

EXPERIENTIAL MARKETING AND CUSTOMER LOYALTY IN FOOD AND BEVERAGE INDUSTRY

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Abstract

In the highly competitive café and restaurant industry, meeting customer desires is paramount to success. To achieve this, offering unique and value-added experiences alongside technological advancements is essential. This research adopts a quantitative approach, with experiential marketing variables as independent factors and customer loyalty as the dependent variable. Questionnaires were used for data collection, and the study has a cross-sectional time dimension. The sample comprises customers who visited Kampoeng Popsa Makassar at least twice. The study results demonstrate a significant influence of experiential marketing on customer loyalty, as indicated by the high mean values in each experiential marketing dimension. Notably, the "sense" dimension is the most influential factor in driving customer loyalty among the variables. These findings provide Kampoeng Popsa Makassar with valuable insights to enhance customer loyalty and remain competitive. Focusing on enhancing sensory experiences can strengthen their market position, ensuring they continue to meet evolving customer expectations. In a rapidly evolving industry, leveraging experiential marketing strategies is crucial to thrive and differentiate oneself.

Keywords: *Experiential, Marketing, Customer Loyalty*

INTRODUCTION

The advent of emotional marketing has signified a paradigm shift from utility to affective appeal in contemporary consumer engagement strategies. At the forefront of this change is experiential marketing, which brings together events and activities designed to create meaningful experiences beyond the tangible features of products and services. This immersive approach harnesses a spectrum of promotional tools to foster a brand's embodiment of certain lifestyles and values, which is increasingly favored in the dynamic marketing landscape.

Particularly in Makassar, the metamorphosis of lifestyle has catalyzed the expansion of entertainment centers that double as catalysts for business growth, influencing various domains such as culinary arts, fashion, and culture. These sectors rapidly adapt Western paradigms, reflecting the proliferation of bistros, cafes, and lounges that now serve as contemporary social forums. This cultural evolution, compounded by global influences, has redefined traditional practices, with social phenomena like the cafe culture emblematic of the changing social fabric.

In this context, Kampoeng Popsa emerges as a case in point—a venue that harmonizes multiple concepts into a cohesive brand experience, resonating deeply

with the Makassar populace across generations. This alignment with Schmitt's (1999) experiential framework—encompassing the five dimensions of sense, feel, think, act, and relate—has fostered profound customer loyalty. As this paper delves into the intricacies of experiential marketing, it will explore how effectively these dimensions are leveraged to secure a brand's place in the hearts and minds of consumers, using Kampoeng Popsa as a focal exemplar.

The observed shift towards experiential marketing and its implications on customer loyalty in Makassar's Kampoeng Popsa presents fertile ground for academic inquiry. This paper seeks to address two central research questions:

1. How does experiential marketing impact customer loyalty at Kampoeng Popsa Makassar?
2. Among the dimensions of the Strategic Experiential Modules (SEMs), which exerts the most substantial influence on the customer loyalty of Kampoeng Popsa Makassar?

These questions aim to dissect the efficacy of experiential marketing strategies employed by Kampoeng Popsa and identify the critical experiential factors that underpin customer allegiance to the brand. By looking into these questions, the study will help us better understand how experiential marketing works and how loyal customers are in an Indonesian cityscape that is quickly becoming more modern.

LITERATURE REVIEW

The synthesis of scholarly perspectives on experiential marketing highlights its critical role in shaping consumer behavior and brand perception. According to Mutohar and Haryati (2020), experiences are:

- unique events that occur in response to stimuli,
- encompassing the senses, feelings, mind, and body, and
- engaging both rational and emotional human aspects.

Experiential marketing, therefore, is centered around the product's capacity to offer such emotional experiences, aiming to resonate deeply with consumers' hearts and feelings. This approach is structured around five key aspects: sense, feel, think, act, and relate, which are integral both before and during the consumption of a product or service.

