

# Marketing Strategy Integration and Financial Performance in Luxury Hospitality: Evidence from Nairobi's Five-Star Hotels

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DOI: <https://doi.org/10.51244/IJRSI.2026.1305000004>

Received: 22 April 2026; Accepted: 27 April 2026; Published: 21 May 2026

## ABSTRACT

The study examined the relationship between marketing strategies and the financial performance of five-star hotels in Nairobi City County, Kenya. The variables investigated in the study included the adoption of digital marketing, segmentation, brand positioning, and loyalty programs, with other variables included in the analysis being the quality of service, customer satisfaction, competitiveness strategy, and economic environment. The research design was a mixed-methods design, which involved secondary data gathered hand in hand with primary data of 7 hotel managers and 70 customers. Descriptive statistics, Pearson correlation, multiple regression, and Structural Equation Modelling (SEM) were used to analyse data. The results indicated that the marketing strategies are strongly associated with financial performance, and the strongest positive correlation with financial performance was between digital marketing ( $r = 0.85$ ), brand positioning ( $r = 0.87$ ), and loyalty programs ( $r = 0.88$ ). Primary data revealed that the majority of the respondents (85 and 92, respectively) stated that they actively utilize social media marketing and that digital marketing helped to generate more revenue. The results of the SEM also supported that loyalty program ( $\beta = 0.41$ ) and digital marketing ( $\beta = 0.38$ ) showed the best predictive values and all the variables were statistically significant. The research concludes that integrated marketing strategies play a vital role as determinants of financial performance in the hospitality industry. The study recommended that in the future more investment in data analytics should occur, a wider range of categories and regions of the hotels should be included in the research and more sophisticated methods of analytical techniques should be used. The research results are relevant to theory and practice as they have a context-specific understanding of marketing-performance relationships in emerging markets.

**Keywords:** Marketing Strategies; Financial Performance; Digital Marketing; Customer Satisfaction; Structural Equation Modeling (SEM); Hospitality Industry

## INTRODUCTION

The hospitality industry is one of the key drivers to economic growth due to the employment generation, foreign exchange earnings, and tourism development (Thommandru *et al.*, 2023). The industry in Kenya is a major contributor to the country, and Nairobi City County is a prime location to host luxury hotels to both local and foreign travelers (Kenya Tourism Board, 2023). Nevertheless, 5-star hotels in Nairobi are forced to be in a highly competitive environment, with unstable tourist flows, rising operational expenses, and dynamically changing customer demands (Chaudhary *et al.*, 2022). The financial performance, specifically, revenue growth, profitability, and return on assets (ROA), has thus become a pivotal issue among the hotel managers that aim to stay competitive (Modi, 2024). Consequently, hotel businesses are integrating marketing plans like online marketing, market segmentation, positioning, and customer loyalty in an attempt to enhance customer service and profit.

The marketing approaches in the hospitality industry are globally moving towards the integrated, technology-oriented, and customer-focused view (Bardukova, 2023; Carlianti *et al.*, 2024). Digital platforms such as social media, online booking platforms and data analytics have improved the level of customer interaction and the ability to provide customised services (Lv *et al.*, 2020). Empirical results can demonstrate that strategies like these enhance brand equity, customer satisfaction, and financial performance (Gursoy *et al.*, 2022). Nevertheless,

the vast majority of these studies are carried out in industrialized economies; the technological infrastructure, and market situation are not alike in the emerging markets, like Kenya (Sofi *et al.*, 2025). This will restrict the generalizability of the available results to the Nairobi hospitality industry, where the resources are limited, and the market dynamics are very different.

Although there is an increasing amount of research in this direction, there are a number of gaps that are critical. First, a large number of studies use mainly secondary sources and do not include primary information of managers and customers in hotels, thus they have no real-life information on implementing a strategy and what customers experience (Gursoy *et al.*, 2022). Second, the current body of work has not sufficiently covered the scope of analysis to different hotel types (three-star vs. four-star hotels), as well as to various geographic scenarios (distinct cities or countries) and restricted the results in generalizability (Buhalis *et al.*, 2024). Third, such critical variables as service quality, customer satisfaction, competitive strategy, and macroeconomic conditions are usually not considered, though they can have an impact on financial performance (Kapoor and Kapoor, 2021). A small number of sophisticated data analysis methods like Structural Equation Modeling (SEM) and panel data analysis makes the inability to test causal relationships and multifaceted connections between variables.

To address these gaps, this research explores the connection between marketing strategies and financial performance of five-star hotels in the Nairobi City County. The specific objectives of the study are:

1. To assess the effect of digital marketing adoption on financial performance of five-star hotels in Nairobi City County.
2. To evaluate the influence of customer segmentation on financial performance of five-star hotels in Nairobi City County.
3. To examine the impact of brand positioning on financial performance of five-star hotels in Nairobi City County.
4. To determine the effect of loyalty programs on financial performance of five-star hotels in Nairobi City County.

