

The Influence of Social Media on Customer Decision-Making: A Case Study of the Real Estate Industry in Saudi Arabia

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Abstract

The research explores the use of social media in real estate marketing in Saudi Arabia, highlighting its potential benefits over traditional methods. Data was collected through questionnaires and interviews with marketing managers in major cities. Findings indicated that while social media use in the real estate sector is still limited, some international companies effectively leverage it to enhance customer relationships and manage feedback. The study concludes that integrating social media into real estate marketing strategies is essential for brand building and improving competitive opportunities.

Keywords: *Social Media, Customer Decision, SMM Strategies, Social Media Content and Social Media Platform.*

1. Introduction

This study investigates the impact of social media on customer decisions in the Saudi Arabian real estate sector, focusing on three main areas: Social Media Marketing (SMM) strategies, content, and platforms. It examines various SMM strategies such as targeted advertising and influencer collaborations to determine their effectiveness in engaging potential buyers and renters. The research also analyzes the types of content—like property listings and video tours—used by real estate companies, assessing their influence on customer perceptions. Additionally, it explores how different social media platforms, each with unique features, can be leveraged for marketing. Overall, the study aims to provide insights that can enhance marketing practices and customer engagement in the industry, contributing to a deeper understanding of social media's role in shaping consumer behavior in this market.

2. Literature Review

2.1 Exploring the Influence of Social Media on Customer Decisions in Saudi Arabia's Real Estate Sector: Strategies, Content, and Market Dynamics

This chapter's literature review explores the impact of social media on customer decisions in the Saudi Arabian real estate sector, focusing on three factors: Social Media Marketing (SMM) strategies, social media content, and social media platforms. It synthesizes findings from various studies that indicate effective SMM strategies and engaging content significantly influence consumer

behavior. Additionally, the choice of social media platform affects customer preferences, necessitating careful selection in marketing strategies.

The chapter also discusses Saudi Arabia's geographical significance, highlighting its strategic location in the Middle East and its economic dominance due to vast oil reserves. The capital, Riyadh, along with cities like Jeddah and Dammam, plays a crucial role in the nation's economic landscape.

In response to fluctuating oil revenues, Saudi Arabia is diversifying its economy, leading to a burgeoning real estate market that attracts both local and international investors. The Real Estate General Authority, established in 2017, oversees the sector, ensuring transparency and fairness in transactions.

The proposed research emphasizes collaboration with the Real Estate General Authority to conduct a comprehensive survey on housing preferences, affordability, service satisfaction, regulatory awareness, and future sector developments. This collaboration aims to provide valuable insights for improving policies and fostering sustainable growth in the real estate market.

2.2 Theories of Motivation and Job Satisfaction Expectancy Theory

Expectancy theory posits that individuals are motivated to act based on the belief that their actions will lead to desirable outcomes. In real estate, customers are more likely to engage with social media content if they perceive it will help them find their ideal property. Real estate businesses can enhance

engagement by aligning their Social Media Marketing (SMM) strategies with customer expectations, providing targeted content and reducing the effort needed to find information.

Social Influence Theory

Social influence theory emphasizes the role of social interactions and norms in shaping individual behavior. In real estate, customers often rely on recommendations and experiences shared on social media. Businesses can utilize social proof, testimonials, and influencer partnerships to build credibility and trust, ultimately guiding potential customers' decisions. Tailoring content to resonate with specific demographics can further leverage social influence.

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) suggests that customers are more likely to engage with technology when they find it useful and easy to use. In the context of social media for real estate, companies should ensure their platforms are user-friendly and informative. Providing comprehensive listings, virtual tours, and optimizing user experience can enhance perceived usefulness. Additionally, highlighting positive experiences can reduce perceived risks and increase customer confidence in using social media for real estate transactions.

