approval. By addressing these ethical

considerations, the study safeguarded the rights and welfare of participants while safeguarding the validity, reliability, and credibility of the results.

5.0 RESULTS

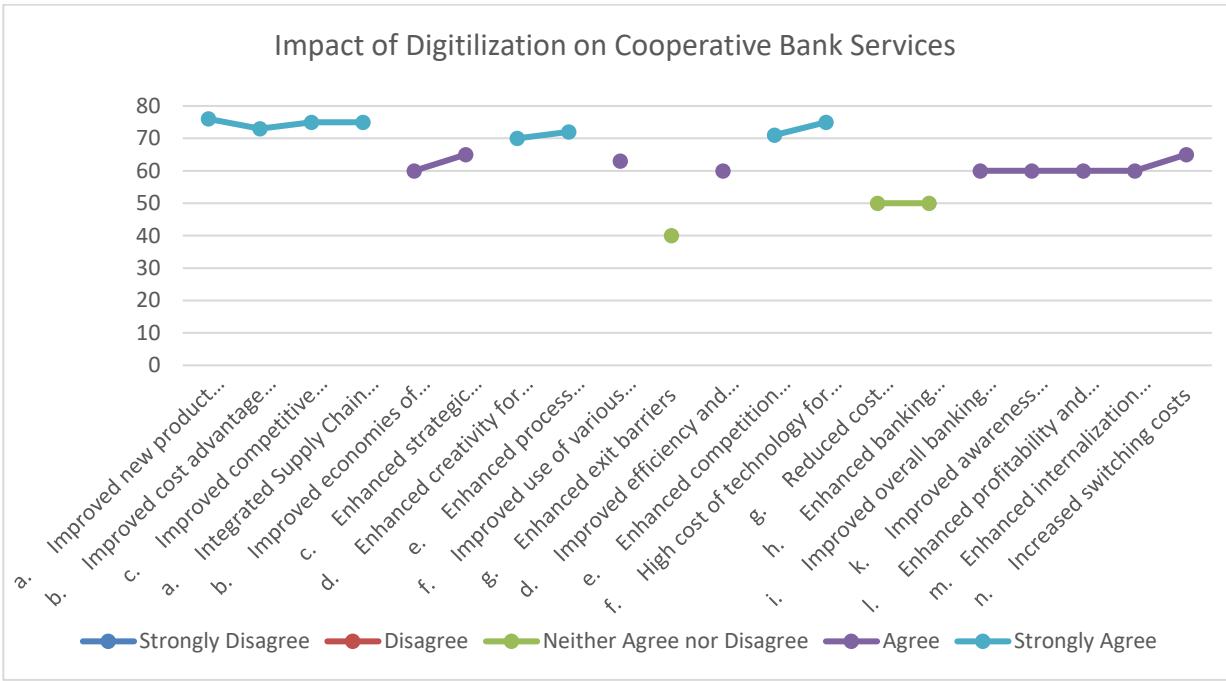
This chapter presents key results which are strategically aligned to alignment with the study’s specific research objectives, and which sought to examine the impact of digitalization, competitive marketing, and branding on the growth of the Co-operative Bank of Kenya.

5.1 Quantitative Analysis

Table-1: Impact of Digitalization and technological change on Cooperative Bank Services

Responses	Numbers	Percentages (%)
Strongly-Agree	65	76
Agree-	15	17
Undecided-	6	7
Strongly-Disagree	0	0
Disagree-	0	0
(Total)	86	100

Figure-1



Discussions and Interpretation of Results:
Table-1 and Figure-1

The findings from Table-1 confirm that **93% of respondents (76% strongly agree, 17% agree)** recognize digitalization and technological change as having a positive impact on Cooperative Bank’s services. Only 7% remained undecided, and none disagreed. This overwhelming consensus reaffirms that digitalization and technological change have significantly fostered process innovation, strengthened efficiency-gains, and enhanced operational effectiveness within the bank.

Analysis from Figure-1 further underscores these findings by showing that technological adoption at Cooperative Bank has led to improvements in several strategic areas. These include new-product-development, enhanced product-differentiation and diversification, expanded competitive-marketing scope, improved strategic-significance, and stronger vertical-linkages within the banking value chain. In addition, technological change has promoted the integration of supply-chain-systems and enterprise-resource-planning (ERP), fostered creativity and innovation in product and service design, and facilitated continuous process improvements to maintain a competitive edge. Moreover, technological transformation has stimulated competition and rivalry, positioning Cooperative Bank as a strong market player in Kenya’s banking sector.

Following are the theoretical perspectives aligned to the results: From the **Technology- Acceptance-Model (TAM)**, customer acceptance of digital banking services is strongly influenced by two key-factors: **perceived-usefulness** and **perceived-ease-of-use** (Davis, 1989). The overwhelmingly positive responses indicate that Cooperative Bank’s digital services—such as mobile banking, USSD platforms, and online banking—are viewed as both useful in meeting customer needs and easy to use, thus driving high adoption rates.

Additionally, the results align with the **Diffusion-of-Innovations-Theory**, which describes how new-technologies spread within a social-system (Rogers, 2003). Cooperative Bank appears to have successfully navigated the innovation adoption curve by ensuring that its digital services offer clear relative advantages (e.g., convenience, time savings, accessibility) compared to traditional branch banking. The widespread acceptance suggests that the bank has moved beyond early adopters to achieve mass adoption of digital services across its customer base.

