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Effects of Relational Marketing Strategies on Marketing Performance of the Retail Banking Segment in Kenya

Kinyanjui Sarah Njeri
PhD Student, School of Business and Economics, Murang'a University of Technology

Prof. Edward Owino
Daystar University

Dr. Priscilla Muhoro
Lecturer, School of Business and economics, Murang'a University of Technology

Abstract
Background*: The banking industry plays a vital role in driving global economic transformation; however, its marketing performance has faced challenges due to inadequate diversification strategies, evolving customer and market dynamics, rapid technological advancements, and unforeseen global shocks. Events such as the 2008–2009 financial crisis and the Covid-19 pandemic severely disrupted marketing activities, causing significant declines in the performance of retail banking segment. In this context, relational marketing strategies have emerged as essential tools for revitalizing marketing performance. The current study sought to determine the effect of relational marketing strategies on the marketing performance of retail banking segment. Anchored in the commitment trust theory, the study focused on 40 commercial banks within Nairobi City County, targeting a sample of 200 employees.*
Materials and Method*: Data collection was conducted through structured questionnaires, with a pilot study administered to 10% of the sample to ensure reliability and validity. Statistical analysis was performed using SPSS, including diagnostic and hypothesis testing, with a 5% significance threshold ($p < 0.05$).* ***Results****: The regression finding revealed that relational marketing strategies had a significant association with performance of retail banking segment. Likewise, relational marketing strategies regression coefficient was found to be statistically significant on performance of retail banking segment (r^2=.333). The study established that relational marketing strategies significantly influenced marketing performance of retail banks in Kenya.*
Conclusion*: the study suggest that banks should embed ethical principles and transparency into marketing strategies, banks can differentiate themselves in a competitive market, foster stronger connections with customers, and enhance overall marketing performance.*
Key words*: Experiential Marketing Strategies, Relational Marketing Strategies, Retail Banking Segment, Marketing Performance*

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I. INTRODUCTION

Marketing performance remains to be the key performance indicator of most business, thereby remains a top priority in an origination. Marketing performance in retail banking segment refers to the effectiveness of marketing strategies in achieving key business objectives such as customer acquisition, retention, engagement, and profitability (Rhee & Mehra, 2006). It is typically evaluated using metrics like brand awareness, customer satisfaction, market share, product uptake, and return on marketing investment. In the competitive banking sector, strong marketing performance indicates a bank's ability to communicate value, build trust, and foster lasting relationships with customers (Wardoyo & Rusdianti, 2019). With growing digitalization, organizations increasingly rely on data-driven marketing to personalize offerings, optimize campaigns, and target the right customer segments, thereby improving overall efficiency and effectiveness (Csikósová et al., 2016). The marketing performance of the firm is largely driven by customer experience, digital transformation, and competitive differentiation. In recent years, banks have increasingly focused on enhancing their marketing performance (Kitsios et al., 2021). In terms of performance metrics, retail banking segment marketing has increasingly relied on customer acquisition and retention rates, as well as the effectiveness of cross-selling and upselling strategies. The rise of Intech startups and non-traditional competitors has made it crucial for firms to differentiate themselves through value-added services and personalized engagement (Fatorachian et al., 2025). Marketing success in the financial industry is often linked to the strength of the customer relationship, with an emphasis on building long-term loyalty through reward programs, exclusive offers, and customer-centric service and this is largely driven by relational marketing strategies.

Relational marketing providers create lasting experiences through a combination of people, communication, digital space, visual identity, co-branding of products, and physical surroundings. The postulated framework for experiential marketing, as proposed by Miranda-Guerra et al. (2022), is built on strategically designed experiential modules that are composed of thoughts, feeling, sensation, behaviors, and relationship. According to Gunawan (2022), an examination of this model can help marketers create unique experiences that help organizations accomplish their objectives.

When it comes to exposing consumers to a sequence of stimuli derived from an array of assessments or from taking part in a consumption event, relational marketing is a crucial instrument for encouraging consumption behaviors among customers, thus creating value to the business. According to Budovich (2019), customers internalize and integrate positive experiences as information. This is crucial for determining whether the involved parties were communicating correctly. Typically, a customer's intent to buy is the result of a process of decision-making that weighs both emotional and rational options (Wahyuningtyas et al., 2019; Melo & de Farias, 2018). This suggests that the customer decision-making procedure takes consideration of not only functional processes but takes into account the good experiences that are created during product and service consumption.

In today's highly competitive business environment, firms are increasingly adopting relational marketing as a strategic approach to enhance marketing performance and build long-term customer relationships. Relational marketing emphasizes ongoing engagement through trust, satisfaction, communication, and personalized service, shifting from transactional interactions to emotionally driven and value-based connections. Atul and Mona (2015) conceptualize relational marketing from both narrow and broad perspectives, ranging from post-sale promotional efforts to comprehensive customer relationship strategies aimed at long-term value. Empirical studies support the effectiveness of relational marketing in improving organizational outcomes. Kanti and Dixit (2024) identified service quality, trust, price perception, and complaint handling as key relational factors influencing firm performance, though their reliance on convenience sampling presents a methodological limitation. Zakaria et al. (2021) underscored communication, commitment, and customer satisfaction as essential components of relational marketing, while Omisore (2024) highlighted trust, bonding, reciprocity, and shared values as foundations for enduring relationships.

