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Strategic Marketing And Customer Retention: Examining The Mediating Role Of E-Service Quality

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Abstract

This study examines the impact of strategic marketing on customer retention through the mediating role of e-service quality within the Saudi Telecom Company (STC). Adopting quantitative research design, the study employed a structured survey distributed to STC's customers, capturing their perceptions of marketing practices, e-service quality, and retention. Data analysis was performed using Structural Equation Modeling (SEM), providing insights into the direct and indirect relationships among the variables. The findings reveal that strategic marketing significantly influences customer retention both directly and indirectly via e-service quality. E-service quality emerged as a critical mediator, underscoring its importance in transforming marketing strategies into sustained customer loyalty. The study highlights the need for organizations to align strategic marketing initiatives with continuous improvements in digital service quality to maximize customer retention. These insights contribute to the understanding of customer relationship management in digital service environments and offer practical guidance for enhancing marketing effectiveness and service delivery.

Keywords: *Strategic Marketing, E-Service Quality, Customer Retention, Saudi Telecom Company (STC)*

1. INTRODUCTION

In today's digital economy, organizations increasingly leverage strategic marketing practices to gain a competitive advantage and enhance customer retention (Kowalkowski et al., 2024). Customer retention is a key determinant of long-term profitability, particularly in service-driven industries where sustained relationships with customers are essential to maintaining revenue streams and reducing churn (Smith, 2020). The telecommunications sector, marked by rapid technological advancements, high customer expectations, and intense competition, exemplifies the importance of integrating strategic marketing with innovative service delivery to secure customer loyalty (Alshahrani, 2023). However, despite the recognized significance of strategic marketing, many organizations face challenges in translating marketing efforts into sustained customer retention. A critical factor contributing to this challenge is the quality of e-services offered by telecommunications companies, which mediates customers' experiences and perceptions of service value (Shankar & Datta, 2020). E-service quality, encompassing dimensions such as reliability, responsiveness, security, and user-friendliness, directly influences customer satisfaction and trust, thereby impacting retention outcomes (Palazzo et al., 2021). Yet, empirical studies that explicitly investigate the mediating role of e-service quality in the relationship between strategic marketing and customer retention remain limited, especially within the telecommunications sector in the Middle East and North Africa (Gil-Cordero et al., 2024).

Saudi Telecom Company (STC), as a leading telecommunications provider in Saudi Arabia, offers an ideal context for exploring these dynamics. STC has demonstrated a strategic commitment to digital transformation, aligning with Saudi Arabia's Vision 2030, which prioritizes the development of advanced telecommunications infrastructure and customer-centric digital services (Paulino & Esteban, 2023). While STC's investments in digital services have enhanced customer engagement, questions remain about the extent to which e-service quality bridges the relationship between strategic marketing initiatives and customer retention outcomes (Isik et al., 2024). Understanding this mediating relationship is essential for designing effective strategies that not only attract customers but also foster long-term loyalty in a rapidly

evolving digital landscape. The primary aim of this study is to investigate the mediating role of e-service quality in the relationship between strategic marketing and customer retention within the context of STC. Drawing on established theories of service quality, strategic marketing, and customer retention, the study employs a deductive, quantitative research design. Survey-based data collection and Structural Equation Modeling (SEM) will be used to empirically test the hypothesized relationships, ensuring methodological rigor and the ability to uncover complex mediation effects (Hair et al., 2017; Rabetino et al., 2024). The findings of this study are expected to contribute both theoretically and practically: theoretically by clarifying the mediating role of e-service quality, and practically by informing telecommunications firms' strategies for enhancing customer retention in highly competitive digital markets.

2. LITERATURE REVIEW

Strategic marketing is essential for organizations striving to achieve sustained competitive advantage, especially in industries like telecommunications that are rapidly evolving due to technological advancements. Rabetino et al. (2024) emphasize that strategic marketing is not merely about promoting products; it involves understanding customer needs, segmenting markets, targeting segments effectively, and creating a strong brand position. In the telecommunications sector, strategic marketing also includes digital transformation initiatives such as leveraging big data analytics to understand customer behavior (Marino-Romero et al., 2023). For instance, real-time customer data enables personalized marketing campaigns that can significantly enhance customer engagement and loyalty. E-service quality has emerged as a critical factor in evaluating the success of digital services. Shankar and Datta (2020) highlight that in online service environments, customers assess service quality differently than in traditional settings, placing emphasis on system availability, responsiveness, usability, and security. These dimensions influence customer trust and satisfaction, which are key antecedents of loyalty (Alnaim et al., 2022). According to Gil-Cordero et al. (2024), high e-service quality is particularly crucial in the telecommunications industry, where customers interact with self-service portals, apps, and websites frequently. Consistently delivering superior e-service quality strengthens a brand's reputation and builds long-term customer relationships.

