The effect of social customer relationship management on customer loyalty in Saudi Arabia

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ABSTRACT

The study focused on examining the social customer relationship management impacts on the customer loyalty of five-star hotels in Saudi Arabia. Customer relationship management included the dimensions of customer value, long-term partnership with the customer, customer knowledge, reliance on technology, trust, and social media communication. The study population consists of the customers of five-star hotels in Saudi Arabia. A convenience sample was taken from 500 customers, while the validly retrieved responses were 413. A quantitative approach was conducted in statistical analysis through SPSS and AMOS software. The study demonstrated that social customer relationship management dimensions are impacting the customer loyalty of five-star hotels in Saudi Arabia. Subsequently, the recommendations centered on the establishment of a complaints handling unit to speed up service, identify problems, identify the sites of deficiencies, and take the necessary and appropriate solutions to these problems.

Keywords: Social Customer Relationship Management, Customer Loyalty, Saudi Arabia

1. Introduction

The expansion of local and international competition between organizations because of rapid technological developments has crossed most of the barriers between organizations and customers, prompting organizations to adopt a new marketing philosophy that has become a primary source for strategies that organizations choose (Zhang et al., 2021; Eldahamsheh et al., 2021; Tariq et al., 2022). Entering new markets is not an easy task. Changes brought by various technological developments in marketing have prompted the emergence of new concepts such as Internet marketing (Muda et al., 2022; Harahap et al., 2022; Mohammad et al., 2022). With the continued developments on the Internet, social networks appeared which witnessed a large turnout of individuals, which prompted organizations to resort to these sites to market products and services to customers and try to communicate and interact continuously with them (Masee & Rwehikiza, 2022; Khalayleh & Al-Hawary, 2022; Mohammad, 2020).

As the widespread and popularity of various social networks, organizations seek to be present through these networks because of the large and diverse society that they have (Mohammad, 2019; Dow et al., 2021; Rahamneh et al., 2023). Going to them and using these sites and networks was an attractive way and channel to present various activities, programs, and marketing plans.

For decades, organizations have emphasized putting the customer first, and the success of any organization depends mainly on how it manages its relationships with customers (Gupta et al., 2021; Al-Hawary et al., 2017; Mohammad et al., 2020). Many organizations have relied on social networks as a tool to manage their relationship with customers and as a communication tool and interaction between organizations and their customers, as they meet through them without time or place barriers (Al-Nawafah et al., 2022). It allows continuous communication between them by establishing relationships with customers and providing them with the opportunity to express their opinions and comments on the modifications and developments that enter the product or service (Turoń, 2022).
Social customer relationship management (SCRM) is defined as the use of social networks as a new channel for linking relationships with customers and includes all practices and techniques to facilitate interaction between organizations and customers through social networks so that customers can interact with organizations through their preferred channels and get more marketing insight than customer data on social networks (Sharma et al., 2022). Recent years have shown an increasing interest in the loyalty concept for organizations, globalization, market saturation, successive developments in the communication and transportation media, and other main factors that contributed to enhancing customer awareness (Alolayyan et al., 2018; Al-Hawary & Alhajri, 2020). Customer loyalty is that impression in the customer's mind that leads him to take a certain position as a result of positive experiences accumulation; the word loyalty has a positive meaning that the organization seeks to gain, loyalty can be recognized as a behavior through frequent dealings without moving to any other alternatives or looking at loyalty as attitude, and here the individual has formed judgments and feelings about the service and went beyond mere repetition of dealing to encourage others to deal with the organization (Al-Hawary & Obiadat, 2021).

While reviewing previous studies, it was found that there is a literary gap due to the lack of studies that dealt with social customer relationship management concepts (within the researcher’s knowledge). Even though numerous studies have already described the traditional concept of customer relationship management in much Arab and foreign literature, there were no studies that dealt with the current study variables together. The study's significance emerged from its analytical approach that oriented toward testing how social customer relationship management impacts on customer loyalty, where the current study represents an initial step towards a research orientation to carry out more studies concerned with managing social customer relations and enriching the theoretical literature in this field. Therefore, the current paper contributes by trying to fill the literary gap, and its significance comes from the role of the banking sector as one of the vital economic sectors of the Saudi Arabia economy.

