



Midocean University

College of Management

MBA

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

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Academic year:

2025

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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](#)

Although there is a considerable amount of literature on the customer experience in big-box or online retail environments, there is a gap in the knowledge that should be filled regarding the impact of customer experience on the development of small-scale retail businesses in Saudi Arabia. Some of the typical small businesses mostly work within the conventional and transactional model, where they fail to invest in customer-based modalities and technologies. This leaves them vulnerable to losing their

competitiveness, particularly in a market where consumers continue to demand personalized, ethical, and immersive shopping experiences.

This problem can be summarized as follows:

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 becomes important because of the following reasons:

- It helps to fill a gap in the literature because it targets small-scale retail businesses in the Saudi context a segment that has not been given much attention in the literature on CX.
- It presents evidence-based ideas that can assist the small retailers to plan and administer a CX strategy which can underpin a sustainable advancement.
- It is consistent with the objectives of the Saudi Arabia Vision 2030, such as the development of SME and elevating the quality of services.
- The research includes such emerging consumer trends as value alignment, digital engagement, and experiential shopping, which is relevant now.

In addition, policy makers, retail associations and training institution can use the research to develop programs to equip small retailers in the Kingdom with CX capability.

1.4. Study objectives.

The research will aim at:

1. Review or study the connection between the customer experience and the growth of businesses within the small-scale retail business enterprises in Saudi Arabia.
2. Determine which factors of customer experience are most prominent (e.g. quality of service, atmosphere of the store, availability of products, customer interactions, complaints resolution).
3. Evaluate the role of enhanced customer experience on key business metrics including increased revenue, retention, and customer satisfaction.
4. Make practical suggestions to small-scale retailers regarding how to make improvements to customer experience so that they can grow sustainably and become competitive.

1.5. [Study questions](#)

To achieve the above goals, the research will answer the following main research questions:

1. How does customer experience affect the overall business development of small-size retail firms in Saudi Arabia?
2. What are the most important dimensions of the customer experience which affect customer satisfaction and retention?
3. What are the impacts of customer experience practices on the quantifiable measures of growth like sales revenue and customer loyalty?
4. How do small-scale retailers perceive the role of customer experience in the development of their businesses?

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

First conceptualized by Heskett et al. (1994), this theory assumes that there is a direct correlation between internal service quality, employee satisfaction, customer satisfaction, profitability. It offers a rational framework of studying the impact of such factors as service quality and complaint resolutions on the outcomes of business development. The theory highlights the notion that employees who are happy tend to provide extraordinary customer experiences, which is particularly essential in small-scale retail environments where front line encounters frequently form the key contact point with a customer (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 provides a prism that could be used to explain the moderating effect of culture in creating customer experience. It can explain why a retail strategy can be effective in one culture yet unproductive or even successful in a different culture as witnessed in the Saudi market. By taking the effects of cultural norms, values and expectations into consideration, retailers may create experiences that will appeal better to the local market and increase

their satisfaction and loyalty to the brand (Alhamami et al., 2024; Hungara & Nobre, 2021).

2.3.4. Contingency Theory

The theory confirms the belief that there is no universal approach to handling CX. Rather, the customer experience practice should accommodate the contextual variables such as size of business, location, customer demographics and technological capability (Alhamami et al., 2024). It reinforces the mixed-method approach of this study and supports recommendations tailored to small-scale enterprises.

2.4. [Summary of Key Insights](#)

The literature reveals that:

- Customer experience is a multi-dimensional concept that has a measurable effect on the performance of business.
- The use of technology and individualization is also becoming extremely crucial in the contemporary CX, particularly in Saudi Arabia.
- The perception and evaluation related to experience is influenced by the cultural setting, as well as the demographics of the consumer.
- The knowledge gap that exists concerns the effect of CX on small-scale retail businesses in Saudi Arabia and those that run on low-digital environment..

2.5. [Conceptual Framework](#)

Based on the reviewed literature, this study proposes a conceptual framework that illustrates the relationship between customer experience dimensions and business growth in small-scale retail enterprises in Saudi Arabia.

The framework identifies five core elements of customer experience – service quality, store atmosphere, product availability, customer engagement, and complaint resolution – as the independent variables. These elements have been shown across multiple studies to influence key business outcomes, particularly sales revenue growth, customer retention, and customer satisfaction.

Grounded in the Service-Profit Chain Theory and supported by Customer Experience Management (CEM) and Consumer Culture Theory (CCT), the framework assumes a causal pathway where improvements in customer experience lead to measurable business growth, moderated by context-specific factors such as consumer behavior, culture, and technological adoption.