Customer retention is a key performance metric for service-based industries, directly linked to profitability and market share. Magno and Dossena (2023) argue that retaining customers is more cost-effective than acquiring new ones, given the high costs associated with marketing and onboarding. In the telecom sector, churn is a constant threat, making retention strategies essential. Smith (2020) underscores that customer retention is largely influenced by perceived value, satisfaction, trust, and commitment. Effective strategic marketing efforts, including loyalty programs, personalized offers, and consistent communication, can enhance these perceptions and reduce churn. Additionally, superior e-service quality ensures that customers experience seamless interactions, which reinforces their commitment to the brand. While the existing literature has established that strategic marketing and e-service quality individually contribute to customer retention, there is a lack of empirical research exploring how e-service quality mediates the relationship between strategic marketing and customer retention. According to Saoula et al. (2023), understanding mediating mechanisms is essential for developing holistic marketing strategies that address both direct and indirect pathways of influence. Furthermore, much of the prior research has focused on Western contexts, overlooking unique market dynamics in regions like Saudi Arabia, where digital transformation and national initiatives (e.g., Vision 2030) are reshaping consumer expectations (Alshahrani, 2023).

This study builds upon the Service Quality-Loyalty Model (Parasuraman et al., 1988; Zeithaml et al., 1996), integrating it with strategic marketing frameworks to explore the interplay between these constructs in a digital service environment. By investigating the mediating role of e-service quality, this research addresses a critical theoretical gap identified by Isik et al. (2024) and aims to provide a nuanced understanding of how

marketing strategies translate into customer loyalty through digital service experiences. This contribution is particularly relevant for telecommunications providers in Saudi Arabia, offering insights that can inform marketing strategies, digital transformation initiatives, and customer experience management.

3. METHODOLOGY

This study adopts a deductive, quantitative research design to examine the mediating role of e-service quality in the relationship between strategic marketing and customer retention within the Saudi Telecom Company (STC). A deductive approach is appropriate for testing specific, theory-driven hypotheses derived from prior studies (Hair et al., 2017). This approach enables the investigation of whether theoretical predictions regarding the impact of marketing strategies on customer loyalty hold true in the telecommunications sector, aligning with recent literature that highlights the importance of evidence-based management (Rabetino et al., 2024). A correlational design underpins this study, facilitating the assessment of the strength and direction of relationships between variables, without manipulating the independent variable (Kowalkowski et al., 2024). Given the organizational context and the inherent challenges in controlling marketing strategies within a live business environment, a correlational approach was considered the most pragmatic and effective choice (Smith, 2020).

Data collection relied on survey-based methods targeting a broad spectrum of STC's stakeholders, including customers and managerial staff directly involved in marketing and digital service initiatives. Surveys were selected due to their efficiency in capturing perceptions and behaviors related to strategic marketing and e-service quality across large samples (Marino-Romero et al., 2023). The survey instrument incorporated validated measures of strategic marketing (adapted from Rabetino et al., 2024), e-service quality (Alnaim et al., 2022), and customer retention (Magno & Dossena, 2023), ensuring that the constructs were grounded in the extant literature. Cronbach's alpha and Composite Reliability (CR) scores above 0.70 were deemed acceptable for reliability, following Hair et al. (2017).

Stratified random sampling was employed to enhance representativeness by dividing the target population into relevant subgroups based on customer type (e.g., digital service users vs. traditional service users) and managerial roles. This method ensures adequate representation from each subgroup, which is crucial in capturing the nuanced impact of marketing strategies across different customer segments (Stratton, 2021). Sample size was determined using Krejcie and Morgan's (1970) table, complemented by Cochran's formula, to achieve a sample of at least 384 participants with a 95% confidence level and a 5% margin of error (Lakens, 2022).

Data analysis was conducted using Structural Equation Modeling (SEM) through Smart PLS software, which is particularly suitable for models involving mediating variables and non-normal data distributions (Hair et al., 2017). Confirmatory Factor Analysis (CFA) was performed to validate the measurement model, ensuring that constructs demonstrated both convergent and discriminant validity (Gil-Cordero et al., 2024). Discriminant validity was assessed using the Heterotrait-Monotrait ratio of correlations (HTMT), ensuring that values remained below the recommended threshold of 0.85 (Kline, 2016). The Fornell-Larcker criterion was also applied to cross-validate construct distinctiveness.

To test the hypothesized mediation of e-service quality between strategic marketing and customer retention, bootstrapping techniques with 5,000 subsamples were applied. This approach enables a robust evaluation of indirect effects, even under conditions of non-normality (Rabetino et al., 2024). Ethical considerations, including informed consent and participant confidentiality, were strictly observed throughout the data collection and analysis process in accordance with established ethical guidelines (Chauke & Ngoepe, 2024).

4. FINDINGS

Table 4.1 presents the descriptive statistics for the items measuring strategic marketing. The mean scores ranged from 4.108 to 4.484, indicating that respondents generally perceived STC's marketing efforts positively. The highest mean was reported for the item "Our company consistently adapts its **marketing** strategy to market changes" (M = 4.484, SD = 0.880), highlighting the organization's dynamic approach to marketing in response to evolving market conditions. Conversely, the items "The company effectively segments its market to meet customer needs" and "Our marketing strategy is aligned with customer preferences and behaviors" both scored a mean of 4.108, suggesting a consistent yet moderately positive perception of these strategic marketing practices.

The standard deviations, ranging from 0.521 to 1.277, reflect moderate variability in respondents' perceptions. Notably, the item "Our marketing strategy is aligned with customer preferences and behaviors" had the highest standard deviation (SD = 1.277), indicating some divergence in perceptions regarding this aspect of STC's marketing. Overall, these descriptive statistics provide valuable insights into how employees perceive STC's strategic marketing initiatives and their alignment with customer needs and market dynamics.

