

The Impact of the Social Customer Relationship Management (SCRM) System on Customer Engagement in the Fast Food Industry in Sri Lanka

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Abstract: Although Customer Relationship Management is an existing and well-known concept, Social Customer Relationship Management is a newly emerged concept that has been identified with social media. In existing literature, the significance of the Social Customer Relationship Management has been explained. In global and Sri Lankan context, there is a dearth of studies that explain the impact of the social customer relationship management (SCRM) / CRM 2.0 on customer engagement in fast-food industry. To fill this gap, this study is carried out to examine the impact of the social customer relationship management (SCRM) / CRM 2.0 on customer engagement in fast-food industry in Sri Lanka with special reference to the Colombo District in the Western province. The objectives of this study are to analyze the impact of social customer relationship management (SCRM) on customer engagement of fast-food industry in Sri Lanka; to suggest the ways of increasing the customer engagement of the fast-food industry in Sri Lanka. Initially 150 questionnaires were distributed to gather data from respondents. This study was carried out as a quantitative research, and the Statistical Package for Social Sciences (SPSS) version 21 was used to analyze the data. The research model was checked using Reliability analysis, Descriptive analysis, and Correlation and Regression analysis. Results of the study revealed that there is a significant relationship between social customer relationship management and customer engagement. The main limitation is that the sample is collected from a limited

section of the society. Human phenomena changed occasionally due to many reasons.

Keywords: Social Customer Relationship Management, Customer knowledge, Social customer usage, Customer engagement, Fast food industry

Introduction

With the concepts of globalization and the urbanization, people food habits and the life styles had been changed. They have shifted from the traditional and healthy meal styles to fast foods. Fast food can be defined as the most emerging food item in the world (Xiao, Yang and Iqbal, 2017). Fast food industry players need to maintain a better relationship with its target customers. The reason is there are quite similarities in between the products and the prices. The major target should be to attract new customers and maintain the customer base. Therefore, the different applications relationship management (CRM) play a crucial role towards the success of the fast-food industry (Zailani, Omar and Kopong, 2011).

Both local and foreign franchises companies in Sri Lanka to conduct the businesses (Sivarajah, Irani and Weerakkody, 2015). After the end of the civil war in Sri Lanka 2009, more market opportunities were opened. It is as an important market for most of the international and the domestic businesses. During last ten years there was an increment of the numbers of casual dining restaurants (CDR), fine dining, and quick service restaurant (QSR) outlets in Sri Lanka.

Different forms of fast-food companies are in Sri Lanka. Some of them are franchises, retail shops, super markets, restaurants and hotels. In the past time few people only considered about their food habits. After realizing that the fast food will be caused for non-communicable diseases some of the people moved and changed their food habits. Still it is available there in the Sri Lanka community because of the food preferences, busy life styles and taste (Weerasekara, Withanachchi, Ginigaddara and Ploeger, 2018). The coverage of the study will cover the Sri Lankan fast food context. Apart from selecting all the other provinces, Western province is selected.

Because of the today's business world competition, cost, customers, information will be considered as an important factor. Because of the cost of the businesses, with the help of the internet and the social media vendors try to use Social Customer Relationship Management. It will be sophisticated for the vendors to access for more information with less cost. For the success and the retention of the business, Social Customer Relationship Strategy is essential with the applicable techniques. Not only one department but the whole organization should be responsible to maintain and implement that (Permsen, 2020).

Here are so many ways to manage the relationships with customers. Today most of the fast-food businesses use internet and the social media to interact with the customers. Some of the authors noted that consumer engagement is an elusive construct, and that researchers and marketers needed to better define, conceptualize, and operationalize this measure of relationship strength (Schultz and Peltier, 2013). By using the internet and the social media usage the vendors of fast-food industries can interact with many more customers, can use attractive images, videos, sound clips, fonts etc. Instantly customers can see all the information of food items,

outlets, vendors, places etc. Vendors of fast-food industry can use both internet and the social media as a tool for customer engagement and as a promotional tool. This study investigates how the Social customer relationship management (SCRM) will effect on the customer engagement of fast food industry in Sri Lanka. It analyzes the ways that the internet and the social media usage will effect on the customer engagement of Social customer relationship management (CRM) in fast food industry in Sri Lanka.