Retail banking segment has gained momentum owing to the need to provide personalized banking products and services to the customers. In addition, the desire to remain competitive and enhance banking performance has renewed the importance of retail banking segment to offer customer tailored services (Clark *et al.,* 2017). As such, retail banking segment services has become a strategic focus of commercial banks to expand their services and products. Strategic focus has been seen as a venue to enhance revenue growth made by big commercial banks (Stalmachova *et al.,* 2022). The disruptive corona virus epidemic caused several retail banking segment in the Asia Pacific region to have a loss in capitalization, which translated into a 4.2% drop in profitability. It is anticipated that small profit margin would continue to drive the performance of retail banking segment in the region, growing by 2–4% by 2026.

II. STATEMENT OF THE PROBLEM

The banking assets is estimated to be worth 2.5 trillion Kenya Shillings an equivalent of 50 percent country's real Gross Domestic Product (Kenya Bankers Association, 2023). Despite this significant growth, banks are still faced with many challenges such as high customer churn, decline in new customer attraction and slowed growth in customer base. The Banker association report indicated that customer are shifting their experiential marketing strategies to technology aided platforms since 85.7 percent of transactions were conducted digitally.

The marketing performance of retail banking segment in Kenya faces significant challenges due to intensified competition from FinTech Companies and mobile money platforms, which offer more accessible and cost-effective financial services (Mathina et al., 2022). Traditional banks often struggle to differentiate their offerings and maintain customer loyalty, especially among the customers that tech-savvy demographic (Rotich, 2024). Additionally, issues such as slow response to customer complaints, customer churn and ineffective marketing strategies have led to customer attrition and diminished market share for some banks.

Despite the significance of the relational marketing strategies in enhancing marketing performance of retail banking segment, there is data paucity on how experiential marketing strategies influence marketing performance (Lee et al., 2021; Schmitt, 1999). Relational marketing strategies that create experience and memories on customer engagement has been evolving to be the main destination that can mitigate this challenge (Davey et al., 2024). Adoption of relational marketing strategies has been instrumental in enhancing marketing performance. However, the extent of relational marketing strategies adoption by retail banking in Kenya remain less documented.

III. THEORETICAL LITERATURE

The theory was advanced by Morgan and Hunt (1994). The theory is premised on the elements that anchor the interactions that include commitment, customer relationship and trust. The basic assumptions of the theory is that relationship between individuals is based on trust between or among the individuals (Reinikainen *et al.,* 2021). To build, cultivate and grow the relationship, trusts is seen as crucial ingredient. Aside from trust, commitment is required to integrate and sustain the built relationship (Gulati & Wohlgezogen, 2023).

As a consequence, trust and commitment are critical tenets required to build and cultivate relationships between or among the entities. Because of the trust and commitment aspects, the relationship is expected to flourish and flow smoothly. For a customer, commitment and trust will make him believe in the organization vision, goals, products and services. The trusts and commitment to customers thus likely to increase customer retention rate and reduce customer-switching (Morgan & Hunt, 1994).

In the retail business just like service industry, trust is fundamental in cultivating the relationship between customer and product/service provider. In a research on the nexus between relationship marketing and customer satisfaction, Moenardy *et al.* (2021) noted that commitment and trust are fundamental building blocks for long lasting relationship. Trust and commitment coupled by ability to offer effective and quality products and services to the customer is essential for business growth. Major weakness of the commitment-trust theory is that it does not explain that there exists other factors that are required to build the relationship.

The theory is essential in comprehending client-organization rapport in business. Marketing is an aspect that require much of trust and commitment. Trust in the good or services, trust that the provider will resolve the customer related issues. Thus, for effective marketing approaches, trust is paramount. It is an important virtue that builds the relationship between the customer and the organization. To retain customers, trust and commitment ought to be the first virtue that the organization should show to the customer. Thus, effective experiential marketing strategies can only be cultivated trough trust and commitment to product and service delivery. In the retail banking segment, product and service delivery, trust and commitment are essential to better customer experience. With better customer experience, there will be more referrals, more purchases of the products and services resulting to increased bank performance.

IV. EMPIRICAL LITERATURE

The current situation of intense competition among firms have necessitated the adoption of relational marketing to foster marketing performance. According to Atul, and Mona, (2015) conceptualization of relational marketing can be from a narrow and broad perspective. The narrow perspective viewed relational marketing has promotional initiative linked to data base. It also the use of after marketing tactics to retain customers and in most cases focuses more on bonding after sale hence remaining more in touch after transaction. The evolvement in marketing has seen the conceptualization of relation marketing as focusing on one on one relationship with customer and integrating it with knowledge available to have a long term customer relationship. Therefore, relational marketing is an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period of time.