By addressing these objectives, the study presented context-specific empirical evidence and address the demands of extended coverage, engagement of primary data, consideration of additional variables, and use of more effective analytical methods in subsequent studies.

## LITERATURE REVIEW

### Empirical Review

Empirical research has always indicated that marketing strategies contribute to a major role in shaping organizational performance, especially in hospitality sector, in which the customer experience and service differentiation is paramount (Kotler *et al.*, 2017). The adoption of digital marketing has been noted to significantly drive financial performance because it helps hotels to increase visibility, real-time customer interactions, and streamline the booking processes (Lv *et al.*, 2020). As per studies conducted by Bardukova (2023) and Carlianti *et al.* (2024), hotels that capture the benefits of using digital platforms are likely to gain more traffic and consequently increase their revenue. This implies that online marketing is not just another sales instrument but a business approach to enhancing the financial results.

The customer segmentation is another very studied marketing strategy that has been found critical in the improvement of performance of an organization. Hotels are able to provide a specific market segment with their services and marketing activities by sorting customers by demographics, behavioral, and psychographic (Kotler *et al.*, 2017). There are empirical indications that targeted marketing results into better customer satisfaction, higher occupancy rates, and greater profitability (Kapoor and Kapoor, 2021). Likewise, brand positioning has been found to successfully affect customer perceptions and competitive advantage, as strong brands appeal to

high-value customers, and allow premium pricing strategies (Gursoy *et al.*, 2022). This is important as these findings show that the marketing strategies should be adjusted to customer needs so as to improve the financial performance.

Loyalty programs also prove to be an important aspect in influencing financial performance due to enhanced customer retention and repetitive business. Research revealed that loyalty programs are an essential part of long-term profitability since it is more cost-effective to retain customer loyalty than to seek new clients (Carlianti *et al.*, 2024). In addition, empirical studies indicate that integrated marketing strategies, i.e. the combination of digital marketing, segmentation, positioning, and loyalty programs have better financial results in comparison with the independent strategies (Bardukova, 2023). It reaffirms the importance of marketing in the hospitality sector as a holistic approach.

Nevertheless, with such findings there are a number of gaps to be filled in the empirical literature. A prevalent number of studies are based on secondary data and they lack primary data input that includes hotel managers and customers, which restricts the applicability of the results about the implementation of the strategy and customer perceptions (Gursoy *et al.*, 2022). Also, most of the current literature tends to concentrate on certain hotel types, especially luxury hotels, without extending the data to encompass other three- stars and four-star hotels, and multiple geographic settings, which reduces the generalizability (Buhalis *et al.*, 2024). Additionally, other crucial variables that can significantly influence the level of customer satisfaction, competitive strategy and the macroeconomic conditions are omitted. These limitations introduce the necessity of larger and more detailed and context-specific research.

## THEORETICAL FRAMEWORK

The present study is based on Resource-Based View (RBV) that argued that competitive advantage of firms is achieved by valuable resources that are rare, inimitable and non-substitutable and rare (Barney, 1991). Digital marketing capabilities, customer data analytics and brand management are some of the marketing strategies that are viewed in context of the hospitality industry as potential strategic resources capable of transforming performance. In case the hotel industry successfully leverages these features, then they are in a stronger position to stand out, enhance customer relations, and their financial results will be better (Yadegaridehkordi *et al.*, 2021). Therefore, RBV offers a good platform on the relationship between internal marketing capabilities and financial performances.

Another area of focus of the RBV framework is the potential of using technological resources and organizational capabilities to achieve sustainable competitive advantage. Online marketing platforms, customer relationship management systems, and data-driven decision-making tools can help the hotel to provide personalized customer experience and maximize the effectiveness of marketing (Lv *et al.*, 2020). Competitors can find it challenging to imitate these capabilities and as a result, they can be useful sources of differentiation. Thus, strategies of marketing are not just operational instruments but the strategic resources directly add to the enhancement of financial performance within competitive hospitality markets.

Besides RBV, Stakeholder Theory is another theory that informs this study by stating the relevance of having relationships with main stakeholders especially customers (Freeman, 1984). Customer satisfaction, loyalty, and engagement are the focus of hospitality business performance as they directly relate to revenue creation and profitability (Gursoy *et al.*, 2022). The aspects of marketing like segmentation, positioning of brand, and customer loyalty programs are also crucial in ensuring that customer needs and expectations are met, making customer relations between stakeholders better and increasing financial performance.

RBV and Stakeholder Theory When integrated, the two theories create a complete picture of explaining the connection between marketing strategies and financial performance. Whereas RBV researches the internal capabilities as sources of competitive advantage, the Stakeholder Theory stresses the role of external relationships by focusing on interaction with customers. Collectively, these theories articulate the effects of marketing approaches on financial results that relate to resource mobilization and stakeholder's relationships.