2. Literature review and building hypothesis

2.1 Social Customer Relationship Management

Focusing on building a distinguished base of clients is not a new strategy in the business sector. The rooted factors in the business environment, e.g., competition and seeking to achieve customer loyalty, have led to the need for implementing new tools to help companies succeed and retain the customer base. The methodology upon which CRM is based is that the base of the administrative marketing activity is to establish a mutually beneficial relationship between customer and company in order to be successful and profitable (Guerola-Navarro et al., 2022). Organizations keep a database consisting of a list of customers' names, who deal with the organization, which makes the organization able to market its products efficiently and effectively, as well as keeping data on customers' addresses (Kotller, 2014). Yerpude and Singhal (2018) deemed that CRM is a critical firm's strategy that utilizes to accomplish the value and reputation of the firm, as well as stimulate the customers' demand through integrating sales volume with their after-sale requirements.

The social CRM philosophy also offers a new method to see customers and all other market players (such as customer communities and suppliers) as value makers and cooperate with them to create personalized experiences (Sheth, 2017). Social CRM is a new communication tool for social customers. However, no clear definition of the new social CRM concept has been studied in the literature. The concept of social CRM has gained widespread adoption over the past few years, yet it is rarely discussed in academic research (Perez-Vega et al., 2022). The social CRM concept has become a topic of attention in both commercial and academic circles due to the growing role of social media in recent years (Regalado-Peza et al., 2022). Gamage et al. (2021) report social customer relationship management as the tools and processes that boost better customer communication, take advantage of the joint intelligence of the broader customer community, and increase the relationship between the organization and its customers, what they want, and how they interact with the company touch points such as sales and customer service. In light of the above definitions, SCRM can be defined as the use of social media, such as Facebook, to implement CRM strategy. Social CRM is a current business trend that provides new channels for two-way communication with customers through social media sites, such as Facebook and Twitter. (Ibrahim, 2022).

Kim et al. (2003) indicated that customer knowledge, customer interaction, customer value, and customer satisfaction are the basis on which an organization and its customers' relationship is based, and that customer knowledge is related to learning technology, understanding customer needs, and creating customer databases. Customer interaction focuses on operational excellence, customer service channel management, and operations management, while customer value focuses on the benefits gained from customers, while customer satisfaction relates to the satisfaction level achieved as a result of using products and services. Hanaysha et al.'s (2022) study developed four documented CRM measurements (customer focus, CRM organization, customer knowledge management, and technology-based CRM).

2.2 Loyalty

The organization's main concern for a long time has been to attract the customer and achieve his satisfaction, but the competitive environment at the present time has increased the organization's awareness that it is not enough to achieve customer satisfaction to achieve its vision, that the success equation has become based on customers' ability to retain them for the longest possible period and build a long-term relationship with them. The customer faces many choices offered by a huge number of competing companies (Alhalalmeh et al., 2022). The task of companies has become more difficult; furthermore, most market sectors are mature, which means that the future of companies depends on the extent to which they possess a solid base of loyal customers.
According to Al-Hawary & Al-Fassed (2022), loyal customers are committed to a brand, and this leads to permanent purchase of that brand's products or services; small improvements in customer retention rates can result in large increases in profits; the concept of "loyalty" has become a multidimensional concept that is not related to the consumer only, but to the organization providing the product or service. Agha et al. (2021) define customer loyalty as "a deep commitment to continually repurchase a preferred product or service in the future", causing repeated purchase of the same brand". Despite circumstances and marketing efforts that are likely to cause behavioral change, customer loyalty is defined as any customer's desire to purchase goods or services from a particular company over that of the competition available in the market. Andri et al. (2022) see that customer loyalty is the willingness to make repeated purchases of a particular product or service and not switch to a competing brand. Loyalty is not only a repetition or repurchase, but rather results from strong emotions and feelings sets that arise between consumer and company; repeating the purchase or returning it may be loyalty resulting from the lack of alternatives (Al-Hawary & Harahsheh, 2014).

