Abstract
The objective of this research project was to investigate the effect of customer relationship management strategy on competitive advantage in Kenyan commercial banks. The study adopted a descriptive research design. The target population for the purposes of this study comprised of all commercial banks in Kenya. Stratified random sampling was used to select the target commercial banks whereby a sample of 30% of the Kenyan commercial banks was drawn from the target population to give a sample size of 12 banks. The collected primary data was through questionnaires which were structured into closed and open ended questions. The data was analyzed using descriptive statistics. The study found out that majority of the banks had clearly defined customer relationship management strategies and there were defined set of performance metrics at departmental level that were related to customer experience. Majority of the banks also had designated governance structure for undertaking customer relationship management activities. However, the study found out that commercial banks had invested in trainings and other resources to support Customer Relationship Management to a moderate extent. The study concludes that for the CRM strategy to be a source of competitive advantage, commercial banks need the commitment support of both the management and the staff. The management should act as the drivers and overseers of the strategy while the staff should implement the strategy. It can also be concluded that Customer Care centers, Branch managers and Relationship managers are the major sources of feedback from customers in Kenyan commercial banks. The study recommends that it is important for the banks to continue monitoring their customers’ need through the customer care centers or the relationship managers continue while addressing the challenges along the value chain. The banks should always reward and recognize their staff to enhance employees’ loyalty and enhanced success in the implementation. By creating a competitive advantage through CRM strategy the banks would be able to create superior value for its customers and superior profits for itself. The study faced some limitations which include dependence on primary data collected from commercial banks through a questionnaire but some banks were unwilling to give such information; some of the respondents also gave limited information and did not want to authenticate the information. The study greatly contributes to research in the field of customer relationship management and provides bank management with insight as they strive to remain competitive in a dynamic business environment.