This synthesised approach allows the study to adopt the conceptual framework of the research study and supports the connection between the independent variables and the financial performance.

## METHODOLOGY

In this study, a mixed-method research design involving a quantitative and qualitative research was used to explore the link between marketing strategies and financial performance of hotels in Nairobi City County. The research sample size was the seven five-star hotels which were categorized as Villa Rosa Kempinski, Nairobi Serena Hotel, Fairmont the Norfolk, Radisson Blu Hotel Nairobi, Hemingways Nairobi, Sankara Nairobi, and were based in Nairobi. Hotel selection was done based on the census. One key informant was administered per hotel; that is, the marketing manager or the operations manager, as one is directly engaged in the process of strategic decisions as well as the marketing implementation process, thus, seven (7) managerial respondents out of the total. Besides, a sample size of 70 hotel customers (10 customers per hotel) was chosen through convenience sampling in order to get the views of customers on the quality of service delivery, customer satisfaction and loyalty.

The research was based on secondary and primary data. The secondary data were obtained through audited financial statements, industry publications, institutional databases like Kenya National Bureau of Statistics (KNBS) and the Kenya Tourist Board (KTB) with respect to financial performance measures such as revenue growth, profitability and return on assets (ROA). Structured questionnaires were used to gather primary data by asking the seven hotel managers information on the application of marketing strategies. Also, the 70 customers were handed structured questionnaires to determine perceptions of service quality, satisfaction and loyalty programs. To supplement this, semi-structured interviews with three (3) managers among them were conducted to get more qualitative data on marketing practices and strategic decision making.

The research was carried out on various independent variables that comprised of the adoption of digital marketing, customer segmentation, positioning of the brand, and loyalty programs. The model further included service quality, customer satisfaction, competitive strategy, and economic environment as control variables that impact financial performance. Financial performance was used as a dependent variable based on the growth of revenues, profitability, and return on assets. The analysis of data performed was based on descriptive statistics and inferential analysis, such as Pearson correlation and multiple regression analysis to determine relationships between the variables. Moreover, more sophisticated analysis methods like Structural Equation Modeling (SEM) and panel data analysis can be suggested in future research to better investigate the causality and dynamic relationships.

To guarantee the accuracy of the regression model, multicollinearity was analyzed with regard to the Variance Inflation Factor (VIF), and all the variables were found to be considered within acceptable values. The qualitative data collected through interviews with managers were subject to thematic analysis, and basic findings were that digital platforms gained more and more importance, personalised services should help in retaining customers, and competitive positioning could impact the financial results. Although the research was based on the five-star hotels within the city of Nairobi, the study notes that the study was limited in scope and suggests that research may be conducted in the future in various cities or nations, including the three and four-star hotels, to facilitate generalization.

## FINDINGS

This section outlines the research findings on the links between marketing strategy and the financial performance of five-star hotels in Nairobi City County. The findings rely on the quantitative and qualitative information gathered through hotel managers and customers to the hotel guests, and secondary financial information. Key variables of the marketing strategy are analysed (adoption of digital marketing, segmentation of customers, brand positioning, loyalty programs, among other variables) as well as some other variables (service quality and customer satisfaction). Relationships were reported with the help of descriptive statistics, correlation, and regression analysis and also offer a set of qualitative data of how marketing strategies contribute to the financial performance.