2.3 Social customer relationship management and loyalty

The study by Bricci et al. (2016) indicated the main effects of trust, commitment, and customer satisfaction on customer loyalty in a sample of customers in the Portuguese distribution sector. The results showed that trust has a positive and direct impact on commitment and satisfaction, and that satisfaction has a positive and direct impact on loyalty. While Clark and Melaco study (2013) study focused on measuring the role of social networking on building relationships with customers and the possibility of maintaining them., Social networking was used as a fragment of relationship investment, and to test its influence on satisfaction and loyalty, the study concluded that social networks accomplish high stages of relationship investment, achieve greater perceptions of the quality of the relationship, and raise the levels of customer satisfaction and loyalty. Chu and Kim (2011) studied aims to understand social customers' behavior by identifying the factors that affect their decision to participate socially in social customer relationship management programs, and the study concluded that customers use social networks in order to enjoy modern technology; furthermore, Aldaihani and Ali (2018) Study aimed to discover the influence of social customer relationship management on customer satisfaction through customer empowerment of Islamic bank customers in Kuwait. The results presented an optimistic impact of social CRM on customer satisfaction through customer empowerment. It has been emphasized that both traditional CRM and social media have significant implications for customer empowerment and satisfaction at the same time. Based on the above, the study hypothesis can be formulated as follows:

H1: There is a statistically significant impact at the level of significance (α ≤ 0.05) of the social customer relations management on customer loyalty of five-star hotels in Saudi Arabia.

Fig. 1 depicts the proposed model of this survey.

![Fig. 1. Conceptual framework](image)

2. Methodology

2.1 Population and sample selection

The study population consists of five-star hotels in Saudi Arabia. In view of conducting a comprehensive survey difficulty, and according to the ease of access to the sample members at any time and the geographical area proximity, the sampling was approved by Convenience Sampling, Convenience sample is defined as a type of non-probability sampling or non-random sampling. The researchers decided to use it according to these survey specifications, which are the ease of access to the respondents and the proximity of the geographical area in line with the researcher and respondents' time. (400) questionnaires
were distributed to the study sample members, some clients were handed the questionnaire, and for some clients, the questionnaire was distributed to them through the hotels, department cooperation, where the distribution of questionnaires was limited to clients who have an account on social media and have interaction with the hotel; after asking them; The researcher retrieved (323) questionnaires, and after excluding the (11) incomplete questionnaires, (312) remain valid for statistical analysis purpose. After entering and encoding the data using the IBM SPSS program and checking the outliers, (9) cases were excluded so that the final total number of questionnaires used in the statistical analysis was (309).

2.2 Measurement instrument

The self-reported questionnaire based on a quantitative approach was developed by borrowing paragraphs from previous studies. It consisted of three parts: The first one included study sample demographic information (gender, age, and educational qualification), the second part included statements about social customer relations management represented as customer value (paragraphs 1-4), long-term partnership with customers (paragraphs 5-9), customer knowledge (paragraphs 10-13), technology reliance (Paragraphs 14-18), trust (paragraphs 19-22), and social communication (paragraphs 23-28). Finally, the third part includes statements about customer loyalty, represented by two dimensions, which are directional loyalty (paragraphs 29-35) and behavioral attitude (paragraphs 36-40).

3. Findings

3.1 Measurement model evaluation

Structural equation modeling (SEM) was the main statistical approach conducted in this study to gain its hypotheses testing results. SEM is a modern approach to demonstrating how the research factors interact among themselves, therefore, it requires a pre confirmation test to ensure the validity and reliability of the research instrument (Wang & Rhemtulla, 2021). Accordingly, confirmatory factor analysis (CFA) using the AMOS program was used in order to determine the convergent, discriminant validity, and reliability of the research instrument. These test results were illustrated in Table 1.