Adopting convenience sampling, Kanti, and Dixit, (2024) investigated the relationship between relational marketing. The study found out that relational marketing aspect such as service quality, trust, price perceptions, complaint handling and customer satisfaction which are responsible for the performance of service companies. Unlike the traditional method of marketing that relied on establishing direct contact with a client, relational marketing involved the use of brand to establish customer trust. The study adopted convenience sampling design that is considered biased while this study employed stratified sampling design and this resulted to methodological gap.

Zakaria, et al. (2021) examined the effect of relational marketing on organizational performance using descriptive research design. The study established that relational marketing exist in three dimensions that include communication, commitment and customer satisfaction. Relational marketing is important in establishing long term relationship between customers and the brand. This can be realized in an industry where there is repeat business and customer loyalty can be realizes when relational marketing is established. Relational marketing provide platform to build network with customers and individuals to maintain good relationship and continuous networking with them. The study employed descriptive research design that only used quantitative research while this study employed employ correlation research design.

Omisore, (2024) investigated the relational marketing and organizational performance among government agencies using descriptive research design. Relational marketing is made up of trust, bonding, reciprocity, communication, empathy and shared value. Relational marketing is vital in attracting, maintain and enhance customer relationship. Relational marketing involve building of a structure for cooperative action focusing on the long run welfare of business and continuous business relationship, developing an attitude of mutual independence, providing a two -way line of communication and a linkage of interests. The study linked relational marketing and organizational performance while this study narrowed organizational performance to marketing performance to correct the conceptual gap.

Lisa O'Malley (2014) observed that decline of the large bureaucratic organization and the concomitant increase in strategic alliances and business partnerships, served to reignite interest in relationships as an appropriate lens through which business activity could be understood and managed. Relational marketing involved cooperative relationships and reciprocity. Relational marketing entail marketing activities directed towards establishing, developing, and maintaining successful relational exchanges. The study established that relational marketing resulted to success but this study measured this success using marketing performance metrics to correct the methodological gap.

Edwards, et al. (2020) established that relational marketing have been both the catalyst and the glue that has enabled commercial exchange for centuries, dating back to prehistory. The primary area where the relational marketing seemed to be altered and focused on the short term was in the retailer and end consumer context. This is guided by better refrigeration, transportation, the advent of radio, the printing press, and television as well as other communications channels. Marketers became increasingly more skilled at using these tools to communicate with larger, more dispersed, target markets.

Adopting relational marketing strategies Ndubisi, (2015) target customer loyalty in Malaysia. The data were factor analyzed and the resulting dimensions were subjected to discriminant analysis to determine the factors that discriminate between loyal and disloyal customers. Relational marketing is a useful strategy for breeding customer loyalty. Customer loyalty offers numerous benefits to the recipient organization. For example, research has shown that the cost of serving one loyal customer is five to six times less than the cost of attracting and serving one new customer. The study linked relational marketing to loyalty an indicator of marketing performance metric but this study used three different metrics resulting to methodological gap.

V. CONCEPTUAL FRAMEWORK

The conceptual framework indicates the interrelationship among study variable. The predictor variable was relational marketing strategies and the outcome variable is marketing performance of the retail banking segment.

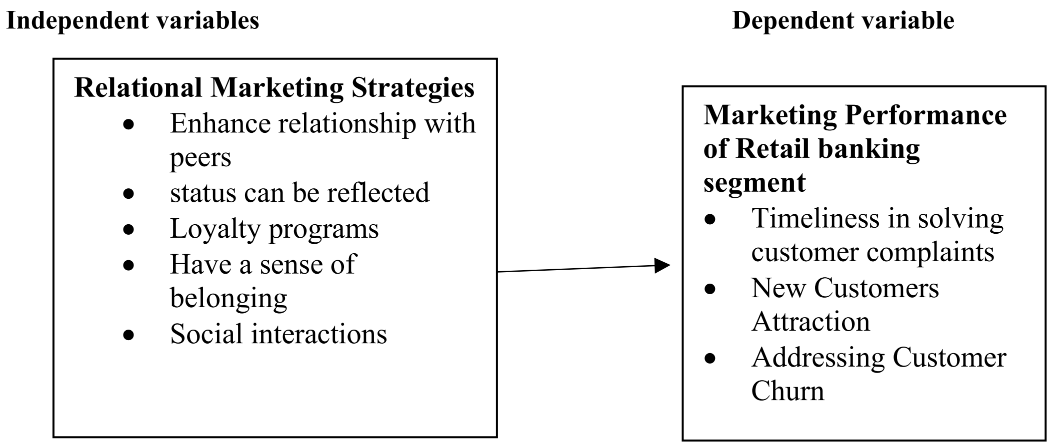

Figure 1: Conceptual Framework

VI. RESEARCH METHODOLOGY

Positivism is a suitable philosophical approach when studying emotional marketing strategies and marketing performance in retail banking segment because it emphasizes objective measurement, observable phenomena, and empirical data. This paradigm allows researchers to test hypotheses and quantify the relationship between experiential marketing elements such as sensory or emotional engagement and marketing performance indicators. By using structured tools such as surveys, statistical models, positivism facilitates the generation of generalizable findings that can inform strategic decision-making in the banking sector. This approach ensures rigor, replicability, and clarity in evaluating how specific marketing strategies influence measurable business outcomes.