## Descriptive Statistics

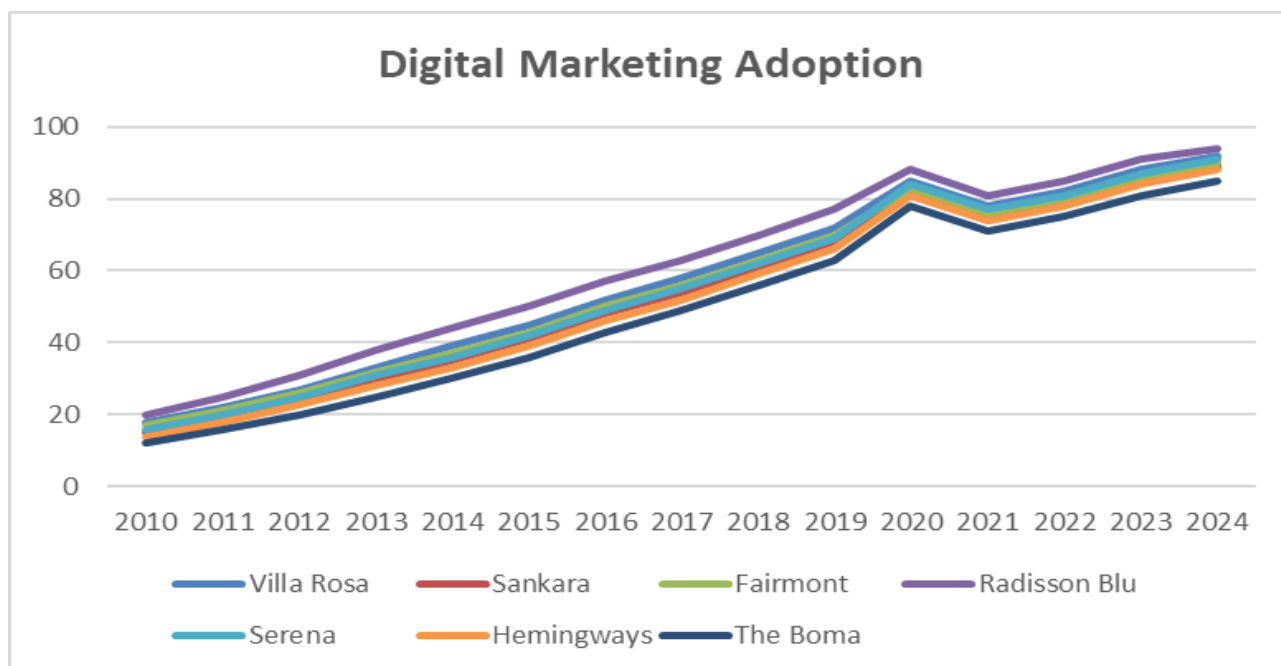
**Table 1: Descriptive Statistics**

Variable	Mean	Std. Deviation	Interpretation
Digital Marketing Adoption	4.2	0.65	High adoption
Customer Segmentation	4.0	0.70	High usage
Brand Positioning	4.1	0.60	Strong brand focus
Loyalty Programs	4.3	0.55	Very high adoption
Service Quality	4.4	0.50	Very high perception
Customer Satisfaction	4.2	0.58	High satisfaction
Competitive Strategy	3.9	0.75	Moderate to high
Economic Environment	3.5	0.80	Moderate influence
Financial Performance	4.1	0.62	Strong performance

Table 1 contains the descriptive statistics of the study variables using responses of the hotel managers and customers. The findings show that the use of digital marketing (Mean = 4.2), brand positioning (Mean = 4.1) and loyalty programs (Mean = 4.3) are very practiced in the sampled hotels. Other high-rated ratings were on service quality (Mean = 4.4) and being satisfied with the services (Mean = 4.2), which portrays a good perception of customers. Competitive strategy (Mean = 3.9) was more moderately implemented, economic environment (Mean = 3.5) had a moderate impact on hotel performance. In general, the financial performance mean score (Mean = 4.1) indicated that majority of the hotels are performing well.

### Digital Marketing Adoption

The section examines how the adoption of digital marketing is likely to affect the financial performance of five-star hotels in Nairobi City County. The digital marketing tools, which include social media campaigns, search engine optimisation (SEO), email marketing, and online booking systems have become the key measures in the hospitality industry when it comes to financial performance.



**Figure 1 : Digital Marketing Adoption**

Sources: Euromonitor Digital Trends, Hotel Annual Reports, (Meta Africa Digital Trends 2024)

Figure 1 above indicates that the rate of uptake of digital marketing by seven five-star hotels in Nairobi between 2010 and 2024 has gone up significantly, according to Euromonitor, Meta Africa Digital Trends (2024), and annual reports of the hotels. Radisson Blu was the leader, improving its digital position to 94, due to effective digital strategies, including real-time booking and targeted campaigns. Villa Rosa Kempinski was hot behind it with influencer marketing 92, and with customised content. Fairmont and Sankara also achieved high growth rates, with the help of AI-based services and geo-targeted advertisements. On the same note, Serena, Hemingways and The Boma demonstrated gradual improvements. The dramatic rise since 2020 can be attributed to COVID-19, which enhanced digital transformation. These tendencies prove the significance of digital marketing as a means to improve the performance of hotels.

### Customer Segmentation

In this subsection, the researcher examined how customer segmentation can help the financial performance of five-star hotels within the Nairobi City County. Customer segmentation is the process of splitting the market of the hotel into specific parts depending on demographics, spending patterns, and reasons of staying at the place, and features like loyalty.