From the **Resource-Based View (RBV)**, digitalization constitutes a valuable, rare, and inimitable organizational resource that enhances competitive advantage (Barney, 1991). The bank’s heavy investment in a new core banking system, artificial intelligence, robotic process automation, and mobile platforms reflects the leveraging of digital resources as strategic assets. These resources not only improve efficiency and customer satisfaction but also build sustainable competitive advantage that competitors may find difficult to replicate.

Finally, the findings resonate with the **Service-Quality (SERVQUAL)-model**, mainly particularly the dimensions of **reliability**, and **responsiveness** (Parasuraman, Zeithaml, & Berry, 1988). Digitalization enhances the reliability of services by reducing downtime and transaction errors, while also increasing responsiveness through faster processing and real-time access to services.

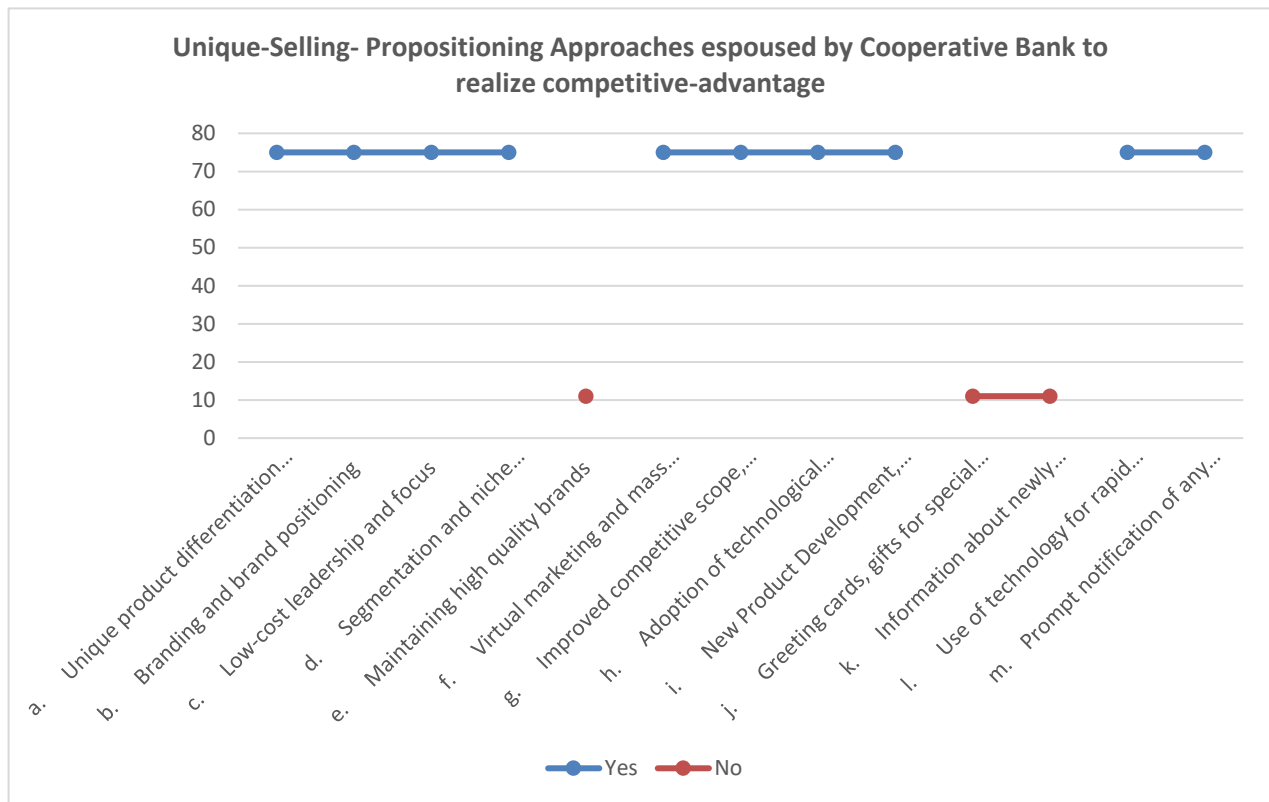
In summary, the positive perception of digitalization among Cooperative Bank’s customers confirms that technological change is not only accepted but also considered transformative. This reinforces the idea that digital transformation, when strategically implemented, becomes a driver of customer satisfaction, operational efficiency, and long-term competitiveness in the banking industry.

Table-2: Unique-Selling-Propositioning

Responses	Numbers	Percentages (%)
Yes-	75	87
No-	11	13
(Total)	86	100

Adopted from Unique-Selling-Propositioning, Field-Survey-2020

Figure-2



Interpretation of Results: Table-2 and Figure-2 – Unique Selling Propositioning

Table-2 implies that 87% of respondents strongly-agreed that the adoption of Unique-Selling-Propositioning (USP) approaches by Cooperative Bank significantly contributed to gaining and sustaining competitive-advantage in the sector. By contrast, only 13% of respondents disagreed, suggesting overwhelming support for USP as a central pillar in Cooperative Bank's competitiveness.