Table 1

<table>
<thead>
<tr>
<th>Constructs</th>
<th>CV</th>
<th>CP</th>
<th>CK</th>
<th>TR</th>
<th>TU</th>
<th>SC</th>
<th>CL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CV</td>
<td>.734</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CP</td>
<td>.441</td>
<td>.739</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CK</td>
<td>.595</td>
<td>.582</td>
<td>.736</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TR</td>
<td>.468</td>
<td>.542</td>
<td>.497</td>
<td>.766</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TU</td>
<td>.405</td>
<td>.446</td>
<td>.470</td>
<td>.435</td>
<td>.754</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC</td>
<td>.429</td>
<td>.432</td>
<td>.528</td>
<td>.512</td>
<td>.508</td>
<td>.571</td>
<td></td>
</tr>
<tr>
<td>CL</td>
<td>.684</td>
<td>.642</td>
<td>.691</td>
<td>.658</td>
<td>.660</td>
<td>.671</td>
<td>.776</td>
</tr>
<tr>
<td>VIF</td>
<td>2.057</td>
<td>1.876</td>
<td>1.164</td>
<td>2.468</td>
<td>2.861</td>
<td>2.538</td>
<td>---</td>
</tr>
<tr>
<td>Loadings range</td>
<td>0.637-0.833</td>
<td>0.681-0.791</td>
<td>0.652-0.851</td>
<td>0.743-0.805</td>
<td>0.655-0.824</td>
<td>0.661-0.811</td>
<td>0.702-0.864</td>
</tr>
<tr>
<td>AVE</td>
<td>.539</td>
<td>.545</td>
<td>.542</td>
<td>.587</td>
<td>.568</td>
<td>.571</td>
<td>.601</td>
</tr>
<tr>
<td>MSV</td>
<td>.405</td>
<td>.481</td>
<td>.501</td>
<td>.387</td>
<td>.455</td>
<td>.512</td>
<td>.496</td>
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<tr>
<td>α</td>
<td>.820</td>
<td>.826</td>
<td>.852</td>
<td>.847</td>
<td>.838</td>
<td>.867</td>
<td>.911</td>
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<tr>
<td>C.R</td>
<td>.823</td>
<td>.827</td>
<td>.854</td>
<td>.850</td>
<td>.839</td>
<td>.869</td>
<td>.913</td>
</tr>
</tbody>
</table>


Table 1 demonstrates that the lowest standard loading factor on its reflective construct was 0.637. The minimum adopted value of standard loading in social science like this research to maintain items is 0.70 (Sung et al., 2019), thus all items were kept, as their standard loading exceeded the minimum threshold. The average variance extracted (AVE), along with accepted standard loading, were indicators for convergent validity. The minimum value of the constructs' AVE was 0.539, which is bigger than the adequate value of 0.50 (Howard, 2018). Based on these results, it was clear that the research model fulfills the requirements of convergent validity. Moreover, discriminant validity was tested by comparison procedures recommended by Rimkeviciene et al. (2017). The results in Table 1 reported that the maximum shared variance (MSV) values of all constructs were less than AVE. Also, the square root of AVE indicated in bold fonts in this table confirmed that there was less than a correlation among the research constructs. These findings are conceded as evidence of gaining the model used for discriminant validity. Internal consistency and composite reliability were applied to verify the instrument's validity. Hence, Cronbach’s Alpha coefficient was used for testing internal consistency and McDonald's Omega coefficient was extracted for composite reliability. The results listed in Table 1 demonstrated that Cronbach's Alpha coefficients and McDonald's Omega coefficients of all constructs exceeded 0.70, the lowest sufficient value for both indicators (de Leeuw et al., 2019). Therefore, the research instrument is classified as reliable.
3.2 Structural model

One of the critical pretesting that SEM required is that the relationship among constructs wouldn't have multicollinearity. This test was done by calculating the variance inflation factor (VIF) for each independent reflective construct in the research which is presented in Table 1. The highest value of VIF was 2.861 which is less than 5, the highest level of this indicator based on Hair et al. (2017). Thus, the multicollinearity problem does not exist in this research. This conclusion was supported by model fit indices illustrated in Fig. 1.