A. *Research objectives*

To analyze the impact of social customer relationship management (SCRM) on customer engagement of fast-food industry in Sri Lanka.

To suggest the ways of increasing the customer engagement of fast-food industry in Sri Lanka.

B. *Research question*

This study investigates how the Social customer relationship management (SCRM) effects on the customer engagement of fast-food industry in Sri Lanka.

C. *Scope of the study*

For this study Western province, Colombo district is considered. The nature of the fast-food industry is the reason for this selection. 150 randomly selected samples checked through a questionnaire. Statistical Package for Social Science 23.0 version is used to analyze the data.

Literature Review

A. *Social Customer Relationship Management*

For an organization, Social customer relationship management is an essential element to manage and facilitate the customer related performance. Social customer relationship management is the organization capability to efficiently

integrate and convert the social media marketing into acceptable customer relationships outcome (Kim and Wang, 2018). Social customer relationship management effects positively on customer linking capability with the brand and it is resulting for high performance of customers. It will directly lead for high level of financial performance of the business (Diffley, McCole and Carvajal-Trujillo, 2018). For a business or for a brand customer loyalty is a vital for its future growth (Aldaihani and Ali, 2018). One of the studies found that Social customer relationship management positively effects on fast food restaurants but the customer engagement through the social networking sites and the preferences may be varied (Li, Kim and Choi, 2019). Social customer relationship management effects on the customer engagement. Social customer relationship management compiled with two main factors known as Social media usage and Customer knowledge.

B. Customer knowledge

Through the social media customer knowledge can be gathered and it is a valuable asset for the organization (He et al., 2019). Most of the organizations manage customer knowledge in a proper way because it will lead to build up a value network (Bagheri, Kusters and Trienekens, 2019).

C. Customer Engagement

The intensity of customer participation and the relationship the organizational activities and its performance initiated by either the customer's party or the organization's party (Vivek, Beatty and Morgan, 2012). Normally the variations of the customer experience effects on the with customer satisfaction and the emotional attachment, then it will be an impact for the customer engagement. Customers do engage with their preferred fast- food brand/s once the value is sufficient that they expect (Itani, Kassar and Loureiro,

2019). Customer engagement influences on word of mouth and brand loyalty.

D. Fast food industry

Within the global scenario fast food consumption has become a new trend. Because of the globalization and the busy schedules people have converted and changed their food consumption patterns. Fast food industry is the most emerging food category in the world (Dewnarain, Ramkissoon and Mavondo, 2018). In Sri Lanka, majority from the young generation around 54% consume fast foods and from the total amount of monthly income 37.8% amount spend on the food items (Mishra, Casual Dining and QSR Sector Grows in Sri Lanka, 2016). Most of the Sri Lankans try to get Roti, Rolls, Patties, Pastries, Wade, Cutlets as the fast- food items. Because of the fast -food industry, the traditional Sri Lankan food behaviors transform towards another destination (Weerasekara et al., 2018).

Methodology and Experimental Design

The goal of this study is to analyze the ways of improving Social Customer Relationship Management (SCRM) and study how it will effect on the engagement of customers in fast food industry in Sri Lanka as a quantitative research. For the data collection tool Likert Scale questionnaires were distributed. It contains overall 17 questions. Some of the questions evaluate the effect of customer engagement and some of the questions evaluate the Social Customer Relationship Management. Some of the questions measure the demographic variables of the customers of fast- food industry in Sri Lanka.

The population of the study, it is hard to define since each and every person consume at least one type of fast- food item. Therefore, for the convenience, convenience sampling method used as a non- probability sampling technique. The sample of the study is based on 150 respondents (Customers) and the results were analyzed using the IBM

Statistical Package for Social Sciences (SPSS) 21 version.