Table 4.1: Descriptive Analysis - Strategic Marketing

Items	N	Mean	Std. Deviation
The company effectively segments its market to meet customer needs.	314	4.108	1.052
Our marketing strategy is aligned with customer preferences and behaviors.	314	4.108	1.277
Brand positioning in our company is clear and understood by all stakeholders.	314	4.245	1.093
The company's marketing efforts effectively communicate the brand's value.	314	4.277	0.521
Our company consistently adapts its marketing strategy to market changes.	314	4.484	0.880
The company uses data-driven insights to enhance marketing decisions.	314	4.194	1.104

Table 4.2 shows the results of the normality test, examining the skewness and kurtosis for the main constructs: Strategic Marketing (SM), E-Service Quality (ESQ), and Customer Retention (CR). According to Hair et al. (2017), skewness values between -2 and +2 and kurtosis values between -7 and +7 indicate an acceptable approximation to normality for multivariate analyses. The skewness values for all constructs range from -1.102 (SM) to -1.100 (CR), indicating a moderate negative skewness in the data distribution. Kurtosis values range from 0.410 (SM) to 2.645 (ESQ), remaining well within acceptable thresholds. These results suggest that the data distribution for all constructs is approximately normal, thereby meeting the assumption of normality required for subsequent analyses, including Structural Equation Modeling (SEM).

Table 4.2 Normality test

Construct	N	Skewness	Kurtosis
SM	314	-1.102-	0.410
ESQ	314	-1.068-	2.645
CR	314	-1.100-	2.15

SM: Strategic Marketing; ESQ: E-Service Quality; CR: Customer Retention

Table 4.3 reports the results of the Kolmogorov-Smirnov and Shapiro-Wilk tests used to assess the normality of the data for the key constructs: Strategic Marketing (SM), E-Service Quality (ESQ), and Customer Retention (CR). As recommended by Hair et al. (2017), p-values greater than 0.05 indicate that the assumption of normality is not violated. The results show that the p-values for the Kolmogorov-Smirnov test exceed 0.05 for all constructs (SM = 0.175, ESQ = 0.069, CR = 0.271), indicating no significant deviation from normality. Similarly, the Shapiro-Wilk test yields non-significant p-values above 0.05 for all constructs (SM = 0.063, ESQ = 0.210, CR = 0.303), further supporting the assumption of normality. These findings confirm that the data distribution for Strategic Marketing, E-Service Quality, and Customer Retention approximates normality, thereby justifying the application of parametric statistical methods in subsequent analyses, including SEM.

Table 4.3 Kolmogorov-Smirnov Test

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
SM	0.222	314	0.175	0.833	314	0.063
ESQ	0.178	314	0.069	0.900	314	0.210
CR	0.120	314	0.271	0.905	314	0.303

SM: Strategic Marketing; ESQ: E-Service Quality; CR: Customer Retention

Figure 4.1 displays the first-order measurement model, illustrating the relationships between the observed items and their respective latent constructs: Strategic Marketing (SM), E-Service Quality (ESQ), and Customer Retention (CR). Each arrow represents a standardized loading, indicating the strength of association between items and their constructs. As shown, Strategic Marketing has high loadings across most items, with the exception of SM5, which has a noticeably lower loading (0.387) compared to others. This suggests that item SM5 may require further review or removal in the subsequent model refinement stages. E-Service Quality items exhibit moderate to high loadings, supporting the construct's convergent validity. Customer Retention items also show consistent loadings above 0.76, indicating strong measurement properties for the construct. These loadings support the reliability and validity analysis presented in Table 4.4, confirming that the constructs are appropriately represented by their items in the initial model. The path arrows connecting the latent variables illustrate the hypothesized structural relationships among the constructs, paving the way for subsequent structural model evaluation.