The dividing of the chi-square on the degree of freedom result (CMIN/DF) that is shown in Fig. 2 was 2.462, which means that is a suitable value due to it being less than 3. GFI, CFI, and TLI indicators were higher than the minimum threshold of 0.90. Besides, the root mean square error of approximation (RMSEA) was 0.049 which is an appropriate value based on it not exceeding 0.08. Accordingly, the structural model to predict customers’ loyalty in Islamic banks by social customer relations management was rational and enabled us to generalize the impact relationship results (Ahmad et al., 2016; Shi et al., 2019). Finally, Table 2 referred to the result of the hypothesis testing which provided a confirmation that social customer relationship management has a positive impact on customer loyalty ($\beta = 0.88$, $t= 36.96$, $p= 0.000$). Hence, this result supported the assumptions in this research.

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Hypothesis testing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relation</td>
<td>Standard Beta</td>
</tr>
<tr>
<td>SCRM $\rightarrow$ CL</td>
<td>0.88</td>
</tr>
</tbody>
</table>

Note: SCRM: social customer relationship management, CL: customer loyalty

4. Results discussions

The study found an impact of social customer relationship management with its dimensions (customer value, long-term partnership with the customer, knowledge of the customer, dependence on technology, trust, social communication) on the loyalty of the customers of five-star hotels in Saudi Arabia, main hypothesis results indicate that the five-star hotels management has adopted social customer relations management and keeps pace with the modern development, and it has shown its serious quest to provide everything new to its customers, not only in order to attract new customers, but also in order to maintain existing customers and build a long-term relationship with them. The study concluded that there is an impact of customer value on five-star hotels in Saudi Arabia. The process of delivering a distinctive value to the customer is a strategic tool in the hotel hand to create a competitive advantage and achieve long-term success. When hotel Putting customers in their work priorities and keeping customers’ information private such as phone numbers, e-mail and their addresses and following it up on an ongoing basis to maintain it contributes to enhancing customer loyalty and providing attractive products that meet their needs and expectations, which increases loyalty. When the customer realizes that his benefits from the services provided are higher than the cost, he pays makes him feel important and valuable.

Study results confirmed that there is an effect of client long-term partnership on client’s loyalty of five-star hotels in Saudi Arabia, long-term partnership with customers plays an important role in achieving relationship continuity and loyalty by inviting customers to visit the hotel, informing them about the hotels’ marketing activities, discussing the hotel’s plans, and knowing their reaction to new product or service that enhances their feeling that they are hotel real partners and not just a tool.
used to increase profits and revenues, also, designing products according to customer's desires increases the customer's desire to deal with the hotel and thus enhances his loyalty.

Study results concluded that there is an impact of customer knowledge on customer loyalty of five-star hotels in Saudi Arabia, researcher see that the reason for that is identifying the customer’s needs and working to meet them reflects positively on the customer’s value sense. When hotels determine the customer’s wants from his perspective, this makes the customer feel importance and value for the hotel he deals with, which increases his sense of loyalty. To achieve customer loyalty, the hotels Department has to use a set of activities, operations, interactions and communications to build a continuous and long-term relationship with its customers in order to design products based on the customer’s previous information, which would contribute to raising the customer loyalty levels.

