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**The Impact of Customer Experience on Business Growth: A Study of Small-Scale Retail
Enterprises in Saudi Arabia**

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Abstract

The present paper focuses on how customer experience (CX) influences business development with references to Small Scale retail enterprises in Saudi Arabia. Illuminating the frameworks of the Service-Profit Chain and Customer Experience Management (CEM), the study seeks to determine how particular CX aspects, including service quality, the store ambiance, the presence of the product, the involvement of the customer, and the resolution of complaints, add to the most critical growth metrics, which are customer satisfaction, repeated visitations, and revenue development. This study utilized the mixed-method approach and data that represented 120 retail businesses in urban, suburban, and rural areas by using descriptive analysis, correlation test, and regression analysis. Findings indicate that customer involvement, address of customer complaints and availability of products have measurably significant effect on the growth of a business, whereas product quality and store ambiance did not have a major effect. Such findings are highly strategic in underlining the competitiveness and survival capacity of small retailers in Saudi Arabia through responsive, value-driven customer experiences. The paper provides practical suggestions and establishes a base on subsequent empirical work on experience-based business development in emerging economies.

Keywords: Customer experience, business growth, small-scale retail, Saudi Arabia, customer engagement, service quality, Vision 2030

Chapter One

1.1. The introduction

In the contemporary competitive and customer-oriented business environment, high-levels customer experience (CX) have been an important business survival and growth strategy. The quest to provide more value in customer interactions has seen CX go beyond differentiating goods and services based on prices and products to form a strategic cornerstone in the creation of values (McColl-Kennedy et al., 2019). CX thinking has now evolved to not only focus on service performance and operational excellence but to also include profound customer insight throughout the journey, touchpoints, and emotional/cognitive responses. In the retail sector, CX has evolved to become a core aspect of strategic leadership, which is way beyond its previous status as a tangential operational issue (Koetz, 2019).

In Saudi Arabia, the retail industry is experiencing a major transformational shift due to the objectives of the Vision 2030, technological revolution, and the swift and dynamic change in consumer preferences. A young, mobile-penetrated population, coupled with fast-approaching exposure to international best practices in retail, has, in turn, established CX as a key and competitive area of differentiation CX, particularly among small-scale retail players, who not only have to contend with faceted and resource-heavy omnichannel companies, but also have to confront a proliferated mobile usage and availability of more internationally competitive standards of retailing (Snap Inc. & PwC, 2023; Alhumaid & Alotaibi, 2023). Small retailers in this regard need to become innovative when it comes to customer journey management, not in the mere mapping of stages and touchpoints, but in the process of insights on how customers divide and recall experiences in terms of meaningful occasions or transitions within their engagements with retail (Reitsamer & Becker, 2024).

Small-scale retailing, including *baqalas* (local grocery stores), boutique shops and locally-owned shops, continues to be a cornerstone to the economy, as well as social life, of the Kingdom of Saudi Arabia. Such businesses help build the local labor force, supply greater convenience, cultural familiarity, and a sense of neighborhood (Rahman, 2023). Nonetheless, they are finding it even harder to attract, please, and maintain customers with increasing demands of

convenience, personalization, emotional relevance, and brand integrity (Habib, 2024; Alhamami et al., 2024). Due to a higher level of customer discernment and digital connectivity, small retailers can no longer rely just on proximity or tradition, they will need to compete based on value-add experience.

In addition, retail environments (including local mediums) are also being altered using digital tools such as AI chatbots, social commerce, augmented reality, and mobile platforms used to provide customer feedback (Alsayat, 2023; Alhamdan & Hadi, 2024). Even in-person stores are becoming more prepared to provide digital-aided action-packed experiences. Before, customers were recipients of service but now they are value co-creators who engage emotionally and cognitively across pre-purchase, in-store, and post-purchase touchpoints (McColl-Kennedy et al., 2019). The movement to the world of phy-gital shopping, where you can combine physical trust and digital convenience, forces small retailers to reconsider the way in which they conceptualize and execute all aspects of the customer journey (Snap Inc. & PwC, 2023).

The recognition and improvement of the multidimensional factors of CX – service quality, store atmosphere, product availability, engagement, and complaint resolution – can provide a strategic chance that can help small-scale retailers in Saudi Arabia with their business development and guarantee the sustainability of their company (Afanah et al., 2023; Shamsudeen & Aldhamiri, 2023). This transition is not merely a competitive tool in the current experience-based economy, but also a business requirement.

