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Mediating Effect of Customer Satisfaction on the Relationship between Innovative Marketing Strategies and Performance of Manufacturing Firms in Nairobi, Kenya

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Abstract

This study examined the mediating effect of customer satisfaction on the relationship between innovative marketing strategies and the performance of manufacturing firms in Nairobi, Kenya. The study was motivated by the need to understand not only whether innovative marketing strategies are associated with firm performance, but also whether customer satisfaction explains part of this relationship. Anchored on Marketing Strategy Theory and the Resource-Based Theory and guided by the positivist philosophy, the study adopted an explanatory research design. The target population comprised 561 manufacturing firms in Nairobi. A sample of 280 firms was selected through stratified and simple random sampling, with data collected using structured questionnaires. Data were analysed using descriptive statistics, Pearson correlation, multiple regression and Hayes' PROCESS macro (Model 4) with 5,000 bootstrap samples. Pearson correlation analysis revealed positive associations between innovative marketing strategies and firm performance ($r = .579$, $p < .01$), innovative marketing strategies and customer satisfaction ($r = .696$, $p < .01$) and customer satisfaction and firm performance ($r = .605$, $p < .01$). Further, innovative marketing strategies had a positive and significant effect on firm performance ($\beta = .579$, $p < .001$) and on customer satisfaction ($\beta = .439$, $p < .001$). Customer satisfaction had a positive and significant effect on firm performance ($\beta = .614$, $p < .001$). The indirect effect of innovative marketing strategies on firm performance through customer satisfaction was positive and significant (Effect = 0.229, BootSE = 0.044, 95% BootCI [0.148, 0.319]), while the direct effect remained significant (Effect = 0.456, $p < .001$), confirming partial mediation. The study provides an evidence from a developing-economy manufacturing context that customer satisfaction is a significant transmission mechanism through which innovative marketing strategies improve firm performance, and demonstrates that marketing innovation should be deliberately designed around customer value creation.

Keywords: innovative marketing strategies, customer satisfaction, firm performance, mediation, manufacturing firms, Nairobi, Kenya

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Introduction

Manufacturing firms operate in dynamic markets shaped by changing customer expectations, rapid technological development, rising operating costs, evolving product requirements, and escalating competitive pressures (Ciric Lalic et al., 2025). Within this environment, firm performance serves as a vital indicator of an organization's capacity to optimize resource allocation, adapt to external shifts, satisfy key stakeholders, and attain strategic goals (Csiki, Demeter & Losonci, 2023). Performance is fundamentally multidimensional, spanning financial metrics, market standing, operational efficiency, brand equity, and broader organizational objectives (Rehman et al., 2019; Munteanu et al., 2025). In manufacturing, these strategic outcomes depend not only on core production capacity but also on a firm's ability to interpret market signals, effectively communicate value propositions, reach target buyers, and sustain durable customer relationships. Consequently, manufacturing firm performance remains a paramount concern for managers, industry practitioners, and policymakers particularly given the sector's foundational role in driving economic growth, value addition, employment creation, export diversification, and inter-sectoral linkages (United Nations Industrial Development Organization [UNIDO], 2024).

Kenya, manufacturing is designated as a strategic priority under national development frameworks. However, the sector consistently underperforms relative to its projected potential. While manufacturing grew by 2.8% in 2024 compared to 2.2% in 2023, its overall contribution to Kenya's Gross Domestic Product (GDP) hovered at approximately 7.3%, falling well below targeted macroeconomic benchmarks (Kenya National Bureau of Statistics [KNBS], 2025; Kenya Association of Manufacturers [KAM], 2025). This challenge is especially pronounced among manufacturing enterprises operating in Nairobi City County the primary industrial hub of Kenya. Hosting a dense concentration of firms across subsectors such as fast-moving consumer goods, chemical processing, pharmaceuticals, building materials, and textiles, Nairobi provides a rich micro-environment where enterprises must continually navigate shifting consumer expectations and aggressive local and

imported competition (World Bank, 2015; Mboga et al., 2023).

A key strategic mechanism available to manufacturing firms confronting these market pressures is the deployment of innovative marketing strategies. Innovative marketing encompasses the design and execution of new or significantly improved methods for creating, communicating, delivering, and capturing customer value, incorporating novel approaches to product presentation, pricing tactics, distribution channels, promotional methods, digital touchpoints, and customer engagement models (Kotler & Keller, 2016; Organisation for Economic Co-operation and Development [OECD] & Eurostat, 2018; Purchase & Volery, 2020; Tang et al., 2021). By implementing these non-technological innovations, firms can differentiate their market offerings, enhance organizational agility, and optimize value delivery. Prior empirical research demonstrates the positive performance implications of marketing innovation across diverse economic settings. For instance, Quaye and Mensah (2019) linked marketing innovation to sustainable competitive advantage among manufacturing small and medium enterprises (SMEs) in Ghana, while Jung and Shegai (2023) established that digital marketing innovations bolster firm performance by augmenting underlying marketing capabilities. Within Kenya, Mboga et al. (2023) observed that innovation capabilities including marketing innovation exerted a positive and statistically significant impact on the performance of manufacturing firms in Nairobi, and Maina et al. (2025) confirmed that customer value proposition innovation significantly improved the performance of manufacturing firms listed on the Nairobi Securities Exchange (NSE).

Despite these findings, the theoretical and practical link between innovative marketing strategies and firm performance is unlikely to operate as a simple direct relationship. Marketing initiatives do not generate organizational value in isolation but rather, their ultimate efficacy depends heavily on how target markets perceive, evaluate, and respond to the modified products, services, and brand experiences. This highlights the vital role of customer satisfaction defined as a customer's cumulative evaluation of whether perceived product and service performance meets or exceeds prior expectations (Oliver, 1980, 1997). In manufacturing settings, customer satisfaction is conditioned by a range of factors, including physical product quality, supply chain reliability, price fairness, lead times, communication transparency, technical support, and after-sales service (Lelo & Israel, 2024). A substantial body of literature affirms that customer satisfaction functions as a core strategic asset: Anderson et al. (1994) early on connected customer satisfaction with market share and profitability, Mittal et al. (2023) synthesized extensive evidence linking satisfaction to customer loyalty and firm financial outcomes, and Restrepo-Morales et al. (2024) verified the interconnectedness among customer satisfaction, product quality, innovation, and firm success. Recent strategic marketing studies further confirms that satisfied customers trigger repeat purchases, brand retention, positive word-of-mouth, and sustained market relationships that feed directly into top-line revenue, market share, and profitability (Hult et al., 2022; Sharma et al., 2026).

