

# CHAPTER I

## INTRODUCTION

### 1.1 Research Background

The rapid development of the world of business has made competition between similar companies even more stringent. Every business wants its business to be the best amongst the other companies. Business owners race to create effective strategies to create the best companies and to survive the competition that exists. Every business person is required to have a high sensitivity to any change that happens. Marketing must also be able to respond to what customers want and need so that they can be satisfied. As for trends in today's growing marketing, they lead more to the formation of experiences for customers.

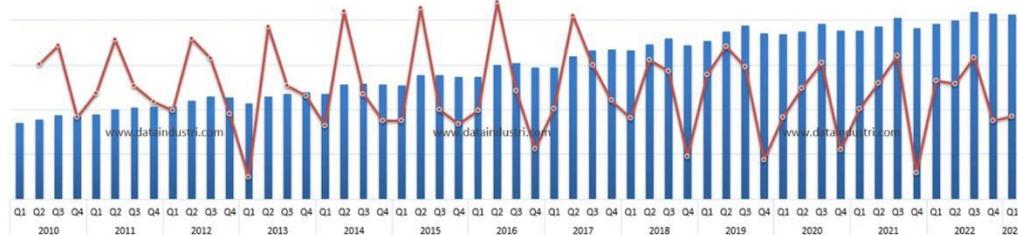
One of the industries that has always been famous in Indonesia is the food and beverage industry. The Central Statistical Agency (BPS, 2022) forecasts that the country's food and beverage sector reached Rs. 1,23 square billion by 2022 based on the current pricing (ADHB). This portion's worth amounted to Rs. 19,59 square million, or 6.32% of the entire national GDP. Food and drinks contribute more than a third (38.35%) to the total GDP of non-migas processing industry with a total value of Rs. 3,23 quadrillion. This portion is the largest compared to other industries.

**Table 1. 1 GDP Food and Beverage Industry 2022**

Industry	Gross Domestic Product
Food and Beverages	1,2 Quadrillion
Chemical	357,3 Trillion
Pharmacy	284,6 Trillion
Transportation Equipment	284,6 Trillion
Metal Goods	201,6 Trillion
Basic Metals	135,8 Trillion
Tobacco Processing	129 Trillion
Paper and Paper Goods	91,1 Trillion
Non-Metallic Minerals	87,8 Trillion
Rubber and Rubber Goods	80,1 Trillion

Source: BPS, 2022

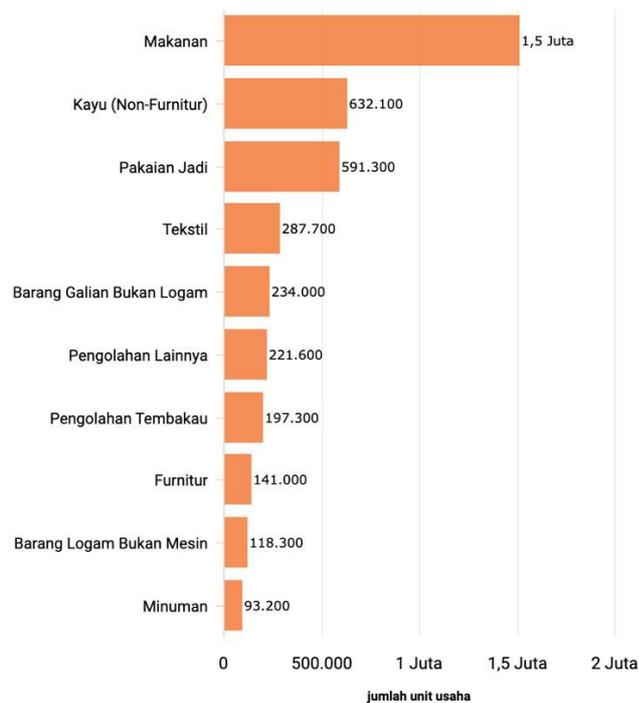
Meanwhile, the data on the growth of the food and beverage industry in 2023 itself in its development from 2010 to 2023 has fluctuated in terms of food and drink GDP and its growth as shown in the following figure.