Analysis from **Figure-2** further underscores that Cooperative Bank's USP strategies included:

- Unique product differentiation and diversification to meet varied customer needs,
- Branding and brand positioning to strengthen identity and resonance,
- Low-cost leadership and focus strategies to enhance affordability and attract price-sensitive segments,
- Segmentation and niche marketing to target specific customer groups,
- Technological-change for process innovation and improvement,
- New-product-development, and differentiation to remain competitive,

- Diverse-marketing strategies and integration of value-chain systems to maximize reach and efficiency.

These strategies collectively enabled the bank to enhance market competitiveness, expand its market scope, and drive profitability.

From a theoretical standpoint, these findings align with Porter's (1985) Generic Strategies Framework, which posits that firms achieve sustainable competitive advantage through differentiation, cost leadership, or focus strategies. Cooperative Bank's mix of differentiation (branding, product diversification) and low-cost leadership reflects a hybrid competitive approach.

Moreover, Parklean (2022) concurs with these results, reiterating that brand-revitalization of flagship, and mega-brands, combined with digital and integrated-marketing-approaches, increasingly improves competitive-marketing-scope and market-share. This resonates with Keller's (1993) **Customer-Based-Brand-Equity-Model**, which stresses that USP strategies enhance **brand-salience, performance, and resonance**, ultimately driving customer loyalty and advocacy.

Finally, from the **Resource-Based View (Barney, 1991)**, Cooperative Bank's USP strategies—including its strong brand reputation, technological capabilities, and integrated value chain—are **valuable-rare-inimitable-non-substitutable (VRIN)** resources. These intangible-assets form the foundation of its sustained competitive advantage in Kenya's highly competitive banking sector.

Overall, the evidence demonstrates that unique selling propositioning—anchored in product differentiation, branding, low-cost strategies, and technological change—has been

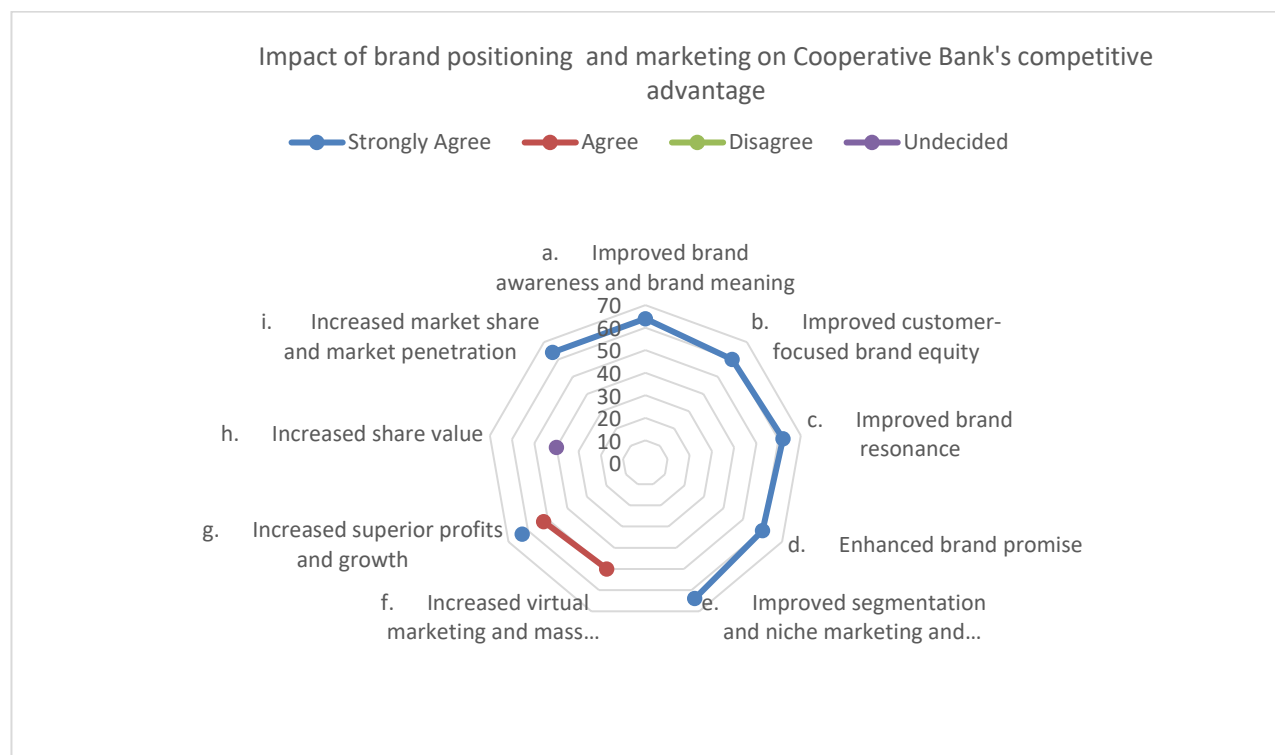
central to Cooperative Bank’s ability to achieve and sustain competitiveness.

Table-3: Impact of Branding and Branding positioning on the bank services

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

Adopted from the Impact of Branding on the bank services. 2020

Figure-3



Discussions and Interpretation: Table-3 and Figure-3

Table-3 demonstrates that a significant majority of respondents—74% strongly agreed and 19% agreed—that branding has a positive impact on Cooperative Bank’s services, while only 7% remained undecided.