The extant literature reveals several important research gaps. Traditional innovation research has largely focused on technological

innovation and product R&D, often treating marketing innovation as a secondary or one-dimensional construct. As a result, the unique contribution of marketing innovation to firm performance remains insufficiently examined (Quaye & Mensah, 2019). Additionally, a significant mechanism gap exists because most studies emphasize the direct relationship between marketing innovation and firm performance, while giving limited attention to the processes through which this relationship operates. In particular, few studies have empirically investigated whether customer satisfaction serves as a mediating mechanism through which innovative marketing strategies influence organizational outcomes. Without improvements in customer satisfaction, the potential benefits of innovative marketing strategies on firm performance may be limited. Furthermore, a contextual gap remains evident, as much of the empirical evidence on marketing mediation models is drawn from developed economies and service-oriented sectors, leaving manufacturing firms in Sub-Saharan Africa, particularly those in Nairobi, Kenya, relatively underexplored.

To resolve this empirical mechanism gap, the primary purpose of this study was to examine the mediating effect of customer satisfaction on the relationship between innovative marketing strategies and the performance of manufacturing firms in Nairobi, Kenya. To achieve this purpose, the study was guided by four specific objectives: i) to assess the effect of innovative marketing strategies on the performance of manufacturing firms; (ii) to examine the effect of innovative marketing strategies on customer satisfaction; (iii) to determine the effect of customer satisfaction on the performance of manufacturing firms; and (iv) to evaluate the mediating effect of customer satisfaction on the relationship between innovative marketing strategies and firm performance. Correspondingly, four null hypotheses were tested:

H_{01}: Innovative marketing strategies have no significant effect on the performance of manufacturing firms in Nairobi, Kenya.

H_{02}: Innovative marketing strategies have no significant effect on customer satisfaction of manufacturing firms in Nairobi, Kenya.

H_{03}: Customer satisfaction has no significant effect on the performance of manufacturing firms in Nairobi, Kenya.

H_{04}: Customer satisfaction has no significant mediating effect on the relationship between innovative marketing strategies and firm performance.

Literature Review

Manufacturing Firm Performance

Firm performance reflects the extent to which an organisation achieves its objectives while making effective use of its resources. In the manufacturing sector, performance can no longer be understood only in terms of profit; it involves a combination of financial, market, operational and stakeholder-related outcomes that indicate whether a firm is achieving its strategic objectives and remaining competitive over time. Traditionally, performance has been assessed through financial indicators such as profitability, sales growth, return on investment and cost efficiency. These remain important, but scholars increasingly caution that exclusive reliance on financial measures provides an incomplete picture, and modern approaches favour combining financial and non-financial measures (Keter,

Cheboi, Kosgei, & Chepsergon, 2023). Stakeholder theory reinforces this broader view by arguing that firms create sustainable value when they recognise the interests of the different groups affected by their activities (Freeman, 2010; Freeman & Reed, 1983). Accordingly, and consistent with recent multidimensional conceptualisations, firm performance in this study was operationalised through sales revenue growth, profitability, market share, operational efficiency, achievement of strategic objectives, market expansion, employee productivity and brand awareness.

Kenyan evidence underlines the multidimensional drivers of manufacturing performance. Odock (2024) found that operational innovation, particularly process innovation, significantly influences the performance of Kenyan manufacturing firms, while Limo, Bonuke and Maket (2025) demonstrated that technological capability improves the sustainability performance of medium and large manufacturing firms in Nairobi County, with innovativeness playing a mediating role. These findings confirm that manufacturing performance is shaped by the interaction between internal capabilities and the external business environment rather than by production efficiency alone.

Innovative Marketing Strategies

Innovation is widely regarded as a fundamental mechanism through which firms adapt to changing market conditions, create customer value and sustain competitiveness. The Oslo Manual defines innovation as the implementation of new or significantly improved products or business processes, and explicitly recognises marketing-related activities within the business-process innovation framework (OECD/Eurostat, 2018). Innovative marketing strategies can therefore be understood as the development and successful implementation of new approaches to creating, communicating, delivering and capturing customer value. They involve changes in product presentation, pricing, promotion, distribution, market development, customer engagement and related marketing practices, and increasingly incorporate digital platforms, data analytics, social media and personalised communication (Grewal, Satornino, Davenport, & Guha, 2025; Kshetri, Dwivedi, Davenport, & Panteli, 2024).

Innovative marketing strategies contribute to competitive advantage by enabling firms to modify and reconfigure conventional marketing practices in response to changing market circumstances (Stokes & Wilson, 2010). Their effectiveness, however, is not automatic: it depends on the extent to which innovation is aligned with customer needs, organisational resources and strategic objectives, and on the firm's innovation and marketing capabilities. Evidence from small and medium enterprises in Saudi Arabia indicates that digital marketing strategies contribute to innovation, with artificial intelligence connecting digital marketing activities to product and process innovation (Aljabari et al., 2024). In this study, innovative marketing strategies were operationalised through twelve items covering the development of new marketing strategies, innovative promotional techniques, responsiveness to market change, technology integration, experimentation with customer engagement, employee creativity, customer feedback, competitor analysis, digital platform use, data-driven adaptation, online–offline channel integration and flexible pricing.

Customer Satisfaction

Customer satisfaction reflects the extent to which customers perceive that an organisation's products, services and interactions have fulfilled or exceeded their expectations. The dominant theoretical explanation is the expectation–disconfirmation paradigm, under which customers compare prior expectations with perceived performance: positive disconfirmation produces satisfaction, while negative disconfirmation produces dissatisfaction (Oliver, 1980; Yi, 1990). A recent meta-analysis of 150 records and 58,597 observations reaffirmed the strong relationship between perceived disconfirmation and customer satisfaction, confirming the continuing relevance of the paradigm (Schiebler, Lee, & Brodbeck, 2026). Satisfaction is now understood as a multidimensional evaluation incorporating cognitive, affective and experiential dimensions (Westbrook, 1987; Westbrook & Oliver, 1991), and as a cumulative construct that evolves as customers update their expectations (Oliver, 1997; Yi & La, 2004).