Experiential marketing, as introduced by Schmitt in 1999, is founded upon five distinct categories of customer experience, which are referred to as "act," "feel," "relate," "sense," and "think." The "act" category places its emphasis on the physical encounters and interactions customers have, which can be achieved through offering enriched alternative lifestyles, presenting role models (such as NBA or music stars), or delivering emotional, inspirational, and motivational experiences to customers. The "feel" category pertains to the emotional and inner sensations experienced by customers, focusing on identifying stimuli capable of

eliciting specific emotions, irrespective of cultural factors, as well as understanding customers' willingness to exhibit empathy or adopt alternative perspectives. The "relate" category involves the positive perceptions of external indicators located outside an individual's personal feelings, including those of family members, friends, and colleagues. The "sense" category is rooted in fundamental human sensory experiences. The concept behind this idea is that services or goods can differentiate themselves and add value through cognitive consistency and sensory variety, mainly through their aesthetics. The optimal strategy should be easily noticeable and consistently refreshing. The last category, "think," is connected to intriguing, intriguing, persuasive, and exhilarating experiences that can engage consumers cognitively. This targeted group can be captivated by stimulating convergent and divergent thinking through advertisements, initial discounts, innovative car designs, and so on.

Empirical studies by Lutfie and Marcelino (2020) and Mranani and Lastianti (2019) substantiate the significant positive impact of experiential marketing on consumer buying behaviour. This strategy aims to captivate consumer interest and cultivate lasting relationships by engaging those five experiential aspects. Mutohar and Haryati (2020) and Radford et al. (2015) further reinforce this viewpoint, emphasizing that businesses leverage these experiential dimensions to attract and retain consumers.

Furthermore, Lee (2018) and Aristiawan et al. (2019) note that experiential marketing effectively influences brand perception and purchasing decisions by providing robust product experiences that inform these decisions. This process allows customers to gain insights during the product purchasing journey. Lutfie and Marcelino (2020) add that experiential marketing can also enhance the frequency of consumer purchases by eliciting emotions and augmenting the perceived value of the product or brand.

In summary, the collective research underscores the potency of experiential marketing in creating meaningful, emotional connections with consumers, thereby driving their purchasing behaviors and fostering brand loyalty. The following hypotheses are proposed to investigate the relationships between experiential marketing and customer loyalty.

H1: There is an influence between sense and customer loyalty.

H2: There is an influence between feel and customer loyalty.

H3: There is an influence between think and customer loyalty.

H4: There is an influence between act and customer loyalty.

H5: There is an influence between relate and customer loyalty.

METHOD

This study is characterized as an explanatory study, focusing on elucidating the connections between research variables and validating hypotheses through a

quantitative framework, as Sarstedt et al. (2019) detailed. The aim is to delineate the roles and interrelations of the selected variables, specifically within the context of experiential marketing strategies at Kampoeng Popsa in Makassar. The research commenced with the identification of the core issue and the establishment of specific objectives. After this was an in-depth literature review, encompassing an analysis of prior scholarly works and theoretical constructs, facilitating the formulation of research hypotheses.

The research design encompassed the development of a structured process flow, which included creating and distributing questionnaires for data gathering. Post-collection, the data was analyzed using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) technique, employing the SmartPLS software. PLS-SEM, a variant of SEM, integrates aspects of factor and regression analysis and scrutinizes the relationships among variables in a model, including the links between indicators, constructs, and inter-construct dynamics. This method is instrumental in theory testing and predictive theory development (Hair et al., 2019).

In the data processing phase, statistical validity and reliability were rigorously assessed. The study utilized a second-order approach for data analysis. Within the SmartPLS software, two distinct methods were employed to evaluate the measurement model: the outer model for measuring convergent validity (using a threshold of 0.50 for outer loading to ensure perfect category convergence) and the inner model for structural evaluation. Furthermore, composite reliability was assessed using Cronbach's alpha and the Average Variance Extracted (AVE), which were required to exceed a threshold of 0.5 (Sarstedt et al., 2019). The findings from this data analysis were then meticulously examined to draw conclusions and formulate pertinent recommendations for Kampoeng Popsa Makassar.

DISCUSSION RESULT

Respondent Profile

In this study involving 100 participants at Kampoeng Popsa Makassar, most respondents were female, accounting for 60 out of 100, compared to 40 male respondents. The predominant age group was 21 to 30 years, representing 70 participants, followed by 14 respondents aged 31 to 40 years and 11 in the 41 to 50 years bracket. The least-represented age group was under 20 years old. Professionally, private employees formed the largest group, with 62 individuals, followed by 21 students, 10 state employees, and 7 self-employed individuals.

Assessment of the measurement model

In the initial stages of structural model analysis, it was imperative to ascertain that the measurement model adhered to the Standardized Root Mean Square Residual (SRMR) criterion. Byrne (2013) asserts that an SRMR value of zero signifies a perfect fit, and a value below 0.05 is considered satisfactory.