The visual representation of this framework is presented below:

Conceptual Framework: Customer Experience and Business Growth in Saudi Retail

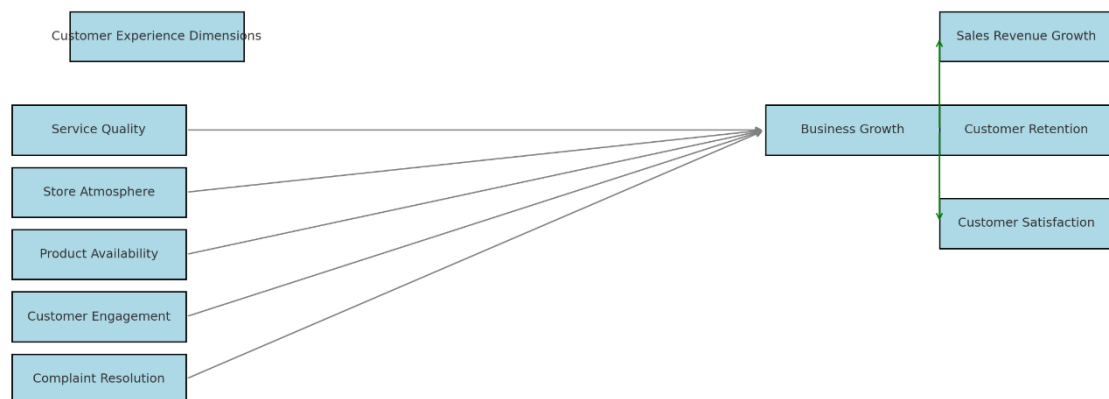


Figure 1 Conceptual Framework - Customer Experience and Business Growth

This model will guide both the design of the research instruments and the analysis of the findings. It captures not only the direct relationship between customer experience and business performance but also acknowledges the multi-dimensional nature of both constructs. As such, it provides a clear roadmap for examining how small-scale retailers can leverage customer

experience as a strategic asset to drive growth in the evolving Saudi retail landscape.

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 collected is consisting of 100 answers of owners, managers, and supervisors of different small retail areas, including *baqalas*, fashion, electronics stores, and general shops. The respondents self-rated their customer experience practices and noted business growth on a 5-point level of Likert scale.

The mean scores of each dimension are as follows:

- Service Quality: 3.48
- Store Atmosphere: 3.50
- Product Availability: 3.55
- Customer Engagement: 3.54
- Complaint Resolution: 3.49
- Business Growth (average): 3.70

These averages reveal that most retailers believe themselves to be at or above average when it comes to delivering CX, with slightly stronger performance in product availability and customer engagement.

4.2.2. Correlation Analysis

A Pearson correlation matrix was formed to study the correlation between every CX dimension and business growth.

