

## **Effect of Experiential Marketing on Customer Satisfaction And its impact on customer loyalty (Study on Culinary Tourism in Wakatobi Regency)**

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**Abstract:** *This study aims to determine and analyze the influence of experiential marketing on customer satisfaction and its impact on customer loyalty. The design of this study uses an explanatory research approach. The explanatory research approach is intended to provide an explanation of the causal relationship between variables through hypothesis testing. This research was conducted with a survey method of 150 tourists who were in the tourist location of Wakatobi and had bought and enjoyed culinary in Wakatobi more than once. Data analysis was performed using the Structural Equation Model with the help of SmartPLS software. The results showed that experimental marketing has a positive and significant effect on customer satisfaction and customer loyalty, customer satisfaction has a positive and significant effect on customer loyalty.*

**Keywords:** *Experiential Marketing, Customer Satisfaction, Customer Loyalty*

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### **I. Introduction**

Tourism is an activity that directly touches and engages the community so that it brings various impacts on the local community, even tourism is said to have extraordinary trigger energy, which makes the local community experience metamorphose in various aspects. In line with the dynamics, the movement of tourism development penetrated in various terminologies such as sustainable tourism development, village tourism, ecotourism, is an approach to developing tourism that seeks to ensure tourism can be carried out in non-urban tourist destinations. One alternative tourism development approach is culinary tourism for sustainable regional development in the tourism sector. The main ingredients of culinary tourism are manifested in the lifestyle and quality of life of the people as well as unique and exotic experiences of the region.

The experience of consumers in culinary tourism is closely related to the concept of Experiential Marketing. According to Schmitt (1999: 22) Experiential Marketing is a business that is used by companies or marketers, to package products so they can offer emotional experiences to touch consumers' hearts and feelings. Whereas according to Handi Chandra (2008: 166) Experiential marketing is a marketing strategy that is wrapped in the form of activities so as to provide experience that can impress the hearts of consumers. Based on this opinion, Experiential Marketing can be interpreted as a marketing concept that emphasizes the performance of products and services that provide consumers with emotional, unique, positive and impressive experiences, also touches their hearts and feelings, so they want to use company products and services. One of the objectives of Experiential Marketing is that customers can be loyal to the services provided.

Efforts to achieve customer loyalty besides being achieved through Experiential Marketing also require support from several other variables, namely service quality, customer value and customer satisfaction. According to Oliver, quoted by Ruth Hurriyati (2008: 128), expressing the definition of loyalty is "the commitment of customers who persist in depth to re-subscribe or repurchase products or services consistently in the future, even though the influence of the situation and marketing efforts has potential to cause behavior change".

Some empirical studies provide a description of customer satisfaction that traditionally the notion of customer satisfaction or dissatisfaction which is the difference between expectations (perceived) and perceived or perceived performance (Oliver (1980), in the sense that the performance of service providers is at least the same with what the customer expects, the concept clearly shows that after buying a product, the customer compares with his expectations, after that the customer expresses satisfaction or dissatisfaction, customer satisfaction contributes to a number of crucial aspects, such as creating customer loyalty, increasing company reputation, reducing price elasticity, reduced future transaction costs, and increased efficiency and productivity of employees (Anderson and Lehmann, 1994; Anderson and Rust, 1997; Edvardsson, B., 2000). Loyalty will

continue only as long as the customer feels that he receives a better value (including high quality in relation to price) compared to what can be obtained by switching to other service providers (Lovell and Wright, 2007: 133).

As a Special Tourism Economic Zone established by the Ministry of Tourism since 2015, Wakatobi Regency, Southeast Sulawesi continues to develop tourism concepts. This is to support Wakatobi Regency which has extraordinary tourism potential especially marine and cultural tourism. "Wakatobi has an underwater beauty that is quite fantastic because it is inhabited by around 750 types of coral reefs," and also inhabited as many as 942 species of fish and various other marine biota. "The diversity of coral reefs, various types of fish and marine biota, is an extraordinary attraction for tourists, especially diving tourists." While in the field of culture, Wakatobi has a diverse and unique tradition of local cultural wisdom. "One of the local wisdoms that is still being preserved in Wakatobi is the way people interact with their natural surroundings.

Based on the potential that has been explained, it can be seen that experiential marketing has a very important role for customer loyalty. Without strong experiential marketing with customers, a business will experience difficulties in facing tight competition in the present. Therefore researchers are interested in conducting research on "The Effect of Experiential Marketing on Customer Satisfaction and Its Impact on Customer Loyalty (Study on Culinary Tourism in Wakatobi Regency)".