Contrarily, Henseler, Ringle, and Sinkovics (2016) suggest that correctly identified models may exhibit SRMR values above 0.06. Aligning with this, Hu and Bentler (1999) advocate for a cut-off value of 0.08 in PLS path modeling within new technology research. Our model yielded an SRMR value of 0.0608, which falls within the acceptable range.

Furthermore, the Average Variance Extracted (AVE) was employed to evaluate construct reliability and validity, crucial for determining item loadings. Fornell and Larcker (1981) recommend a minimum AVE threshold of 0.5. In our analysis, items not meeting the 0.70 cut-off for loadings were excluded. Consequently, items S1, S5, A3, F3, T1, T2, and CL1 were removed due to inadequate loadings. The item loadings, AVE values, and Cronbach's alpha, presented in Table 1, all indicate statistically significant results, thereby providing evidence of discriminant validity.

Table 1. Measurement items and loading scores

Indicators	Loadings	AVE	Cronbach's Alpha
S1	0.498	0.67	0.890
S2	0.884		
S3	0.869		
S4	0.813		
S5	0.452		
F1	0.882	0.60	0.866
F2	0.857		
F3	0.499		
F4	0.855		
F5	0.801		
T1	0.442	0.76	0.901
T2	0.491		
T3	0.848		
T4	0.901		
T5	0.855		
T6	0.848		
A1	0.904	0.58	0.808
A2	0.908		
A3	0.782		
A4	0.856		
A5	0.790		
R1	0.864	0.67	0.867
R2	0.898		
R3	0.854		
R4	0.808		

CL1	0.442	0.61	0.789
CL2	0.540		
CL3	0.782		
CL4	0.877		
CL5	0.788		
CL6	0.801		

Assessment of structural model

This research explores the structural connections between strategic experiential modules and customer loyalty at Kampoeng Popsa Makassar. The study confirmed all the proposed relationships between experiential values. Utilizing a bootstrap resampling method, the direct effects on these relationships were analyzed using a two-tailed test with a significance level of 5%. The results showed that the endogenous variables were statistically significant, with p-values below 0.05.

Tabel 2. Hypothesis Result

Hypothesis	Path	Beta	T-value	P-value	Decision
H1	S->CL	0.747	10.984	0.000	Supported
H2	F->CL	0.412	4.938	0.000	Supported
H3	T->CL	0.645	7.156	0.000	Supported
H4	A->CL	0.555	6.695	0.000	Supported
H5	R->CL	0.557	6.701	0.000	Supported

CONCLUSION

This study highlights the significant impact of experiential marketing on customer loyalty, particularly for service products, where a positive customer experience is crucial in fostering loyalty. The research found that 76.10% of the variation in customer loyalty at Kampoeng Popsa Makassar can be attributed to experiential marketing dimensions: sense, feel, think, act, and relate. Other factors influence the remaining 23.90%. The sense dimension, focusing on sensory experiences through sight, sound, touch, taste, and smell, is the most dominant aspect of experiential marketing in enhancing customer loyalty. This dimension is critical in differentiating companies and products, motivating customers, and adding value. While the sense dimension is crucial, other dimensions like feeling, thinking, acting, and relating contribute significantly to customer loyalty. Continuous evaluation and management of these dimensions can further enhance their impact on customer loyalty at Kampoeng Popsa Makassar. Notably, customer satisfaction is a vital precursor to loyalty, indicating that ensuring customer satisfaction is essential for fostering lasting customer loyalty.

Limitation and further directions

While this study provides valuable contributions, it has certain limitations that may impact its applicability to broader populations or different markets. The sample collected data from regional stores, which may not be genuinely random and may not represent a larger population. However, this limitation may be less significant if the focus is on examining relationships between variables rather than describing the population. Another area for improvement is the study's narrow geographical scope, which is limited to Indonesian. This is a significant drawback as the service marketing literature needs extensive research on the Cambodian service environment, highlighting a research gap. Future studies could include other ASEAN countries to enhance the comprehensiveness of findings. Additionally, future research could explore additional factors such as personality, culture, and cognitive dissonance as antecedents or consequences of the constructs in the model. Finally, the study does not consider the moderating role of demographic variables, which warrants further investigation.

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