**Figure 1. 1 Food and Beverage Industry Growth Data Trends 2010-2023**

Source: Industry Data, 2023

Based on Figure 1.1 above, it is known that the annual growth of the food and beverage industry (year on year) until the 2nd quarter of 2023 is growing positively. This positive growth performance continues the performance of previous years which is also always positive. These opportunities are also being exploited by micro - small scale industries (SMEs) in Indonesia, which are also

active in the food sector. According to the report of the BPS (2020) the number of food sector SMEs reached 1.51 million units of enterprise by 2020. The proportion of SMEs of the food sector reached 36% of the total national SMEs totalling 4.21 million of enterprises, as can be seen in the following figure.



**Figure 1. 2 The Majority of Micro-Small Industries Move in The Food Sectors**

Source: BPS, 2020

There is a need for people to meet the needs of life related to food adequacy resulting in supply and demand chains. It is also used by specializing in urban areas to satisfy the needs of the people of the food and beverages industry. Nowadays, the consumer activities carried out by urban communities are not only driven by the need for the function of the goods. In this modern life, urban societies in particular demand a lifestyle of fast and instantaneous consumption (Mufidah, 2012).

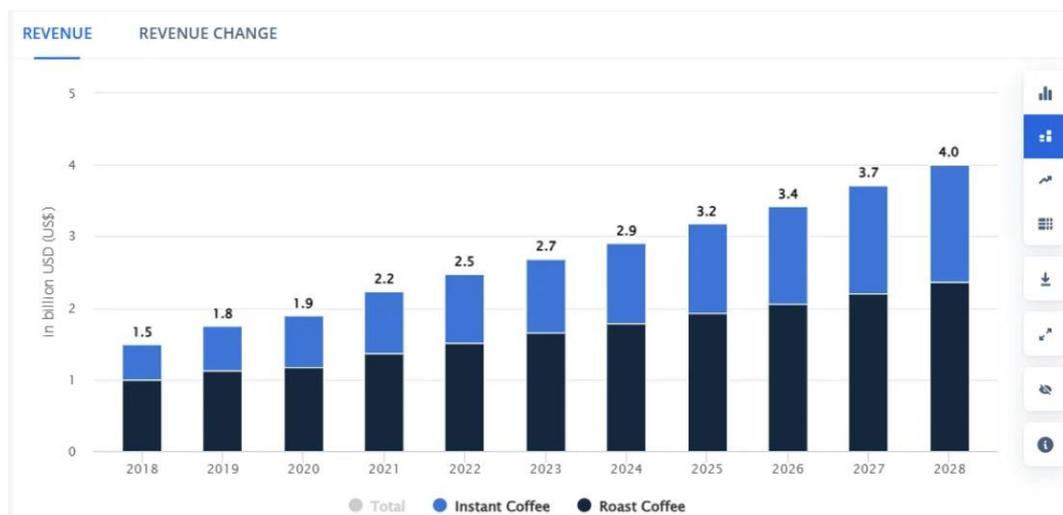
One of the food and beverage industries is in the form of a coffee shop. Coffee shop is one of the most popular in Indonesia and the phenomenon is an embodiment of supply and demand due to its popularity continues to climb (Toffin, 2020). But the high failure rate is one of the biggest challenges in running a coffee business. The difficulty of maintaining a competitive coffee shop in the face of numerous rivals in the sector is one of the reasons why many coffee shops fail to exist over the long term (Kim & Lee, 2017).

The severity of the competition makes every businessman charged with using all the skills they have to compete in the marketplace. According to Zulaicha and Irawati (2016) the increasing competition of with the same type of business makes every company increasingly required to move faster in attracting consumers. Kasali (2010) said that nowadays coffee is no longer just a drowsiness reliever, but as part of a lifestyle where coffee shops are in high demand. According to Yanti and Deliana (2018) coffee shops are usually used as a place to gather and relax with friends or family on weekends or just to get rid of the burden of daily activities.

Strong competition between coffee shops makes consumers more careful and selective when faced with a variety of choice of places to cook. But on the other hand, the heterogeneous conditions of the coffee shop market and the growing consumer taste make it difficult for companies to follow consumer tastes. Consumers today are very critical in choosing a product. As it is known that the product offer today is very varied and numerous, not except with the coffee shop business. The increasing number of options makes it easier for

consumers to choose according to their tastes and economic capabilities. By offering quality, providing a unique atmosphere, and a focused marketing strategy, companies can attract and make consumers decide on the purchase of a product. Therefore, companies need to choose the most attractive market segment as their target market (Yanti & Deliana, 2018).