For this study, a conceptual model is used to test the hypothesis and it captures the generic knowledge from different sources and support for the complex situations (Farsari, 2012). The major purpose of the conceptual framework is to blend the relevant knowledge from different sources and show how the implementation can be done to the Social customer relationship management in the fast-food industry in Sri Lanka. After analyzing lot of key theories and literature reviews this model is developed by the author by considering some of the affected areas. According to this conceptual model, only two variables are there. Social customer relationship management (SCRM) is the independent variable and it effects on the customer engagement which is our dependent variable. Customer engagement can lead for many outcomes such as brand loyalty, trust, satisfaction, word of mouth, commitment etc. This model is developed by the researcher with the help of model described in the study of (Dewnarain, Ramkissoon and Mavondo, 2018)

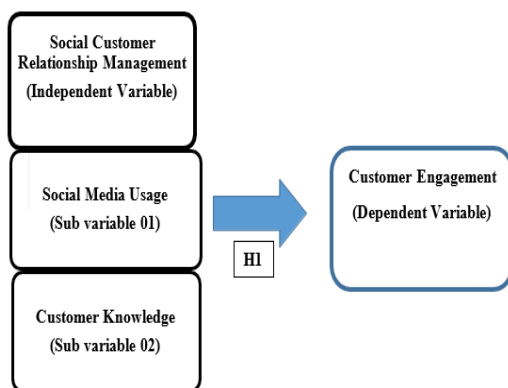


Figure 01-Conceptual model- Developed by the author

The hypothesis of this study would be,

H1- There is a significance relationship between Social customer relationship management (SCRM) and the Customer Engagement in the fast- food industry in Sri Lanka.

Results

Within this, researcher discussed about the internal consistency and the reliability of the variables before it is operationalized using the Cronbach's Alpha method. Results are given by the table 4.1.

A. Internal Consistency of the items

Table 4.1 Reliability Analysis

| Variables | Cronbach's Alpha | No of items |
|---------------------|------------------|-------------|
| Social media usage | 0.746 | 5 |
| Customer Knowledge | 0.700 | 5 |
| Customer Engagement | 0.704 | 4 |

According to this reliability analysis all the Cronbach's values are more than 0.6. That is mean there is an internal consistency between the variables. The researcher used Likert scale questions to measure that.

B. Level of Social customer relationship management and Customer Engagement

Researcher analyzed the responses of the study with related to the Social customer relationship management and Customer Engagement by using Descriptive statistics. Mean, Standard deviation, Coefficient of Skewness have been used. Results are included in Table 4.2.

According to the descriptive statistics, all the mean values variables are in between strongly agreed and neutral level. This mean all the responses are in a moderate level. Highest deviation is there in 0.7 in customer knowledge. It means Customer knowledge has comparatively higher variance. Minimum variance is there in customer engagement and the value of standard deviation is 0.4. All the coefficient of Skewness is there in between +1 and -1. This says data are normally distributed. Absolute values of kurtosis are lesser than the three times of

Standard Error of Kurtosis. It shows again that the data are normally distributed. Therefore, parametric techniques can be applied for the study.

Table 4.2 Descriptive statistics

| | Social Media Usage | Customer Knowledge | Customer Engagement |
|------------------------|--------------------|--------------------|---------------------|
| N Valid | 150 | 150 | 150 |
| Missing | 0 | 0 | 0 |
| Mean | 2.41 | 3.13 | 1.5833 |
| Std. Deviation | .653 | .732 | .48177 |
| Skewness | -.294 | .004 | 0.227 |
| Std. Error of Skewness | .198 | .198 | .198 |
| Kurtosis | 1.276 | -1.497 | .545 |
| Std. Error of Kurtosis | .394 | .394 | .394 |

C. Relationship between Social Customer Relationship and Customer Engagement

Relationship between the Social customer relationship management and Customer Engagement has been analyzed by using the Pearson Correlation analysis. This is a bi-variate and parametric technique. Individually the Individually the association between the variables has been determined. Results are shown in the table 4.3.

Table 4.3 Relationship between Social Customer Relationship and Customer Engagement

| | Customer Engagement |
|--|---------------------|
| <u>Social Media Usage</u> Pearson Correlation | .775** |
| Sig. (2-tailed) | .000 |
| N | 150 |
| <u>Customer Knowledge</u> Pearson Correlation | .692** |
| Sig. (2-tailed) | .000 |
| N | 150 |
| <u>Customer Engagement</u> Pearson Correlation | 1 |
| Sig. (2-tailed) | |
| N | 150 |

According to the correlation analysis, all the probabilities are highly significant between the customer engagement as dependent variable and the Social customer relationship management independent variables. All the correlation values are positive. All the values are close to 0.7. It means Social Media Usage and Customer Knowledge have a strong association with the customer engagement.