Conclusion

These theories provide valuable insights for real estate businesses looking to enhance customer engagement and decision-making through effective social media strategies. By leveraging expectancy theory, social influence theory, and TAM, companies can create compelling content, utilize social proof, and optimize user experience to drive favorable outcomes.

2.3 Terms, Definition and the Research Topic

- **Social Media:** Refers to online platforms like Facebook, Twitter, Instagram, LinkedIn, and YouTube that facilitate the sharing and exchange of information. In Saudi Arabia's real estate sector, these platforms significantly influence consumer behavior and perceptions regarding property transactions.
- **Customer Decision:** This process involves evaluating options, gathering information, and making choices related to buying, selling, renting, or investing in properties. Social media, along with SMM strategies and content, plays a crucial role in shaping these decisions by providing information and influencing preferences.
- **SMM Strategies:** These are planned approaches that real estate businesses use to promote their offerings on social media. They include content creation, audience targeting, paid advertising,

and influencer partnerships, all aimed at engaging audiences and driving conversions.

- **Social Media Content:** Encompasses various materials (textual, visual, multimedia) shared by real estate companies to engage their audience. This includes property listings, virtual tours, blog posts, videos, and testimonials, which can effectively capture attention and influence purchasing decisions.
- **Social Media Platform:** Refers to online networks that enable content creation and interaction. Platforms like Facebook, Instagram, Twitter, LinkedIn, and others provide unique features for real estate businesses to reach target audiences, showcase properties, and generate traffic.

The research aims to analyze how these elements interact to understand the effectiveness of social media marketing in influencing customer behavior and decision-making in Saudi Arabia's real estate market.

2.4 The Recent Development

Recent developments in Saudi Arabia's real estate industry highlight the significant impact of social media on customer decisions. Real estate businesses are leveraging platforms to enhance brand visibility and drive sales, with studies by Basri (2020) and Shahball (2022) showing how AI-assisted social media marketing improves targeting and engagement with potential buyers.

Alharthi and Alhothali (2021) emphasize the strategic role of social media for small and medium enterprises (SMEs), detailing diverse SMM strategies such as content creation, influencer partnerships, and paid advertising to optimize customer engagement.

Research by Al Hamli and Sobaih (2023) underscores the importance of compelling social media content in shaping consumer behavior, as engaging visuals and informative articles can effectively capture audience attention and influence purchasing decisions.

Additionally, studies by Zhang et al. (2022) and Sutherland et al. (2020) reveal how platforms like Facebook and Instagram facilitate customer interactions and transactions, helping buyers make informed decisions.

By synthesizing these insights, real estate professionals can better navigate the evolving landscape of social media marketing in Saudi Arabia, utilizing innovative strategies and engaging content to influence customer perceptions and drive growth in a digital marketplace.

2.5 Recent Research in the Area

Recent research on the impact of social media on customer decisions in Saudi Arabia's real estate industry highlights several key factors influencing consumer behavior. Al Hamli and Sobaih (2023) emphasize the importance of social media content—such as engaging visuals and informative articles—in shaping perceptions and influencing decisions.

Studies by Zhang et al. (2022) and Sutherland et al. (2020) examine how various social media platforms function as virtual marketplaces, enabling buyers to explore listings, interact with agents, and gather information, thereby facilitating informed decision-making.

Additionally, Alharthi and Alhothali (2021) investigate the social media marketing (SMM) strategies used by real estate businesses, including content creation, influencer collaborations, and paid advertising, to enhance customer engagement.

Overall, these findings highlight the complex role of social media in influencing customer decisions. By understanding the interplay between SMM strategies, content, and platform dynamics, real estate businesses can tailor their marketing efforts to effectively engage their audience and drive growth in the digital landscape.

3. Research Methods

This chapter outlines the methodology employed in conducting the quantitative study on the effect of social media on real estate industry customer decisions in Saudi Arabia, with a focus on the three key factors: SMM strategies, social media content, and social media platform dynamics.