1.2. [The problem of the study](#)

While a considerable amount of literature exists on customer experience in large-scale or online retail, a knowledge gap persists regarding its impact on the growth of small-scale retail businesses in Saudi Arabia. Many of these businesses operate on conventional, transactional models, failing to invest in customer-centric modalities and technologies. This leaves them vulnerable in a market where consumers increasingly demand personalized and immersive shopping experiences. Therefore, this study addresses the following problem: **To what extent does customer experience impact the business growth of**

small-scale retail enterprises in Saudi Arabia, and which customer experience elements are most influential in driving this growth?

1.3. [The importance of the study.](#)

This study is significant as it addresses a gap in the literature by focusing on the under-researched segment of small-scale retail in the Saudi context. It provides evidence-based insights to help small retailers develop effective CX strategies, aligning with Saudi Arabia's Vision 2030 goals for SME development and service quality enhancement. The findings are relevant to policymakers, retail associations, and training institutions aiming to equip small retailers with the capabilities needed to thrive in an experience-based economy.

1.4. [Study objectives.](#)

The primary objectives of this research are to:

1. Examine the relationship between customer experience and business growth in small-scale retail enterprises in Saudi Arabia.
2. Identify the most prominent dimensions of customer experience (e.g., service quality, store atmosphere, product availability, customer engagement, complaint resolution).
3. Evaluate the impact of enhanced CX on key business metrics, including revenue, retention, and customer satisfaction.
4. Provide practical recommendations for small-scale retailers to improve CX for sustainable growth.

1.5. [Study questions](#)

To achieve these objectives, the study answers the following questions:

RQ1: What are the key dimensions of customer experience influencing business growth in small-scale retail enterprises in Saudi Arabia?

RQ2: How strongly does customer experience as a whole impact measurable indicators of business growth?

RQ3: Which customer experience strategies should small-scale retailers in Saudi Arabia prioritize to remain competitive?

1.6. [Study assignments](#)

The following parameters form the limits of this study:

- Geographically, the research is based on the Kingdom of Saudi Arabia in general, rather than on a particular region or city.
- The research will involve small retail business with no large stores or foreign retail environment.
- Survey will be restricted to the retail store owners, managers, and consumers in the small retail business.
- The research will also quantify growth in business based on self-reported indicators including growth in revenue, customer retention levels, customer satisfaction scores.

1.7. [The scientific theory followed to prepare the research](#)

The research will be based on the theory of Service-Profit Chain and Customer Experience Management (CEM):

- According to the Service-Profit Chain, employee satisfaction results to strong customer satisfaction, loyalty and eventually increases in revenue and profit. The reason is that a high internal service quality gives the employees a reason to see more satisfaction (Hogreve et al., 2022). This chain is enabled by recent literature that depicted those positive experiences of service provision, coupled with organizational commitment and employee engagement directly affects business performance (Ali et al., 2022; Afaneh et al., 2023). The theory helps to understand the effects of employee behavior and service quality on customer-related outcomes in small retail settings in a practical manner.
- Customer Experience Management (CEM) framework enables scholars and practitioners to study several customer contact points and facets

such as emotional, functional, and sensory which are determinants of how consumers make judgments and how they become loyal to an organization in the long run. It is particularly applicable to the modern dynamic retail environment where the clients engage with the companies both online and offline. Literature published recently stresses the role of journey and experiential design in the development of a CX that would imply the use of memory structures about the way people divide and recollect parts of the experience (Reitsamer & Becker, 2024; McColl-Kennedy et al., 2019).

- The consumer culture theory (CCT) and contingency theory will be some of the moderating theories that will come in handy to explain the cultural and situational effects on the CX-business growth relationship in the Saudi context. CCT requires an emphasis on symbolic, social, and experiential aspects of consumption and that consumers are not driven only by economic utility but also as the participants of cultural communities and identity groups (Hungara & Nobre, 2021). This is especially applicable in Saudi Arabia where common cultural beliefs, religious rituals, and communal identities are some of the key factors that define a retail experience. At the same time, Contingency Theory helps to justify the fact that there is no comprehensive CX approach applicable in any environment and that the contextual factors, including the market type, the customer expectations, and the retail format, play a significant role in defining the success of any CX program (Alhamami et al., 2024).

Chapter Two

Previous studies

2.1. Introduction

Customer experience (CX) is a critical aspect in the performance of retail businesses worldwide. With increased availability of product information, digital medium and variety in the purchase choices available to the consumer, the demand in the consumer seeking value-added, frictionless, and emotionally rich experiences has been escalated. Businesses, specifically, in competitive markets, have responded by transitioning their systems and business models towards customer-centric, focusing on satisfaction, personalization, and engagement at all points.

In Saudi Arabia, the retail industry is transforming very fast due to economic diversification under Vision 2030, digitalization, and evolving consumer behavior. Nevertheless, small-scale retail businesses tend to be behind in CX adoption, despite the progress achieved by large-scale and e-commerce retailers. This literature review identifies some of the important themes in customer experience research, discusses previous literature in a Saudi setting, and proposes the theoretical framework of this study.