D. Factors influence on Customer engagement

Effect of individual factors on customer engagement has been realized using regression model. Researcher applied Classical Linear model to test this. Model summary is given below.

Model Summary

Table 4.4 Model summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | .798 ^a | .637 | .632 | .29207 | 1.715 |

Effect of individual factors on customer engagement has been realized using regression model. Researcher applied Classical Linear model to test this. Model summary is given below.

The multiple correlation is 0.798 and it says there is a strong association between the independent variables and the dependent variables. R square value is 0.637 and it mean 63% of the customer engagement of fast food industry covered by this model. Since the value is more than 60%, the model is nicely fitted with the theory. Adjusted R Square indicates again 63% of the dependent variable is covered by the model. Durbin Watson value is 1.715 means it is there in between 1.5 and 2.5. Therefore, independent residuals are there and the model is accepted.

Table 4.5 Regression ANOVA

| ANOVA ^a | | | | | | |
|--------------------|------------|----------------|-----|-------------|---------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 22.043 | 2 | 11.022 | 129.203 | .000 ^b |
| | Residual | 12.540 | 147 | .085 | | |
| | Total | 34.583 | 149 | | | |

Probability of F statistics of the regression ANOVA is highly significant as the P value is 0.000. This means that the model is jointly significant. All the independent factors jointly influence on customer engagement.

Table 4.6 Individual Effect Coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|--------------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | | | |
| Constant | - | .107 | | -.116 | .908 |
| Social Media Usage | .012 | .053 | .575 | 8.020 | .000 |
| Customer Knowledge | .183 | .047 | .277 | 3.871 | .000 |

Probabilities of Social Media Usage and the Customer Knowledge are highly significant with positive beta values. Their probabilities are less than 0.01. This says that they significantly influence positively on Customer Engagement of fast food industry.

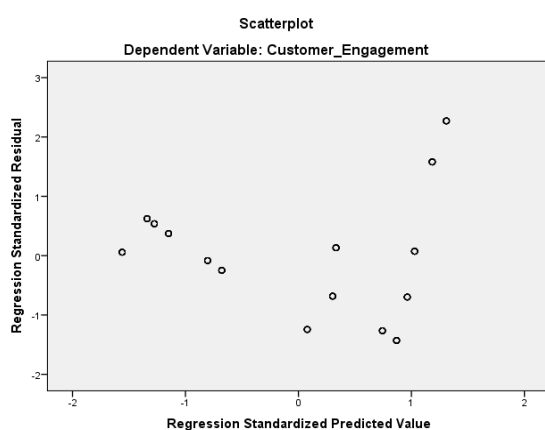


Figure 02- Residuals Behavior

In the scatter plot standardized residuals are plotted against standardized predicted values. Residuals are distributed without having any systematic pattern as the residuals do not have the funnel shape. This

is representing that variance of residuals are constant and no heteroscedasticity problem.

Discussion and Conclusion

According to the study there is a positive impact of social customer relationship management on customer engagement of Fast food industry in Sri Lanka. The model that has developed through the study was nicely fitted. There are sub variables of the independent variable “Social Customer Relationship Management” and those are social media usage and the customer knowledge while having only one dependent variable “customer engagement”. Today like a trend most of the people use social media. Vendors are there to convert the behavior of customers into effective sales.

Vendors and the businesses can use social customer relationship management as a new aspect of customer relationship marketing. It is a new method of building the long-term relationship with customers with less cost. There is no any scope of selecting customers.

Throughout this model it implies social customer relationship management has a great effect on customer engagement and for the fast food industry players can use it with a less cost. Since the competitors are there in the industry, easily customers can move from one competitor to another one. People social habits are changed due to the vital increment of the technology and cultural driven aspects have been neglected (Jiabao Lina, March 2019). For the firms, maintain a last long client relationship is quite a critical factor (Nima Heiratia, January 2019). Therefore, vendors need to adapt with the newest technology and it will tend to increase more sales. All the hypotheses are proved through the model.

For the convenience to carry on this study, convenience sampling method is applied. Because of this the results can be biased. Sample is limited to the 150 respondents for the easiness to conduct the study.

Occasionally it is difficult to understand the human phenomena. Since this is limited to a specific geographical boundary it covered a limited scope.

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