


# The Relationship Between Social CRM Adoption and Competitive Advantage: A Study During the COVID-19 Outbreak

Omar A. Alghamdi, Najran University, Saudi Arabia\*

 <https://orcid.org/0000-0002-3765-8485>

## ABSTRACT

In today's world of global competition, every business must be able to maintain a competitive advantage in both goods and services. Because of the rapid spread of COVID-19 beginning in the year 2020, small and medium-sized enterprises or SMEs have attempted to improve the flow of communication with their customers using social customer relationship management. There is a lack of knowledge about how social CRM can be effective for SMEs during the COVID-19 outbreak to increase customer focus, despite the growing interest in the adoption of social media by corporations. Much less is known about the factors that impact SME decisions to adopt social CRM and the impact that these factors have on competitive advantage in the event of the COVID-19 outbreak. Accordingly, the authors aim to conduct an empirical investigation into the role that social media can play, which has a significant impact on the management of customer relationships in SMEs.

## KEYWORDS

Competitive Advantage, COVID-19 Outbreak, PLS-SEM, Social CRM

## INTRODUCTION

The exponential rise in social media uses calls into question the efficacy of conventional customer relationship management (CRM) methods (Woodcock et al., 2011). The term "social CRM" (SCRM) refers to the operations that are integrated with those that are directed toward the customer with emerging social media technologies in order to strengthen existing customer relationships and encourage customers to participate in collaborative conversations (Trainor et al., 2014). SCRM strategy refers to a new type of CRM that is made possible using social media technologies and that offers a new way of managing customer relationships (Ahani et al., 2017b; Al-Omouh et al., 2021; Choudhury & Harrigan, 2014; Harrigan et al., 2020). Utilizing CRM in conjunction with social media can provide companies in any industry with financial benefits. Customer insight and engagement are at the heart of the benefits of this technology, and they are not peripheral to the process of driving business performance; rather, they

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\*Corresponding Author

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are fundamental. The financial benefits are applicable throughout the customer life cycle, including customer retention, the creation of value, customer acquisition, and the management of cost to serve. In addition to this, SCRM has the ability to deliver insight, which can contribute to the development of excellent customer-driven innovation. SCRM is the process of combining all of the consumer data points, technology touchpoints, and content distribution touchpoints into a single place. It is a full-funnel solution that enables marketers to measure their engagements with clients at each and every step of the purchase experience, whether the step takes place online or offline.

Globalization on the rise and fast digitization across all sectors have contributed to an increase in the intensity of international competitiveness. In addition, the introduction of novel innovations has presented small and medium-sized enterprises (SMEs) with a number of new obstacles as well as opportunities. Applications for social media have recently drawn the interest of SMEs as a means to increase their audience reach, strengthen their interaction with potential customers, and keep their present clients. However, there has been a relatively limited amount of attention paid to fully comprehending how SMEs in developing nations are adopting social media.

The rapid spread of COVID-19 beginning in the year 2020 has caused the majority of society to be forced to work from home, keep their social distance, and live in isolation from one another as a result of the circumstance. Consequently, SMEs that have been impacted by COVID-19 are making an effort to move away from their current CRM in order to improve the flow of communication with their customers. These enterprises are turning to social media, the most effective marketing tool available today, in order to investigate the possibility of adopting SCRM.

In today's world of global competition, every business must be able to maintain a competitive advantage in both goods and services. A true competitive advantage refers to a company's ability to meet the needs of its customers better than its competitors. There is a lack of knowledge about how SCRM can be effective for SMEs during the COVID-19 outbreak to increase customer focus, despite corporations' growing interest in the adoption of social media. Much less is known about the factors that impact SMEs' decision to adopt SCRM and the impact that these factors have on competitive advantage in the event of COVID-19 outbreak. In light of the research gap that the author mentioned earlier, in this study the author aimed to conduct an empirical investigation into the role that social media can play in the management of customer relationships in SMEs. In addition, the author investigated the factors that drive the adoption of SCRM and the influence that SCRM has on competitive advantage. Overall, the main objectives of this research were as follows:

1. To identify relevant factors that influence the adoption of SCRM in the COVID-19 outbreak.
2. To develop a new model that incorporates the important factors from the technology-organization-environment (TOE) framework for the adoption of SCRM in the COVID-19 outbreak.

## **SOCIAL CUSTOMER RELATIONSHIP MANAGEMENT**

The capacity of a company to rapidly sense and respond to the ever-changing requirements of its clientele has evolved into an essential business capability (Hajli et al., 2020; Li et al., 2018). The most important aspects of being an entrepreneur are not only coming up with innovative goods or services before the competition, but also guiding a company's investigation into the ever-shifting requirements and anticipations of its clients. In the 1990s, the concept of CRM began to emerge in the business world; it quickly became a legitimate field of study and drew the attention of business leaders and researchers around the world. Everything about CRM stems from the need to create an entirely new business environment that allows to manage customer relationships much more effectively (Saura et al., 2021). According to Gillies et al. (2002), a rise of just 5% in the rate of customer retention can boost lifetime customer profits by an average of 50% across a variety of business sectors, and by as much as 90% in specific business sectors such as insurance. Companies that have a firm grasp on how to manage their customer relationships typically have the most successful CRM programs (Gillies et al., 2002).

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