

The Role Of Customer-Oriented Approach In Enhancing Bank Competitiveness

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Abstract: This article examines the economic essence of a customer-oriented approach in bank marketing and its role in enhancing the competitiveness of banks. Under the conditions of the modern financial market, the intensification of competitive factors in banking activities, changes in customers' financial behavior, and the increasing demand for service quality necessitate the implementation of new marketing management approaches. The study analyzes the impact of customer-centric marketing on the banking services market, the mechanisms of customer value creation, and the achievement of competitive advantage through strengthening customer loyalty. Based on the research findings, scientific and practical conclusions are developed aimed at elevating bank marketing to the level of strategic management.

Keywords: Bank marketing, customer-oriented approach, competitiveness, customer value, loyalty, bank strategy, financial market.

Introduction: In the context of the modern economy, the banking system plays a significant role in ensuring economic stability as one of the most important institutional components of the financial market. The intensification of competition among banks, the expansion of financial service portfolios, and the rapid development of digital technologies have substantially increased the need for marketing-oriented approaches in bank management.

While traditional banking activities were primarily focused on conducting financial operations, contemporary banks increasingly strive to gain competitive advantage by deeply analyzing customer needs, assessing their financial behavior, and offering personalized services. From this perspective, a customer-oriented approach in bank marketing has become a strategic factor ensuring the long-term development of banking institutions.

A customer-centric approach in bank marketing is not limited to the promotion and sale of services; rather, it represents an integrated management system aimed at creating customer value, strengthening trust, and building long-term loyalty. It is precisely these processes that play a decisive role in enhancing the competitiveness of banks.

Therefore, conducting an in-depth scientific analysis of the content of a customer-oriented approach in bank marketing, its functional mechanisms, and its impact on competitiveness constitutes a highly relevant scientific and practical task.

The main objective of this article is to theoretically and practically substantiate the role of a customer-oriented approach in bank marketing in enhancing competitiveness.

LITERATURE REVIEW

Modern bank marketing theory has been formed in close connection with the development of services marketing and relationship marketing concepts. International academic literature emphasizes that a customer-oriented approach occupies a central position in enhancing the competitiveness of banks. This approach interprets banking activity not merely as a set of financial operations, but rather as a system of long-term value exchange between banks and customers.

According to the marketing management concept developed by Philip Kotler and Kevin Lane Keller, companies—including banks—achieve competitive advantage not only through products or pricing, but

primarily through the value created for customers. The authors substantiate that the strategic objective of marketing activity lies in achieving sustainable competitiveness through increasing customer satisfaction.

In the relationship marketing theory proposed by Christian Grönroos, the essence of bank marketing is explained through the development of long-term cooperation with customers. His research indicates that in the service sector, particularly within the banking system, customer trust and the quality of relationships become the main sources of competition. This approach provides a scientific rationale for the transition in bank marketing from a transactional model to a relationship-based model.

Studies conducted by Leonard L. Berry and A. Parasuraman demonstrate that service quality and customer satisfaction exert a direct influence on the market position of banks. The SERVQUAL model developed by these authors has been widely applied in assessing the quality of banking services and is recognized as an important methodological foundation for measuring marketing effectiveness.

In the research of Valarie A. Zeithaml, Mary Jo Bitner, and Dwayne Gremler, the concept of customer experience is interpreted as a central category in services marketing. According to their findings, a positive customer experience created by banks strengthens customer loyalty and consequently enhances bank competitiveness.

Based on the customer equity concept advanced by Robert Rust, Katherine Lemon, and Valarie Zeithaml, firm value is determined directly by customer capital. This approach enables the linkage of customer-oriented marketing strategies with financial performance in banking institutions.

In the works of V. Kumar and Werner Reinartz, customer loyalty management is regarded as a strategic source of competitive advantage for banks. The authors empirically demonstrate that long-term relationships with customers contribute to the sustainable growth of bank profitability.

Recent studies related to the development of digital banking services (Verhoef, Lemon, Parasuraman) emphasize that the customer-oriented approach is further strengthened through digital channels. Their findings suggest that omni-channel services, personalized offerings, and real-time interactions are shaping a new competitive landscape in bank marketing.

Overall, an analysis of scientific sources indexed in the Scopus database indicates that a customer-oriented

approach in bank marketing is recognized as a key strategic mechanism for enhancing competitiveness. At the same time, existing studies reveal that the systematic evaluation of the impact of this approach on bank competitiveness within an integrated model remains insufficiently developed, which determines the scientific relevance of the present article.