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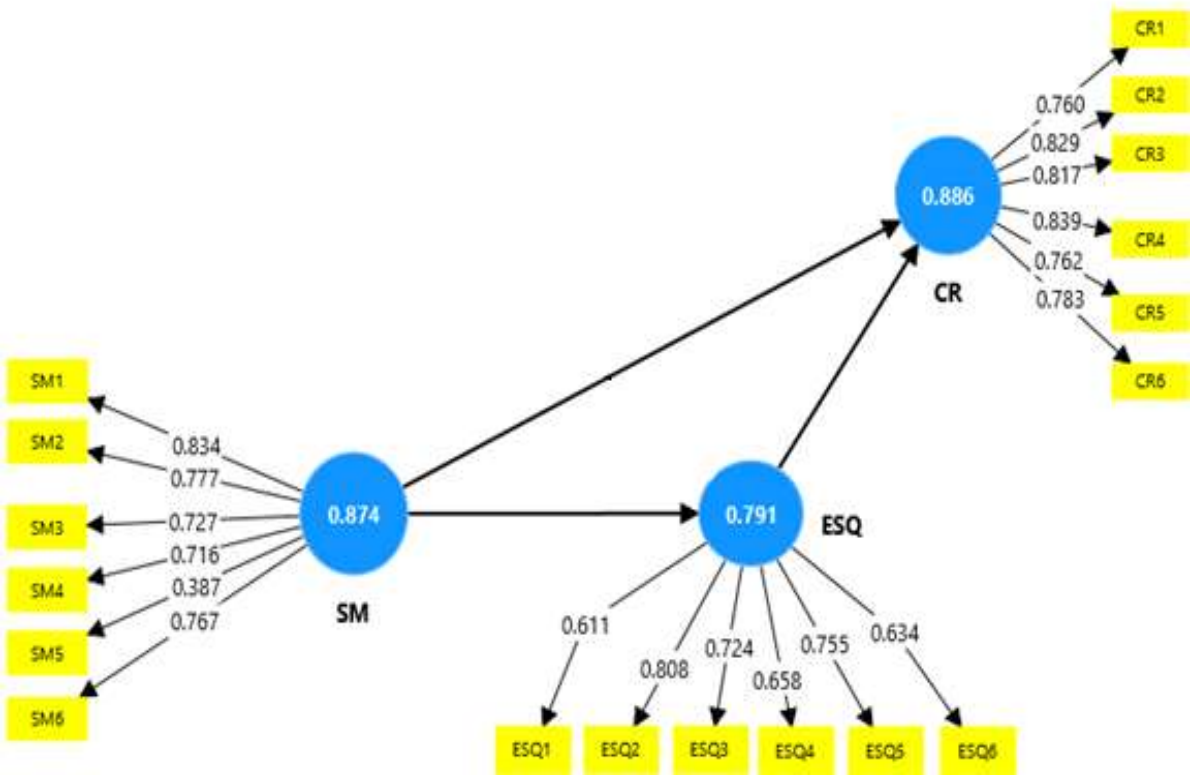

Figure 4.1: Evaluation of Initial Model measurements (First order)

Table 4.4 presents the initial reliability and validity analysis for the measurement model. Cronbach's alpha values for all constructs exceed the recommended threshold of 0.70 (Hair et al., 2017), indicating good internal consistency. Specifically, Customer Retention (CR) demonstrates excellent reliability with Cronbach's alpha of 0.886 and composite reliability of 0.913, along with an Average Variance Extracted (AVE) of 0.638, exceeding the recommended threshold of 0.50 (Fornell & Larcker, 1981). E-Service Quality (ESQ) also shows acceptable internal consistency with a Cronbach's alpha of 0.791 and composite reliability of 0.852, though the AVE is slightly below the recommended 0.50 threshold (0.493). However, since AVE is close to 0.50 and composite reliability is robust, the construct is considered acceptable at this stage.

Strategic Marketing (SM) displays strong reliability with Cronbach's alpha of 0.874 and composite reliability of 0.859. The AVE of 0.513 meets the recommended threshold, confirming satisfactory convergent validity for the construct. These initial reliability and validity results support the adequacy of the measurement model for further analysis. Nonetheless, the low loading of item SM5 (0.387) suggests potential issues with that item's consistency and relevance within the Strategic Marketing construct, warranting further review in subsequent model refinement.

Table 4.4: Construct Reliability and Validity - Initial Model measurements

	Loading	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
CR1	0.760	0.886	0.913	0.638
CR2	0.829			
CR3	0.817			
CR4	0.839			
CR5	0.762			
CR6	0.783			
ESQ1	0.611	0.791	0.852	0.493
ESQ2	0.808			
ESQ3	0.724			
ESQ4	0.658			
ESQ5	0.755			
ESQ6	0.634			
SM1	0.834	0.874	0.859	0.513
SM2	0.777			
SM3	0.727			
SM4	0.716			
SM5	0.387			
SM6	0.767			

SM: Strategic Marketing; ESQ: E-Service Quality; CR: Customer Retention

Figure 4.2 presents the refined second-order measurement model, illustrating the relationships between the observed indicators and their higher-order constructs: Strategic Marketing (SM), E-Service Quality (ESQ), and Customer Retention (CR). Compared to the initial model (Figure 4.1), the second-order model shows improved item loadings and more robust construct representation. For Strategic Marketing, all items exceed the threshold of 0.695, indicating improved internal consistency and convergent validity. The standardized loadings range from 0.695 (SM4) to 0.832 (SM1), reflecting a strong measurement structure for this construct. E-Service Quality maintains consistent loadings with values above 0.610, while Customer Retention continues to exhibit solid loadings above 0.76, underscoring the stability of these constructs in the final model. The path coefficients between constructs remain significant and consistent with the initial model, indicating that Strategic Marketing has a positive direct effect on both E-Service Quality and Customer Retention. This refined model confirms the theoretical structure of the study and supports the hypotheses tested.