The coffee shop industry gains a high level of public enthusiasm that affects the increase in profits. By 2023, Indonesian coffee market revenue reached US\$ 2.7 billion. It is predicted that there will be an increase in the coffee shop industry revenue due to the fact that coffee consumers in Indonesia are very large and there is an influence on the lifestyle of the people. In addition, every person in Indonesia is estimated to consume 0.57 kg of coffee by 2023.



**Figure 1. 3 Trend Business Coffee Shop 2018-2028**

Source: Statista, 2023

The competitive conditions of due to the Indonesian coffee shop sector, all coffee shops have had to come up with creative ways to set themselves apart from the competition (Han et al., 2019). The majority of coffee shops aim to provide their patrons a positive experience (Song et al., 2019). The goal is to

retain its customers and develop a better brand management strategy (Huang, 2017; Kim & Lee, 2017). In this case, strong brand loyalty may be crucial to the coffee shop industry and aid consumers in differentiating across coffee shops.

Any corporation must aspire for customer loyalty to a product. A customer's steadfast resolve to regularly renew their subscription or buy a certain item or service in the future is known as loyalty (Nafiah & Trihudyatmanto, 2021). Businesses are believed to be able to compete with new and developing rivals in the same sector if they have loyal customers (Devi & Menezes, 2016). The dedication that a customer has to a brand or brands is known as customer loyalty. The loyalty of the customer can be produced when the brand acquires exclusive, positive meaning, and stands out in the minds of consumers. One customer's positive attitude can be shown faithfully to the product of a brand and recommend to others. So, it can be said that loyalty is something that arises without coercion.

Keeping consumers loyal is not an easy thing in an era of dynamic industrial development like this. Companies must use the right marketing strategy to maintain customer loyalty. A loyal attitude to the customer can be created through experiential marketing services (Rozaqie et al, 2016). This is because marketing is now a "challenge" because of the fragmented media using the latest marketing systems to satisfy the dynamic needs of consumers (McCole, 2004). So many companies take advantage of their marketing experience to explore the existence of experiential marketing in various industries (Mathwick et al, 2001; Lai & Chou, 2010; Yuan & Wu, 2008).

Experiential marketing is generally defined as any form of marketing activity that focuses on customers who create connections to other customers (Schmitt, 2010). By the time of 2015, experiential marketing is definitely a useful trend in the business world, as the idea has been widely adopted by a variety of industries, including sports, recreation, and tourism, medical services, and hard- to-reach tourists (Chang, 2020).

According to Schmitt (2008), the secret to retaining clients is to make their experience enjoyable. Consumers who see the benefits of experiential marketing are more likely to remain loyal. According to Chen & Lee (2009), one of the key components of experiential marketing is building client loyalty. Experience marketing has a strong beneficial impact on client loyalty, according to Öztürk (2015). According to the study's findings, a dynamic marketing experience is essential for boosting customer loyalty since it allows people to interact with the brand through their senses.

The proprietor of the coffee shop should take into account the customer experience in addition to experiential marketing. Selling experiences has emerged as a fascinating marketing concept that focuses on how firms in certain industries invest and provide distinctive experiences to grow their businesses and stay in business (Han et al., 2019). Keeping customers loyal will have a big impact on a brand's performance (Huang, 2017). Loyal customers typically choose to purchase brands they enjoy and are not interested in competing goods. In 2017, Menidjel et al. Retaining existing clients is seen to be significantly more beneficial for the company than acquiring new ones.

According to earlier studies, the majority of customers now assess brand credibility by comparing it to their own experiences (Mathew & Thomas, 2018). consumers are more likely to offer good reviews of a brand and recommend it to other potential consumers if the brand experience is appealing (Ferreira et al., 2019).

Brand experience is conceptualized as a subjective, personal consumer response (sensational sensation, and cognition) and behavioural response arising from product quality perceptions with brand-related stimuli that are part of brand design and identity, packaging, communication, and environment (Brakus et al., 2009; Truong & Nguyen, 2020). Building a comprehensive brand experience is essential to connecting with consumers through brand marketing (Schmitt, 2010). Customers' "view" of the brand is influenced by marketing efforts relating to the brand by people they know and how they feel about it.

To keep customers loyal, the coffee shop sector has to improve customer happiness in addition to experiential marketing and brand experience. According to Zeithaml et al. (1990), customer satisfaction is the outcome of a customer's assessment of the value obtained in a transaction based on the perceived level of service quality. Numerous studies have demonstrated that an organization's ability to retain customers depends on its ability to satisfy its customers (Cronin et al., 2000; Sivadas & Baker-Prewitt, 2000). In order to maximize the company's value for the client, customer happiness is contingent upon the quality of service provided (Sivadas & Baker-Prewitt, 2000).