In manufacturing firms, customer satisfaction has particular strategic significance because customers evaluate not only the physical characteristics of products but also the processes and services surrounding them, including quality, reliability, price fairness, availability, delivery, communication, technical support and after-sales service. Arefi, Tavakoli, Heidari and Lashkajani (2014) show that customer-satisfaction management in manufacturing should move beyond passive measurement towards continuous organisational learning, while Xu (2019) demonstrates the role of systematic satisfaction evaluation in strengthening competitiveness among equipment manufacturers. Customer satisfaction also has well-documented performance consequences: it predicts market share and profitability (Anderson, Fornell, & Lehmann, 1994; Fornell, Johnson, Anderson, Cha, & Bryant, 1996), and a meta-analysis of 535 correlations from 245 studies with more than 1.16 million observations established positive relationships between satisfaction and customer-level outcomes (retention, word-of-mouth, spending) as well as firm-level product-market, accounting and financial outcomes (Mittal et al., 2023). Customer satisfaction is therefore increasingly conceptualised as a strategic firm asset rather than merely a marketing indicator (Mittal, Singh, & Malshe, 2026; Sharma et al., 2026).

Theoretical Framework

Marketing Strategy Theory

The study is guided by the Market-Based View (MBV) of strategy, rooted in the Structure–Conduct–Performance paradigm (Bain, 1968) and advanced through Porter's (1980, 1985) competitive-positioning perspective. The MBV holds that a firm's performance is influenced substantially by the market environment in which it operates, and that firms improve performance by understanding customers and competitors and developing strategies that create superior customer value. Within this logic, innovative marketing strategies represent the strategic conduct through which manufacturing firms respond to market conditions, while customer satisfaction indicates whether that conduct actually creates value from the customer's perspective. The MBV therefore supports the expectation that innovative marketing strategies improve firm performance, and that they do so partly by enhancing customer satisfaction.

Resource-Based Theory

The Resource-Based Theory complements the MBV by focusing on the internal resources and capabilities that enable firms to develop effective strategies and achieve superior performance (Penrose, 1959; Wernerfelt, 1984). Barney (1991) argues that firms obtain sustained competitive advantage from resources and capabilities that are valuable, rare, imperfectly imitable and non-substitutable. Innovative marketing capability fits this description: it combines market knowledge, customer information, digital technologies, brands, distribution systems and employee expertise in ways that competitors cannot easily replicate (Conner, 1991). Marketing capability has been empirically linked to firm performance, with resource orchestration mediating the conversion of capability into outcomes (Duah, Bamfo, & Marfo, 2024). The theory further suggests that a firm's ability to consistently satisfy customers is itself a capability-based strategic resource, because it depends on quality management, responsiveness, complaint handling and relationship-management routines that are built over time.

Hypotheses

Marketing Strategy Theory and the Resource-Based Theory jointly imply that innovative marketing strategies are a strategic capability through which firms create customer value and improve performance. Empirical work supports the direct link: marketing strategy dimensions significantly predict business performance value creation drives innovative marketing performance (Rezvani & Fathollahzadeh, 2020); marketing innovation supports sustainable competitive advantage (Quaye & Mensah, 2019) and innovation capabilities improve manufacturing firm performance in Nairobi (Mboga et al., 2023). This yields the first hypothesis.

Because innovative marketing improves perceived value, convenience, product quality, communication and customer support, it should also raise customer satisfaction; customer orientation and creative marketing programmes have been shown to predict satisfaction and performance in adjacent settings (Dabrowski, Brzozowska-Woś, Gołąb-Andrzejak, & Firgolska, 2019; Gonu, Agyei, Richard, & Asare-Larbi, 2023), giving the second hypothesis. Third, satisfied customers repurchase, remain loyal and generate favourable word-of-mouth, outcomes that improve firm performance (Mittal et al., 2023; Mu & Zhang, 2025), giving the third hypothesis.

Finally, combining these paths, customer satisfaction should transmit part of the effect of innovative marketing strategies to firm performance; satisfaction and trust have previously been shown to mediate the translation of quality-related activities into favourable customer outcomes (Dahiyat, Akroush, & Abu-Lail, 2011), giving the fourth hypothesis.

Conceptual Framework

Figure 1 presents the conceptual framework. Innovative marketing strategies (X) are hypothesised to influence firm performance (Y) directly and indirectly through customer satisfaction (M). Firm age, number of employees and sector experience were included as control variables throughout the analysis.

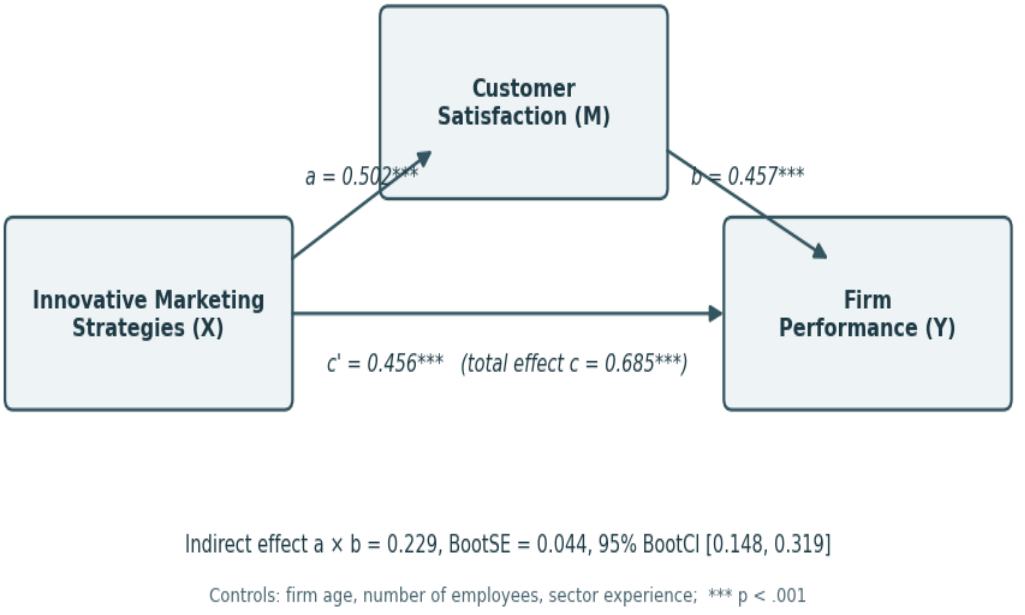


Figure 1: Conceptual framework of the mediation model. adapted from Hayes (2018). Source: Researcher (2026),

Methodology

This study was grounded in the positivist research paradigm, which advocates the use of objective measurement, empirical observation, and statistical analysis in examining relationships among variables (Saunders, Lewis, & Thornhill, 2019). The paradigm was considered appropriate because the study aimed to test hypothesized relationships among innovative marketing strategies, customer satisfaction, and firm performance using quantifiable data obtained from manufacturing firms. To achieve this objective, an explanatory cross-sectional survey design was adopted. The design facilitated the examination of both causal and mediating relationships among the study variables at a single point in time and provided a basis for drawing empirical inferences regarding the mechanisms through which innovative marketing strategies influence organizational outcomes.