The findings suggest that Cooperative Bank’s branding initiatives have enhanced customer trust, loyalty, recognition,

and preference, especially through its image as a “bank for Kenyans, owned by Kenyans”. Branding appears to be a major factor in customer acquisition, retention, and differentiation in Kenya’s highly competitive banking sector, as reinforced by the branding perspective below.

From the examination of **Figure-3**, it is evident that **effective brand-positioning, and competitive-marketing strategies** have significantly contributed to the Cooperative Bank’s competitiveness. Specifically, branding has empowered the

bank to achieve increased brand-awareness and stronger brand-meaning in the market-place, while effective marketing has facilitated enhanced market segmentation and niche targeting to drive sales. Moreover, the findings highlight that Cooperative Bank’s efforts in customer-focused brand equity have fostered deeper brand resonance, thereby enhancing market penetration, customer loyalty, and ultimately expanding its **market share to drive growth and superior profitability**.

These findings are consistent with Parklean (2022), who argues that for an enterprise to achieve meaningful market penetration and expand its market presence, it must focus on strengthening its points of differentiation and enhancing customer value propositioning. In addition, organizations are encouraged to revitalize flagship and mega-brands to sustain brand relevance, strengthen customer-brand connections, and build resonance that drives sales and profitability.

The results further align with **Keller’s (1993) Customer-Based-Brand-Equity-Model**, which emphasizes that effective branding strategies progress through stages of brand-salience, imagery, performance, feelings and judgments, ultimately leading to brand resonance. Similarly, **Aaker’s (1991) Brand Equity Model** underscores that brand awareness, perceived quality, loyalty, and associations are central to building strong brand equity—factors clearly reflected in Cooperative Bank’s success. From a **Resource-Based View (Barney, 1991)**, Cooperative Bank’s strong brand reputation constitutes a **unique intangible asset**, providing sustained competitive advantage that is difficult for rivals to replicate.

Thus, both empirical findings and theoretical perspectives affirm that effective brand positioning and marketing strategies have been instrumental in shaping the Cooperative Bank’s competitive trajectory in Kenya’s banking sector.

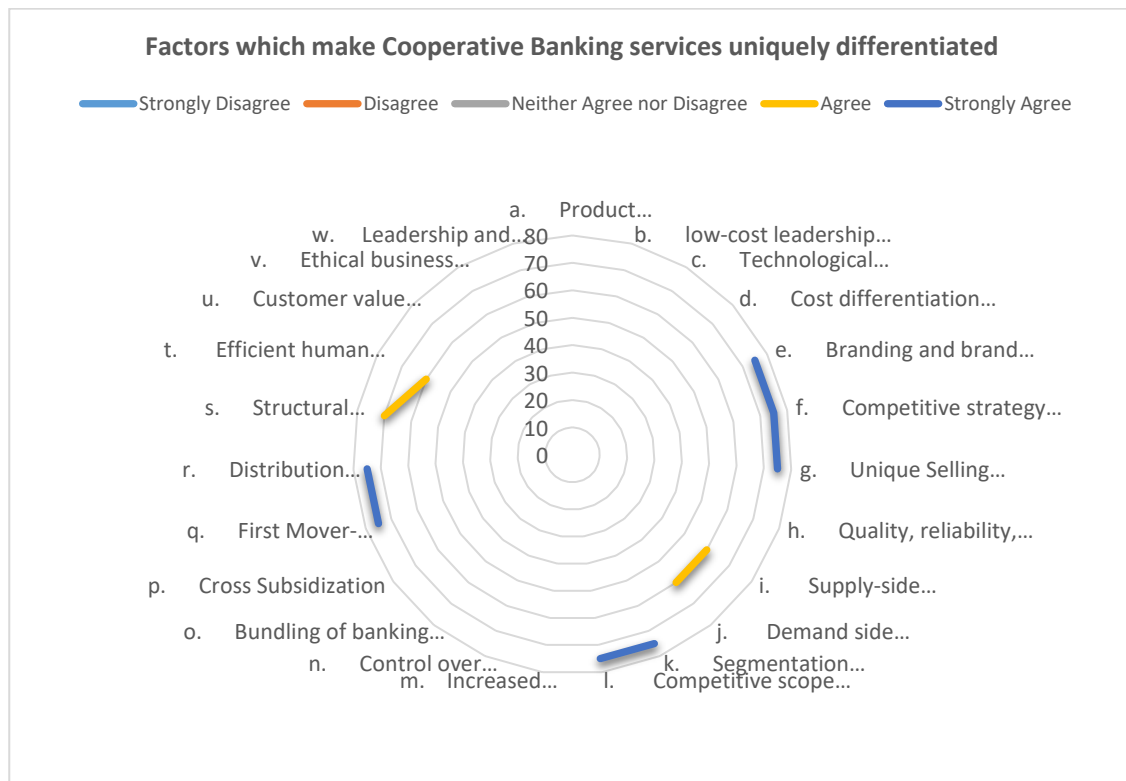
Table-4

Factors contributing to make Cooperative Banking services uniquely-differentiated.