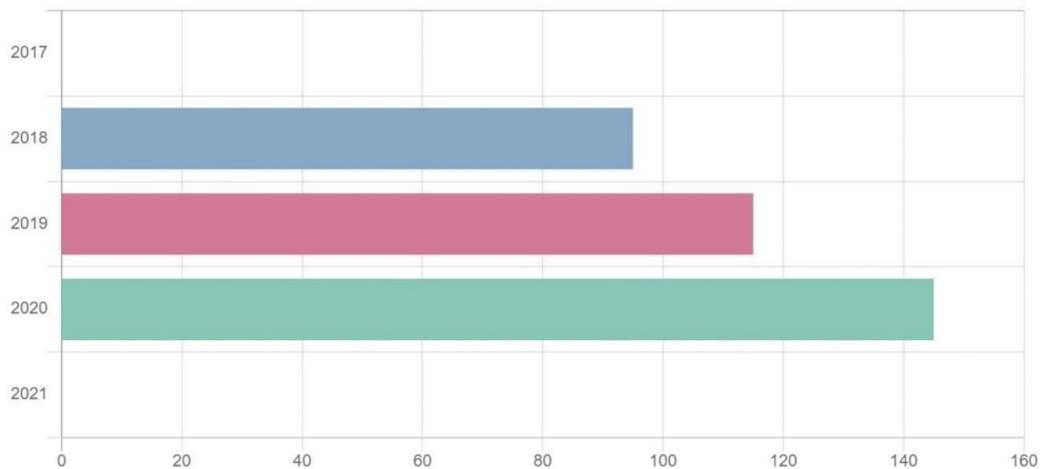
In addition to being directly related to generating profit for the business, quality goods and services have a significant impact on customer happiness. The customer's perception of satisfaction increases with the quality of the company's goods and services. Tjiptono (2015) asserts that expressing customer happiness can create a positive relationship between the manufacturer and the consumer. It builds a solid basis for repeat business, fosters client loyalty, and generates verbal referrals that are advantageous to a business. When customers experience the greatest degree of satisfaction, a deep emotional connection and sustained dedication to the company's brand are formed. This is the link between satisfaction and loyalty. Because the more satisfied consumers are, the more likely they are to stay loyal, businesses must track and enhance customer satisfaction (Kartajaya, 2006).

In Semarang City, there is a high demand for coffee shops that serve food and drinks. This business sector is one of the intersection of the tourism business sector which is a combination of restaurants serving main food and beverages (food and heavy drinks) and coffee shops which are micro-enterprises in the form of shops, small shops or tents commonly found on the side of the street (Qastari, 2016). The coffee shop industry in Semarang City is being impacted by the changing times and the growing demands of the local population. Entrepreneurs are competing to design a more contemporary and comfortable space without sacrificing the coffee shop's function as a place to unwind and enjoy coffee.

The cafe business sector in Semarang City now not only provides a

variety of beverages with coffee base ingredients, but the entrepreneurs also provide innovation in providing various snacks and other drinks that have become a trend among the society as consumers. This makes modern coffee shops (or now called cafes) no longer just offer coffee baked with hot water, but already use state-of-the-art high-tech machines to create authentic coffee flavours. These innovations have an impact on the attractiveness of the community and the increasing need for people to just sit around and enjoy coffee and snacks with quality coffee flavors.

Because Semarang City is the capital of Central Java Province with a population based on the Census Results of 1.65 million people by 2020 (Iskandar, 2021). The high population of Semarang City makes it a large city with many colleges, industrial sectors, and central government center in Central Java Province. There is a diverse spirit of society in Semarang City not apart from the target market pursued by the cafe entrepreneurs by targeting the market against students and office workers. This is demonstrated by the growth of the coffee shop business in Semarang City based on the picture below.



**Figure 1. 4 Coffee Shop in Semarang 2018-2020**

Source: Semarang City Government, 2020

Among the coffee shop industry in Semarang City, experiential marketing practices are also applied by Anantari Coffee in its branding. This coffee shop is located in the area of Jangli, Tembalang district, Semarang city by serving not only coffee but culinary food that varies. Anantari Coffee is branding by selling Indonesian, Customers may have a delectable dinner with coffee and other foods in a unique way by switching from Western to Asian cuisine. With its tasteful décor, roomy layout, variety of coffee, warm lighting, gentle music, welcoming personnel, and a calm and peaceful ambiance, Anantari Coffee engages in experience marketing. This is done to keep customers happy and to make them more loyal.