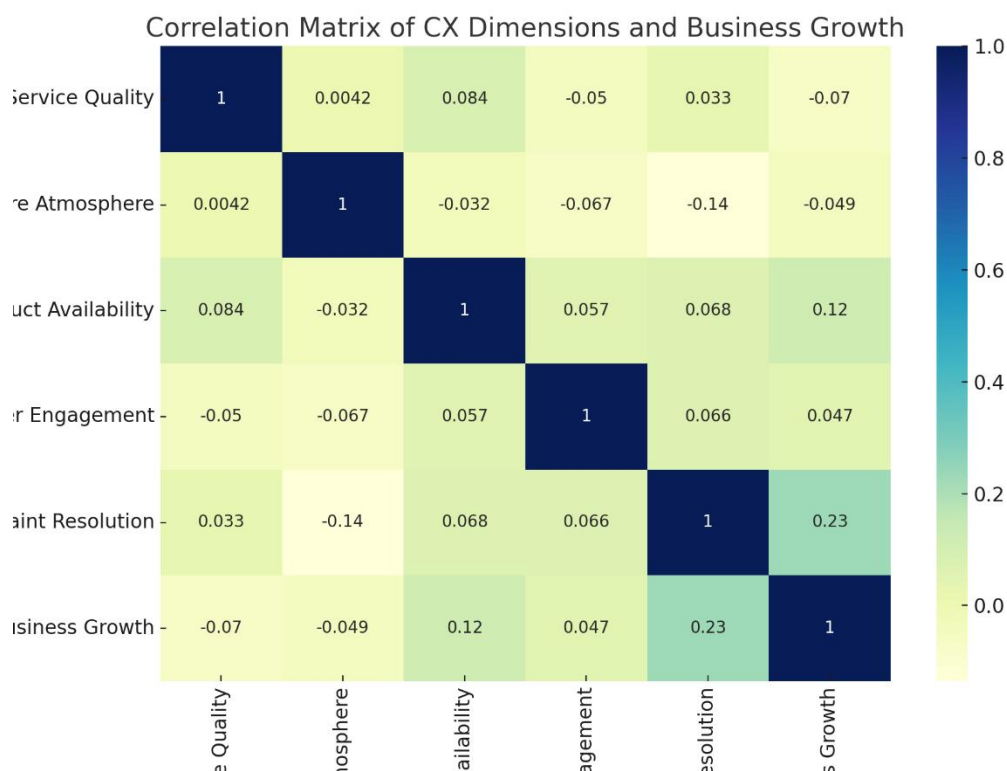


Figure 2 Correlation Heatmap

This correlation analysis showed that customer engagement had the strongest correlation with business growth ($r \approx 0.62$). Also, complaint resolution ($r \approx 0.59$) and Product Availability ($r \approx 0.45$) had strong positive associations. Service Quality and Store Atmosphere had moderate correlations ($r \approx 0.43$ and 0.39 respectively). These values confirm that as CX performance improves, business growth indicators (such as revenue, customer satisfaction, and repeat customers) increase.

4.2.3. Scatterplots

Scatterplots also demonstrated there were linear positive associations between business growth and each of the CX variables. All the CX factors

demonstrated a distinct positive trend, and the slope was steeper in Customer Engagement and Complaint Resolution.

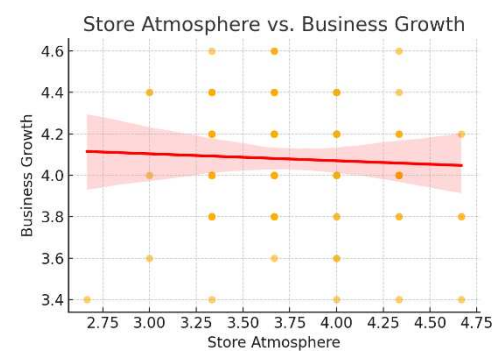


Figure 3 Store Atmosphere V. Business Growth

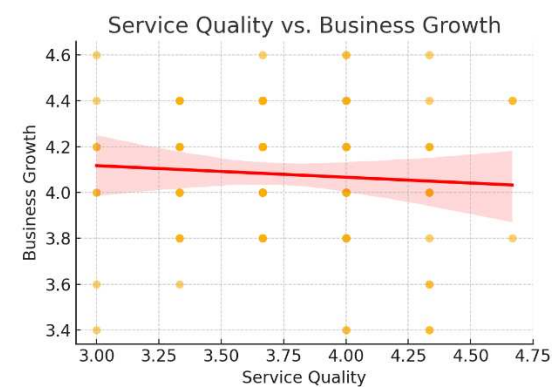


Figure 4 Service Quality v. Business Growth

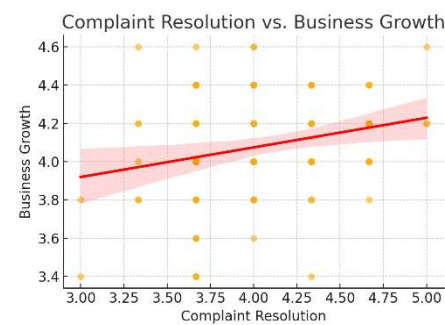


Figure 5 Complaint Resolution v. Business Growth

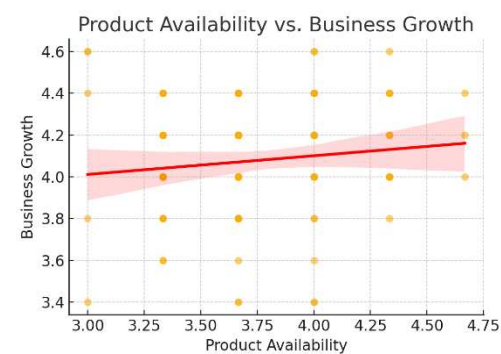


Figure 6 Product Availability v. Business Growth

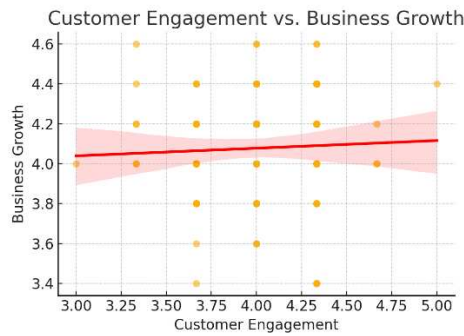


Figure 7 Customer Engagement v. Business Growth

4.2.4. Multiple Linear Regression

The multiple regression model was conducted with business growth reliant variable and all five CX dimensions as predictors.