Theoretical Foundations of a Customer-Oriented Approach in Bank Marketing

One of the main trends in the development of modern bank marketing is the elevation of the customer-oriented approach to the level of strategic management. In international academic literature, this approach is recognized as a fundamental factor shaping bank competitiveness. Customer-oriented marketing places customer needs and value—rather than products or technologies—at the center of banking activity.

According to the concept developed by Philip Kotler and Keller, the customer-oriented approach represents an evolutionary stage in the development of marketing. Within this framework, the primary task of bank marketing is to identify customer needs, create individualized value for customers, and reinforce this value through sustainable relationships.

In the relationship marketing theory proposed by Christian Grönroos, the customer-oriented approach is interpreted as a system of interactions based on mutual trust between the bank and its customers. The author emphasizes that in the service sector, competitive advantage is determined more by the quality of relationships than by operational efficiency. This shifts bank marketing from a short-term transactional orientation to a long-term strategic model.

From a theoretical perspective, customer-oriented marketing is directly linked to the concept of customer value. According to the approach developed by Zeithaml, perceived customer value is determined by the ratio between the benefits obtained from a service and the costs incurred by the customer. For banks, this value is formed not only through financial benefits, but also through intangible factors such as convenience, speed, security, and trust.

An increase in customer value activates the loyalty mechanism in bank marketing. According to Kumar and Reinartz, loyal customers represent a long-term source of income for banks, characterized by higher service usage frequency, stronger referral behavior, and longer relationship duration. Consequently, a customer-oriented approach becomes an internal source of bank competitiveness.

From a theoretical modeling perspective, customer-oriented bank marketing is formed through the following logical chain:

customer needs → customer value → satisfaction → loyalty → competitiveness

This chain reflects the strategic mechanism of bank marketing. In this process, marketing activity is not limited to advertising or communication, but evolves into an integrated management system encompassing all functional units of the bank.

Verhoef and Lemon emphasize that the customer-oriented approach becomes particularly significant under conditions of digital banking services. Customer experience formed through digital channels directly determines a bank's image and market position. Therefore, omni-channel strategies and personalized services occupy a central role in contemporary bank marketing.

Theoretically, customer-oriented bank marketing is also consistent with the Resource-Based View (RBV). According to this perspective, a bank's competitive advantage is shaped not by external factors, but by internal strategic resources such as customer base, trust capital, and brand reputation. These resources emerge primarily as a result of customer-oriented marketing practices.

Thus, theoretical analysis demonstrates that the customer-oriented approach represents the core concept of bank marketing and functions as a strategic mechanism ensuring the long-term competitiveness of banking institutions.

Customer-Oriented Marketing Mechanism in Enhancing Bank Competitiveness

In the modern financial market, bank competitiveness is increasingly determined by the quality of relationships established with customers. Traditional competitive factors—such as interest rates, tariffs, or branch networks—may provide certain advantages; however, their impact tends to be short-term. Therefore, banks are increasingly relying on customer-oriented marketing mechanisms to form sustainable long-term competitive advantages.

A customer-oriented marketing mechanism represents a system aimed at aligning all managerial decisions within a bank with customer interests. Within this framework, marketing is not perceived as a separate functional activity, but rather as a central element of strategic management.

An analysis of academic literature indicates that the customer-oriented marketing mechanism in enhancing bank competitiveness is implemented through several key stages.

1. Identification and segmentation of customer needs

The starting point of customer-oriented marketing is a comprehensive analysis of customer needs. Modern banks no longer limit themselves to demographic indicators; instead, they analyze customers' financial behavior, risk attitudes, digital activity, and frequency of service usage. This process enables banks to develop tailored marketing strategies for each customer segment.

2. Creation of customer value

The primary source of competitiveness lies in the value created for customers. In bank marketing, this value is not limited to financial benefits alone. Service speed, user-friendly interfaces, transparent pricing, security, and personalized approaches collectively shape the overall value perceived by customers. According to the concept proposed by Zeithaml, an increase in perceived value has a direct impact on customer satisfaction.

3. Management of customer satisfaction

Customer satisfaction represents an important intermediate outcome of bank marketing and is directly linked to competitiveness. Highly satisfied customers are more likely to reuse banking services, demonstrate lower sensitivity to price changes, and contribute to strengthening the bank's image. Consequently, banks continuously improve service quality by systematically monitoring customer feedback.

4. Formation of customer loyalty

The key strategic outcome of customer-oriented marketing is customer loyalty. According to Kumar and Reinartz, loyal customers constitute the most stable source of bank profitability. They maintain long-term relationships with the bank, use additional services, and actively participate in referral-based marketing. As a result, the relative efficiency of marketing expenditures increases.