The target population consisted of 561 manufacturing firms registered with the Kenya Association of Manufacturers (KAM) and distributed across diverse subsectors including food and beverage, textiles, pharmaceuticals, chemicals, plastics, construction materials, metal products, and related industries. Chief Executive Officers or senior managers responsible for strategic decision-making were selected as the key informants because of their knowledge of organizational marketing practices and performance outcomes. The required sample size was determined using Yamane's (1967) formula, yielding a sample of 233 firms. To mitigate the effects of potential non-response, the sample was increased to 280 firms. Proportionate stratified sampling was employed to ensure adequate representation of all manufacturing subsectors, after which simple random sampling techniques were used to identify participating firms within each stratum.

Data were collected using a structured questionnaire developed from established scales reported in previous empirical studies. The instrument contained closed-ended items measured on a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). Innovative marketing strategies were operationalized using twelve indicators, customer satisfaction using ten indicators, and firm performance using nine indicators. Before the main survey, a pilot study involving fifteen manufacturing firms located in Uasin Gishu County was conducted to evaluate the clarity, relevance, and appropriateness of the instrument. Feedback generated during the pilot phase informed refinement of questionnaire items. Content validity was established through consultation with academic experts and an extensive review of the relevant literature, while construct validity was assessed using exploratory factor analysis. Criterion validity was evaluated through correlation analysis among the study constructs. Internal consistency reliability was examined using Cronbach's alpha coefficient, with values equal to or greater than 0.70 considered satisfactory for subsequent analysis.

Approval to conduct the study was obtained from Moi University and the National Commission for Science, Technology and Innovation (NACOSTI). Following the acquisition of the necessary authorizations, the researcher contacted sampled firms and administered the questionnaires with the support of trained research assistants. Where immediate completion was not possible, a drop-and-collect approach was utilized, accompanied by periodic follow-ups to improve response rates. Participation in the study was voluntary, and informed consent was obtained from all respondents before data collection commenced. Ethical principles relating to anonymity, confidentiality, and privacy were strictly observed throughout the study, and responses were reported only in aggregate form.

Completed questionnaires were screened for completeness before coding and entry into the Statistical Package for Social Sciences (SPSS) version 25 for analysis. Cases exhibiting extensive missing information were excluded, whereas isolated missing values were addressed through mean substitution. Preliminary analysis involved data cleaning and assessment of measurement quality. Exploratory factor analysis using principal component extraction and Varimax rotation was conducted to verify the dimensional structure of the constructs. Items exhibiting factor loadings below 0.50 were removed from further analysis.

Descriptive statistical measures, including means and standard deviations, were used to summarize respondent perceptions regarding the study variables. Pearson correlation analysis was subsequently performed to determine the strength and direction of associations among innovative marketing strategies, customer satisfaction, and firm performance. Hypotheses relating to direct effects were tested using multiple linear regression analysis while controlling for selected organizational characteristics, specifically firm age, employee size, and managerial experience.

The mediating role of customer satisfaction was examined using Hayes' PROCESS Macro Version 4 (Model 4) with 5,000 bootstrap resamples. This approach was preferred because bootstrap procedures provide more robust estimates of indirect effects than traditional mediation techniques. The mediation model assessed the extent to which innovative marketing strategies

influenced customer satisfaction, the effect of customer satisfaction on firm performance, and whether customer satisfaction transmitted the influence of innovative marketing strategies to firm performance. The analytical models were specified as follows:

Model 1: Total effect of innovative marketing strategies on firm performance
$FP = \beta0 + c(IMS) + \varepsilon$

Model 2: Effect of innovative marketing strategies on customer satisfaction
$CS = \beta0 + a(IMS) + \varepsilon$

Model 3: Direct effects of innovative marketing strategies and customer satisfaction on firm performance
$FP = \beta0 + c'(IMS) + b(CS) + \varepsilon$

Model 4: Indirect effect through customer satisfaction
Indirect Effect = $a \times b$

Where:
FP = Firm performance; CS = Customer satisfaction; IMS = Innovative marketing strategies; β0 = Regression constant; a = Effect of IMS on CS; b = Effect of CS on FP controlling for IMS; c = Total effect of IMS on FP; c' = Direct effect of IMS on FP controlling for CS; and ε = Error term

The significance of the indirect effect was determined using bias-corrected bootstrap confidence intervals at the 95 percent level. Mediation was considered significant when the confidence interval for the indirect effect did not include zero. Partial mediation was inferred where both the direct and indirect effects remained statistically significant, while full mediation was concluded when the indirect effect remained significant and the direct effect became non-significant. Prior to hypothesis testing, diagnostic tests were conducted to assess normality, homoscedasticity, linearity, independence of errors, and multicollinearity, confirming that the assumptions underlying regression analysis were adequately satisfied.

Results and Discussion

Measurement Quality and Respondent Profile

Factor analysis revealed that each construct was predominantly unidimensional. Innovative marketing strategies produced a single dominant factor with an eigenvalue of 7.568, accounting for 63.06% of the total variance. Customer satisfaction generated a principal factor with an eigenvalue of 6.461 and explained 64.61% of the variance, while firm performance yielded a factor with an eigenvalue of 4.725 that accounted for 59.07% of the variance. All retained items exceeded the recommended factor loading threshold of 0.50, indicating satisfactory convergent validity. The strongest indicators of innovative marketing strategies were the integration of online and offline marketing channels and the use of competitor intelligence, whereas customer satisfaction was most strongly reflected through responsiveness and after-sales support. One firm performance item failed to meet the required loading criterion and was consequently removed from subsequent analyses.

To further assess the quality of the measurement scales, internal consistency reliability was examined using Cronbach's alpha coefficients. The results indicated excellent reliability for all constructs, with innovative marketing strategies recording an alpha coefficient of 0.946, customer satisfaction 0.938, and firm performance 0.894. These values substantially exceeded the minimum acceptable threshold of 0.70,

demonstrating that the measurement items consistently captured the underlying constructs.