Responses	Numbers	Percentages (%)
Strongly-Agree	61	71
Agree	18	21
Undecided	2	2
Disagree	4	5
Disagree-strongly	1	1
Total	86	100

Adopted from Field Survey 2020.

Figure-4



Discussions and Interpretation.

Table 4 and Figure-4

Table-4 suggest that 71% of respondents, strongly-agreed, and 21% agreed that the Bank had embodied approaches to make its market offerings uniquely-differentiated. Only 5% remained undecided, and 1% disagreed, showing overwhelming consensus that the bank has effectively pursued differentiation as a core competitive strategy.

Investigation from Figure-4 further suggest that, to achieve competitive-advantage and build competitive-intelligence in the industry, the Cooperative-Bank has embraced differentiated market approaches. These include:

- Strengthening product -differentiation, and diversification,
- Reinforcing brand-positioning,
- Promote customized-competitive-grand strategies,
- Building a strong Unique-Selling-Proposition (USP),
- Fostering segmentation-marketing and-niche targeting (especially targeting Cooperative Savings-Societies, and farmers),
- Expanding its market-share through integrated value chain systems,

- Reducing operational costs via efficiency-driven models, and
- Adopting technological change and Enterprise Resource Planning (ERP) for process innovation and improved service delivery.

Conceivably, the key determinants of Cooperative Bank's unique differentiation are grounded in a combination of low-cost leadership, product differentiation, and focus, supported by strong branding, technological integration, and customer-centric strategies.

Theoretical Linkages

These findings can be anchored in several theoretical frameworks:

1. **Porter's Generic Strategies (1985):** Cooperative Bank's competitive positioning reflects a hybrid strategy, combining low-cost leadership, differentiation, and focus. This blend enables the bank to offer affordable, yet uniquely differentiated products tailored to niche markets like SACCOs and farmers, while reinforcing brand strength.
2. **Resource-Based View (RBV) (Barney, 1991):** The bank's unique resources—such as its strong brand reputation, cooperative identity, integrated value chain, and ERP systems—are valuable-rare-inimitable-non-

substitutable (VRIN), ensuring sustainable-competitive advantage.

3. **Dynamic-Capabilities-Theory (Teece, 1997):** By continuously reconfiguring its resources through digitalization, ERP, and niche-focused marketing, Cooperative Bank demonstrates dynamic capabilities that allow it to adapt to changing market demands while maintaining differentiation.
4. **Unique Selling Proposition (USP) Theory (Reeves, 1961):** Cooperative Bank's emphasis on product

uniqueness, branding, and customer-driven innovations highlights its ability to establish compelling USPs that resonate with its cooperative model and community-based clientele.

In summary, the findings suggest that Cooperative Bank's competitiveness is sustained through a balanced strategy of differentiation, cost efficiency, and niche focus, theoretically supported by Porter's framework, RBV, dynamic capabilities, and USP theory. This strategic mix has enabled the bank to expand its market share, enhance efficiency, and reinforce its brand relevance in Kenya's competitive banking sector.

5.2 Qualitative Analysis.

Interpretation of Table-5

Table-5: Qualitative Data analysis.

	Theme Name	How many times the theme was mentioned (across all interviews). Frequency of the times themes are mentioned
Q1a. What are the key cost-reduction, risk-management and quality-control measures the bank has adopted?	Technological change Segmentation and niche-marketing Unique-product- differentiation, and diversification Improved marketing-scope and virtual marketing Integrated Supply-Chain - Management System, & Enterprise-Resource -Planning (ERP) Ethical business- processes National-Diamond -Advantage High quality brands	Adoption of technological change (35 times out of 40 interviews) Segmentation and niche marketing (30 times out of 40 interviews) Unique product differentiation and diversification (32 times out of 40 interviews) Pursuit of improved marketing scope and virtual marketing (35 times out of 40 interviews) Adoption of an integrated Supply Chain System and Enterprise Resource Planning (ERP) (35 times out of 40 interviews) Espousal of efficient ethical business processes and consistent training on the same ethical values (35 times out of 40 interviews) Leveraging of National Diamond Advantage (35 times out of 40 interviews) Maintaining high quality brands (34 times out of 40 interviews)
Q1b. What are the business-models linked to innovation?	New- Product- Development, Product-differentiation & Diversification, Adaptation of technology Branding and brand positioning Cost-advantage, and reduced cost differentiation, Reinforced-creativity, and process improvements for spawning of new products/services, Improving competitive scope. Real-time internet/mobile banking services	New- Product- Development, Product differentiation & Diversification (35 times out of 40 interviews) Adaptation of technology (35 times out 40 interviews) Branding, and brand positioning (35 times out of 40 interviews) Cost-advantage and reduced- cost differentiation (35 times out of 40 interviews), Improved creativity, and process improvements (28 times out of 40 interviews), Improving competitive scope (31 times-out of-40 interviews) Real-time internet/mobile banking-services (35 times out of 40 interviews)
Q3a. Can you attribute the competitive success of your bank to USP?	Due to on (USPs) of banking services Due to USP Due to efficient-branding and brand positioning Adoption of diverse marketing strategies Improved value-chain- system Improved technology Internalization, and globalization	Due to Unique Selling proposition (USPs) of the banking services (35 times out of 40 interviews) Product differentiation and diversification (35 times out of 40 interviews) Efficient branding, and brand positioning (35 times out of 40 interviews) Adoption of diverse marketing strategies (35 times out of 40 interviews)