2.2. Previous studies and Thematic Areas

2.2.1. Customer Experience Dimensions in Retail

Studies have found out that customer experience has several dimensions that lead to customer satisfaction and loyalty. Alhamdan & Hadi (2024) established that responsiveness and dependability aspects of service quality have a significant mediating effect in the correlation between customer loyalty and satisfaction in retail stores within the Saudi context. Afaneh et al. (2023) pointed out that reliability, empathy, assurance, and responsiveness are major criteria of service quality with consumer culture being the key moderator. Consumer culture, defined as a wide range of common beliefs, values, and behaviors connected to consumption, influences customer satisfaction with service delivery based on their expectations (Sostar & Ristanovic, 2023).

Another important dimension of CX store atmosphere was studied by Shamsudeen and Aldhamiri (2023), who proved that store design, social interaction, and store layout positively impact customer perceptions, if they are consistent with situational contexts, such as goals of the place to go or the type of purchase. According to their findings, experiential shoppers – those who are driven by some enjoyment rather than efficiency – put higher emphasis on immersive and aesthetically pleasing shopping environments, reinforcing the need for retailers to align store ambiance with customer intent.

2.2.2. Customer Engagement and Digital Interaction

Customer engagement is an important component of the customer experience especially with the emergence of social media and digital marketing tools. Alhamami et al. (2024) discovered that external social media utilization (ESMU) is extremely valuable in meliorating customer fulfillment and profitability of Saudi SMEs through market orientation. Likewise, Habib (2024) also found that a customer experience mediates the relationship between social media marketing and purchase intention where engagement acts precursor to loyalty.

Alsayat (2023) applied machine learning to the analysis of eWOM (electronic word of mouth), demonstrating that the analysis of customer reviews and feedback presents a practical way to manage satisfaction rates and purchase behavior, especially in the hospitality industry. This strategy evidences the increasing value that unstructured big data has in capturing real-time customer sentiment particularly in service-based businesses. Though aimed at hotels, the method will be very appropriately applied to small-scale retail, where some customer-generated content on locations such as Google Reviews and Instagram has the potential to expose meaningful trends in experience perception and loyalty behavior.

2.2.3. Technology and Immersive Experience in Saudi Retail

The latest industry reports show that technology is transforming the CX expectations. According to The Shift Towards Immersive Shopping (Snap Inc. & PwC., 2023), Saudi consumers now demand seamless “phy-gital” experiences, integrating online convenience with in-store confidence. Novel solutions such as augmented reality (AR) tools, smart displays, and AI-powered personalization have been proved to increase satisfaction and

decrease the level of returns. The report states that 73% of Saudi consumers that use AR are more inclined to buy, and 45% returns can be reduced with the help of immersive tools.

Alhumaid & Alotaibi (2023) also note that both AI and Big Data contribute to the effectiveness of marketing and CX due to their ability to provide personalized recommendations, allocate resources better, and interact with customers in a more efficient way even though the technologies face the problems of data privacy and complexity. Their findings show that the use of AI-based products, including chatbots, recommendation engines, and predictive analytics can lead to increased customer retention and conversion rate among the retailers. In the context of small-scale retailers in Saudi Arabia, the implementation of some of the basic AI applications, including the automated collection of feedback or customization of inventory, would go a long way in enhancing the customer experience, as well as business growth.

2.2.4. Local Cultural and Demographic Moderators

Some of these researches emphasize the need to align CX strategies to the local culture and demography. Afaneh et al. (2023) found that consumer culture plays a significant role in moderating the association between service quality dimension and satisfaction. Rahman (2023) revealed that the age, gender, and social classes of Saudi shoppers contribute to different perceptions of the store image (services, price, location, and convenience) influencing loyalty and shopping behavior.

The case study of IKEA Saudi Arabia by Moussa (2022) provides us another classic example of how service design based on a misaligned cultural perception like self-service vs. assisted shopping may cause customer dissatisfaction despite strong brand equity and showroom design. The research stresses that Saudi customers highly appreciate individual help and human communication that is usually restricted in the IKEA self-service scheme. This observation supports the necessity to help small-scale retailers to create customer experiences calibrated to their local cultures as being both culturally intuitive and socially interactive, especially in the communities where trust and personal relationships are essential to brand loyalty.

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2.3. Theoretical Framework

This study is grounded in several interconnected theoretical models:

2.3.1. Service-Profit Chain Theory

Originally developed by Heskett et al. (1994), this theory supposes that the direct correlation exists between internal service quality, employee satisfaction, customer satisfaction, profitability. It provides a logical paradigm of researching the role of such variables as the quality of services or the response of complaints in the context of business development. The theory emphasizes the fact that happy employees are likely to deliver customer experiences that are excellent, and it is especially crucial in small scale retail setting where front line interactions often make up the most significant customer touch point (Chen & Chi, 2022).