Research design is a guiding blueprint that a study employs in answering the set study objectives (Bartolomé *et al.* 2019). The research design tend to define the roadmap to undertake the study and the method to be followed to address the research objectives. There are numerous research design in research. In this study, both descriptive research design and explanatory research design were adopted. A descriptive research design is suitable in describing the features, or patterns of the population (Siedlecki, 2020). Descriptive research help provide valuable information and insights into a particular topic, informing future research, policy making, and practice (Asenahabi, 2019). Zakaria, et al. (2021) employed descriptive research design while examining the effect of emotional marketing on organizational performance. Similarly, Iqbal, (2016) adopted descriptive research design in investigating the relationship between sensory marketing and marketing performance.

Target population is the group of objects, items or individuals to be studied in a research (Neuman & Robinson, 2014). As per Cooper and Schindler (2011), population defines an aggregate of items where a study is to make inference about the entire study populace. In addition, Ott and Longnecker (2015) viewed population as list of items, objects or individuals to draw inference. In this study, 40 commercial banks in Kenya formed the target population (CBK, 2023). These banks are licensed to undertake banking services in accordance to the 2015 banking Act. Commercial banks operating in Nairobi City was targeted forming unit of analysis. The units of observation were those in charge of experiential marketing, relationship marketing, digital services, information technology and retail banking services. Thus, a total of 200 respondents drawn from experiential marketing, relationship marketing, digital services, information technology and retail banking services from the 40 retail banking segment in Kenya. These individuals have crucial and important information that pertain experiential marketing strategies and performance of retail banking segment. They are also directly involved in day-to-day management sectional department activities.

Sampling is the act of selecting item, objects or individuals from a population to be used to provide inference in a study (Blumberg et al., 2014). Sample size is a subset of a population selected from study populace (Danusevicius *et al.,* 2016). Since the population is small, census of all the banks were conducted. Thus, 215 respondents from the selected departments was conducted. According to Norris (2016), census is appropriate when the target population is smaller than 300. Census may reduce bias towards the population by incorporating all the individuals or objects under study.

The study employed a structured questionnaire with closed-ended Likert scale questions (1–5) to collect primary data on opinions, attitudes, and perceptions regarding emotional marketing strategies in retail banking segment, a method supported by prior research (Robinson, 2014; Sullivan & Artino, 2013). Secondary data on firm size were also collected using a tier-based classification (Tier 1–3) as defined by the Central Bank of Kenya. Permission for data collection was obtained from retail banks through emails and calls, and necessary approvals were secured from NACOSTI and Murang'a University. Trained research assistants used a drop-and-pick-later method, enhancing response rates (Junod & Jacquet, 2023). Anticipated challenges included reluctance to participate due to tight schedules and limited access to senior management; these were addressed through early communication, flexible timelines, and follow-up calls or emails.

A pilot study involving 10% of the sample (21 respondents) from retail banks in Murang'a Town was conducted to identify and correct flaws in the questionnaire before full data collection. This process enhanced the instrument's reliability and validity by evaluating the clarity, language, and structure of the questions. Feedback from the pilot led to necessary refinements, ensuring the tool was easy to understand and aligned with study objectives.

To ensure validity, the study assessed construct, content, and criterion validity. Construct validity was enhanced through alignment with theoretical frameworks and confirmed using the KMO test and Average Variance Extracted (AVE). Content validity was strengthened through expert reviews, while criterion validity was established by aligning the tool with past studies and theoretical models. Reliability was assessed using Cronbach's alpha, with values above 0.7 considered acceptable, indicating strong internal consistency and minimal bias, thus confirming the tool's stability across contexts.

The study applied key diagnostic tests to ensure the validity of statistical analysis by checking assumptions such as normality, multicollinearity, heteroscedasticity, and linearity. Normality was tested using the Kolmogorov-Smirnov test, with p-values >0.05 indicating normally distributed data. Multicollinearity was assessed using the Variance Inflation Factor (VIF), where values below 5 indicated acceptable levels. Heteroscedasticity was checked using the Breusch-Pagan test, with p-values >0.05 confirming homoscedasticity. Linearity between variables was evaluated through scatter plots to confirm suitability for regression analysis. Data were organized using Microsoft Excel and analyzed using SPSS, involving both descriptive and inferential statistics, with results presented in tables, charts, and figures.

Descriptive statistics were employed to summarize, visualize, and interpret the collected data in a comprehensible manner. Key measures such as mean, standard deviation, variance, skewness, kurtosis, and range were used to capture trends and patterns in the responses. The study utilized a 5-point Likert scale to measure respondent opinions on emotional, relational, sensory, and intellectual marketing strategies, with values ranging from 1 (strongly disagree) to 5 (strongly agree). Means were interpreted based on specified intervals, and standard deviation helped identify the level of variation around the mean. Additionally, data cleaning and exploration were conducted using Exploratory Factor Analysis (EFA) through Principal Component Analysis (PCA) to identify the underlying structures among variables. Variables with factor loadings of 0.5 and above were retained.