	Theme Name	How many times the theme was mentioned (across all interviews). Frequency of the times themes are mentioned
	Quality, and Reliability of Services, and correlating- Value -for Money (QRSV)	Improving value-chain- system and vertical linkages of Cooperative bank services (30 times out of 40 interviews) Technological change (35 times out of 40 interviews) Internalization, and globalization (10 times out of 40 interviews) QRSV (11 times out of 40 interviews)

The qualitative analysis reveals that Cooperative Bank's competitive advantage and sustained profitability are consistently attributed to technological adoption, marketing and product differentiation, branding, and globalization strategies. Several patterns are clear:

1. **Adoption of digitalization and Technology as a Dominant Factor:** Across multiple questions (Q1a, Q1b, Q3a), technological change was cited by 35 out of 40 interviewees. This indicates that digitization is the single most influential driver of efficiency, customer satisfaction, risk management, and global expansion.
2. **Product Differentiation and Diversification:** Strong emphasis was placed on the bank's unique product offerings, cited in nearly all interview responses (32–35 mentions). This highlights that USP-driven innovation is central to maintaining competitive scope and expanding market reach.
3. **Branding and Brand Positioning:** Branding appeared consistently as a theme (34–35 mentions), signifying its role in trust building, customer loyalty, and market penetration. This aligns with Cooperative Bank's strong corporate image in Kenya and East Africa.
4. **Integrated Value Chain & ERP Systems:** Many respondents mentioned the adoption of Enterprise Resource Planning (ERP) and value chain integration (30–35 mentions), showing its importance in reducing operational costs, improving efficiency, and supporting international linkages.
5. **Globalization and Internationalization:** Some responses (10–11 mentions) emphasized that Cooperative Bank's expansion is also due to global capital markets, cross-border banking, and international partnerships. While less dominant, globalization remains an important enabler of growth.
6. **Ethical Business Processes and Quality Assurance:** Respondents highlighted ethical banking practices, consistent training, and high-quality brands (34–35 mentions). This shows that Cooperative Bank's reputation is also tied to value-based banking and reliability.

Theoretical Linkages

- **Resource-Based View (RBV):** Cooperative Bank's sustained advantage is built on **unique internal**

resources (technological platforms, brand equity, ERP systems) that are valuable, rare, and difficult to imitate.

- **Porter's Generic Strategies:** Evidence of **cost leadership** (ERP reducing costs), **differentiation** (unique products, branding), and focus strategies (niche marketing to farmers and cooperative societies).
- **Dynamic Capabilities Theory:** The bank has shown agility in adapting to technological change, globalization, and innovation, which strengthens its long-term competitiveness.
- **Keller's Brand Equity Model:** Findings confirm that competitive marketing, Unique Selling Propositioning, **brand awareness, associations, and resonance** are central to customer loyalty and market penetration.

6.0 IMPACT OF DIGITALIZATION, UNIQUE SELLING PROPOSITIONING, STRONG BRANDING, AND MARKETING ON THE PROFITABILITY OF THE COOPERATIVE-BANK

The results from both qualitative and quantitative analyses underscore that digitalization, unique selling propositioning (USP), branding, and marketing have been the most decisive drivers of Cooperative Bank of Kenya's superior growth and profitability.

1. **Digitalization and Profitability:** The adoption of technological change — including mobile and internet banking, Enterprise Resource Planning (ERP), and integrated value chain systems — has directly contributed to cost reduction, improved efficiency, and enhanced customer experiences. By digitizing processes, Cooperative Bank has achieved real-time service delivery, reduced transaction costs, minimized risks of operational inefficiency, and improved decision-making through data-driven insights. This has strengthened profitability by reducing overheads while expanding outreach to new customer segments, including the unbanked population through mobile platforms.
2. **Unique Selling Propositioning (USP) and Market Expansion:** The bank's unique selling propositioning approaches — such as product-differentiation, low-cost-leadership, niche marketing, and innovation — have been instrumental in positioning it ahead of competitors. By



offering products specifically tailored for Cooperative Societies, farmers, SMEs, and low-to-middle income groups, the bank has carved out sustainable niche markets that guarantee loyalty and recurring revenues. These strategies have ensured that Cooperative Bank's growth is anchored on distinctiveness rather than price wars, thereby protecting profit margins.

3. **Strong Branding and Customer Loyalty:** Brand strength and effective brand positioning have created trust, credibility, and loyalty among customers. Cooperative Bank's image as a reliable, customer-centered, and ethically grounded bank has led to higher customer retention rates and consistent brand resonance. The bank's ability to maintain high-quality services and recognizable flagship products has not only enhanced customer satisfaction but also attracted new customers, resulting in sustained growth and long-term profitability.
4. **Strategic Marketing and Market Penetration:** Through segmentation, niche targeting, and integrated marketing strategies, Cooperative Bank has expanded its competitive scope both domestically and regionally. Marketing initiatives have enabled the bank to reach underserved rural populations, penetrate new segments (e.g., youth and digital-first customers), and reinforce its brand equity in a highly competitive banking sector. Marketing campaigns that highlight the bank's USPs and digital innovations have improved visibility, thereby translating into increased customer acquisition and revenue growth.