3.1. CONCEPTUAL MODEL

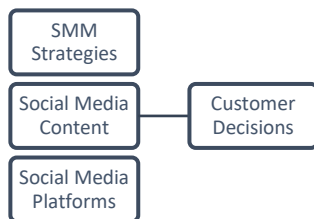


Figure 1: Conceptual Model

4. Result Findings and Discussion

The first segment of the instrument compiled information on background profile of the respondents which comprises of their Gender, Age, Level of Income, and Geographical locations. The characteristics of each demographic profile are described below

Table 1 Descriptive statistics

		Frequency	Percent
Gender	Male	206	52.3
	Female	188	47.7
Age	Below 30	38	9.6
	31-40	89	22.6
	41-50	116	29.4
	51-60	104	26.4
	61 and above	47	11.9
Income	4,999 SAR and below	78	19.8
	5,000 - 15,000 SAR	135	34.3
	15,001 - 30,000	127	32.2
	30,001 SAR and above	54	13.7
Geographical locations	Jazan Province	26	6.6
	Medina Province	51	12.9
	Al-Qassim Province	51	12.9
	Riyadh Province	62	15.7
	Mecca Province	56	14.2
	Eastern Province	46	11.7
	Najran Province	42	10.7
	Tabuk Province	41	10.4
	Ha'il Province	19	4.8
	Total	420	100.0

4.1 Validity and Goodness of Measures

The text discusses the application of factor analysis in research, particularly in the context of understanding underlying constructs in the real estate sector. It outlines the definitions and purposes of factor analysis, emphasizing its role in confirming the validity of measurement concepts, reducing the number of variables, and identifying the relationships among them. Two main types of factor analysis are highlighted: Exploratory Factor Analysis (EFA), used to uncover structures among variables, and Confirmatory Factor Analysis (CFA), which tests specific hypotheses about those structures. The study focuses on EFA to identify underlying dimensions of variables, utilizing methods such as principal components.

To assess the suitability of factor analysis, three statistical measures generated by IBM SPSS 29.0 are employed: the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, the Measure of Sampling Adequacy (MSA), and Bartlett's Test of Sphericity (BTS). The KMO value should exceed 0.5 for factor analysis to be appropriate, with higher values indicating better factorability. BTS should be significant ($p < .05$).

In the current study, MSA values for each variable are examined, with unacceptable values excluded. The overall MSA is then assessed before proceeding with factor analysis. Factors are extracted based on eigenvalues, and only those with eigenvalues greater than 1 are retained.

The KMO value for the research model is reported as 0.933, indicating excellent factorability, while the BTS value is significant, supporting the appropriateness of the analysis.

5. Summary of Hypotheses Testing

The researcher will use multiple regression analysis for hypothesis testing, which involves three key steps.

Coefficient of Determination (R²): This statistic measures the proportion of variance in the dependent variable (Customer Decision, CD) explained by the independent variables. An R² value above 50% indicates substantial explanatory power. In this study, the R² value for CD is 0.648, meaning 64.8% of the variance in customer decisions is explained by the model, which is considered strong. The model's significance is supported by an F-value of 238.828 ($p < 0.001$).

Regression Coefficients: The significance of the regression coefficients helps identify the factors included in the model.

Independence of Errors: The Durbin-Watson statistic assesses the independence of error terms. Values between 1.50 and 2.50 indicate no autocorrelation issues. The study's Durbin-Watson value falls within this acceptable range, confirming the assumption is not violated.

Table 2 Coefficient of determination (R²)

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.805 ^a	.648	.645	2.484	1.787

a. Predictors: (Constant), SMP, SMM, SMC
 b. Dependent Variable: CD

Table 3 ANOVA analysis

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4421.866	3	1473.955	238.828	<.001 ^b
	Residual	2406.929	417	6.172		
	Total	6828.794	419			

a. Dependent Variable: CD
 b. Predictors: (Constant), SMP, SMM, SMC

6. Conclusion

In conclusion, the study emphasizes the need for real estate companies in Saudi Arabia to strategically harness Social Media Marketing Strategies, create compelling Social Media Content, and choose the right Social Media Platforms to influence customer decisions effectively. By doing so, these companies can enhance their marketing efforts, attract more potential buyers, and ultimately drive sales in the competitive real estate market.