5. Strengthening competitiveness indicators

As a result of the customer-oriented marketing mechanism, bank competitiveness is reinforced through the following key indicators:

sustainable growth of market share;

increased customer retention rates;

improved profitability of banking services;

strengthened reliability and reputation of the bank brand;

long-term financial stability.

These indicators demonstrate the decisive role of marketing factors in evaluating bank competitiveness.

6. Integration of digital marketing mechanisms

Under conditions of digital transformation, customer-

oriented marketing mechanisms are implemented through CRM systems, Big Data analytics, artificial intelligence, and omni-channel communication platforms. These tools enable banks to respond promptly to customer needs, develop personalized offerings, and make marketing decisions in real time.

Thus, the customer-oriented marketing mechanism represents a systematic and continuous process of enhancing bank competitiveness. This mechanism elevates marketing to the level of strategic management and becomes a key factor in ensuring sustainable bank development.

METHODOLOGY

This study aims to scientifically assess the impact of a customer-oriented approach in bank marketing on competitiveness. A comprehensive methodology based on the integration of theoretical and practical approaches was applied during the research process.

Research objectives and tasks

The main objective of the study is to identify the mechanisms through which a customer-oriented approach in bank marketing influences bank competitiveness and to scientifically substantiate their interrelationships.

To achieve this objective, the following tasks were defined:

identifying the key indicators of customer-oriented marketing;

analyzing the relationship between customer value, satisfaction, and loyalty;

assessing the impact of marketing factors on bank competitiveness;

developing scientific and practical recommendations for improving bank marketing effectiveness.

Research object and subject

The object of the study is the banking services market and the marketing activities of commercial banks.

The subject of the study comprises the elements of a customer-oriented approach in bank marketing and the mechanisms of their impact on competitiveness.

Research methods

The following scientific methods were applied in the study:

system analysis — to examine bank marketing elements as an interconnected system;

logical and structural analysis — to substantiate the customer-oriented marketing mechanism step by step;

comparative analysis — to compare traditional and customer-centric marketing approaches;

content analysis — to derive theoretical conclusions based on Scopus-indexed scientific publications;

inductive and deductive methods — to move from general theoretical concepts to practical conclusions.

These methods ensured the scientific validity and reliability of the research results.

Research model and indicators

Within the framework of the study, the impact of customer-oriented marketing on bank competitiveness was examined based on the following conceptual model:

Customer-oriented approach → Customer value → Customer satisfaction → Customer loyalty → Bank competitiveness

Within this model, the main indicators were grouped as follows:

1. Customer-oriented marketing indicators:

degree of service personalization;

customization of marketing communications;

quality of customer–bank interaction;

convenience of digital services.

2. Customer value indicators:

level of benefits obtained from banking services;

time and transaction costs;

reliability and security of services.

3. Competitiveness indicators:

customer retention rate;

repeat usage of banking services;

stability of market share;

level of trust in the bank brand.

These indicators were developed based on widely applied international concepts proposed by Zeithaml, Kumar, and Verhoef.

Information base of the study

The information base of the study consisted of:

scientific articles indexed in the Scopus database;

international monographs on marketing and bank management;

open statistical and analytical data sources;

theoretical models of bank marketing.

This information base ensured the reliability of the research conclusions.

Research limitations

Due to limited availability of empirical statistical data at the individual bank level, the analysis was primarily based on conceptual and theoretical approaches.

However, the proposed model provides a foundation for future empirical research, including regression analysis or survey-based studies.

RESULTS AND DISCUSSION

Within the framework of this study, the impact of a customer-oriented approach in bank marketing on competitiveness was analyzed based on a conceptual model. The theoretical analysis conducted indicates that the effectiveness of marketing strategies in banking activities is increasingly shaped by customer-related indicators.

Research Results

Based on the analysis, several important scientific conclusions were identified.

First, the elements of customer-oriented marketing influence bank competitiveness not directly, but through an indirect mechanism. This influence is primarily realized through the stages of customer value, satisfaction, and loyalty. This finding confirms the long-term nature of marketing activities in the banking sector.

Second, increasing customer value emerged as the central factor of bank marketing effectiveness. The research results show that intangible factors such as convenience, speed, transparency, and security have

become more significant for customers than purely financial incentives.

Third, an increase in customer satisfaction significantly raises the likelihood of repeated use of banking services. This, in turn, enhances the relative efficiency of marketing expenditures and contributes to the stabilization of bank profitability.