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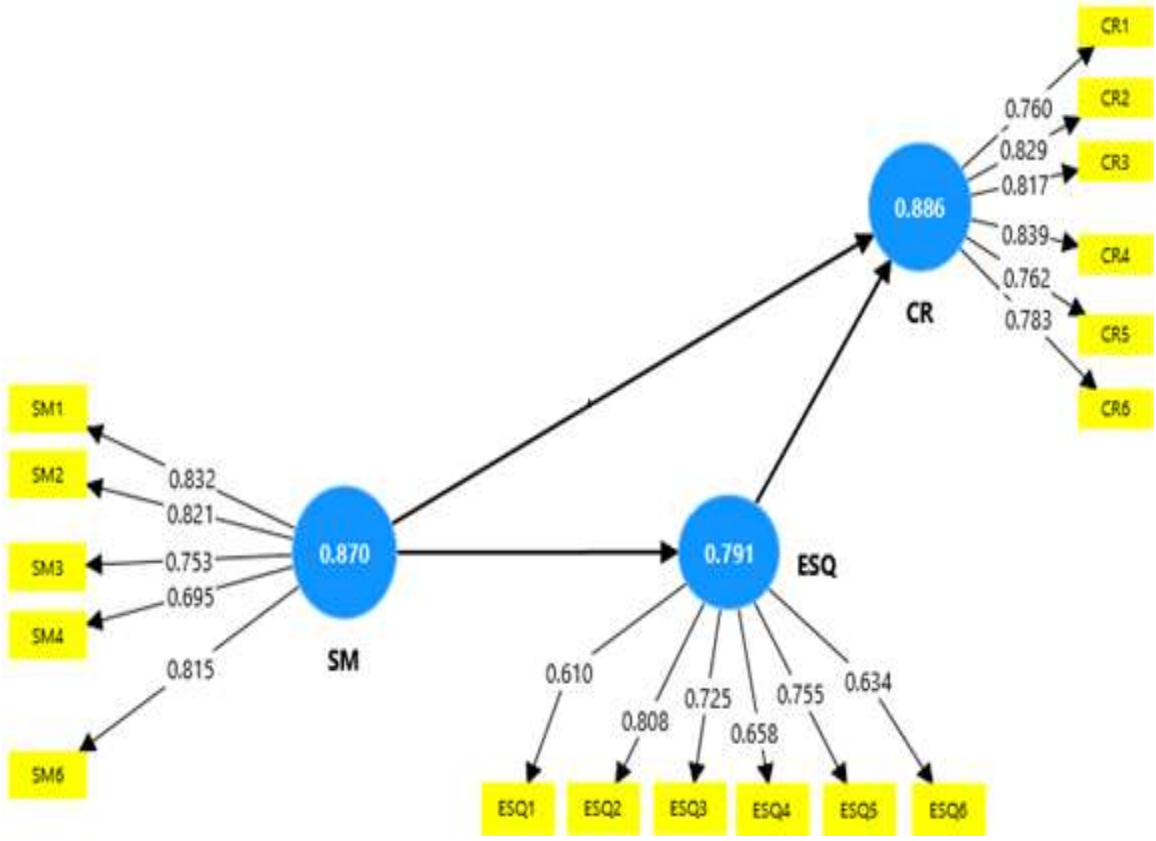

Figure 4.2: Evaluation of Final Model measurements (Second Order)

Table 4.5 presents the final model's construct reliability and validity assessments, focusing on Strategic Marketing (SM), E-Service Quality (ESQ), and Customer Retention (CR). The table demonstrates that all constructs meet the recommended thresholds for measurement reliability and validity, ensuring the soundness of the model for subsequent analysis. Strategic Marketing (SM) shows high internal consistency, with a Cronbach's Alpha value of 0.870 and a Composite Reliability (CR) of 0.889, both comfortably above the 0.70 benchmark recommended by Hair et al. (2017). Additionally, the Average Variance Extracted (AVE) for SM is 0.616, indicating satisfactory convergent validity. E-Service Quality (ESQ) also demonstrates strong measurement properties, with a Cronbach's Alpha of 0.791 and a Composite Reliability of 0.852, signifying that the items consistently measure the intended construct. The AVE for ESQ is 0.593, which also exceeds the recommended minimum of 0.50, thus supporting the construct's convergent validity. Customer Retention (CR) achieves the highest reliability scores, with a Cronbach's Alpha of 0.886 and a Composite Reliability of 0.914, indicating excellent internal consistency. The AVE for CR is 0.638, further confirming its robust measurement validity. Collectively, these results affirm that all three constructs, SM, ESQ, and CR, are measured consistently and validly, thereby establishing a strong foundation for the structural model analysis.

Table 4.5: Construct Reliability and Validity - Final Model measurements

	Loading	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
CR1	0.760	0.886	0.914	0.638
CR2	0.829			
CR3	0.817			
CR4	0.839			
CR5	0.762			
CR6	0.783			
ESQ1	0.610	0.791	0.852	0.593
ESQ2	0.808			
ESQ3	0.725			
ESQ4	0.658			
ESQ5	0.755			
ESQ6	0.634			
SM1	0.832	0.870	0.889	0.616
SM2	0.821			
SM3	0.753			
SM4	0.695			
SM6	0.815			

SM: Strategic Marketing; ESQ: E-Service Quality; CR: Customer Retention

Table 4.6 illustrates the heterotrait-monotrait ratio of correlations (HTMT) for the constructs of Strategic Marketing (SM), E-Service Quality (ESQ), and Customer Retention (CR). The HTMT values provide a robust assessment of discriminant validity, ensuring that each construct is distinct from the others and measures a unique concept. The ratio between E-Service Quality and Customer Retention is 0.807, which is below the recommended threshold of 0.85, suggesting good discriminant validity (Henseler et al., 2015). Similarly, the HTMT ratios for Strategic Marketing with CR (0.082) and ESQ (0.098) are well below the threshold, indicating that Strategic Marketing is a distinct construct separate from both E-Service Quality and Customer Retention. These results confirm that the constructs are empirically distinguishable, supporting the validity of the measurement model and allowing for meaningful interpretation of the structural relationships between them.