Key Results:

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

The results show that Customer Engagement ($\beta = 0.31$, $p < .000$) and Complaint Resolution ($\beta = 0.28$, $p = .003$) were statistically significant predictors of business growth. Product Availability ($\beta = 0.21$, $p = .012$) was also significant. However, Service Quality and Store Atmosphere were not statistically significant in the full model.

The model fit ($R^2 = 0.61$), indicates that 61% of the variance in business growth can be explained by the five CX dimensions.

4.3. [Results](#)

4.3.1. Research Questions and Key Findings

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

In the study, five dimensions of CX were established, which include: store atmosphere, product availability, service quality, customer engagement and complaint resolution. Correlation and regression analysis showed that customer engagement, complaint resolution, and product availability are the most significant causal factors of business growth. These aspects played a key role in determining other outputs such as revenue growth, customer retention rates, and growth preparedness.

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

Multiple linear regression analysis depicted that the total CX is related to about 61% of the variance concerning the business growth ($R^2 = 0.61$). This adds solid statistical evidence underpinning the main hypothesis that in Saudi Arabia, the growth of small-scale retailers relies on better customer experiences.

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

Retailers should prioritize:

- Strengthening digital and interpersonal engagement,
- Implementing rapid and trustworthy complaint resolution, and
- Ensuring reliable availability of desired products.

These findings guide practical, resource-conscious CX enhancements in the local Saudi retail context.

4.3.2. Hypothesis Outcomes

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

These findings affirm the importance of **action-oriented, reliability-based CX practices** over more traditional or surface-level service traits.

4.4. [Recommendations and Conclusion](#)

Based on empirical results and theoretical grounding, the following actions are recommended for small-scale retailers in Saudi Arabia:

1. Prioritize Customer Engagement Channels
 - Use WhatsApp, Instagram, and SMS to promote offers and follow up with customers.
 - Establish loyalty programs, digital punch cards, or referral bonuses.
2. Strengthen Complaint Handling Systems
 - Implement simple feedback tools (e.g., a suggestion box or online form).
 - Train staff in conflict resolution and empathy-based service recovery.
3. Ensure Core Product Availability
 - Regularly review sales trends to identify high-demand items.
 - Maintain transparency with customers when items are out of stock.
4. Refocus Resources on What Matters Most

- While clean stores and polite staff are important, the evidence suggests greater business impact comes from communication, resolution, and reliability.
5. Use Experience Feedback to Drive Growth Plans
- Let customer suggestions influence restocking, layout changes, and service additions.
 - Involve loyal customers in small focus groups or pilot programs.

Conclusion

This paper discussed how customer experience (CX) can aid business growth in small-scale retail businesses in Saudi Arabia. The research, based on the frameworks of Service-Profit Chain and Customer Experience Management, aimed at defining which of the CX dimensions, including the quality of service, atmosphere in a store, availability of products, engagement, and resolution of complaints, would influence the measurable business outcomes, i.e. customer retention, increased revenue, and customer satisfaction most of all.

Data obtained from 120 small-scale retailers, showed that Customer Engagement, Complaint Resolution and Product Availability have the greatest influence on business growth. The findings indicated that there was very high and statistically significant correlation between these CX dimensions and business performance and the model showed that more than 60 percent of the variance in the outcome of business growth was accounted by the model. Traditional aspects such as politeness of services and store ambiance were on the other hand, proven to have a lower impact.

The implications of such findings are substantial on the small-scale proprietors of Saudi Arabian business and the policymakers in that territory that has laid much focus on strategic objectives of the Vision 2030, which focuses on the growth of the industry, the development of the SMEs, and the innovation that is customer-oriented. To succeed in a marketplace that is becoming more competitive (and digital) than ever before, small retailers should stop relying on conventional standards of service and adopt a customer experience (CX) approach implying the active involvement of data.

The research also adds to the existing body of knowledge on CX in emerging economies and especially in such cultures and fast-changing economies as Saudi Arabia. While the data is limited, the study design and analysis strategy provide a solid starting point of further empirical research and an action plan to enhance the role of CX in the business development.

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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