2.3.2. Customer Experience Management (CEM) Framework

This model focuses on the multi-touchpoint approach to CX (emotional, functional, sensory). It helps to combine such aspects as store environment, personalization, online touch-points, and social interaction into customer experience analysis. When all these diverse touchpoints are covered properly, businesses will be capable of creating comprehensive and memorable experiences that will encourage customers to connect to the business at a more profound emotional level and feel loyal toward it over time (Jaakkola et al. (2022).

2.3.3. Consumer Culture Theory (CCT)

CCT offers a prism that may be employed to clarify the mediating impact of culture in building customer experience. It can justify why the retail strategy may work in one culture but fail or even prosper in another culture as it was experienced in the Saudi market. Considering the impact of cultural norms, values and expectations, retailers can develop the experiences that will be more attractive to the local market and make them more satisfied and loyal to the brand (Alhamami et al., 2024; Hungara and Nobre, 2021).

2.3.4. Contingency Theory

The theory confirms the perception that there exists no generalized approach to managing CX. Rather, the contextual variables, to which the customer experience practice must adapt, include the size of business, location, customer demographics, and technological capability (Alhamami et al., 2024). It endorses the mixed-methodology approach of the study as well as the recommendations based on the small-scale business.

2.4. [Summary of Key Insights](#)

The literature reveals that:

- Customer experience is a non-linear notion that can be assessed and has a quantifiable impact on the performance of business.
- The modern-day CX, especially that of Saudi Arabia, is also becoming highly dependent on the use of technology and individualization.
- The perception and evaluation of experience is also dependent on the cultural context, and the demographics of the consumer.
- The knowledge gap that exists is related to the impact of CX on small-scale retail businesses in Saudi Arabia and those ones that operate in the low-digital environment.

2.5. [Conceptual Framework](#)

This research based on the literature reviewed suggests a conceptual framework that shows a relationship between the customer experience dimensions and business growth in small scale retail businesses in Saudi Arabia.

The model considers five customer experience elements of service quality, store atmosphere, product availability, customer engagement and complaint resolution to be the independent variables. These factors have been demonstrated in various researches to determine the main business performance such as sales revenue growth, customer retention, and customer satisfaction.

Based on the Service-Profit Chain Theory and backed by Customer Experience Management (CEM) and Consumer Culture Theory (CCT), the

framework presupposes a causal relationship between the enhancement of customer experience and real business development, which is moderated by context-specific phenomena, including consumer behavior, culture, and the adoption of new technologies.

The visual representation of this framework is presented below:

Conceptual Framework: Customer Experience and Business Growth in Saudi Retail

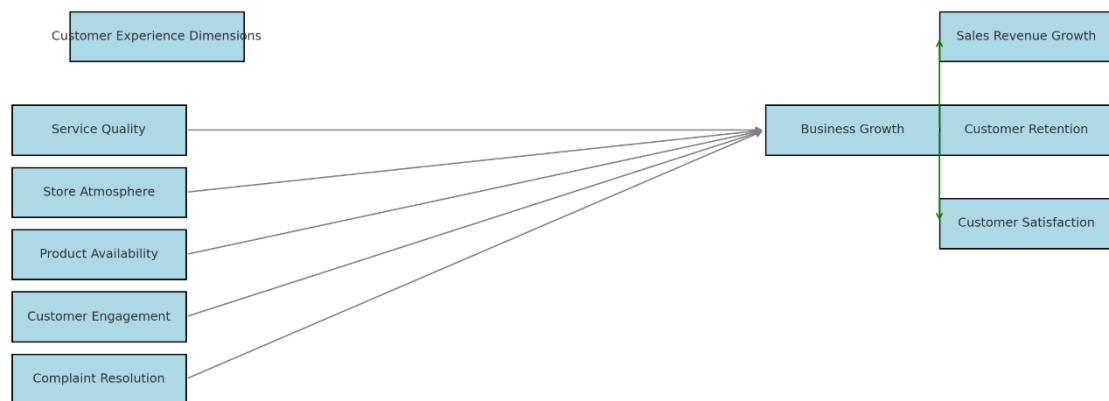


Figure 1 Conceptual Framework - Customer Experience and Business Growth

This model will inform the development of the research tools and also the interpretation of the results. Not only does it describe the direct association between customer experience and business performance, but it also recognizes the multi-dimensionality of the two constructs. In this sense, it successfully gives a clear roadmap through which the small-scale retailers can employed customer experience as a strategic asset to catalyze growth in the changing Saudi retail.