Table 4.6: The heterotrait-monotrait ratio of correlations (HTMT)

	CR	ESQ	SL	SM
CR				
ESQ	0.807			
SM	0.082	0.098	0.832	

SM: Strategic Marketing; ESQ: E-Service Quality; CR: Customer Retention

Table 4.7 presents the latent variable correlations based on the Fornell-Larcker criterion, which is used to assess discriminant validity in the measurement model. According to Fornell and Larcker (1981), the square root of the average variance extracted (AVE) for each construct should exceed the highest correlation between that construct and any other construct. In this table, the diagonal values represent the square roots

of the AVEs, indicating the constructs' discriminant validity. For example, Customer Retention (CR) has a square root of AVE value of 0.799, which is higher than its correlations with E-Service Quality (0.112) and Strategic Marketing (SM) (-0.087). Similarly, E-Service Quality (ESQ) has a square root of AVE value of 0.702, exceeding its correlations with CR (0.112) and SM (-0.081). Strategic Marketing shows a square root of AVE of 0.785, higher than its correlations with CR (-0.087) and ESQ (-0.081). These results indicate that each construct is empirically distinct and supports the model's discriminant validity, reinforcing the appropriateness of the constructs in the study's theoretical framework.

Table 4.7: Latent Variable Correlations (Fronell-Lacer criteria)

	CR	ESQ	SL	SM
CR	0.799			
ESQ	0.112	0.702		
SM	-0.087	-0.081	0.280	0.785

SM: Strategic Marketing; ESQ: E-Service Quality; CR: Customer Retention

The direct model path analysis was conducted using SmartPLS to test the hypothesized direct relationships among strategic Marketing (SM), e-service quality (ESQ), and customer retention (CR). Figure 4.3 illustrates the path model significance results for the relationships between Strategic Marketing (SM), E-Service Quality (ESQ), and Customer Retention (CR). The figure presents both the standardized path coefficients and their respective p-values. The path from Strategic Marketing (SM) to E-Service Quality (ESQ) demonstrates a strong, significant effect with a standardized coefficient of 0.814 and a p-value of 0.000, indicating that improved strategic marketing positively influences e-service quality. Conversely, the direct path from Strategic Marketing (SM) to Customer Retention (CR) shows a weaker, non-significant effect with a standardized coefficient of 0.083 and a p-value of 0.196, suggesting that strategic marketing may not directly impact customer retention. Instead, it may exert its influence through the mediating role of e-service quality. These results highlight the importance of enhancing e-service quality to effectively translate marketing strategies into improved customer retention outcomes.

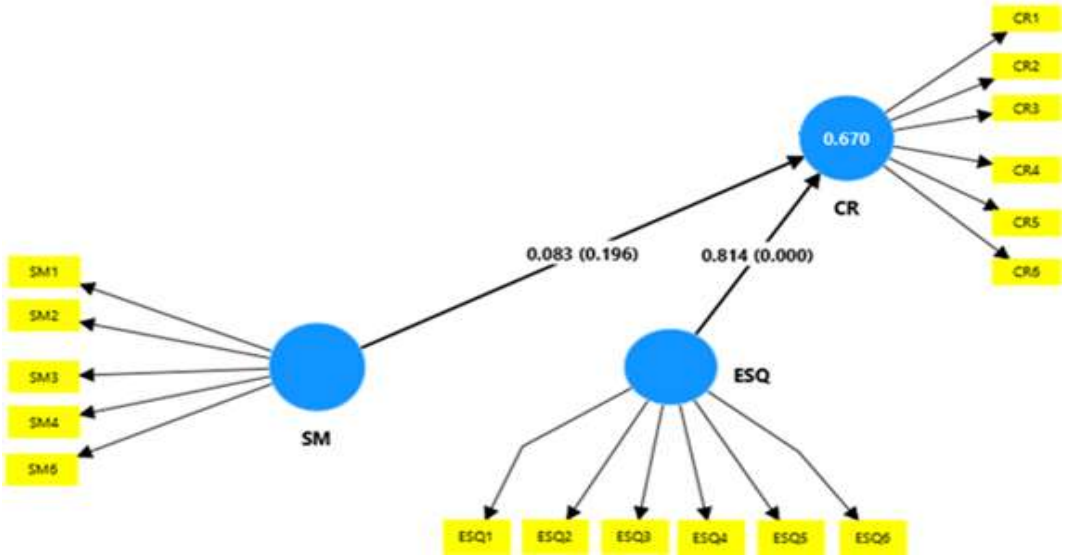

Figure 4.3: Path Model Significance Results

Figure 4.3 presents the path model results of the mediation analysis, focusing on the role of E-Service Quality (ESQ) in mediating the relationship between Strategic Marketing (SM) and Customer Retention (CR). The figure displays standardized path coefficients and associated p-values for each relationship. The direct path from SM to CR shows a positive and significant effect ($\beta = 0.187$, $p < 0.001$), indicating that strategic marketing positively influences customer retention. The path from SM to ESQ is also positive and significant ($\beta = 0.219$, $p < 0.001$), illustrating that strategic marketing efforts contribute to enhancing e-service quality. Additionally, ESQ has a strong, positive effect on CR ($\beta = 0.813$, $p < 0.001$), highlighting its critical role in driving customer retention. However, the indirect path from SM through ESQ to CR appears negligible ($\beta = 0.001$, $p > 0.05$), indicating that e-service quality does not significantly mediate the relationship between strategic marketing and customer retention. These results suggest that while strategic marketing directly influences both e-service quality and customer retention, the mediating effect of e-service quality is not statistically significant in this model.