## **II. Literature and Hypothesis Study**

Information about the influence of Experiential Marketing on Customer Satisfaction and Its Impact on Customer Loyalty will be useful for sustainable culinary tourism in Wakatobi Regency, therefore the approach used to explain the relevance of Experiential Marketing, Customer Satisfaction and Loyalty is relationship marketing and consumer behavior.

### **2.1. Experiential marketing influence on customer satisfaction**

Experiential Marketing is a business that is used by companies or marketers to package products so they can offer emotional experiences to the overall heart and feelings of consumers. (Andreani, 2007). Customers who gain experience in consuming products or services will make their feelings happy and satisfied. Experiential Marketing is an important factor in increasing customer satisfaction (Karadeniz et al., 2013; Ren Fang Chao, 2015; Stefanini et al., 2017; Retno Widowati & Fitria Tsabita 2017). Based on this, the first hypothesis proposed in this study is:

#### **Hypothesis 1: Experiential Marketing Has a Positive and Significant Effect on Customer Satisfaction**

### **2.2. Effect of Experiential Marketing and Customer Satisfaction on Customer Loyalty**

Satisfaction is a process of evaluation carried out by consumers, where consumers act by comparing between actual performance and performance expectations (expectation). As revealed by Kotler and Armstrong (2012: 13), that expectations and the actual level of performance will affect customer satisfaction in perceiving the quality of a product.

Some research results show that customer satisfaction is a strong antecedent for customer loyalty, this is also consistent with the results of research from Jung and Yoon (2012) with Mohsan et al. (2011) which shows that satisfaction has a positive effect on customer loyalty. Based on the description above, the hypothesis 4 stated is as follows:

#### **Hypothesis 3: Experiential Marketing Has a Positive and Significant Effect on Customer Loyalty**

### **2.3. Effect of Experiential Marketing and Customer Satisfaction on Customer Loyalty**

Satisfaction is a process of evaluation carried out by consumers, where consumers act by comparing between actual performance and performance expectations (expectation). As revealed by Kotler and Armstrong (2012: 13), that expectations and the actual level of performance will affect customer satisfaction in perceiving the quality of a product. Some research results show that customer satisfaction is a strong antecedent for customer loyalty, this is also consistent with the results of research from Jung and Yoon (2012) with Mohsan et al. (2011) which shows that satisfaction has a positive effect on customer loyalty.

Customers who gain experience in consuming products or services will make their feelings happy and satisfied. Experiential Marketing is an important factor in increasing customer satisfaction. Based on this, the hypotheses 3 and 4 proposed in this study are:

#### **Hypothesis 3: Customer Satisfaction has a positive and significant effect on Customer Loyalty**

#### **Hypothesis 4: Experiential Marketing has a positive and significant effect on Customer Loyalty through Customer Satisfaction**

### III. Research methods

This research was conducted in Wakatobi Regency for tourists who are located in Wakatobi tourist locations and have bought and enjoyed culinary in Wakatobi more than once, namely as many as 150 people. This research was conducted by survey method and used the concept of Structural Equation Modeling (SEM) with the M2 Version of the SmartPLS (Partial Least Square) program.

### IV. Research Results and Discussion

Based on the results of data analysis using SmartPLS the results are:

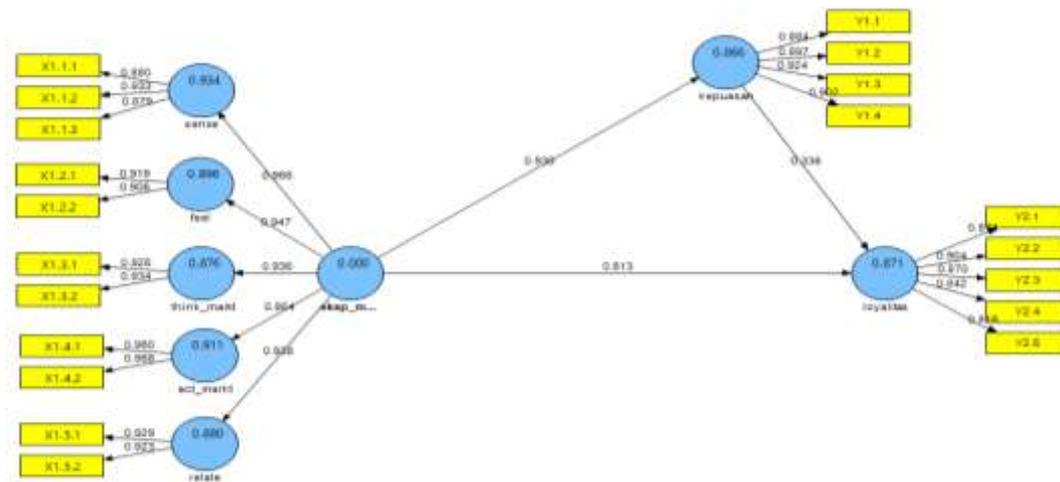


Figure 4.1. Full Model

Based on the results of the bootstrapping process as shown in Figure 4.1. full model. above, the path coefficient value in this research model can be presented in table 4.1. The following hypothesis test:

Table 4.1: Hypothesis Testing

Hipotesis	Effect	Original Sample Estimate	t-Statistik	t - Tabel	Information	
1	Ekperiential Marketin → Kepuasan	0.930	59.708	1,655	t-statistik > t-tabel	Signifikan
2	Ekperiential Marketing → Loyalitas	0.613	6.327	1,655	t-statistik > t-tabel	Signifikan
3	Kepuasan → Loyalitas	0.336	3.360	1,655	t-statistik > t-tabel	Signifikan

Source: Primary data processed, 2019

Based on the results of the data in table 4.1 above, it can be seen in testing each hypothesis that has been proposed, namely:

1. The first hypothesis proposed in this study is "Experiential Marketing has a Positive and Significant Effect on Customer Satisfaction". Table 4.1 shows the original sample estimate value between the effect of experimental marketing on customer satisfaction at 0.930 and is positive. The t-statistic value of 59,708 is greater than at t-table 1,655. This value shows that experimental marketing has a positive and significant effect on customer satisfaction. The results of this study found that good experiential marketing will make customers satisfied, where consumers' good experience when making consumption will make customers feel happy because what the customer expects before assuming is felt good and in accordance with customer expectations. The findings of this study indicate that customers who get an emotional impression from culinary tourism in Wakatobi Regency are generally satisfied, this result is due to customers who are generally looking for culinary - traditional culinary that can remind them of past memories, this is in line with the characteristics of respondents based on age which is dominated by customers aged 36 - 55 years. Customers aged 36 - 55 years are customers who in their childhood enjoyed snacks or food when there was a party like the one offered in a culinary tourism area in Wakatobi district. The findings of this study strengthen the results of research conducted by Albertus Christian and Diah Dharmayanti (2013); Shartika Purnama Dewi (2013); Oddy Adam Nugroho, Suharyono and Srikandi Kumadji (2013); Andriani Kusumawati (2014) who stated that experimental marketing is a significant determinant of increasing customer satisfaction.

2. The second hypothesis proposed in this study "Experiential Marketing Has Positive and Significant Effects on Customer Loyalty". Table 5.15 shows the original sample estimate value between the influence of experiential marketing on customer loyalty of 0.613 and positive value. The t-statistic value of 6.327 is greater than at t-table 1.655. This value shows that experiential marketing has a positive and significant effect on customer loyalty. The results of this study found that good experiential marketing will make customers loyal to the company, where in order to increase customer loyalty, culinary tourism in Wakatobi regency must improve its marketing experience. One marketing approach to support customer loyalty according to Reymond Setiabudi Hadiwidjaja and Diah Dharmayanti (2017) is to market products using marketing experience (experiential marketing) by integrating elements of emotions, logic and general thought processes that can build relationships with customers so as to foster customer loyalty. The research results of Reymond Setiabudi Hadiwidjaja and Diah Dharmayanti (2017) found that of the 5 experiential marketing indicators, namely sense, feel, think, act, relate only sense, think and relate that can grow customer loyalty, while in this study found that the most describing exclusive marketing in growing customer loyalty is feel. The findings of this study reinforce findings from the results of the research of Reymond Setiabudi Hadiwidjaja and Diah Dharmayanti (2017).