The integration of digitalization, USP, branding, and marketing has created a synergistic effect on Cooperative Bank's growth trajectory. Digital transformation reduces costs and increases efficiency, USP strategies differentiate market offerings, strong branding enhances customer trust and loyalty, while marketing ensures visibility and penetration. Together, these strategies have positioned Cooperative Bank as one of the most profitable and fastest-growing financial institutions in Kenya, with sustainable competitive advantage and superior returns on investment.

6.1 Research Implications

The study established that digitalization, unique selling propositioning (USP), branding, and marketing have significantly shaped the growth and profitability of the Cooperative Bank of Kenya.

- Digitalization has enhanced efficiency, process innovation, and service quality through automation, mobile/internet banking, and enterprise resource planning. This reduced costs, improved customer experience, and expanded accessibility, reinforcing competitive advantage.
- Unique Selling Propositioning (USP), through product differentiation, diversification, and low-cost leadership, has enabled the bank to establish distinct market offerings.

This strengthened customer loyalty, created barriers to competition, and sustained long-term profitability.

- Strong Branding has improved brand awareness, market positioning, and customer trust, thereby enhancing market penetration, niche marketing, and resonance with cooperative societies and SMEs. This reinforced the bank's competitive positioning in a crowded financial sector.
- Strategic Marketing approaches, including segmentation, niche targeting, and integrated marketing communications, have expanded the bank's market share. Effective marketing also reinforced customer-focused value propositions and improved alignment with evolving customer needs.

Collectively, these strategies have positioned the Cooperative Bank as a leader in innovation-driven financial services, boosting both profitability and sustainable growth. The synergy among digitalization, USP, branding, and marketing established a robust competitive edge while ensuring operational efficiency, customer satisfaction, and long-term sustainability.

6.2 Practical, Theoretical and Policy Research Implications:

1. Digitalization

- **Practical Implication (Bank-level):** Cooperative Bank should continue investing in fintech solutions, mobile banking apps, blockchain-enabled security, and artificial intelligence for personalized services to reduce transaction costs and enhance customer experience.
- **Theoretical Implication:** Supports Dynamic Capabilities Theory (Teece et al., 1997), showing how banks leverage technology to adapt, reconfigure, and remain competitive.
- **Policy Implication:** Regulators such as the Central-Bank of Kenya (CBK), and policymakers should enhance the digital finance regulatory framework (cybersecurity laws, data protection, interoperability standards, digital lending guidelines). This ensures safe, inclusive, and sustainable adoption of digital banking across the financial sector.

2. Marketing

- **Practical Implication (Bank-level):** Cooperative Bank should strengthen data-driven marketing and digital marketing channels (social media, apps, analytics) for targeted campaigns.
- **Theoretical Implication:** Reinforces Market Segmentation Theory (Smith, 1956) and Porter's Competitive Strategy by demonstrating the role of targeted marketing in expanding market share by the Cooperative Bank.

- **Policy Implication:** Policymakers should support consumer protection in financial marketing, ensuring transparency in advertising, fair competition, and financial literacy campaigns to empower customers to make informed choices.

3. Unique Selling Proposition (USP)

- **Practical Implication (Bank-level):** Cooperative Bank should continuously innovate its niche-focused products (e.g., SACCO-tailored services, SME financing, and youth banking solutions) to strengthen differentiation.
- **Theoretical Implication:** Supports USP Theory (Reeves, 1961) and the Resource-Based View (Barney, 1991), showing that rare and inimitable resources sustain competitive advantage.
- **Policy Implication:** Regulators should encourage banks to develop inclusive financial products (e.g., agricultural credit, women-focused financing, microloans), aligning with Kenya's Financial Inclusion Policy and Vision 2030 goals.

4. Branding

- **Practical Implication (Bank-level):** Cooperative Bank should reinforce brand equity and resonance through CSR, customer-centric service delivery, and strong brand storytelling.
- **Theoretical Implication:** Aligns with Keller's CBBE Model (2001), where brand resonance drives loyalty and competitive advantage.
- **Policy Implication:** Policymakers (e.g., Ministry of Cooperatives, CBK) should support cooperative identity branding nationally by promoting trust, credibility, and financial education campaigns, ensuring cooperative banks maintain strong reputations in rural and urban markets.

5. Strategic

- Cooperative Bank should **continue heavy investment in technology** (AI, mobile banking, ERP upgrades) as it is the backbone of efficiency, cost reduction, and market expansion.
- Strengthening **product differentiation and USP-driven innovation** will remain critical in an increasingly competitive sector.

6. Operational

- Emphasis on **ERP and integrated value chain systems** should be scaled up to improve back-office efficiency and enhance customer-facing services.
- Maintain a balance between **cost leadership and premium branding** to appeal to both mass and niche markets.