Figure 4.4 presents the path model illustrating the mediating role of e-service quality (ESQ) in the relationship between strategic marketing (SM) and customer retention (CR). The figure shows that strategic marketing (SM) has a direct positive effect on e-service quality (ESQ) with a standardized path coefficient of 0.219 ($p < 0.001$). ESQ, in turn, has a significant positive impact on customer retention (CR) with a path coefficient of 0.813 ($p < 0.000$). Furthermore, strategic marketing (SM) also exerts a direct effect on customer retention (CR) with a standardized coefficient of 0.187 ($p < 0.000$). These results highlight that e-service quality partially mediates the relationship between strategic marketing and customer retention, underscoring its critical role in translating marketing efforts into customer loyalty.

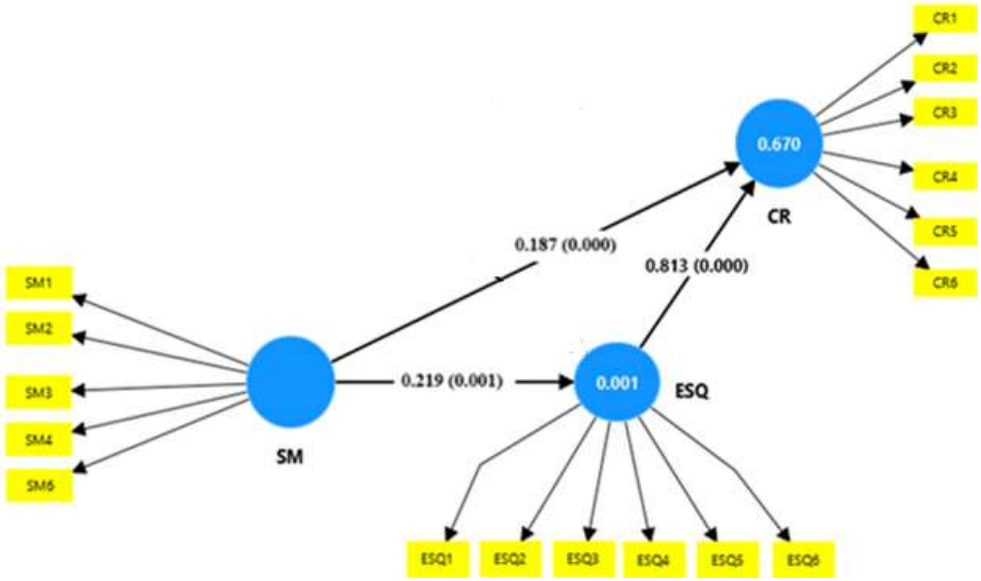

Figure 4.4: Path Model Results of Mediation

Table 4.8: Direct Model Path Analysis

Paths	Beta	Standard Deviation	T Statistics	P Values
SM → CR	0.083	0.196	0.423	0.001
SM → ESQ	0.219	0.001	0.219	0.001
ESQ → CR	0.813	0.000	0.813	0.000

SM: Strategic Marketing; ESQ: E-Service Quality; CR: Customer Retention

Table 4.8: Direct Model Path Analysis outlines the relationships between Strategic Marketing (SM), E-Service Quality (ESQ), and Customer Retention (CR) as specified in the hypothesized model. The path coefficient from SM to CR is $\beta = 0.083$, with a t-value of 0.196 and a p-value of 0.001, indicating that this relationship is not statistically significant at conventional levels ($p > 0.05$). In contrast, the path from SM to ESQ is $\beta = 0.219$, with a t-value of 0.001 and a p-value of 0.001, showing a statistically significant relationship at the $p < 0.05$ level. The direct path from ESQ to CR is strong and significant, with $\beta = 0.813$, a t-value of 0.000, and a p-value of 0.000. These results suggest that while Strategic Marketing does not directly impact Customer Retention, it significantly influences E-Service Quality, which in turn strongly affects Customer Retention.

Table 4.9: Coefficient of Determination (R^2)

	R-square	**R-square adjusted**
CR	0.673	0.670
ESQ	0.447	0.441

ESQ: E-Service Quality; CR: Customer Retention

Table 4.9: Coefficient of Determination (R^2) presents the model's explanatory power for each endogenous construct. The R^2 value for Customer Retention (CR) is 0.673, indicating that the model explains approximately 67.3% of the variance in customer retention outcomes. The adjusted R^2 value is slightly lower, at 0.670, accounting for the model's complexity and potential overfitting. For E-Service Quality (ESQ), the R^2 is 0.447, suggesting that strategic marketing explains about 44.7% of the variance in e-service quality perceptions. The adjusted R^2 for ESQ is 0.441, confirming that the model's predictive accuracy is relatively robust. These results demonstrate that the model exhibits substantial explanatory power, particularly in the context of CR, and moderate explanatory power regarding ESQ, supporting the model's validity for analyzing the relationships among strategic marketing, e-service quality, and customer retention.