Since its inception in 2021, Anantari Coffee has been trying to compete in the coffee shop industry to maintain its existence. However, so far, Anantari Coffee has not been able to place a specific community segment to be a target market plus the location is not located in the neighborhood of schools or universities and offices.

This research was conducted because the competition in the coffee shop industry in Semarang City is becoming increasingly intense, requiring the right marketing strategies for a business to survive and grow. Anantari Coffee, as one of the business players in this field, has not yet succeeded in determining a specific market segment, so a study is needed to identify the appropriate community or target market to make the marketing strategy more effective. Additionally, Anantari Coffee's location, which is not near schools, universities, or office areas, poses a particular challenge that needs to be analyzed for its impact on business development. The application of experiential marketing by Anantari Coffee in its branding is also an important focus, as this strategy is believed to increase customer satisfaction and loyalty. Therefore, this research is expected to contribute to the development of marketing strategies for small and medium enterprises in the coffee shop sector, especially in the Semarang area.

Related to customer satisfaction with Anantari Coffee found results based on the presence of Guest Comment Card from customers in the table below.

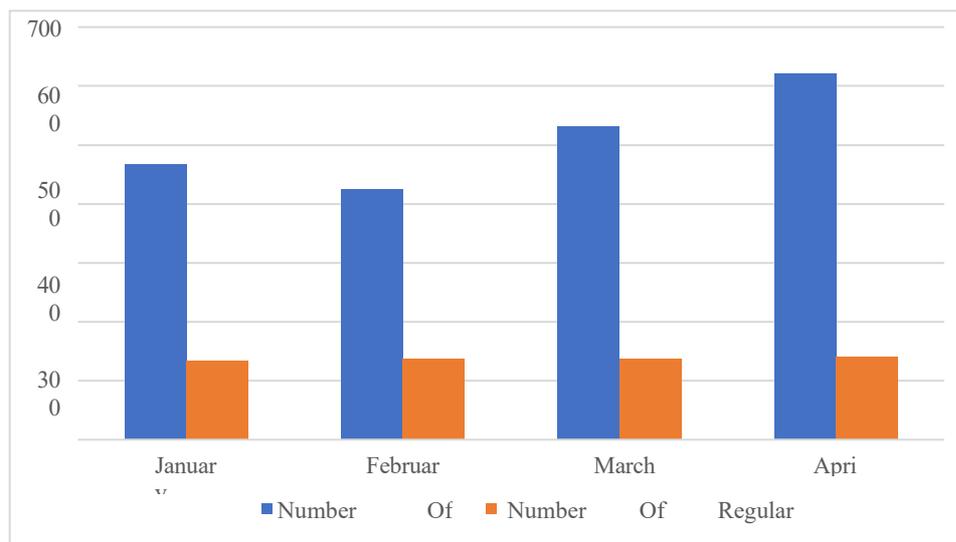
**Table 1. 2 Guest Comment Card Anantari Coffee April 2024**

No	Name	Frequency	Comment
1	Angela	1	Parking is too expensive
2	Pur	1	There is no indoor air conditioning, so it's hot during the day
3	Asih	2-3	Serami cobs are undercooked and lack flavour

No	Name	Frequency	Comment
4	Eva Wijayanti	2-3	Blackberry coffee is less pronounced
5	Aris Suharyo	2-3	Out door is hot because no fan is installed and there is no wheelchair ramp
6	Keisya	1	Price is too expensive

Source: Preliminary Survey Data, 2024

Based on Table 1.2 above, it is known that there are guest comment cards from Anantari Coffee consumers who provide complaints and complaints. The complaints and complaints include those related to the facilities provided, the food served is less than excellent, the suitability of the taste of the drinks and the price. The existence of complaints and complaints from Anantari Coffee consumers indicates a low level of customer satisfaction which creates problems for Anantari Coffee.



**Figure 1. 5 Number of Visitors and Number of Regular Customers of Coffee Period January-April 2024**

Source: Preliminary Survey Data, 2024

Based on Figure 1.5 above it is known that the number of regular customers or loyal customers who obtain a member card with the condition of visiting Anantari Coffee in a period of at least 3 times per month there is no significant increase when compared to the numbers of existing visitors. It is known that the addition to the regular customer in January there were 138 customers, shortly in February and March there were no regular customer additions, and in April increased to 141.