7. Overall, Policy Contribution

- **Financial Sector Stability:** Regulators can adopt policies that promote responsible digital transformation, fair marketing, and branding guidelines across banks.
- **Financial Inclusion:** Findings suggest that unique selling propositions tailored to underserved groups (farmers, SACCOs, women, youth) should be supported by policy incentives and credit guarantee schemes.
- **Consumer Protection:** Strengthening data privacy, cybersecurity frameworks, and marketing ethics will safeguard customer trust as digitalization accelerates.
- **Digital Financing:** Policymakers should support banks with **enabling digital financial infrastructure** (e.g., broadband expansion, cybersecurity regulations).
- **Consumer protection:** Regulatory frameworks should encourage banks to **balance innovation with consumer protection** in digital finance.
- **National Strategy:** The government can integrate lessons from Cooperative Bank into the Kenya Vision 2030 Financial Sector Reform Agenda to foster competitiveness, innovation, and inclusion in the wider banking industry.

7.0 CONCLUSION, AND RECOMMENDATIONS

7.1 Conclusion

The study investigated the impact of digitization, marketing, unique selling propositioning (USP), and branding on the growth of Co-op Bank. Evidence from both quantitative and qualitative findings demonstrated that these four dimensions are interlinked and collectively contribute to strengthening the bank's performance and market positioning.

- Digitization was shown to improve efficiency, streamline operations, enhance accessibility, and expand the bank's customer outreach through digital platforms. This supports the Technology-Acceptance-Model (Davis, 1989), and the Dynamic-Capabilities Theory (Teece et al., 1997), which emphasize that adoption of digitalization and technological innovations improves both internal efficiency and customer service.
- Marketing strategies such as segmentation, niche marketing, and customer-centered campaigns were found to significantly expand the bank's market share and enhance financial inclusion. This resonates with Porter's Generic Strategies and Market Segmentation Theory, which highlight targeted strategies as critical to competitive advantage.
- Unique Selling Propositioning (USP) has enabled the bank to create distinct value through innovative product differentiation, cost leadership in selected segments, and

integrated value chain systems. This aligns with Aaker's Strategic Market Management framework, which stresses that firms must establish unique points of difference to sustain competitiveness.

- Branding was confirmed as a core driver of customer trust, loyalty, and long-term profitability. Cooperative Bank's brand positioning reinforced its identity, improved brand awareness, and enhanced customer-based brand equity, consistent with Keller's Brand Equity Model (2001).

In summary, the study concludes that the Cooperative Bank of Kenya's competitiveness has been largely driven by the integration of digital transformation, robust marketing, strong USP development, and effective brand positioning. Nevertheless, future research is required to further investigate the direct-relationship between digitization, and perceived-service-quality.

7.2 Strategic Recommendations

Following are the key strategic recommendations for Cooperative Bank to adopt to **improve efficiency, convenience, and operational effectiveness** of their services:

Accelerate Digital Transformation

- Invest further in **artificial intelligence, big data analytics, and blockchain** to enhance risk management, fraud detection, and customer insights.
- Expand **mobile and internet banking platforms** to improve accessibility, especially in rural and cooperative societies.
- Develop **fintech collaborations** to accelerate innovation and improve service delivery efficiency.

Enhance Unique Selling Proposition (USP)

- Continuously **differentiate products and services** through customized banking solutions for SMEs, farmers, and cooperative societies.
- Develop **value-added services** (e.g., financial literacy programs, digital wallets, and investment advisory) that reinforce customer loyalty.
- Focus on **low-cost leadership strategies** that provide affordable yet high-quality services for underserved market segments.

Build Stronger Branding and Brand Positioning

- Reinforce **brand identity** by emphasizing trust, inclusivity, and innovation—key values aligned with cooperative principles.
- Undertake **brand revitalization** campaigns for flagship products to maintain relevance in the fast-evolving financial market.

- Leverage **emotional branding** by highlighting success stories of cooperatives and communities supported by the bank.

Leverage Strategic Marketing

- Adopt **data-driven marketing** to enhance segmentation, targeting, and personalization of services.
- Increase **digital marketing efforts**, including social media engagement and influencer partnerships, to reach younger demographics.
- Promote **integrated marketing communications (IMC)** to ensure consistency across all customer touchpoints.

Policy and Regulatory Engagement

- Work closely with regulators to shape policies that support **digital banking innovations and financial inclusivity**.
- Advocate for frameworks that encourage **cybersecurity, fair competition, and sustainable finance**.

Sustainability and CSR Integration

- Align branding and marketing campaigns with **sustainability goals**, including green banking and financial inclusion.
- Showcase CSR activities to build goodwill and strengthen the bank's reputation as a socially responsible brand.

Integrated Strategic Roadmap

- **Digitization as the backbone:** Deploy digital infrastructure to drive efficiency, lower costs, and expand accessibility.
- **Marketing as the growth driver:** Use advanced analytics, segmentation, and financial literacy campaigns to expand market share.
- **Branding as the differentiator:** Reinforce Cooperative Bank's brand identity as customer-centric, inclusive, and innovative to build trust and loyalty.

Policy-Level Implications

- Policymakers should encourage digital-financial-inclusion policies that foster equitable access to digital banking services.
- The Central-Bank of Kenya (CBK) should provide clearer regulatory frameworks on fintech collaborations, cybersecurity, and consumer data protection to strengthen trust.
- Government–bank partnerships should be enhanced to provide supportive infrastructure such as internet connectivity in rural areas, enabling the full benefits of digitization.

These recommendations ensure Cooperative Bank not only remains competitive but also fosters customer-satisfaction, expands inclusivity, and sustains long-term competitive advantage, growth and profitability in the banking sector.

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