Study results determined that the relying on technology impacts on the customers loyalty of five-star hotels in Saudi Arabia, researchers thought this because of the hotels’ work efforts to meet customers' needs relying on technology, such as providing a variety of services, and saving client time speeding up the service provision and solving their problems without wasting time. these operations leave good impression on the way that hotel deals with customers, technology includes a set of tools, systems, and programs that contribute in collecting and analyzing customer data, interpreting their behavior, and identifying their requests, aspirations and expectations from the existing service to different customers’ needs, which made it easier for hotel customers to complete their transactions, and thus reflect on customer loyalty, this result was in line with (Lam et al., 2013), which indicates the importance of using information technology in customer relationship management and its impact on customer loyalty, ease of use and ease of communication.

Study results demonstrated that there is an impact of trust in customer's loyalty of five-star hotels in Saudi Arabia, due to the awareness that the main goal is to build trust, satisfy customers and meet their needs, and the improvement of provided service quality to the customer and its compatibility with their expectations makes them feel satisfied and thus achieve their loyalty. Furthermore, build stability in hotels and customer's relationship in light of both party’s desire to cooperate and maintain a long-term relationship. When customers feel that the hotels are clearly working to serve them and work on their comfort with high efficiency and commitment to implementing the actual promises they offer, this increases their loyalty. Customer confidence is generated by providing the correct service to the customer and thus he feels comfort and security regarding the procedures, and confidence is generated as a result of continuous communication and permanent knowledge of the customer’s procedures. This result was in line with (Woodcock et al., 2011) study which found a positive relationship between hotel customers’ trust and customer loyalty.

Study results found that there is an impact of social communication on customer’s loyalty of five-star hotels in Saudi Arabia, researchers justify this because the availability of vital and well-studied sites such as modern social networking sites which enables customers to talk about offered products and services and give comments on them, this keep the customer informed of offered services which increases customers’ orientation to deal with them, also, investing in modern communication tools to announce services, and the ability to communicate at any time using these tools has an impact on increasing customers’ loyalty percentage, because of the possibilities of interaction, expressing opinions and commenting on the services which these tools provide. It also enables the management to receive customer feedback related to services and to establish an interactive dialogue between the two parties within the customer social communication framework, this communication achieves positive reinforcement and improves image in the customer mind and justifies social media use due to its relatively low cost and high efficiency levels when compared to traditional communication tools and its ability to enable customers to exchange marketing messages and thus serve each other, As well as the participation in decisions related to services design and thus improve provided services quality.

5. Recommendations and future research

Based on the study results, the researchers recommend the management and decision makers of five-star hotels in Saudi Arabia must Create customers databases and linking them to the hotel’s systems to increase knowledge about their customers and understand their behavior, in order to facilitate customer’s transactions and to raise competencies in responding quickly to customers’ needs because of its great importance to customer’s feeling of comfort towards dealing with hotels.

Develop policies and procedures within hotels, such as holding specialized training courses for workers, including training them on the art and importance of partnership between hotels and customers and the positive results it achieves on both parties to develop the services provided and design services based on customer’s desires, which is reflected in customer loyalty. Establish a unit to handle complaints in order to speed up the service related to identify problems, diagnose them, identify weaknesses in the activities, and take the required measures and correct resolutions to these problems. Also establish a website to allow customers to communicate with the hotel at any time and any place to conduct their transactions without coming to the service center to obtain services, and this works to enhance their loyalty sense.

Develop employees’ skills in the social media used to communicate with customers and at the same time increase customers’ awareness of modern social media, as these tools achieve a competitive advantage as a strategic tool for entering new markets, communicating with and attracting new customers, and achieving the satisfaction and loyalty of existing customers.

Conducting studies by the hotels management on customer’s opinions regarding the services provided, collecting these opinions and putting them into practice, and informing their customers on an ongoing basis of their transactions process and
progress and giving them reliable promises, which leads to raising their belief level that hotels possess honesty and accuracy in completing transactions. Conducting other studies in CRM in other service sectors such as banks, hospitals, and telecommunications companies because the current study aimed to identify the impact of CRM (customer value, long-term partnership with the customer, customer knowledge, dependence on technology, trust and social communication) on customers loyalty of five-star hotels in Saudi Arabia.

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