The existence of low customer loyalty, which is evidenced by a decrease in the number of regular customers, also has an impact on the sales of Anantari Coffee in Table 1.3 below.

**Table 1.3 Anantari Coffee Sales (Rp) January-April 2024**

<b>Month</b>	<b>Sales (Rp)</b>
January	27.330.800
February	27.277.000
March	34.586.000
April	43.357.200
May	29.353.600
June	26.280.500
July	23.516.500
August	20.266.800

Source: Preliminary Survey Data, 2024

Based on Table 1.3 above, it is known that sales of Anantari Coffee fluctuate. The highest sales in 2024 (January-August) were in April with a sales value of Rp 43,357,200.00 and the lowest sales were in August with a sales value of Rp 20,266,800.00. From April to August, Anantari Coffee's sales continued to decline, namely in April-May it decreased by Rp 14,003,600.00;

then in May-June it decreased by Rp 3,073,100.00; in June-July it decreased by Rp 2,764,000.00; and in July-August it decreased by Rp 3,249,700.00. On this basis, it can be said that customer loyalty is an important key in maintaining Anantari Coffee's business in order to attract loyal customers, retain customers and increase sales margins.

It is possible to infer from the fact that Anantari Coffee's consumer loyalty is probably poor. Accordingly, the title of this study is "The Influence of Experiential Marketing and Brand Experience on Customer Loyalty Through Customer Satisfaction (Study on Customer Anantari Coffee Semarang)".

## **1.2 Problem Statement**

Customer behavior is a crucial element in determining the success of a business, especially in the food and beverage industry such as coffee shops. Today's consumers do not purchase products solely based on functional needs, but also consider emotional, social, and experiential aspects offered by a brand. In an era of increasingly competitive business, companies must understand how customer behavior is formed and what influences their decision to remain loyal to a brand.

Anantari Coffee, as one of the coffee shops in Semarang City, has been operating since 2021 and continues to strive to attract customer interest through various marketing strategies. However, based on preliminary data obtained, customer loyalty remains relatively low, as indicated by the stagnant number of regular (member) customers who visit routinely. This indicates a potential

issue in fostering loyal customer behavior.

In this context, strategies such as Experiential Marketing and Brand Experience play an important role in shaping customer perceptions and behavior. These two approaches can create positive experiences that drive customer satisfaction, and ultimately influence loyalty. Nevertheless, it is still unclear to what extent these two variables affect overall customer behavior at Anantari Coffee, particularly in shaping loyalty through satisfaction.

Based on this background, there are several problems that the author will examine, namely as follows:

1. Does experiential marketing influence customer satisfaction Anantari Coffee?
2. Does brand experience influence customer satisfaction Anantari Coffee?
3. Does experiential marketing influence customer loyalty Anantari Coffee?
4. Does brand experience influence customer loyalty Anantari Coffee?
5. Does customer satisfaction influence customer loyalty Anantari Coffee?
6. Does experiential marketing influence customer loyalty through customer satisfaction Anantari Coffee?
7. Does brand experience influence customer loyalty through customer satisfaction Anantari Coffee?

### **1.3 Research Objectives**

The objectives that researchers want to achieve in this research include:

1. Knowing and analysing the influence of experiential marketing on customer satisfaction Anantari Coffee.

2. Knowing and analysing the influence of brand experience on customer satisfaction Anantari Coffee.
3. Knowing and analysing about the influence of experiential marketing on customer loyalty Anantari Coffee.
4. Knowing and analysing the influence of brand experience on customer loyalty Anantari Coffee.
5. Knowing and analysing the influence of customer satisfaction on customer loyalty Anantari Coffee.
6. Knowing and analysing the influence of experiential marketing on customer loyalty through customer satisfaction Anantari Coffee.
7. Knowing and analysing the influence of brand experience on customer loyalty through customer satisfaction Anantari Coffee.

#### **1.4 Research Contribution**

Researchers aim to offer three advantages through their work, which are as follows:

##### **1. Theoretical and Academic Contributions**

By adding to the body of current literature and expanding the body of knowledge in the expanding field of study, the study seeks to overcome the shortcomings of earlier studies. It is anticipated that this study will serve as a standard and point of reference for further research on relevant topics pertaining to elements that might boost patronage in the food and beverage sector, particularly in coffee shops.