Table 1: Summary of Measurement Validation and Reliability Results

Construct	KMO	Eigenvalue	Variance Explained (%)	Cronbach's Alpha
Innovative Marketing Strategies	0.939	7.568	63.06	0.946
Customer Satisfaction	0.920	6.461	64.61	0.938
Firm Performance	0.897	4.725	59.07	0.894

Note: Bartlett's Test of Sphericity was significant ($p < .001$) for all constructs.
Source: Researcher (2026).

Data collection yielded a strong response from the targeted manufacturing firms. Of the 280 questionnaires distributed, 258 were returned, representing a return rate of 92.1%. Following data screening, eight questionnaires were removed because they contained substantial missing information, leaving 250 questionnaires suitable for analysis. The resulting effective response rate of 89.2% was considered adequate for statistical analysis and enhanced the credibility of the study findings.

The participating firms represented a broad cross-section of Nairobi's manufacturing sector. In terms of organizational age, firms operating for between five and ten years formed the largest category (32.4%), followed by firms that had been in operation for less than five years (28.8%). This distribution suggests that most sampled firms were relatively young and operating within growth-oriented phases of development. With regard to employment size, nearly half of the firms (44.0%) employed fewer than 50 workers, confirming the significant presence of small and medium-sized enterprises within Kenya's manufacturing landscape. The sample further reflected substantial sectoral diversity, with the food and beverage industry contributing the highest proportion of firms (21.6%), followed by building, mining and construction (10.0%), pharmaceuticals and medical products (9.6%), and energy, electrical and electronics manufacturing (9.2%). All thirteen manufacturing subsectors recognized by the Kenya Association of Manufacturers were represented, thereby enhancing the representativeness of the sample.

Before hypothesis testing, the psychometric properties of the study measures were evaluated using exploratory factor analysis and reliability testing. The results demonstrated that the dataset was suitable for factor analysis. The Kaiser-Meyer-Olkin (KMO) measures exceeded the recommended threshold of 0.50 for all constructs, ranging from 0.897 to 0.939, while Bartlett's tests of sphericity were statistically significant ($p < .001$). These results confirmed that the correlation matrices possessed sufficient interrelationships to justify factor extraction.

Collectively, these findings indicate that the study achieved a high response rate, obtained a diverse and representative sample of manufacturing firms, and employed measurement scales that exhibited strong validity and

reliability. Consequently, the data were considered suitable for subsequent correlation, regression, and mediation analyses.

Descriptive Statistics

Descriptive statistics were computed to establish respondents' perceptions regarding innovative marketing strategies, customer satisfaction, and firm performance among manufacturing firms in Nairobi County. The analysis focused on the mean scores, standard deviations, skewness, and kurtosis values of the measurement items. Mean scores close to 5 indicate strong agreement with the statements, while standard deviations show the extent of variation in responses. Skewness and kurtosis were examined to assess the distributional characteristics of the data.

Innovative Marketing Strategies

Table 2 presents the descriptive statistics for innovative marketing strategies. The findings indicate that respondents generally agreed that their firms actively implemented innovative marketing practices, as evidenced by the high mean scores across all items, ranging from 4.05 to 4.23. The overall mean score of 4.15 suggests a strong adoption of innovative marketing strategies among the surveyed firms.

Table 2: Descriptive Statistics for Innovative Marketing Strategies

Customer satisfaction statements	Min	Max	Mean	Std. dev.	Skewness	Kurtosis
Our firm regularly develops new marketing strategies to attract customers	2.00	5.00	4.32	0.729	-1.079	1.362
We use innovative promotional techniques to differentiate our products	2.00	5.00	4.23	0.691	-0.791	1.018
Our marketing strategies respond quickly to market changes	2.00	5.00	4.15	0.677	-0.586	0.705
We integrate technology into marketing campaigns	2.00	5.00	4.21	0.669	-0.599	0.60
We experiment with new approaches to improve customer engagement	2.00	5.00	4.19	0.667	-0.485	0.25
Our marketing strategies encourage creativity among employees	2.00	5.00	4.20	0.652	-0.490	0.43
We actively seek customer feedback to improve marketing strategies	2.00	5.00	4.22	0.592	-0.342	0.72
We analyze competitors' strategies and innovate accordingly	2.00	5.00	4.12	0.618	-0.495	1.259
Our firm extensively uses digital platforms for marketing	2.00	5.00	4.05	0.745	-0.906	1.283

We adapt marketing strategies based on data insights	2.00	5.00	4.10	0.654	-0.799	1.92
We effectively integrate online and offline marketing channels	2.00	5.00	4.05	0.731	-0.770	0.99
We use flexible pricing strategies based on market conditions	1.00	5.00	4.08	0.750	-1.067	2.042

Note. Five-point Likert scale. Source: Researcher (2026).

The highest-rated practice was the regular development of new marketing strategies to attract customers (M = 4.23, SD = 0.691), followed by the active seeking of customer feedback to improve marketing strategies (M = 4.22, SD = 0.592) and the integration of technology into marketing campaigns (M = 4.21, SD = 0.669). These findings imply that manufacturing firms increasingly embrace customer-oriented and technology-driven marketing approaches. Comparatively lower, though still favorable, scores were reported for the extensive use of digital platforms for marketing (M = 4.05, SD = 0.745), effective integration of online and offline channels (M = 4.05, SD = 0.731), and adaptation of marketing strategies based on data insights (M = 4.08, SD = 0.750).

Customer Satisfaction

Table 3 presents the descriptive statistics for customer satisfaction. The results reveal generally high levels of customer satisfaction across all dimensions, with mean scores ranging from 4.10 to 4.41 and an aggregate mean of approximately 4.21.

The highest-rated statement was that customers are satisfied with the quality of the firm's products (M = 4.41, SD = 0.62), followed by products meeting expected quality standards (M = 4.36, SD = 0.62) and product availability when needed (M = 4.28, SD = 0.64). These findings suggest that product quality remains a major contributor to customer satisfaction in the manufacturing sector. Respondents also reported positive evaluations regarding responsiveness to customer orders and inquiries (M = 4.20, SD = 0.64) and customer satisfaction with responsiveness (M = 4.18, SD = 0.65).

The comparatively lower mean scores were observed for after-sales support (M = 4.10, SD = 0.71) and customer satisfaction with after-sales services (M = 4.10, SD = 0.70), although these values still reflect favorable assessments. Standard deviations below one indicate limited variability in responses and suggest substantial agreement among participants.

