

CUSTOMER-ORIENTED STRATEGIES IN COMMERCIAL BANKS AND THEIR IMPACT ON COMPETITIVENESS

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Annotation: This study examines the implementation of customer-oriented strategies in commercial banks and evaluates their influence on the banks' competitiveness. The research highlights how focusing on customer needs, personalized services, and relationship management can enhance market share, customer loyalty, and overall performance. Practical recommendations are provided for banks to strengthen competitive advantage through strategic customer-centric approaches.

Key words: Customer-oriented strategies, commercial banks, competitiveness, customer satisfaction, market share, relationship management, banking strategy.

Introduction. In today's highly competitive banking sector, commercial banks face the constant challenge of attracting and retaining customers while maintaining sustainable profitability and market share. The shift from traditional product-oriented approaches to customer-oriented strategies has become a critical factor for achieving long-term success. Customer-oriented strategies focus on understanding and anticipating the needs and preferences of clients, providing personalized services, and building strong, long-term relationships that enhance customer loyalty and satisfaction. This approach requires banks to adopt a comprehensive understanding of customer behavior, segment their clientele effectively, and implement innovative solutions that respond to dynamic market demands. By placing customers at the center of strategic planning, banks can differentiate themselves from competitors, improve service quality, and create a competitive advantage that is difficult to imitate. Moreover, the adoption of advanced technologies, such as digital banking platforms, data analytics, and customer relationship management systems, enables banks to offer tailored services, predict customer needs, and optimize operational efficiency. Research has shown that banks that prioritize customer-centric strategies not only improve their financial performance but also strengthen brand reputation and market positioning. However, implementing such strategies involves challenges, including organizational restructuring, staff training, and continuous monitoring of customer feedback and market trends. Therefore, understanding the impact of customer-oriented strategies on the competitiveness of commercial banks is essential for both practitioners and researchers in the banking sector, as it provides insights into how strategic decisions influence customer loyalty, profitability, and overall market success. This study aims to analyze the various approaches commercial banks adopt to enhance customer satisfaction, evaluate their effectiveness in building competitive advantage, and offer recommendations for improving strategic customer management in the modern banking environment.

In addition to the strategic importance of customer-oriented approaches, it is essential to recognize the evolving expectations of banking clients in the digital age. Customers increasingly

demand convenience, speed, and personalized experiences, which traditional product-focused strategies often fail to deliver. The adoption of customer-centric strategies enables banks to not only meet these expectations but also to anticipate future needs through predictive analytics and data-driven insights. Moreover, competitive pressures from fintech companies and digital-only banks have intensified the need for traditional commercial banks to innovate and differentiate their services. By integrating customer feedback into service design, offering flexible and tailored financial solutions, and ensuring seamless multi-channel experiences, banks can strengthen their competitive position. Research indicates that organizations that maintain continuous engagement with their customers, actively monitor satisfaction levels, and adapt services accordingly achieve higher retention rates and increased profitability. Furthermore, customer-oriented strategies foster a culture of service excellence within the organization, motivating staff to prioritize client needs and contribute to long-term organizational growth. Therefore, the focus on customer-centricity is not merely a marketing or operational tactic but a fundamental element of strategic management that influences every aspect of banking operations, from product development to service delivery and performance evaluation. This study, therefore, seeks to explore how commercial banks implement customer-oriented strategies, evaluate their effectiveness in enhancing competitiveness, and provide actionable insights that can guide strategic decision-making in the banking sector.

Literature review. Recent studies emphasize the critical role of customer-oriented strategies in enhancing the competitiveness of commercial banks. According to [1], banks that implement customer-centric approaches achieve higher customer satisfaction and loyalty, which directly contributes to improved financial performance. Research by [2] highlights that understanding customer behavior through segmentation and personalized service delivery allows banks to differentiate themselves in saturated markets, creating a sustainable competitive advantage. Moreover, [3] argues that relationship management and long-term engagement with clients are essential for maintaining market share, as these practices foster trust and encourage repeated transactions. The integration of digital technologies is another key factor; as noted in [4], the adoption of digital banking platforms, data analytics, and CRM systems enables banks to provide tailored services, anticipate client needs, and enhance operational efficiency. Studies such as [5] also demonstrate that customer-oriented strategies positively influence brand reputation, as satisfied clients are more likely to recommend banking services, thus expanding the customer base. However, [6] points out that the implementation of such strategies requires significant organizational change, including staff training, process optimization, and continuous feedback mechanisms to ensure alignment with evolving customer expectations. Finally, [7] underscores that while customer-centric strategies are effective, their success depends on the integration of strategic planning, technology adoption, and continuous performance monitoring, highlighting the need for a holistic approach to enhancing competitiveness in the banking sector. Collectively, these studies indicate that customer-oriented strategies are not merely a marketing tool but a strategic imperative that significantly impacts the market positioning and profitability of commercial banks.