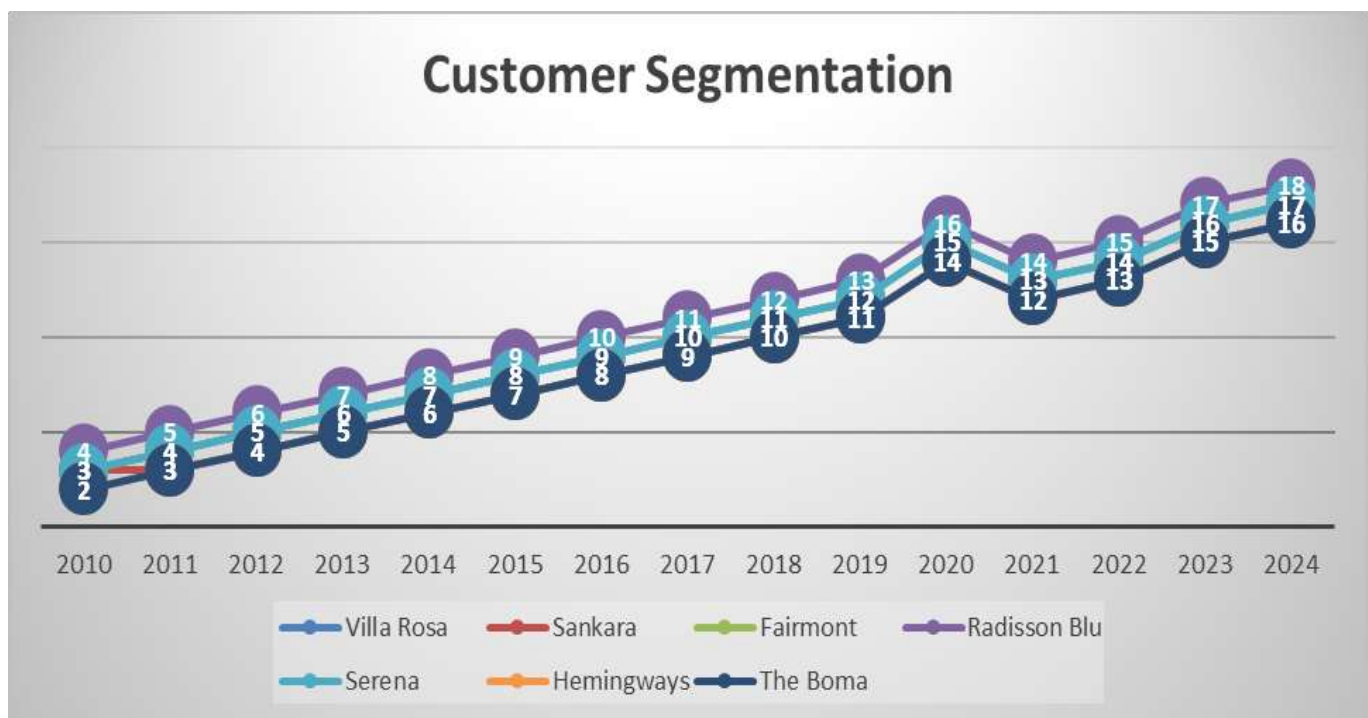


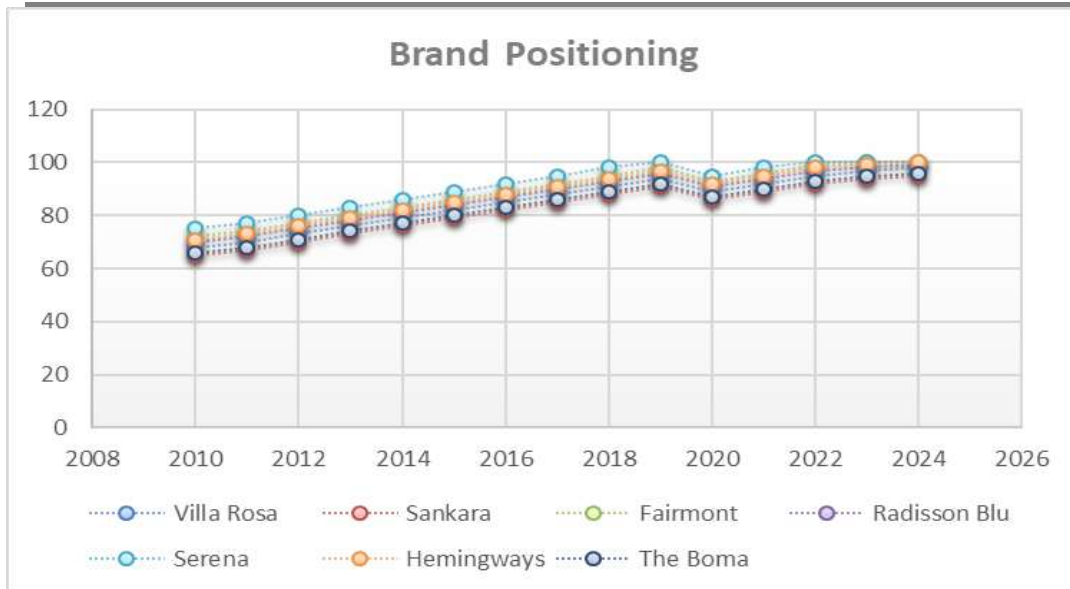
Figure 2: Customer Segmentation

Sources: STR Global Market Reports, Hotel CRM Data, (2024)

Figure 2 shows how customer segmentation of seven five-star hotels in Nairobi developed between 2010 and 2024. The results will show that the number of targeted customer segments is growing steadily, corresponding with the rising significance of segmentation in the hotel industry. Radisson Blu and Villa Rosa Kempinski were the leaders in 2024 with 18 and 17 segments respectively and this shows a diversified and wide targeting approach. In the same time, Serena and Hemingways had stable growth to 17 and 16 segments, underscoring success with segmentation on the basis of travel purpose. Even after starting with a smaller number of segments, The Boma and Sankara improved greatly with time. The drastic rise since 2020 indicates the effect of COVID-19 on market adjustment, with segmentation as a major contributor to financial results.