Table 3: Descriptive Statistics for Customer Satisfaction

Customer satisfaction statements	**Min**	**Max**	**Mean**	**Std. dev.**	**Skewness**	**Kurtosis**
Customers are satisfied with the quality of our products	2.00	5.00	4.41	0.62	-0.68	0.03
Our products meet expected quality standards	2.00	5.00	4.36	0.62	-0.53	-0.78
Our products are readily available when needed	2.00	5.00	4.28	0.64	-0.53	0.20

Our products meet or exceed customer expectations	2.00	5.00	4.14	0.63	-0.32	0.17
Customers perceive our products as superior to competitors	2.00	5.00	4.12	0.71	-0.78	1.48
We respond promptly to customer orders and inquiries	2.00	5.00	4.20	0.64	-0.66	1.30
Customers are satisfied with our responsiveness	2.00	5.00	4.18	0.65	-0.55	0.81
Customer complaints are handled effectively	2.00	5.00	4.18	0.60	-0.43	1.10
We provide effective after-sales support	2.00	5.00	4.10	0.71	-0.76	1.09
Customers are satisfied with our after-sales service	2.00	5.00	4.10	0.70	-0.63	0.73

Note. Five-point Likert scale. Source: Researcher (2026).

Firm Performance

Table 4 summarizes respondents' perceptions of firm performance. The results indicate a positive assessment of organizational performance across all indicators, with mean scores ranging from 3.80 to 4.08.

Table 4: Descriptive Statistics for Firm Performance

Firm performance statements	**Min**	**Max**	**Mean**	**Std. dev.**	**Skewness**	**Kurtosis**
Sales revenue has grown over the past few years	2.00	5.00	4.05	0.67	-0.86	1.90
Profitability has improved over the past three years	2.00	5.00	3.92	0.69	-0.93	1.71
Market share has increased over the past three years	2.00	5.00	4.01	0.66	-0.68	1.41
Operational efficiency has improved	2.00	5.00	4.07	0.61	-0.46	1.31
The firm has achieved its strategic objectives	2.00	5.00	3.80	0.80	-0.73	0.32
Employee productivity has improved	2.00	5.00	3.99	0.64	-0.71	1.64
Innovation has improved financial performance	1.00	5.00	4.06	0.76	-0.91	1.38
Brand awareness has increased	1.00	5.00	4.08	0.85	-0.92	0.69

Note. Five-point Likert scale. Source: Researcher (2026).

The highest mean score was recorded for increased brand awareness (M = 4.08, SD = 0.85), closely followed by improved operational efficiency (M = 4.07, SD = 0.61) and innovation contributing to financial performance (M = 4.06, SD = 0.76). These findings suggest that firms perceive innovation and branding efforts as key drivers of organizational success. Sales revenue

growth (M = 4.05, SD = 0.67) and market share growth (M = 4.01, SD = 0.66) were also rated positively, reflecting favorable market outcomes.

The lowest mean score was associated with achievement of strategic objectives (M = 3.80, SD = 0.80), although the value still indicates general agreement among respondents. Improvements in profitability (M = 3.92, SD = 0.69) and employee productivity (M = 3.99, SD = 0.64) further suggest that firms have experienced positive performance outcomes over recent years. Hence, the findings indicate that the sampled manufacturing firms generally reported satisfactory organizational performance, particularly in relation to brand visibility, operational efficiency, innovation outcomes, and revenue growth.

Diagnostic Tests

All regression assumptions were verified before hypothesis testing. The Shapiro–Wilk test confirmed that the regression residuals were normally distributed (W = 0.945, p = .133), corroborated by the Kolmogorov–Smirnov test (p = .200). ANOVA tests of linearity showed significant linear relationships between firm performance and both innovative marketing strategies (F = 181.26, p < .001) and customer satisfaction (F = 140.13, p < .001), with non-significant deviations from linearity. Durbin–Watson statistics ranged from 1.75 to 2.02, within the acceptable 1.5–2.5 band, confirming independence of errors. Tolerance values (0.481–0.515) and variance inflation factors (1.94–2.07) ruled out multicollinearity, and Levene's test indicated homogeneity of error variances across the variables (all p > .05).

Correlation Analysis

Pearson correlations (Table 5) show that firm performance was strongly and positively correlated with innovative marketing strategies (r = .642, p < .01) and moderately and positively correlated with customer satisfaction (r = .594, p < .01). Customer satisfaction was strongly and positively correlated with innovative marketing strategies (r = .696, p < .01). All correlations were significant at the 0.01 level and below the multicollinearity concern threshold, providing preliminary support for the hypothesised relationships.

Table 5: Pearson Correlation Matrix

Variable	1	2	3
1. Innovative marketing strategies	1		
2. Customer satisfaction	.696**	1	
3. Firm performance	.642**	.594**	1

*Note. ** Correlation is significant at the 0.01 level (2-tailed). N = 250.*
Source: Researcher (2026).

Regression Analysis for Control Variables

A preliminary regression of firm performance on the three control variables (Table 6) was not statistically significant, F(3, 246) = 1.856, p = .138, and explained only 2.2% of the variance in firm performance (R^2 = .022). Firm age (B = −0.039, p = .228) and sector (B = −0.004, p = .661) were not significant predictors, while the number of employees had a small positive and significant effect (B = 0.071, p = .022). Demographic characteristics therefore had limited explanatory power on their own.

Table 6: Regression Analysis for Control Variables (DV: Firm Performance)

Predictor	B	SE	β	t	p
(Constant)	3.960	0.090		43.840	< .001
Firm age	−0.039	0.032	−0.096	−1.210	.228
Number of employees	0.071	0.031	0.180	2.310	.022
Sector	−0.004	0.009	−0.020	−0.430	.661

Note. $R = .149$, $R^2 = .022$, adjusted $R^2 = .010$, $F(3, 246) = 1.856$, $p = .138$. Source: Researcher (2026).