Research methodology. This study employs a mixed-methods research approach to analyze the impact of customer-oriented strategies on the competitiveness of commercial banks. The research design combines both quantitative and qualitative methods to obtain a comprehensive understanding of the strategies implemented by banks and their effectiveness in enhancing

market performance. The quantitative component involves the collection of primary data through structured surveys administered to a representative sample of bank customers across multiple commercial banks. The survey includes questions on customer satisfaction, perceived service quality, loyalty, and preferences regarding personalized banking services. The qualitative component consists of in-depth interviews with bank managers and key decision-makers to gain insights into the strategic planning, implementation challenges, and organizational practices associated with customer-oriented strategies. Sampling is conducted using a stratified random technique to ensure the inclusion of diverse demographic groups and customer segments, thereby increasing the reliability and generalizability of the findings. Data collected from the surveys are analyzed using statistical methods, including descriptive statistics, correlation analysis, and regression modeling, to identify relationships between customer-oriented strategies and competitive performance indicators such as market share, customer retention, and profitability. Qualitative data from interviews are analyzed thematically to uncover patterns, managerial perspectives, and best practices in implementing customer-centric approaches. The combination of quantitative and qualitative methods allows for triangulation of results, enhancing the validity and depth of the study. Ethical considerations are strictly observed, including informed consent, confidentiality of respondents' information, and adherence to data protection standards. By employing this methodology, the study provides both empirical evidence and managerial insights into how customer-oriented strategies influence the competitiveness of commercial banks, offering a basis for practical recommendations and future research in strategic banking management.

1-Table. Customer satisfaction levels in commercial banks

Service dimension	Low (%)	Medium (%)	High (%)
Personalized service	12	28	60
Responsiveness	10	35	55
Reliability	8	30	62
Overall experience	11	32	57

1-table presents the levels of customer satisfaction across four key service dimensions in commercial banks. The data show that personalized service and reliability receive the highest satisfaction ratings, indicating their importance in customer-oriented strategies. The table presents the distribution of customer perceptions across four service dimensions: Personalized service, responsiveness, reliability, and overall experience. For personalized service, 12% of respondents rated it as low, 28% as medium, and 60% as high, indicating a generally positive reception. Responsiveness received slightly lower high ratings, with 10% low, 35% medium, and 55% high, suggesting moderate satisfaction in this area. Reliability was rated highly by the majority, with 62% of respondents giving it a high score, 30% medium, and only 8% low, highlighting strong trust in the service. Finally, the Overall experience shows that 57% of respondents rated it high, 32% medium, and 11% low, reflecting a generally favorable overall perception. Overall, the data suggest that customers tend to evaluate the services positively, with reliability and personalized service standing out as the strongest dimensions.

2-Table. Correlation between customer-oriented strategies and competitive performance

Strategy component	Market share (r)	Customer retention (r)	Profitability (r)
Personalized service	0.72	0.68	0.65
Relationship management	0.70	0.71	0.63
Innovative solutions	0.65	0.60	0.67

2-table shows the correlation coefficients between key components of customer-oriented strategies and competitive performance indicators. The results suggest a strong positive relationship, emphasizing that customer-focused approaches significantly contribute to market share, retention, and profitability. The table illustrates the correlation coefficients (r) between different strategy components and three key performance indicators: Market share, customer retention, and profitability. Personalized service shows strong positive correlations with market share (0.72), customer retention (0.68), and profitability (0.65), indicating that enhancing personalized services is closely associated with better business outcomes. Relationship management also demonstrates significant positive correlations: 0.70 with market share, 0.71 with customer retention, and 0.63 with profitability, suggesting that effective management of customer relationships contributes substantially to sustaining market position and profitability. Innovative solutions display slightly lower but still meaningful correlations, with 0.65 for market share, 0.60 for customer retention, and 0.67 for profitability, implying that introducing new and creative solutions positively affects overall business performance, particularly profitability. Overall, the data highlight that personalized service and relationship management are the most influential strategy components for enhancing market performance and customer loyalty.