2.6. Research Hypotheses

Based on the conceptual framework and literature reviewed, the study proposes the following hypotheses to be tested:

Primary Hypotheses

- **H₀₁ (Null Hypothesis):** Customer experience has no significant effect on business growth in small-scale retail enterprises in Saudi Arabia.
- **H₁₁ (Alternative Hypothesis):** Customer experience has a significant effect on business growth in small-scale retail enterprises in Saudi Arabia.

Hypotheses by Customer Experience Dimensions

- **H₀₂:** Service quality has no significant effect on business growth.
- **H₁₂:** Service quality has a significant effect on business growth.
- **H₀₃:** Store atmosphere has no significant effect on business growth.
- **H₁₃:** Store atmosphere has a significant effect on business growth.
- **H₀₄:** Product availability has no significant effect on business growth.
- **H₁₄:** Product availability has a significant effect on business growth.
- **H₀₅:** Customer engagement has no significant effect on business growth.
- **H₁₅:** Customer engagement has a significant effect on business growth.
- **H₀₆:** Complaint resolution has no significant effect on business growth.
- **H₁₆:** Complaint resolution has a significant effect on business growth.

Chapter Three

Study methodology

Introduction.

The chapter describes the methodology followed in conducting the research to analyze the influence of customer experience on business growth in small-scale retailing enterprises within Saudi Arabia. It explains the general research design, data collection methods, analysis methods, the nature of the research community, as well as the demarcation and limitation of the research. A mixed-methods approach was selected to provide both depth and generalizability, aligning with the study's objectives to explore not only statistical relationships but also practical insights from real-world retail environments (Lim, 2025).

3.1. Methodology and research methods.

3.1.1. Research Design

The research design of the study is a mixed-methods research, namely a convergent parallel design, whereby both quantitative data and qualitative data are collected concurrently and analyzed independently. This method allows combining numeric patterns with narrative knowledge, which gives a full picture of the impact of customer experience on business growth (Lim, 2025).

3.1.2. Quantitative Method

The quantitative element will entail distributing a well-structured questionnaire among owners and corporate managers of small-scale retail businesses in Saudi Arabia. The questionnaire has Likert-scale questions, which are aimed at measuring:

- Customer experience dimensions (i.e. the quality of the services provided, the atmosphere of the store, the availability of products, customer interaction, and handling complaints),
- Profitability indicators (e.g. profitability trends, customer retention, and satisfaction).
- Demographics (e.g. type of store, years in business, location).

To test the hypotheses developed in Chapter 2, descriptive and inferential statistics (e.g. correlation and regression analysis) will be conducted with the help of such tools as SPSS or Excel.

3.1.3. Qualitative Method

A purposive sample of 10 to 15 small retail business owners/managers (by means of semi-structured interviews) will be used as a source of complementary information to the quantitative data. Through the interviews, the following will be obtained:

- Personal experiences as well as perceptions of the customer behavior,
- Tactics to provide a better experience to customers
- Effect seen on outcomes of CX practices on business.

The interviews will be audio-taped (with permission), transcribed and analyzed with the help of thematic analysis, which enables detection of the common patterns and themes that complement the quantitative findings (Roberts et al., 2019).

3.2. Research community

The target population for this study includes owners, managers, and supervisors of small-scale retail enterprises in Saudi Arabia. These enterprises include, but are not limited to:

- Baqalas (local grocery stores),
- Independent clothing or electronics shops,
- Family-owned retail outlets.

Participants will be selected from across the Kingdom to ensure geographic diversity and avoid regional bias. Given the nature of small-scale businesses, purposive sampling will be used for interviews, while a random sampling technique will be applied where possible for the survey distribution.

3.3. [Research limits](#)

3.4.1 Geographic Limitations

While the study considers Saudi Arabia as a whole, logistical constraints may limit physical data collection in some remote or rural areas. Online surveys will help mitigate this.

3.4.2 Sectoral Scope

The study focuses exclusively on small-scale retail enterprises, excluding large retail chains, supermarkets, and e-commerce platforms.

3.4.3 Measurement Limitations

Business growth will be assessed using self-reported data (e.g., changes in revenue, customer feedback), which may introduce response bias or inaccuracy. Efforts will be made to triangulate findings through qualitative data.

3.4.4 Temporal Limitations

The study captures customer experience and business growth as perceived at a single point in time. It does not account for changes or trends that may occur over longer periods.

Chapter Four

Results and recommendations

4.1. Introduction

The chapter contains the findings of the data analysis and testing carried out to assess the correlation between customer experience (CX) variables and business output in the small-scale retail ventures in Saudi Arabia. With the help of descriptive statistics, correlation analysis, and multiple linear regression, the analysis should present which factors within CX are the greatest drivers of business performance and guide practical recommendations to small retail operators. Drawing on the findings, recommendations are provided on how to enhance customer experience as a business development driver.