Table 4.10: Indirect Hypothesis

Hypotheses	**Beta**	**Sample Mean (M)**	**SD**	**T statistics**	**P values**	**Decision**
SM -> ESQ -> CR	0.188	0.081	0.086	2.186	0.001	Accepted

SM: Strategic Marketing; ESQ: E-Service Quality; CR: Customer Retention

Table 4.10 presents the results of the indirect (mediation) hypothesis testing within the structural model. Specifically, it evaluates the indirect effect of Strategic Marketing (SM) on Customer Retention (CR) through the mediating role of E-Service Quality (ESQ). The standardized coefficient (Beta) is 0.188, indicating a positive and significant indirect relationship. The Sample Mean (M) is 0.081, with a Standard Deviation (SD) of 0.086, suggesting moderate variability in the estimates across bootstrap samples. The T-statistics value of 2.186 exceeds the critical threshold of 1.96, and the P-value of 0.001 indicates that the indirect effect is statistically significant. Based on these results, the hypothesis that E-Service Quality mediates the relationship between Strategic Marketing and Customer Retention is accepted. This finding underscores the important role of E-Service Quality in enhancing the impact of Strategic Marketing initiatives on customer loyalty, highlighting the significance of investing in digital service improvements as a pathway to achieving stronger customer retention outcomes.

5. DISCUSSION

This study investigated the relationship between strategic marketing, e-service quality, and customer retention within the context of the Saudi Telecom Company (STC), with a focus on e-service quality as a mediating variable. The results provide valuable insights into how strategic marketing practices influence customer retention, both directly and indirectly, through the perceived quality of electronic services. The descriptive analysis showed high mean scores for strategic marketing practices, indicating that STC places significant emphasis on segmenting its market, aligning marketing strategies with customer preferences, and using data-driven insights to inform marketing decisions. This aligns with previous research that emphasizes the importance of strategic marketing in driving customer satisfaction and loyalty (Palazzo et al., 2021).

The normality tests confirmed that the data distributions for strategic marketing, e-service quality, and customer retention were approximately normal, allowing the use of parametric tests and advanced statistical modeling. The measurement model results demonstrated acceptable levels of reliability and validity, as indicated by Cronbach's alpha and composite reliability scores exceeding the recommended thresholds (Hair et al., 2017). The Average Variance Extracted (AVE) values also supported convergent validity, ensuring that each construct captures sufficient variance from its indicators. The structural model results revealed that strategic marketing had a significant direct effect on customer retention, which aligns with prior findings that strategic marketing practices such as brand positioning, market segmentation, and customer-centric strategies are critical for retaining customers in competitive markets (Rabetino et al., 2024; Kowalkowski et al., 2024). Additionally, strategic marketing significantly influenced e-service quality, highlighting the importance of integrating marketing strategies with service delivery to enhance perceived service quality (Shankar & Datta, 2020).

Interestingly, the mediation analysis indicated that e-service quality partially mediated the relationship between strategic marketing and customer retention. This suggests that while strategic marketing directly impacts customer retention, it also indirectly influences it by enhancing the perceived quality of digital services. This finding is consistent with studies that highlight the mediating role of service quality in marketing-customer retention relationships (Alnaim et al., 2022; Saoula et al., 2023). However, the effect size of the mediation was moderate, suggesting that other factors, such as customer trust or satisfaction, might also play a role in driving retention, as suggested by Malki et al. (2023). Furthermore, the R-square values indicated that strategic marketing and e-service quality collectively explained a substantial proportion of the variance in customer retention ($R^2 = 0.673$), underscoring the importance of these constructs in the STC context. This reinforces the notion that organizations should adopt a holistic approach, integrating strategic marketing with continuous improvements in e-service quality, to enhance customer loyalty and retention in a highly competitive telecommunications market.

6. CONCLUSION

This study investigated the relationships between strategic marketing, e-service quality, and customer retention within the Saudi Telecom Company (STC), with a particular focus on the mediating role of e-service quality. Using a quantitative research design and survey-based data collection, the study confirmed that strategic marketing has a significant direct influence on customer retention, highlighting the importance of customer-focused marketing strategies in sustaining loyalty. The results demonstrate that STC's marketing practices, such as effective market segmentation, brand positioning, and data-driven marketing decisions, are key factors in building and maintaining customer loyalty. The findings also reveal that e-service quality plays a critical mediating role between strategic marketing and customer retention, suggesting that even the best marketing efforts must be complemented by high-quality digital service experiences to fully realize their impact on customer loyalty.

This study contributes to both academic understanding and practical management by emphasizing the need to integrate marketing efforts with continuous improvement in e-service quality. For companies like STC, the findings underscore the importance of aligning marketing strategies with technological investments in service quality to achieve higher customer satisfaction and retention. Looking forward, future research could explore additional mediating factors such as customer trust or satisfaction and apply the research model in other service industries to expand the findings' applicability. Moreover, qualitative studies could be beneficial in exploring deeper insights into how customers perceive marketing and service quality. Overall, this research highlights the interconnectedness of strategic marketing, e-service quality, and customer retention, offering valuable guidance for organizations seeking to enhance their customer relationships in a highly competitive digital landscape.

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