The inferential statistics, in this study included simple linear regression. Simple linear regression is a regression algorithm that describes the linear connection between a dependent variable and several independent variables. Tests such as regression coefficients, critical ratios, squared correlations (R^2), and p-values assessed the model's predictive power. A 95% confidence interval was used to determine statistical significance, where p-values <0.05 led to rejection of the null hypothesis. These inferential analyses enabled hypothesis testing and provided a statistical foundation for understanding the relationship between experiential marketing strategies and marketing performance.

Permission to conduct the study was obtained from the management of retail banks through an introductory letter from Murang'a University, which outlined the purpose of the research. Additionally, a research permit was secured from NACOSTI to legally authorize the study. Ethical considerations were strictly observed, including informed consent from participants, assurance of confidentiality, and the voluntary nature of participation. Respondents were clearly informed that the data collected would be used solely for academic purposes, and no personal identifiers such as names or contact details were included in the questionnaire. Participation was not incentivized, and no respondent was coerced into taking part in the study. Adequate time was given to complete the questionnaire, ensuring the integrity and privacy of all responses in line with ethical standards highlighted by Cooper and Schindler (2011) and Houghton et al. (2010).

VII. RESULTS

7.1 General Information

The questionnaires were administered to a total of 200 unit managers of retail banks. Amongst the 200 selected participants, the study managed to collect 169 questionnaires for analysis. The responses and non-response rates were 84.5% and 15.5% respectively. The proportion of response rate exceed 50% that is viewed acceptable by Sileyew (2019). The return rate was thus sufficient to make inference about this survey population. As indicated by Fincham (2008), a response rate of 60 per cent and above is sufficient while according to Sataloff and Vontela (2021), response rate of 70 per cent and above is very good.

The piloting process was undertaken to refine the research instruments by identifying and addressing any weaknesses, ambiguous wording, or complex questions, and to ensure that all items were clear and understandable to respondents. The pilot study led to the re-structuring of lengthy, unclear, and ineffective questions, enhancing the reliability and validity of both the questionnaire and interview schedule. To assess reliability, Cronbach's Alpha was calculated for each variable. All variables recorded coefficients above the acceptable threshold of 0.7; ranging from 0.702 to 0.796, indicating strong internal consistency and confirming that the questionnaire was reliable for data collection.

Validity testing was also conducted to ensure that the instrument accurately measured what it intended to measure. Three types of validity were examined: construct, content, and criterion validity. Construct validity was assessed using the Average Variance Extracted (AVE), with all constructs scoring above the minimum acceptable value of 0.5, as recommended by Bryman and Bell (2015). This confirmed the adequacy of the constructs and demonstrated strong convergent validity. Therefore, both the reliability and validity results indicated that the research instrument was sound, consistent, and suitable for capturing meaningful data on emotional marketing strategies and marketing performance in retail banking segment.

The study applied a series of diagnostic tests to ensure that the assumptions of regression analysis were met before estimating the relationship between experiential marketing strategies and the marketing performance of retail banking segment in Kenya. The normality test using the Kolmogorov-Smirnov method revealed p-values greater than 0.05 for all variables, indicating that the data were normally distributed and suitable for regression analysis. Linearity was assessed using "Compare Means," and all variables showed deviations from linearity with p-values above 0.05, confirming that the relationships between the independent and dependent variables followed a linear pattern, thereby validating the use of linear regression models.

Further diagnostic tests included multicollinearity and heteroscedasticity assessments. Variance Inflation Factor (VIF) values for all variables ranged between 1.183 and 1.539, which are well below the threshold of 5, indicating no serious multicollinearity issues. Additionally, the Breusch-Pagan test for heteroscedasticity showed a p-value of 0.118, which is greater than 0.05, leading to the conclusion that the data was homoscedastic i.e., the variance of the residuals was constant across all levels of the predictor variables. These results confirm that the dataset met the key assumptions for regression analysis, validating the robustness and suitability of the regression model applied in the study.

7.2 Descriptive Results of Relational Marketing Strategies and Marketing performance of the Retail Banking segment

The study assessed the influence of relational marketing strategies aspects on marketing performance of the retail banking segment. The results presented in Table 1 indicated how relational marketing strategies aspects affected marketing performance of the retail banking segment. The study employed frequency, mean and standard deviation to depictive the descriptive nature of the study responses.