Hypothesis Testing

Effect of Innovative Marketing Strategies on Firm Performance (H_{01})

The first regression model (Table 7) was statistically significant, $F(4, 245) = 32.503$, $p < .001$, and explained 34.7% of the variance in firm performance ($R^2 = .347$; adjusted $R^2 = .336$). Innovative marketing strategies had a positive and significant effect on firm performance (B = 0.685, SE = 0.061, β = .579, t = 11.188, $p < .001$), and was the strongest predictor in the model. Among the controls, only the number of employees was significant (B = 0.050, β = .130, p = .048). The null hypothesis H01 was therefore rejected: innovative marketing strategies significantly improve the performance of manufacturing firms in Nairobi, Kenya. The finding supports the Resource-Based Theory proposition that valuable and difficult-to-imitate capabilities underpin competitive advantage and superior performance (Barney, 1991). Innovative marketing can be read as such a capability because it enables firms to sense changes in customer preferences, differentiate their offerings, communicate value more effectively and exploit emerging market opportunities. The result converges with marketing-capability research showing that firms convert market knowledge and resources into market outcomes through marketing capabilities (Duah et al., 2024), and with Kenyan evidence that innovation capabilities significantly predict the performance of manufacturing firms in Nairobi City County (Mboga et al., 2023) and that customer value proposition innovation improves the performance of NSE-listed manufacturers (Maina et al., 2025). Evidence from neighbouring emerging markets is consistent: different forms of market innovation, including digital marketing, packaging and promotion, had positive and significant effects on SME performance in Tanzania (Ng'wasa & Kipangula, 2025). The OECD/Eurostat (2018) framing is useful here: the performance benefits observed likely arise from genuine innovation in marketing practice such as new approaches to market research, pricing, placement, promotion and branding rather than from routine marketing expenditure.

Table 7: Regression of Innovative Marketing Strategies on Firm Performance

Predictor	B	SE	β	t	p
(Constant)	1.251	0.253		4.937	< .001
Innovative marketing strategies	0.685	0.061	0.579	11.188	< .001
Firm age	−0.037	0.026	−0.092	−1.407	.161
Number of employees	0.050	0.025	0.130	1.987	.048
Sector experience	−0.004	0.007	−0.029	−0.567	.571

Note. $R = .589$, $R^2 = .347$, adjusted $R^2 = .336$, $F(4, 245) = 32.503$, $p < .001$. DV: firm performance. Source: Researcher (2026).

Effect of Innovative Marketing Strategies on Customer Satisfaction (H_{02})

The second model (Table 8) was statistically significant, F(4, 245) = 17.392, p < .001, explaining 22.1% of the variance in customer satisfaction (R^2 = .221; adjusted R^2 = .208). Innovative marketing strategies had a positive and significant effect on customer satisfaction (B = 0.502, SE = 0.065, β = .439, t = 7.774, p < .001), again the strongest predictor in the model. Firm age (p = .275) and number of employees (p = .646) were not significant, while sector experience had a small negative and significant effect (B = −0.017, β = −.123, p = .030), suggesting that longer-established sector routines may dampen responsiveness to evolving customer expectations. H02 was rejected. This finding extends the Resource-Based logic by demonstrating that an organisational capability can first generate value at the customer level before that value registers in firm-level outcomes. The result is consistent with evidence that customers' perceptions of firm innovativeness predict subsequent market performance over time (Keiningham et al., 2024), and with the growing emphasis on digital customer experience in industrial manufacturing (Deloitte, 2024). It also aligns with emerging-market evidence that marketing innovation improves customer relationships and buyer satisfaction (Sifuna & Kamau, 2024) and with the wider customer-orientation literature linking customer-oriented practices to satisfaction (Gonu et al., 2023). Substantively, the finding suggests that satisfaction in manufacturing is not produced by product quality, price and availability alone: the manner in which firms market and engage customers such as responsiveness, communication, feedback use and channel integration itself shapes satisfaction even where competing products are technically similar. The small negative effect of sector experience (β = −.123, p = .030) further implies that accumulated routines do not automatically translate into satisfied customers; continual renewal of marketing practice matters more than longevity in the industry.

Table 8: Regression of Innovative Marketing Strategies on Customer Satisfaction

Predictor	B	SE	β	t	p
(Constant)	2.198	0.267		8.233	< .001
Innovative marketing strategies	0.502	0.065	0.439	7.774	< .001
Firm age	0.030	0.028	0.078	1.095	.275
Number of employees	0.012	0.027	0.033	0.460	.646
Sector experience	−0.017	0.008	−0.123	−2.180	.030

Note. R = .470, R^2 = .221, adjusted R^2 = .208, F(4, 245) = 17.392, p < .001. DV: customer satisfaction. Source: Researcher (2026).

Effect of Customer Satisfaction on Firm Performance (H_{03})

The third model (Table 9) was statistically significant, F(4, 245) = 37.443, p < .001, and explained 37.9% of the variance in firm performance (R^2 = .379; adjusted R^2 = .369). Customer satisfaction had a positive and significant effect on firm performance (B = 0.637, SE = 0.053, β = .614, t = 12.028, p < .001), recording the largest standardised coefficient in the model. None of the control variables was statistically significant. H03 was rejected: customer satisfaction significantly improves the performance of manufacturing firms in Nairobi, Kenya. This is consistent with Marketing Strategy

Theory, under which marketing strategy succeeds by creating, communicating and delivering superior customer value, and satisfaction signals that this value creation has been achieved. The behavioural mechanisms are well established: satisfied customers repurchase, remain loyal, recommend the firm and generate favourable word-of-mouth, reducing acquisition costs and stabilising revenues (Oliver, 1997; Yi & La, 2004). The result aligns with the large-scale meta-analytic evidence of Mittal et al. (2023) and with the conceptualisation of satisfaction as a strategic asset reliably associated with retention, sales, revenue and profit (Mittal et al., 2026; Sharma et al., 2026). It is also compatible with the Resource-Based Theory in an extended sense: the organisational routines that allow a firm to satisfy customers consistently such as quality management, responsiveness, complaint handling, after-sales support are capability-based resources that competitors find difficult to imitate (Barney, 1991; Conner, 1991). Recent evidence that artificial-intelligence marketing usage simultaneously improves profitability, customer satisfaction and customer acquisition (Mu & Zhang, 2025) reinforces the practical convergence of customer outcomes and organisational outcomes.

Table 9: Regression of Customer Satisfaction on Firm Performance

Predictor	B	SE	β	t	p
(Constant)	1.298	0.233		5.576	< .001
Customer satisfaction	0.637	0.053	0.614	12.028	< .001
Firm age	−0.050	0.026	−0.125	−1.961	.051
Number of employees	0.044	0.025	0.114	1.798	.073
Sector experience	0.007	0.007	0.049	0.971	.333

Note. $R = .616$, $R^2 = .379$, adjusted $R^2 = .369$, $F(4, 245) = 37.443$, $p < .001$. DV: firm performance. Source: Researcher (2026).