3. The third hypothesis proposed in this study "Customer Satisfaction has a positive and significant effect on Customer Loyalty". Table 5.15 shows the original sample estimate value between the effect of customer satisfaction on customer loyalty of 0.336 and positive value. T-count value of 3.360 is greater than T-table 1.655. This value shows that customer satisfaction has a positive and significant effect on customer loyalty in culinary tourism in Wakatobi Regency. The results of this study indicate that customer satisfaction is an important factor in building customer loyalty and making customers loyal. These results can be explained that Wakatobi Regency culinary tourism customers perceive that the culinary tourism products and services they consume are in line with their expectations and customers are satisfied with what they receive from purchasing products and services on culinary tours in Wakatobi Regency, making customers always want to buy back products and culinary tourism services in Wakatobi Regency. The results of this study indicate that customers who feel satisfied and want to always return to buy culinary tourism products and services in Wakatobi Regency are generally customers aged 36-45 and 46-55 years who are generally those who want to remember the past by looking for traditional culinary in Wakatobi Regency. The results of this study support the results of the study Ren\_Fang Chao (2015) which found that customer satisfaction is an important factor to build customer loyalty, where the findings of this study also prove that customers who feel consumed products and services in culinary tourism in Wakatobi Regency are in accordance with what he expected and even customers feel very satisfied and want to always return to culinary tourism in Wakatobi Regency.

4. Testing of hypothesis 4 is "Experiential marketing has an effect on customer loyalty through customer satisfaction", it is necessary to see the value of direct influence, indirect influence, and total influence between variables in this study. The magnitude of the effect is indicated by the coefficient between the intended variables with criteria below 10% criteria low, 10% up to 50% criteria medium and above 50% criteria high (Klane, 2002).

**Table 4.2:** Direct Effect, Indirect Effect, dan Total Effect

No	Variable	Effect	Experiential marketing	Customer Satisfaction
1	Customer Satisfaction	Direct	0,930	-
		Indirect	-	-
		<b>Total</b>	<b>0,930</b>	-
2	Customer Loyalty	Direct	0.613	0,336
		Indirect	<b>0,312*</b>	-
		<b>Total</b>	<b>0,926</b>	0,336

Ket: \* (0,930 x 0,336) Source: Primary data processed, 2019

Based on table 4.2 about the value of direct, indirect, and total influence it can be explained as follows:

Increased experimental marketing directly affects customer satisfaction by 0.930 and on customer loyalty by 0.613. This indicates that an increase in experimental marketing has a dominant influence on customer satisfaction and customer loyalty. Therefore to increase satisfaction, experimental marketing includes sensory experience (SENSE), affective experience (FEEL), creative cognitive experience (THINKING), physical experience and lifestyle (ACT), social and cultural interaction (RELATION). needs to be improved. Increased customer loyalty is directly affected by customer satisfaction of 0.336. This means that increasing customer satisfaction will increase customer loyalty. Therefore, it can be concluded that customer satisfaction has a direct influence on customer loyalty. Increasing customer loyalty is influenced indirectly by experiential marketing through satisfaction of 0.312. Therefore, it can be concluded that experimental marketing has an indirect influence on customer loyalty through customer satisfaction.

Based on direct, indirect and total influences as shown in Table. 4.2 above can be concluded that the increase in customer loyalty is influenced most by direct experiential marketing of 61.3%, while through satisfaction is only 31.2%. According to Klane (2002) the magnitude of the influence shown by the coefficient

between the variables addressed by the criteria of 10% -50% shows that the effect of customer satisfaction as an intervening variable is on the medium criteria and these results indicate that the direct effect of marketing marketing on customer loyalty is greater than the influence indirect marketing experience towards customer loyalty through customer satisfaction. Based on the explanation above, it can be stated that customer satisfaction is not able to be an intervening variable that mediates the relationship of experiential marketing influence on customer loyalty. Research results of Ren\_Fang Chao (2015) which states that customer satisfaction is very important because experimental marketing conducted by marketers must make customers satisfied because by increasing customer satisfaction the customer will be loyal. In contrast to the findings of this study which shows that although experimental is a determining factor that makes customers satisfied and loyal, but it turns out to increase customer satisfaction is not able to act as a mediator in encouraging increased customer loyalty.

## V. Limitations of Future Research and Research

This research has been carried out with all the power to approach perfection, but as a normal human being there are still some things that have not been able to be realized in this study, including:

1. The sample used in this study is sufficient for research requirements, but it would be much better if the number of samples used was greater so that the accuracy of the results of the study would be better. Therefore for future research it is recommended to use a larger sample so that the generalization ability becomes better.
2. The approach used in analyzing this study uses quantitative analysis, but to obtain more detailed information related to experimental marketing relationships, customer satisfaction and customer loyalty is quite limited. Therefore, it is recommended for future research to develop this research using a mix method so that researchers have more space in exploring research results.

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