Table 1: Descriptive Results of Relational Marketing Strategies on Marketing Performance of the Retail Banking segment

Statement	S.D	Disagree	Not Sure	Agree	SA	Mean	Std.
This bank makes consistent efforts to build a long-term relationship with customers.	14.8	8.3	4.1	32.5	40.2	3.75	1.43
Our bank regularly asks for feedback through surveys and reviews to understand customer satisfaction and identify areas for improvement.	12.4	10.1	2.4	34.3	40.8	3.81	1.39
Our bank involves our customers during anniversary and other celebrations	10.7	10.7	4.7	36.1	37.9	3.80	1.33
Through the bank's loyalty programs, make our customers to have a sense of belonging	13.0	10.1	3.6	29.6	43.8	3.81	1.42
The bank promotes a sense of community by supporting local events, partnerships, and customer engagement programs	8.3	12.4	8.3	34.9	36.1	3.78	1.28
Our bank offers personalised customer services depending on the customer status	7.1	5.9	6.5	40.8	39.6	4.00	1.16

Key: SD=strongly disagree, SA=strongly agree, Std. =Standard deviation. For purposes of interpretation, 'strongly agreed' and 'disagreed' were combined, 'agreed' and 'strongly agreed' were also combined while 'not sure' was interpreted independently.

Descriptive findings indicated that a majority of the respondents acknowledged the efforts made by their banks to build and sustain long-term relationships with customers. Specifically, 72.7% affirmed that their banks consistently invest in relationship-building strategies, a sentiment reflected by a mean of 3.75 and a standard deviation of 1.43. Similarly, 75.1% of respondents noted that their banks actively collect feedback through surveys and reviews to enhance customer satisfaction (Mean = 3.81, SD = 1.39). Additionally, 74.0% agreed that their banks involve customers during events such as anniversaries, while 73.4% highlighted that loyalty programs contribute to a sense of belonging (Mean = 3.81, SD = 1.42). Furthermore, 71.0% observed that their banks engage in community support and customer engagement initiatives (Mean = 3.78, SD = 1.28), and 80.4% confirmed personalized service based on customer status (Mean = 4.00, SD = 1.16). These relational marketing strategies help foster emotional connections and loyalty among customers.

The findings underscore the importance of relational marketing in enhancing customer loyalty and marketing performance. Relational marketing, characterized by trust, emotional connection, and ongoing engagement, supports customer retention and brand advocacy. By implementing strategies such as loyalty programs, community involvement, and personalized services, banks foster a strong sense of belonging and shared identity among customers, resulting in increased satisfaction and repeat business. These practices align with the observations of Atul and Mona (2015), who emphasized the link between relational strategies and firm performance, and Omisore (2024), who highlighted the role of relationship marketing in establishing lasting customer exchanges. Further, Rosário and Casaca (2023) concluded that communication, trust, and commitment core elements of relationship marketing—boost customer satisfaction and retention. Kanti and Dixit (2024) also observed that relational approaches enhance customer satisfaction and reflect positively in marketing performance. Overall, relational marketing is critical for building credibility, emotional loyalty, and sustainable business growth in retail banking segment.

7.3 Marketing performance of the Retail Banking segment

The marketing performance of the retail banking segment was the dependent variable of the study. The aspects of this variable were measured using a Likert scale ranging from 1 to 5. The descriptive finding was recorded in the form of mean and standard deviation and the finding is presented in Table 2.

***Table 2:** Marketing performance of the Retail Banking segment in Kenya*

Statement	S.D	Disagree	Not Sure	Agree	SA	Mean	Std.
This bank effectively attracts new customers through its advertising campaigns.	4.1	11.8	7.1	41.4	35.5	3.92	1.13
Most of the new customers we receive are as a result of referrals from existing customers	8.9	11.8	3.6	38.5	37.3	3.83	1.29
The banks has put necessary measures to reduce customer churn.	10.7	12.4	1.8	39.6	35.5	3.77	1.34
Customer churn is regularly monitored in evaluating marketing performance.	9.5	11.8	4.1	35.5	39.1	3.83	1.32
We resolve customer complaints on time.	12.4	10.1	2.4	41.4	33.7	3.74	1.35
The customer feedback we receive indicates that our brand is gaining attention from new customers.	11.8	12.4	3.0	40.8	32.0	3.69	1.35

Key: SD=strongly disagree, SA=strongly agree, Std. =Standard deviation. For purposes of interpretation, 'strongly agreed' and 'disagreed' were combined, 'agreed' and 'strongly agreed' were also combined while 'not sure' was interpreted independently.

The findings indicate that relationship marketing strategies significantly contribute to the acquisition and retention of customers in the retail banking segment. A large proportion of respondents (76.9%) acknowledged that banks effectively attract new clients through advertising campaigns, supported by a high mean score of 3.92. Similarly, 75.8% agreed that referrals from satisfied existing customers are a key source of new client acquisition, highlighting the value of trust and personalized experiences in building advocacy. These insights demonstrate that strategic advertising—combined with strong customer relationships—can create emotional resonance, enhance brand awareness, and facilitate sustainable growth. Effective advertising not only promotes services but also appeals to customer values and lifestyles, reinforcing the bank's reliability and relevance.