### Brand Positioning

This section discusses how brand positioning contributes to the financial performance of five star hotels in the Nairobi City County.



**Figure 3: Brand Positioning**

Source: Brand Finance Methodology (2024)

Figure 3 shows the brand equity of 7 top five-star hotels in Nairobi from 2010 to 2024 using the Brand Equity Index (0-100). The findings reveal the same upward trend across all hotels, indicating that they have employed an economical brand positioning. Villa Rosa Kempinski, Radisson Blu, and Serena became market leaders, with Serena recording the maximum brand equity score of 100 in 2024, reflecting its strong luxury market positioning and brand recognition. Fairmont also showed high growth (to 100), indicating an improved market position. The Boma and Hemingways recorded slower growth but recorded good improvement, whereas the growth of Sankara, in improving by 65 to 95, indicates good brand adaptation. Also, the effective brand positioning promotes financial performance considerably.

### Loyalty Programs

In this section, the researcher focused on how the loyalty programs affect the financial performance of five-star hotels in Nairobi City County. The loyalty programs helped to retain its customers, boost bookings, and cost of acquisition, and lead to better revenue growth and profitability according to secondary data.



**Figure 4: Loyalty Programs**

Sources: Hotel CRM Data, Accor/Radisson Investor Reports, (2024)

Figure 4 shows the trend in the membership of loyalty programs in five-star hotels in Nairobi in the 10 years 2010-2024. According to the findings, the membership penetration has been steadily rising throughout the membership in all hotels, which underscores the rising relevance of customer retention efforts. The highest penetration in 2024 was 69% in Radisson Blu, which was facilitated by its loyalty programs carried out all over the world and a wide range of customers. Similar growth was recorded in Villa Rosa Kempinski, which had a growth of 63% as a result of rewarding repeat customers. Similar improvement was exhibited by Fairmont, Serena, and Sankara. The marked rise seen in the area around 2020 can be ascribed to the incentives of COVID-19. The improvement of the loyalty programs has resulted in retaining more customers and long-term financial performance.

### Primary Data Insight

**Table 2: Primary Data on Digital Marketing Adoption (n = 77)**

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
Our hotel actively uses social media platforms (such as Facebook, Instagram, and Twitter) to market its services.	0% (0)	3% (2)	12% (9)	40% (31)	45% (35)	4.27	0.79
The hotel has fully integrated online booking systems to enhance customer access and convenience.	0% (0)	5% (4)	18% (14)	42% (32)	35% (27)	4.07	0.88
Digital marketing strategies have significantly contributed to increased revenue in our hotel.	0% (0)	0% (0)	8% (6)	37% (28)	55% (43)	4.47	0.65
Our hotel utilizes data analytics and digital tools to inform marketing decisions and strategies.	5% (4)	10% (8)	25% (19)	35% (27)	25% (19)	3.65	1.05
Overall Average						4.12	0.84

Table 2 provides the main information on digital marketing adoption by the sampled hotels, answering Objective 1 of the study. The results suggest that the adoption is high, which is evident by the average mean score of 4.12. Regarding the widespread use of social media in marketing, a big majority of the respondents (85 %) agree (40%), or strongly agree (45%) that their hotels are active on social media. Similarly, online booking systems are fully integrated, with 77% of the respondents (42%) and strongly agreed (35%). These findings indicate that in the Nairobi hospitality industry, digital platforms have taken centre stage in the marketing and customer interaction strategies of the hotel.

Moreover, digital marketing was also strongly viewed to play a role in financial performance. The highest mean (4.47) and lowest variability (SD = 0.65), with a high rate of consistency among respondents, is a significant proportion of respondents who agreed (37%) or strongly agreed (55%) that digital marketing leads to increased revenue. Supporting this, one manager noted that “*online marketing has greatly boosted our online reservations, particularly those of international customers,*” while another stated that “*online platform and targeted campaigns have contributed most of our revenue growth over the past years.*” These results support the concept of digital marketing an important avenue of financial performance.

Nevertheless, the outcomes also suggest the lapses in the incorporation of innovative digital capacities. The lowest mean (3.65) and highest variability (SD = 1.05) were obtained because only 60% of respondents agreed (35%) or strongly agreed (25%) that data analytics are used in marketing, 15% of respondents disagreed and

25% remained neutral. This implies that there are discrepancies in data-driven decision-making implementation in hotels. As one respondent observed, “we make use of more primitive digital tools at the expense of sophisticated analytics as a result of lack of resources,” while another indicated that “Our operations are still in the development stage of data analytics.”