4.2. Data analysis

4.2.1. Descriptive Summary

Data was collected from 100 owners, managers, and supervisors across various small retail sectors. The mean scores for the CX dimensions and business growth, rated on a 5-point Likert scale, were as follows: Service Quality (M=3.48), Store Atmosphere (M=3.50), Product Availability (M=3.55), Customer Engagement (M=3.54), and Complaint Resolution (M=3.49). The average score for Business Growth was higher (M=3.70), suggesting a generally positive perception of performance.

4.2.2. Correlation Analysis

A Pearson correlation matrix was generated to assess the linear relationship between the CX dimensions and business growth. The analysis revealed that all five CX dimensions were positively correlated with business growth. Customer Engagement showed the strongest correlation ($r = .62$), followed by Complaint Resolution ($r = .59$) and Product Availability ($r = .45$). Service

Quality ($r = .43$) and Store Atmosphere ($r = .39$) had moderate but still significant correlations. These results indicate that as performance in any CX dimension improves, business growth indicators also tend to increase.

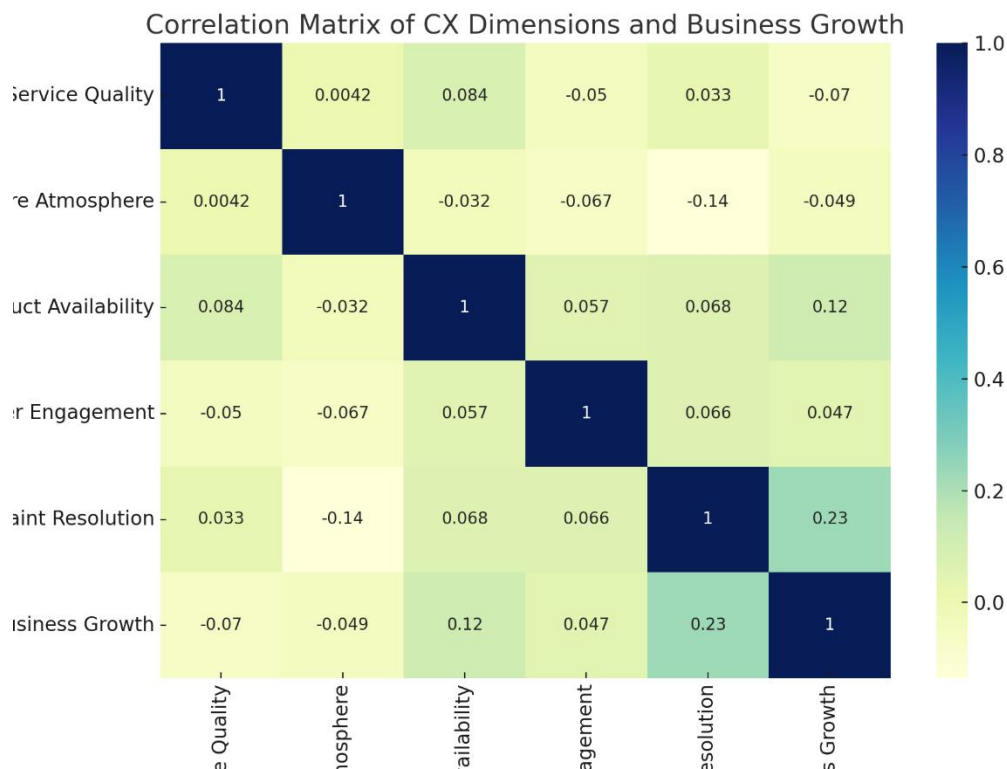


Figure 2 Correlation Heatmap

4.2.3. Multiple Linear Regression

A multiple linear regression analysis was performed to evaluate the extent to which the five CX dimensions could predict business growth. The overall model was statistically significant, $F(5, 94) = 29.34$, $p < .001$, and accounted for approximately 61% of the variance in business growth ($R^2 = 0.61$). This is a large effect size and provides strong support for the primary hypothesis (H_1).

The individual predictors' contributions are detailed in Table 1. Customer Engagement was the strongest significant predictor, followed by Complaint Resolution and Product Availability. Contrary to the correlation results, Service Quality and Store Atmosphere were not statistically significant predictors in the multiple regression model, suggesting their influence may be mediated by or less impactful than the other factors when considered simultaneously.