Furthermore, banks were shown to actively implement measures to reduce customer churn, with 75.1% of respondents affirming this, and 74.6% noting that churn is regularly monitored as part of marketing performance evaluation. These efforts are central to relationship marketing, where long-term engagement, timely complaint resolution (acknowledged by 72.8% of respondents), and consistent service delivery build loyalty and trust. Regular monitoring of churn enables banks to detect dissatisfaction early and respond appropriately, while prompt resolution of complaints ensures that customers feel valued. Additionally, 71.6% of respondents indicated that feedback suggests the bank's brand is gaining attention—an indicator of both effective marketing and positive customer experiences. Collectively, these findings reinforce that relationship marketing fosters retention, advocacy, and positive brand momentum, thereby driving overall marketing performance.

7.4 Effect of relational marketing strategies on marketing performance of the retail banking segment

The main objective was to determine the effect of relational marketing strategies on marketing performance of the retail banking segment in Kenya. The study adopted simple linear regression model to determine the effect of relational marketing strategies on marketing performance of the retail banking segment. The model results output consisted of the model summary, ANOVA test and regression coefficients. The finding is presented in table 3.

Table 3: Relational marketing strategies and marketing performance of the retail banking segment

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.577[a]	.333	.329	.41902

a. Predictors: (Constant), Relational marketing strategies

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.658	1	14.658	83.483	.000[b]
	Residual	29.321	167	.176		
	Total	43.979	168			

a. Dependent Variable: Marketing performance of retail banking segment

b. Predictors: (Constant), Relational marketing strategies

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.709	.231		7.406	.000
	Relational Marketing Strategies	.547	.060	.577	9.137	.000

a. Dependent Variable: Marketing performance of retail banking segment

The results of the regression analysis provide insights into the effect of relational marketing strategies on marketing performance of retail banking segment. The R was .577 indicating a strong positive correlation between relational marketing strategies and marketing performance of retail banking segment. The R-square value of .333 suggesting that relational marketing strategies predicts an estimated 33.3% of the variation in marketing performance of retail banking segment, while the Adjusted R-square of .329 confirms that explanatory power of relational marketing strategies remain relatively stable after taking into account for other predictors in the model. Thus, relational marketing strategies explain 32.9% to 33.3% of marketing performance of retail banking segment.

The ANOVA results demonstrate that the regression model is statistically significant ($F = 83.483$, $p < 0.001$), meaning that relational marketing strategies has a significant effect on marketing performance of retail banking segment. The calculated p-value (.000) indicating that the statistical model where relational marketing strategies predict marketing performance of retail banking segment is statistically significant.

Furthermore, the regression coefficient results provides further details on the relationship between relational marketing strategies and marketing performance of retail banking segment. The constant (1.709) represents the level of marketing performance of retail banking segment when relational marketing strategies is absent. The unstandardized coefficient for relational marketing strategies ($B = .547$) indicates that for every unit increase in relational marketing strategies, marketing performance of retail banking segment is expected to increase by .547 units. The standardized coefficient (Beta = .577) confirms the relational marketing strategies has a strong effect on marketing performance of retail banking segment.

The t-value was 9.137 with a corresponding significance level ($p = 0.000$) indicating that relational marketing strategies is a significant predictor of marketing performance of retail banking segment. They confirm that the model where relational marketing strategies predicts marketing performance of retail banking segment is statistically significant. The second hypothesis of the study was;

H_{01}: Relational marketing strategies has no statistically significant effect on marketing performance of retail banking segment in Kenya

The regression analysis revealed that the effect of relational marketing strategies on performance of retail banking segment in Kenya was positive and significant ($\beta = .547$, $t = 9.137$ and $p = .0001 < 0.05$). Coefficient of relational marketing strategies was .547 meaning for every one-unit increase in the measure of relational marketing strategies, performance of retail banking segment in Kenya improved by .547 units. Given that the p-value ($p = 0.001$) of the t - statistic of relational marketing strategies was less than 0.05, it implied that relational marketing strategies had a significant effect on marketing performance of the retail banking segment. The null hypothesis (H_{01}) relational marketing strategies has no statistically significant effect on marketing performance of the retail banking segment in Kenya was thus rejected and the study concluded that indeed relational marketing strategies had a significant effect on marketing performance of the retail banking segment in Kenya.

Relational marketing strategies focuses on bonding after sales so that customer remain in touch with the company over unforeseeable future and continue consuming or bringing in new customers after sharing previous experience with the products and services. The emerging market dynamics has seen evolution of this strategy to focusing on one on one with the client aided by knowledge integration that is essential in forming long term relationship. One of the vital role of relational marketing is a collective effort in identification, maintenance, building up of network and strengthening of network for mutual benefit in both sides in an interactive process for a longer periods of time.

One of the crucial role played by relational marketing strategies in marketing is building a strong customer trust that will be instrumental in long term relationships. Relational ties among customer is vital in reducing existing barriers that could possible impede performance and thus harness interaction of customers and banking players hence initiating a conversation that can be productive. Relational marketing strategies serve as exit barriers so as to keep a customer loyal to a particular organization. Distinct types of relational marketing will result in unique connections with a certain firms boosting loyalty among its clients. This inform extended of engagement with product and service providers, customers establish bonds attributed to relational marketing. Stronger relationship marketing strengthened business bond. Relational marketing at times would be emotive, social and confidential. Personal relationships for instance personal recognition, feelings of familiarity, friendship, creating rapport and social support are all part of bonding.