Fourth, loyal customers are formed as a strategic resource for banks. The findings indicate that customers with a high level of loyalty demonstrate a positive attitude toward the expansion of banking service portfolios and maintain long-term cooperation with the bank.

Fifth, the active use of digital banking services strengthens the effectiveness of customer-oriented marketing mechanisms. A positive customer experience formed through digital channels becomes a key factor reinforcing the competitive position of banks.

Systematization of Results

Based on the research findings, the impact of a customer-oriented approach in bank marketing on competitiveness is summarized in the following table.

Marketing element	Impact mechanism	Resulting indicator
Analysis of customer needs	Service customization	Increased satisfaction level
Creation of customer value	Improvement of benefit–cost ratio	Strengthened loyalty
Service quality	Enhancement of trust	Repeated service usage
Digital services	Convenience and speed	Stabilization of market share
CRM and personalized offers	Individualized communication	Competitive advantage

Table 1. Impact of Customer-Oriented Marketing on Bank Competitiveness

This table systematically reflects the process through which competitiveness is formed via bank marketing activities.

Discussion of Results

The obtained results are consistent with international academic research. In particular, empirical studies conducted by Kumar and Reinartz identify customer loyalty as a primary source of bank profitability. Similarly, research by Zeithaml and Bitner confirms the significant influence of service quality and customer experience on competitiveness.

The findings of this article integrate these theoretical

perspectives within a structured model from the standpoint of bank marketing, thereby enhancing the theoretical contribution of the study.

From a practical perspective, the results indicate that banks should prioritize a customer-oriented approach when developing marketing strategies. Focusing marketing activities not on short-term sales outcomes, but on long-term customer value, ensures sustainable competitiveness.

Furthermore, the research substantiates the necessity of using customer-related indicators—alongside financial metrics—when evaluating the effectiveness of bank marketing activities.

CONCLUSION

This study was aimed at conducting a comprehensive scientific analysis of the role and significance of a customer-oriented approach in bank marketing in enhancing the competitiveness of banking institutions. The theoretical and analytical investigations carried out demonstrate that under modern conditions, bank marketing has evolved from a traditional functional activity into an instrument of strategic management.

Based on the research findings, the following key conclusions were formulated.

First, a customer-oriented approach in bank marketing emerges as a fundamental internal factor in shaping competitiveness. This approach enhances banks' adaptability to changing market conditions and creates opportunities for sustainable long-term development.

Second, placing customer needs and value at the center of marketing strategy significantly improves the quality of banking services. This, in turn, leads to higher levels of customer satisfaction and loyalty, thereby strengthening banks' competitive advantages.

Third, the logical chain substantiated in the study—customer needs → customer value → satisfaction → loyalty → competitiveness—

represents the strategic mechanism of bank marketing and may serve as a conceptual framework for decision-making in banking institutions.

Fourth, under conditions of digital transformation, the importance of a customer-oriented approach continues to increase. Customer experience formed through digital channels becomes a decisive factor in shaping bank image and market position.

Fifth, evaluating marketing effectiveness solely on the basis of financial indicators is insufficient. Customer-related indicators—such as satisfaction level, loyalty, and customer retention rate—should be integrated into banks' strategic performance assessment systems.

Scientific and Practical Recommendations

Based on the conclusions obtained, the following scientific and practical recommendations are proposed:

1. Formation of bank marketing strategies based on a customer-oriented management model

Banks should organize marketing activities not as an isolated functional unit, but as a central element of the overall strategic management system.

2. Introduction of marketing indicators focused on increasing customer value

When assessing marketing effectiveness, customer value, loyalty, and satisfaction indicators should be

defined as key performance indicators (KPIs).

3. Integrated use of CRM and digital analytics tools

Real-time analysis of customer behavior increases the accuracy of marketing decisions and enables the development of personalized service offerings.

4. Development of Customer Experience Management (CEM) systems

The implementation of unified customer experience standards across all stages of service delivery contributes to strengthening bank competitiveness.

5. Orientation of marketing strategies toward long-term outcomes

Banks should prioritize the formation of sustainable customer relationships over short-term sales results in their marketing activities.

Scientific Significance of the Study

This article presents a systematic model explaining the impact of a customer-oriented approach in bank marketing on competitiveness. The proposed framework enables the analysis of bank marketing at the level of strategic management and serves as a theoretical foundation for future empirical research.

Practical Significance of the Study

The research results may be applied in commercial banks for the development of marketing strategies, management of customer relationships, and formulation of practical decisions aimed at enhancing competitiveness.

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