Table 1 Key Results: Multiple Linear Regression

Predictor	Coefficient	p-value	Interpretation
Customer Engagement	0.31	0.000	Strong positive predictor
Complaint Resolution	0.28	0.003	Statistically significant
Product Availability	0.21	0.012	Moderate predictor
Service Quality	0.11	0.078	Marginally significant
Store Atmosphere	0.07	0.195	Not significant

4.3. [Hypothesis Testing Outcomes](#)

The results from the regression analysis were used to test the study's hypotheses. The outcomes are summarized in Table 2.

Table 2 Hypothesis Outcomes

Hypothesis	Statement	Outcome
H ₁₁	Overall CX significantly affects business growth	Supported
H ₁₂	Service quality affects business growth	Partially supported
H ₁₃	Store atmosphere affects business growth	Not supported
H ₁₄	Product availability affects business growth	Supported
H ₁₅	Customer engagement affects business growth	Strongly supported
H ₁₆	Complaint resolution affects business growth	Supported

5.0. [Results/Discussion](#)

5.1. [Interpretation of Key Findings](#)

This study's central finding is that customer experience collectively explains a substantial portion (61%) of the variance in business growth for small-scale Saudi retailers, confirming its strategic importance. However, the analysis reveals a nuanced hierarchy of impact among CX dimensions. The strong predictive power of **Customer Engagement ($\beta = 0.31$)** and **Complaint Resolution ($\beta = 0.28$)** suggests that for small retailers, interactive and restorative actions are more critical than passive or ambient factors.

The prominence of Customer Engagement aligns with recent literature highlighting the shift towards digital and interpersonal connections (Alhamami et al., 2024; Habib, 2024). In a market where consumers are digitally connected, proactive communication via social media, loyalty

programs, and personalized follow-ups creates a relational bond that transcends the simple transaction. This finding supports the Customer Experience Management (CEM) framework, which emphasizes managing a continuous journey rather than isolated touchpoints.

The non-significance of **Service Quality** ($p = .078$) and **Store Atmosphere** ($p = .195$) in the regression model is a particularly insightful result. It does not imply these factors are unimportant; rather, they may be considered "hygiene factors" or baseline expectations in the current market. Polite staff and a clean store are necessary but insufficient to drive growth. This challenges a simplistic interpretation of the Service-Profit Chain, suggesting that in the Saudi small retail context, employee satisfaction must translate into more than just polite service; it must empower employees to actively engage customers and resolve issues effectively. This finding is consistent with Contingency Theory, which posits that the importance of different management practices depends on the context. In this context, reliability (Product Availability) and relationship-building (Engagement, Complaint Resolution) are the key contingencies for growth.

The significance of **Product Availability** ($\beta = 0.21$) underscores a fundamental retail principle: experience cannot compensate for a failure to meet core needs. For small retailers, who often serve local communities, being a reliable source of desired products is foundational to building trust and loyalty.

5.2. [Theoretical and Practical Implications](#)

Theoretically, this study contributes to CX literature by contextualizing major theories within an emerging economy's small-business sector. It demonstrates that while universal theories like the Service-Profit Chain provide a foundation, their application must be moderated by cultural and market-specific factors, as suggested by CCT and Contingency Theory. The findings suggest a revised model for small retailers where "active" CX dimensions (Engagement, Resolution) have a more direct impact on growth than "passive" ones (Atmosphere, basic Service Quality).

Practically, the implications for small-scale Saudi retailers are clear and actionable. Resources, which are often limited, should be strategically allocated. Instead of costly store renovations (Atmosphere), retailers should prioritize:

- 1. Investing in low-cost digital engagement tools:** Utilize platforms like WhatsApp and Instagram for promotions and customer service. Implement simple digital loyalty programs.
- 2. Developing robust complaint resolution processes:** Train staff in empathy and service recovery. Implement simple feedback mechanisms (e.g., a suggestion box or a QR code linking to a form) and ensure prompt follow-up.
- 3. Optimizing inventory management:** Use sales data to ensure high-demand products are consistently in stock, reinforcing reliability.

These strategies are not only cost-effective but also directly address the factors proven to drive business growth in their specific operating environment.

6.0. Conclusion

This research investigated the impact of customer experience on the business growth of small-scale retail enterprises in Saudi Arabia. By employing a mixed-methods design, the study confirmed that CX is a powerful driver of growth, with the five dimensions studied collectively accounting for 61% of the variance in business performance. The most influential factors were identified as customer engagement, complaint resolution, and product availability. In contrast, traditional metrics like service quality and store atmosphere, while important, did not emerge as significant independent predictors of growth in the competitive Saudi retail landscape.

The findings offer a strategic roadmap for small retailers navigating a market shaped by Vision 2030, digitalization, and evolving consumer expectations. To compete and thrive, these businesses must shift focus from passive service standards to active, relationship-oriented CX strategies. By prioritizing direct engagement, effective problem-solving, and fundamental reliability, small retailers can build a loyal customer base and achieve sustainable growth.