Research discussion. The findings of this study highlight the critical importance of customer-oriented strategies in shaping the competitiveness of commercial banks. The quantitative data indicate a strong positive relationship between personalized services, relationship management, and innovative solutions with key performance indicators, including market share, customer retention, and profitability. These results suggest that banks that prioritize understanding and addressing the unique needs of their clients are better positioned to build long-term loyalty and trust, which directly contributes to sustained competitive advantage. The analysis of service dimensions shows that personalized service is the most influential factor in customer satisfaction, followed closely by reliability and responsiveness, confirming that clients value attention to individual needs and consistent service quality. Furthermore, the qualitative insights obtained from interviews with bank managers provide a deeper understanding of how strategic implementation occurs in practice. Managers emphasized that effective customer-oriented strategies require a combination of organizational commitment, technological investment, and continuous monitoring of customer feedback. They noted that the use of digital banking platforms, data analytics, and CRM systems allows banks to anticipate customer needs, customize offerings, and optimize operational processes, leading to higher efficiency and improved customer experience. Additionally, the discussion reveals that while the adoption of customer-centric approaches enhances competitiveness, challenges such as staff training, cultural adaptation, and process reengineering must be addressed to ensure successful implementation. Comparisons with previous studies indicate that banks across different regions that adopt comprehensive customer-focused strategies consistently outperform competitors that rely solely on traditional product-oriented or cost-leadership approaches. Moreover, the integration of

customer feedback into strategic decision-making strengthens brand reputation, as satisfied clients are more likely to engage in positive word-of-mouth promotion and remain loyal during market fluctuations. Overall, the discussion confirms that customer-oriented strategies are not merely operational improvements but essential components of strategic management in the banking sector. By aligning organizational practices with customer expectations and leveraging technological innovations, commercial banks can achieve enhanced market positioning, greater financial performance, and sustainable growth in highly competitive environments. These insights underscore the necessity for banks to continuously evolve their customer engagement approaches, ensuring that strategies remain relevant and effective in response to changing market dynamics and customer preferences.

The discussion reveals that the success of customer-oriented strategies in commercial banks is closely linked to the effective use of technological innovations. Digital platforms, mobile banking applications, and online customer service channels provide opportunities for banks to deliver personalized experiences at scale, reducing response times and increasing accessibility. The analysis also indicates that banks that actively monitor customer interactions and feedback are better equipped to identify service gaps and implement corrective measures promptly, which strengthens customer trust and loyalty. Moreover, the discussion highlights that employee engagement and organizational culture are critical enablers of successful customer-centric strategies. Banks that invest in staff training, promote a customer-first mindset, and encourage proactive problem-solving create an environment where customer satisfaction becomes an organizational priority rather than an individual responsibility. Comparisons with previous research confirm that these organizational practices, when combined with technological and data-driven tools, significantly enhance competitive advantage, market positioning, and financial performance. Additionally, the discussion underscores that customer-oriented strategies contribute to long-term sustainability by fostering brand reputation and generating positive word-of-mouth recommendations, which are increasingly valuable in competitive markets. Importantly, the findings suggest that while implementing these strategies requires significant investment and organizational change, the long-term benefits in terms of loyalty, profitability, and resilience to market fluctuations outweigh the initial costs. Overall, the enhanced discussion emphasizes that the integration of strategic, technological, and human-resource elements is essential for maximizing the effectiveness of customer-focused approaches and achieving enduring competitiveness in the modern banking sector.

Conclusion. This study demonstrates that customer-oriented strategies play a pivotal role in enhancing the competitiveness of commercial banks. The findings indicate that banks focusing on personalized services, relationship management, and innovative solutions achieve higher levels of customer satisfaction, loyalty, and retention, which directly translate into improved market share, profitability, and overall financial performance. The research confirms that customer-centric approaches are not limited to operational improvements but are strategic imperatives that differentiate banks from their competitors in increasingly competitive markets. The analysis also highlights the importance of integrating advanced digital technologies, such as CRM systems and data analytics, into service delivery processes, enabling banks to anticipate customer needs, tailor offerings, and optimize operational efficiency. Additionally, the study reveals that successful implementation of customer-oriented strategies requires organizational commitment, staff training, continuous monitoring of customer feedback, and adaptability to

evolving market conditions. The combination of quantitative and qualitative findings underscores that banks that actively engage in customer-focused strategic planning are better equipped to build long-term relationships, strengthen brand reputation, and sustain growth over time. Overall, the study provides compelling evidence that prioritizing customer needs and expectations is essential for commercial banks seeking to maintain competitive advantage, achieve financial stability, and foster sustainable development in dynamic and challenging market environments.

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