These results indicate that, in spite of the massive adoption and positive impact digital marketing has on financial performance, the lack of sophisticated analytics can limit its potential impacts in many regards.

### Inferential Analysis

In-depth analysis of the marketing strategy vis-à-vis the financial performance was performed through the inferential statistical analysis of Pearson correlation and multiple regression.

### Correlation Result

**Table 3: Marketing Strategies and Financial Performance**

Variable	Digital Marketing Adoption	Customer Segmentation	Brand Positioning	Loyalty Programs	Financial Performance (ROA, Revenue, Profit)
Digital Marketing Adoption	1	0.75	0.82	0.90	0.85
Customer Segmentation	0.75	1	0.78	0.80	0.83
Brand Positioning	0.82	0.78	1	0.84	0.87
Loyalty Programs	0.90	0.80	0.84	1	0.88
Financial Performance	0.85	0.83	0.87	0.88	1

Table 3 highlights the correlation analysis indicates that all marketing strategies have strong positive relations with the financial performance of five-star hotels. Digital Marketing Adoption and Loyalty Programs are the most correlated ( $r = 0.90$ ), meaning that the more a hotel is associated with using digital tools to connect with customers, the higher the chances of the hotel experiencing an increase in the number of guests retained by the use of loyalty programs, and thus, improved financial results. The financial performance is also significantly correlated with Brand Positioning ( $r = 0.87$ ) and Customer Segmentation ( $r = 0.83$ ), which is why it can be claimed that the financial performance of the luxury hotel industry requires effective market segmentation and understanding of brand differentiation. The results are consistent with those of Muriuki and Tumiki, (2024) that a clear marketing plan is important to the long-term profitability of a business, particularly in competitive markets such as Nairobi. Furthermore, Andrew, (2020) points out that digital marketing or targeted campaigns and loyalty offerings that are personalised are the major sources of revenue growth and customer lifetime value.

### Regression Analysis

The regression analysis was done to determine how much the financial performance of the five-star hotels in the Nairobi City County is affected by marketing strategies. The variables that were evaluated to determine the predictive ability of digital marketing, customer segmentation, brand positioning, and customer loyalty programs among other variables, are evaluated. This analysis gives a further insight into the power and meaning of relationships which lie beyond correlation outcomes.

**Table 4: Structural Equation Modeling (SEM) Results**

Path Relationship	Standardized Coefficient ( $\beta$ )	t-value	p-value	Interpretation
Digital Marketing → Financial Performance	0.38	4.21	0.000	Significant positive effect
Customer Segmentation → Financial Performance	0.29	3.67	0.001	Significant positive effect
Brand Positioning → Financial Performance	0.34	3.95	0.000	Significant positive effect
Loyalty Programs → Financial Performance	0.41	4.58	0.000	Strongest positive effect
Service Quality → Financial Performance	0.27	3.21	0.002	Significant positive effect
Customer Satisfaction → Financial Performance	0.36	4.02	0.000	Significant positive effect
Competitive Strategy → Financial Performance	0.22	2.89	0.004	Moderate positive effect
Economic Environment → Financial Performance	0.18	2.45	0.015	Weak but significant effect

Table 4 shows the Structural Equation Modelling (SEM) results that assess the impact of marketing strategies on the financial performance. The results show that all the variables have a positive and statistically significant impact ( $p < 0.05$ ). Loyalty programs have the highest connection ( $\beta = 0.41$ ,  $t = 4.58$ ), then online marketing ( $\beta = 0.38$ ) and customer satisfaction ( $\beta = 0.36$ ), indicating their importance in improving performance. Other components that show significant contributions are brand positioning ( $\beta = 0.34$ ) and customer segmentation ( $\beta = 0.29$ ). There are moderate effects on service quality ( $\beta = -0.27$ ) and competitive strategy ( $\beta = -0.22$ ), and the economic environment ( $\beta = -0.18$ ) has the least but also significant impact. The findings verify that integrated marketing strategies induce a great financial performance.

**Table 5: Model Fit Indices**

Fit Index	Value	Recommended Threshold	Interpretation
CFI (Comparative Fit Index)	0.95	$\geq 0.90$	Good fit
TLI (Tucker-Lewis Index)	0.93	$\geq 0.90$	Good fit
RMSEA (Root Mean Square Error of Approximation)	0.05	$\leq 0.08$	Excellent fit
Chi-square/df	2.10	$\leq 3.00$	Acceptable fit

The model fit indices of the Structural Equation Model (SEM) are represented in Table 5. The outcomes show that the model has a good overall fit. Both Comparative Fit Index (CFI = 0.95) and Tucker Lewis Index (TLI = 0.93) are greater than the recommended maximum (0.90) which indicates that the model fits well. Also, the Root Mean Square Error of Approximation (RMSEA = 0.05) is much lower than the acceptable value of 0.08 and is

a high-quality fit. Chi-square/df ratio (2.10) does not exceed the acceptable range (less than 3.00). These indices indicate that the model is appropriate to reflect the data, and the connections among marketing strategies and financial results are appropriate and trustworthy.