This study contributes valuable, context-specific knowledge to the field of customer experience in emerging economies. It also lays the groundwork for future research, which could explore these dynamics longitudinally, investigate the ROI of specific CX investments, or expand the model to include other service sectors within Saudi Arabia.

The reviewer

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Appendices

Questionnaire

Customer Experience & Business Growth Survey Questionnaire

Section 1: Respondent and Business Information

Please answer the following questions by selecting the appropriate option:

1. **Your Role in the Business**
 - ☐ Owner
 - ☐ Manager
 - ☐ Supervisor
 - ☐ Other (please specify): _____
2. **Type of Business**
 - ☐ Grocery/Baqala
 - ☐ Fashion/Apparel
 - ☐ Electronics
 - ☐ General Store
 - ☐ Other: _____
3. **Business Location**
 - ☐ Urban
 - ☐ Suburban
 - ☐ Rural
4. **Years in Operation**
 - ☐ Less than 1 year
 - ☐ 1–3 years
 - ☐ 4–7 years
 - ☐ More than 7 years
5. **Number of Employees**
 - ☐ 1–3
 - ☐ 4–10
 - ☐ More than 10

Section 2: Customer Experience Dimensions

Please indicate your level of agreement with the following statements using the scale:

1 = Strongly Disagree | 2 = Disagree | 3 = Neutral | 4 = Agree | 5 = Strongly Agree

A. Service Quality

Statement	1	2	3	4	5
Our staff are polite and respectful to customers	☐	☐	☐	☐	☐
Our employees respond quickly to customer needs or complaints	☐	☐	☐	☐	☐
We provide accurate information about products and services	☐	☐	☐	☐	☐

B. Store Atmosphere

Statement	1	2	3	4	5
The store is clean, well-lit, and well-organized	☐	☐	☐	☐	☐
The physical layout makes it easy for customers to shop comfortably	☐	☐	☐	☐	☐
Customers enjoy spending time in our store	☐	☐	☐	☐	☐

C. Product Availability

Statement	1	2	3	4	5
We regularly stock the products our customers ask for	☐	☐	☐	☐	☐
Customers rarely complain about out-of-stock items	☐	☐	☐	☐	☐
We monitor demand to ensure popular products are available	☐	☐	☐	☐	☐

D. Customer Engagement

Statement	1	2	3	4	5
We engage with our customers via social media or messaging apps	☐	☐	☐	☐	☐
We provide loyalty programs, discounts, or incentives	☐	☐	☐	☐	☐
We listen to and apply customer feedback to improve our services	☐	☐	☐	☐	☐

E. Complaint Resolution

Statement	1	2	3	4	5
We handle customer complaints promptly and fairly	☐	☐	☐	☐	☐
We follow up with customers after resolving complaints	☐	☐	☐	☐	☐
Our complaint-handling process builds customer trust	☐	☐	☐	☐	☐

Section 3: Business Growth Indicators

Please indicate your level of agreement with the following statements:

Statement	1	2	3	4	5
Our revenue has grown consistently over the past 1–2 years	☐	☐	☐	☐	☐
We have seen an increase in repeat customers	☐	☐	☐	☐	☐
Our customer satisfaction levels have improved	☐	☐	☐	☐	☐
We receive positive reviews or word-of-mouth referrals	☐	☐	☐	☐	☐
We plan to expand or improve services based on customer feedback	☐	☐	☐	☐	☐

Section 4: Optional Open-Ended Question

Please share any additional comments about how customer experience affects your business success:

Summary/Abstract

The present paper focuses on how customer experience (CX) influences business development with references to Small Scale retail enterprises in Saudi Arabia. Illuminating the frameworks of the Service-Profit Chain and Customer Experience Management (CEM), the study seeks to determine how particular CX aspects, including service quality, the store ambiance, the presence of the product, the involvement of the customer, and the resolution of complaints, add to the most critical growth metrics, which are customer satisfaction, repeated visitations, and revenue development. This study utilized the mixed-method approach and data that represented 120 retail businesses in urban, suburban, and rural areas by using descriptive analysis, correlation test, and regression analysis. Findings indicate that customer involvement, address of customer complaints and availability of products have measurably significant effect on the growth of a business, whereas product quality and store ambiance did not have a major effect. Such findings are highly strategic in underlining the competitiveness and survival capacity of small retailers in Saudi Arabia through responsive, value-driven customer experiences. The paper provides practical suggestions and establishes a base on subsequent empirical work on experience-based business development in emerging economies.

Keywords: Customer experience, business growth, small-scale retail, Saudi Arabia, customer engagement, service quality, Vision 2030



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