The relational marketing exist in three dimensions that include communication, commitment and customer satisfaction. Relational marketing is important in establishing long term relationship between customers and the brand. This can be realized in an industry where there is repeat business and customer loyalty can be realizes when relational marketing is established. Relational marketing provide platform to build network with customers and individuals to maintain good relationship and continuous networking with them. Relational marketing is made up of trust, bonding, reciprocity, communication, empathy and shared value. Relational marketing is vital in attracting, maintain and enhance customer relationship. Relational marketing involve building of a structure for cooperative action focusing on the long run welfare of business and continuous business relationship, developing an attitude of mutual independence, providing a two -way line of communication and a linkage of interests.

Relational marketing has been instrumental in cultivating trust among parties involved in business transaction. The good relation of customers and service providers is key in asserting and maintaining a cordial relationship that can enhance business transaction. Omisore, (2024) clearly pointed out that to achieve, retain and grow customers is to create a customer relationship management, that is, the entire process of building and maintaining profitable relationships by delivering good customer value and satisfaction. This is the role that relationship marketing has been playing in the banking sector so that value of the customer is marinated and performance is guaranteed. Relational marketing is a useful strategy for breeding customer loyalty. Customer loyalty offers numerous benefits to the recipient organization. For example, research has shown that the cost of serving one loyal customer is five to six times less than the cost of attracting and serving one new customer.

Effective relational marketing strategies lead to improved marketing performance through enhanced customer engagement. Social media engagement, interactive campaigns, and customer service excellence play a crucial role in maintaining strong relationships with consumers. Brands that actively engage customers foster a sense of belonging, increasing the likelihood of positive word-of-mouth referrals and customer retention. For example, Nike's social media marketing strategy involves storytelling and user-generated content, encouraging customers to share their experiences. This level of engagement not only strengthens brand reputation but also increases market share and revenue growth, demonstrating the direct impact of relational marketing on marketing performance.

Collaborating with customers must be maintained and developed through intense attention with customers. This involve paying more attention to their needs and desires that involve provision of quality products at affordable rates with an ease. This is because customers does not easily purchase new products but take their time when assessing competing products and this is a common phenomenon in the banking sector. Thus, companies need to learn from failure, one of which is from customers who switch to competing products, so that the company becomes more precise and faster in responding to customers' complaints.

The finding of this study concurred with an investigation by Atul, and Mona, (2015) established that relational positively influenced marketing performance of firms. Relational marketing strategies is vital identifying, maintaining, and building up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period of time. According to Kanti, and Dixit, (2024) relational marketing aspect such as service quality, trust, price perceptions, complaint handling and customer satisfaction which are responsible for the performance of service companies. According to Zakaria, et al. (2021) relational marketing exist in three dimensions that include communication, commitment and customer satisfaction. Omisore, (2024) established that relational marketing and organizational performance among government agencies using descriptive research design. Lisa O'Malley (2014) opined that Relational marketing involved cooperative relationships and reciprocity. Relational marketing entail marketing activities directed towards establishing, developing, and maintaining successful relational exchanges. Edwards, et al. (2020) found out that relational marketing strategies has increasingly been adopted to improve marketing. According to Ndubisi, (2015) relational marketing is a useful strategy for breeding customer loyalty. Customer loyalty offers numerous benefits to the recipient organization.

VIII. CONCLUSION

The study hypothesized relational marketing strategies has no statistically significant effect on marketing performance of retail banking segment in Kenya. It was concluded that relational marketing strategies positively and significantly influenced marketing performance of retail banking segment in Kenya. Therefore, relational marketing strategies are essential in fostering marketing performance of retail bank in Kenya. This has been facilitated through enhance relationship with peers, loyalty programs, having a sense of belonging and social interactions. These distinctive aspects of relational marketing are vital in enhancing long-term relationship that create customer loyalty.

IX. RECOMMENDATIONS FOR POLICY AND PRACTICE

The retail banking segment are supposed to prioritize relational marketing strategies such as customer service, content marketing, email marketing, and loyalty programs to improve marketing performance. The alignment of marketing strategies with ethics cultivate trust and credibility that nurtures long term relationship. This can only be feasible if banks establish transparent marketing strategies that bring diverse and inclusion among competing customer interests. Openness and virtue communication is vital in enhancing confidence among customers boasted by better customer services, content marketing and loyalty programs which promote sense of belonging and loyalty. Banks ought to invest establishing relationships that are personalized in nature and also responsive customer support. Elevating these principles of relational marketing is vital improving customer retention and customer attraction through positive oral conversations. By embedding ethical principles and transparency into marketing strategies, banks can differentiate themselves in a competitive market, foster stronger connections with customers, and enhance overall marketing performance. Prioritizing relational marketing strategies will ultimately drive sustainable growth and brand success

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