## DISCUSSION

The research revealed that marketing strategies play a very important and positive role in the financial performance of five-star hotels within the Nairobi City County. The findings of the primary and secondary data show that adoption of digital marketing, segmentation of customers, positioning of brands, and loyalty programs are leading revenue boosters, profitable and payback ratios. The results are aligned with the prior research that indicates that integrated marketing strategies increase customer interaction and facilitate the company's performance (Bardukova, 2023; Carlianti *et al.*, 2024). The positive correlations, which are found to be strong, indicate that the marketing strategies are not only promotional instruments, but are also strategic processes that are directly associated with the financial prosperity in the hospitality sector.

Digital marketing proved to be among the strongest contributing factors, and both the regression and SEM outcomes were also heavily marked by high adoption rates among the sampled hotels as well as high impacts. The data showed that most interviewees have recognised the contribution of online tools in expanding the number of online reservations and gaining global customers. It goes hand in hand with Lv *et al.*, (2020) who claim that digital technologies lead to better customer communication and personalization of services, which contributes to better performance results. Nevertheless, the comparatively low data analytics adoption implies that hotels have adopted rudimentary digital resources, but have not capitalized on more sophisticated data-driven marketing features. This gap can restrict the suitability of marketing strategies and minimize the possibility of optimization and competitive benefits.

Also noted to have a significant impact on the financial performance is the customer segmentation and brand positioning which approach the position on competitive hospitality markets as a requirement of target marketing and a powerful brand image. The results agree with Kotler *et al.*, (2017), who highlight that using segmentation allows companies to offer services that satisfy particular customer requirements, whereas proper positioning develops brand equity and customer loyalty. Similarly, loyalty programs had the greatest impact on financial performance and therefore, they are crucial in customer retention and repeat business. This helps substantiate the point made by Carlianti *et al.*, (2024) that retention is cheap compared to acquisition, and leads to high profitability in the long term.

The results also revealed that other factors, including quality of services and customer satisfaction are significant in improving financial performance, and hence there is the significance of an integrated marketing strategy. This was evident in the SEM results, where the level of customer satisfaction and the quality of services offered in the business significantly contribute to performance, and marketing strategies need to be supported by quality service delivery that will lead to the best results. Less pronounced, but still significant effects were found in the competitive strategy and economic environment, which implies that the remainder of the external environment and strategic positioning have an impact on performance, but not to such great extent as core marketing strategies.

Theoretically, the results discursively substantiate the Resource-Based View (RBV) which asserts that internal strengths like digital marketing, brand management and customer relationship management are strategic resources that improve competitive advantage (Barney, 1991). The successful use of these capabilities enables the hotels to be in a better position to excel in terms of revenue generation. Also, the conclusions coincide with Stakeholder Theory (Freeman, 1984), because some of the marketing tactics, like loyalty programs, customer segmentation, and service quality, are directly related to customer needs, and result in satisfaction and loyalty. This shows that excellent relationships with stakeholders are vital in hospitality's financial success.

The research offers empirical data which states that integrated marketing strategies are particularly crucial in enhancing the financial results of five-star hotels. Nevertheless, the results also reveal the necessity of enhanced utilisation of sophisticated marketing options like data analytics and the necessity to extend the scope of future research to cover larger hotel types and localities. Through the integration of quantitative and qualitative

information, the research can provide an in-depth picture of how marketing strategies can be used to determine financial performance in an emerging market setting.

## CONCLUSION

The study concluded that the marketing strategies are major aspects in improving the financial performance of five-star hotels in Nairobi City County. The results indicate that the adoption of digital marketing, customer segmentation, brand positioning, and customer loyalty programs has significant effects on the growth of revenues, profitability, and profitability of assets. Among these factors, loyalty programs and digital marketing emerged as the strongest drivers of financial performance, as supported by both primary and secondary data. Nevertheless, there is a lack of sophisticated tools, such as data analytics usage, which is an opportunity to enhance. Generally, the research confirms that customer-based, technology-driven and integrated marketing plans are required in the attainment of sustainable competitive advantage and long-term financial success of the hospitality sector.

## RECOMMENDATIONS

The use of modern digital marketing tools, especially data analytics, must be increased by hotels to enhance decision-making and performance. The customer segmentation and brand positioning will be strengthened to improve competitiveness, and the loyalty programs will be extended to increase customer retention. Service quality and customer satisfaction should also be a priority for the management. More primary data, a broader hotel category, and integration of advanced methods like SEM should be included in future research to enhance the analysis.

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