Mediating Effect of Customer Satisfaction (H04)

Mediation was tested using Hayes' (2018) PROCESS macro (Model 4) with 5,000 bootstrap samples, controlling for firm age, sector experience and number of employees (Table 10). In the first stage, innovative marketing strategies significantly predicted customer satisfaction (path a: B = 0.502, SE = 0.065, t = 7.774, p < .001, 95% CI [0.375, 0.629]); the model explained 22.1% of the variance in satisfaction, F(4, 245) = 17.392, p < .001. In the second stage, customer satisfaction significantly predicted firm performance while controlling for innovative marketing strategies (path b: B = 0.457, SE = 0.053, t = 8.576, p < .001, 95% CI [0.352, 0.562]); the full model explained 49.8% of the variance in firm performance, F(5, 244) = 48.410, p < .001.

The total effect of innovative marketing strategies on firm performance was positive and significant (c = 0.685, SE = 0.061, t = 11.188, p < .001, 95% CI [0.565, 0.806]). Crucially, the bootstrap indirect effect through customer satisfaction was positive and significant (a × b = 0.229, BootSE = 0.044), with a 95% bootstrap confidence interval of [0.148, 0.319] that excludes zero. The direct effect remained significant after the mediator was introduced (c' = 0.456, SE = 0.060, t = 7.593, p < .001, 95% CI [0.338, 0.574]), indicating partial mediation: approximately one-third of the total effect (0.229/0.685 ≈ 33.4%) is transmitted through customer satisfaction. H04 was therefore rejected

— customer satisfaction significantly mediates the relationship between innovative marketing strategies and firm performance. The significant indirect effect (0.229, 95% BootCI [0.148, 0.319]) shows that a meaningful share of the performance benefit of marketing innovation — approximately one-third of the total effect — flows through customer satisfaction, while the significant direct effect (0.456) indicates that marketing innovation also improves performance through other channels such as market intelligence, brand positioning, distribution efficiency and customer acquisition. Partial rather than full mediation is theoretically plausible because not every benefit of marketing innovation operates through satisfaction. The finding integrates the two anchoring theories: the Resource-Based Theory explains why innovative marketing capabilities constitute strategically valuable resources, while Marketing Strategy Theory explains how those capabilities must be aligned with customer requirements to yield performance. It also extends prior mediation evidence — for example, that satisfaction and trust transmit the effects of service quality into loyalty outcomes (Dahiyat et al., 2011), and that customer-oriented practices shape performance through customer-level mechanisms (Domi, Capelleras, & Musabelliu, 2020) — into the manufacturing context of a developing economy. Practically, the implication is that manufacturing firms should not treat marketing innovation as an end in itself: its performance payoff is greatest where innovation is deliberately designed to generate superior customer value.

Table 10: Mediation Results – PROCESS Model 4 (Bootstrap = 5,000)

Path / effect	B	SE	t	p	95% CI
a: IMS → Customer satisfaction	0.502	0.065	7.774	< .001	[0.375, 0.629]
b: Customer satisfaction → FP	0.457	0.053	8.576	< .001	[0.352, 0.562]
c: Total effect (IMS → FP)	0.685	0.061	11.188	< .001	[0.565, 0.806]
c': Direct effect (IMS → FP)	0.456	0.060	7.593	< .001	[0.338, 0.574]
Indirect effect (a × b)	0.229	0.044 (Boot)	—	—	[0.148, 0.319] (Boot)

Note. N = 250. Controls: firm age, number of employees, sector experience. Mediator model: $R^2 = .221$, $F(4, 245) = 17.392$, $p < .001$; outcome model: $R^2 = .498$, $F(5, 244) = 48.410$, $p < .001$. Bootstrapping based on 5,000 samples. Source: Researcher (2026).

Conclusions, Implications and Limitations

Conclusions

The study concludes that innovative marketing strategies are a significant determinant of the performance of manufacturing firms in Nairobi, Kenya; that they significantly enhance customer satisfaction; that customer satisfaction is itself a strong positive predictor of firm performance; and, most importantly, that customer satisfaction partially mediates the relationship between innovative marketing strategies and firm performance. Innovative marketing therefore improves performance through two routes: directly, and indirectly

through the satisfaction it creates among customers. All four null hypotheses were rejected.

Theoretical Implications

Theoretically, the study contributes to strategic marketing literature in three ways. First, it moves beyond the direct innovation–performance paradigm by empirically establishing customer satisfaction as a transmission mechanism, thereby answering calls to explain how, rather than merely whether, marketing innovation improves performance. Second, it extends the Resource-Based Theory by showing that a marketing capability registers its value first at the customer level, positioning customer satisfaction as a capability-linked strategic asset. Third, it provides context-specific evidence from a developing-economy manufacturing sector, responding to the concentration of prior research in developed economies and service industries.

Managerial and Policy Implications

For managers of manufacturing firms, the findings imply that investment in innovative marketing should extend beyond adopting new promotional technologies: firms should regularly develop new marketing strategies, integrate technology into campaigns, analyse competitors, use customer feedback systematically, ensure that product quality meets or exceeds expectations, handle complaints effectively and strengthen brand awareness. Customer satisfaction should be monitored as a strategic performance indicator rather than treated as a routine marketing outcome, since it carries a substantial share of the performance payoff of marketing innovation. For policymakers and industry associations such as the Kenya Association of Manufacturers, the findings support programmes that build marketing innovation and customer-relationship capabilities among manufacturers, in line with the productivity and competitiveness priorities of the national industrialisation agenda (KAM, 2025; UNIDO, 2024; World Bank, 2015).

Limitations and Suggestions for Further Research

The study has limitations that point to future research directions. First, the cross-sectional design limits causal inference; longitudinal studies could establish how changes in innovative marketing strategies precede changes in satisfaction and performance over time. Second, the study relied on perceptual, self-reported measures from Chief Executive Officers; future work could incorporate objective performance measures and customer-side data. Third, the study was confined to manufacturing firms in Nairobi; comparative studies across other counties, sectors and developing economies would test the generalisability of the findings. Finally, future research could disaggregate innovative marketing strategies into dimensions (product, pricing, distribution, promotional and digital innovation) to determine which dimensions drive satisfaction most strongly, and could examine additional mediators such as customer loyalty or brand equity.

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