6.1 Implication

The study aims to identify factors influencing customer decision-making in Saudi Arabia's real estate industry, focusing on Social Media Marketing Strategies (SMM Strategies), Social Media Content, and Social Media Platforms. It employs Expectancy Theory, Social Influence Theory, and the Technology Acceptance Model (TAM) as foundational frameworks.

Key findings indicate significant relationships between these factors and customer decisions, supporting existing literature on social media's impact on consumer behavior. The study enriches theoretical understanding

by integrating the three theories within the context of the real estate sector.

Expectancy Theory: Demonstrates that effective SMM Strategies influence customer behavior by aligning with their expectations for outcomes.

Social Influence Theory: Highlights how engaging Social Media Content shapes customer perceptions and decisions, emphasizing the role of social networks in consumer behavior.

Technology Acceptance Model (TAM): Shows that the choice of Social Media Platforms impacts customer decisions through perceived ease of use and usefulness.

The research presents a comprehensive model that bridges gaps in current literature by addressing the unique dynamics of social media in Saudi Arabia's real estate market. This holistic approach offers a new perspective on applying these theories collectively, suggesting broader applicability in other industries and contexts.

In conclusion, the study significantly contributes to theoretical frameworks by merging these theories to investigate social media's impact on customer decisions, providing valuable insights for future research in digital marketing.

5.3 Theoretical Implication

This study aims to identify factors affecting customer decision-making in Saudi Arabia's real estate sector, focusing on Social Media Marketing Strategies (SMM Strategies), Social Media Content, and Social Media Platforms. It employs Expectancy Theory, Social Influence Theory, and the Technology Acceptance Model (TAM) to explore these relationships.

Key findings reveal significant connections between SMM Strategies, Social Media Content, Social Media Platforms, and Customer Decision, reinforcing existing literature on social media's role in consumer behavior.

Expectancy Theory: Demonstrates that effective SMM Strategies influence customer decisions by meeting expectations.

Social Influence Theory: Highlights how engaging Social Media Content shapes perceptions and decisions, stressing the impact of social networks.

Technology Acceptance Model (TAM): Indicates that the choice of Social Media Platforms affects decisions through perceived ease of use and usefulness.

The study provides a comprehensive model integrating these theories, addressing gaps in literature specific to Saudi Arabia's real estate market. This holistic approach offers a new perspective on understanding consumer behavior in digital marketing and suggests broader applicability in other industries.

In conclusion, the study significantly contributes to theoretical frameworks by merging these theories to examine social media's impact on customer decisions, paving the way for future research in this area.

5.4 Recommendation

This study highlights several recommendations for future research to enhance understanding of social media's impact on customer decision-making:

1. Broaden Industry Focus: Explore various sectors beyond real estate to gain diverse insights into consumer behavior.
2. Larger Sample Size: Utilize a bigger sample for more robust and generalizable results, enhancing reliability.
3. Qualitative or Mixed Methods: Incorporate interviews or focus groups to gain deeper insights into customer motivations alongside quantitative data.
4. Different Independent Variables: Investigate other factors that may influence customer decision-making.
5. Moderating Variables: Consider additional moderating variables to provide new perspectives.
6. Cross-Cultural Comparisons: Examine how social media affects customer decisions in different countries to uncover cultural differences.
7. Longitudinal Studies: Extend the study's timeframe to observe how social media trends and customer behaviors evolve over time, offering a dynamic view of their impact.

These recommendations aim to guide future researchers in exploring the complexities of consumer behavior in relation to social media.

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