##### **2. Practical Benefits**

- a. The purpose of this research is to advise Anantari Coffee on how to boost profitability and customer loyalty in order to stay competitive in the rapidly expanding food and beverage sector in Semarang City and across the country. Using the research findings and the theoretical framework offered here, it is also anticipated that this study will serve as the benchmark for marketing strategies that Anantari Coffee and the Semarang Government may employ in a complete manner.
- b. The purpose of this study is to give the public, particularly those who are familiar with the food and beverage industry, educational reading material to help them make better decisions about what factors to take into account when choosing coffee shops as F&B businesses and when considering customer loyalty. Additionally, by taking into account the attitudes and behaviours examined in this research variable, the study seeks to provide customers strategic advice regarding how to foster loyalty to a coffee business.

## **1.5 Theoretical Framework**

### **1.5.1 Consumer Behaviour Theory**

The study of consumer behaviour examines how people, or groups of people, choose, pay for, utilize, and arrange goods, services, concepts, and experiences to try to fulfil their needs and wants. Keller and Kotler (2008). In their book, Kotler and Keller also go over the various elements that affect consumer behaviour patterns, including psychological, social, cultural, and personal issues. A number of sub-factors, which are explained as follows, also

have an impact on these factors:

1. Cultural Factors

This factor has several sub-factors that explain the cultural factor itself, namely: Culture, as a fundamental determinant that shapes behaviour; Sub- Culture, as an influence of religious, racial, tribal, and geographical backgrounds; and Social Class, which is based on the grouping of interests and behavioural patterns.

2. Social Factors

This factor chooses forming sub-factors, such as: Reference Group; Family; Roles and Social Status.

3. Personal Factors

Personal factors are influenced by several sub-factors, such as: Age; Job; Economic status; and Lifestyle.

4. Psychological Factors

This factor is influenced by several sub-factors, such as: motivation; individual perception of information; knowledge of an individual or group; and beliefs formed.

### **1.5.2 Theory of Reasoned Action**

This idea clarifies how human activity is influenced by attitude and behaviour. The main purpose of this theory is to forecast people's conduct based on their pre-existing views and behavioural intentions. While conduct (behaviour) is an actual action performed, behavioural intention (behaviour attention) is still an intention and not yet a behaviour. An individual's choice

to participate in a specific conduct is determined by the results they anticipate from carrying out the behaviour. TRA's primary goal is to comprehend voluntary behaviour in individuals by looking at the fundamental reasons behind actions (Ghozali, 2020). These are TRA's primary constituents.

1. Attitude: An individual's assessment of a specific thing or behaviour is referred to as their attitude. An individual's attitude encompasses their ideas about the repercussions of their actions as well as their positive or negative sentiments about the activity. A person is more likely to have a strong intention to engage in an action if they have a good attitude about it.
2. Subjective Norm: Regarding the conduct to be done, subjective norms represent people's views of social pressures and expectations from others in their immediate vicinity. This comprises well recognized standards and significant opinions on the behaviour held by others. Individual intentions are influenced by subjective norms, which characterize the degree to which people experience social pressure to engage in particular behaviours.
3. Intention: The choice to engage in or refrain from engaging in particular activities is known as intention. Subjective norms and attitudes impact intention. The intention to carry out the action will be stronger if people have a good attitude about conduct and experience substantial social pressure to do so.
4. Behaviour: Behaviour is the specific action that a person takes. Even though there are other variables that might affect behaviour, TRA makes

the assumption that an individual's intention is a reliable predictor of conduct.

TRA makes the assumption that people are logical thinkers who weigh the facts at their disposal before acting. This suggests that significant elements that mould and impact behaviour include personal attitudes, subjective standards, and intentions. Other behavioural theories and models, such as the Theory of Planned Behaviour (TPB), which incorporates more behavioural control elements, have been developed throughout time using TRA as their foundation. In order to comprehend and forecast human behaviour, TRA has also been used in a variety of scenarios, including consumer behaviour, organizational behaviour, health research, and other areas. Starbucks has a foundation for enhancing its brand attitude in this study, which should align with what customers want.

### **1.5.3 Customer Loyalty**

According to Kotler and Armstrong (2014), customer compliance with expectations is the foundation of customer loyalty. Some of these significant factors are outlined below to further illustrate why it is critical for a business to establish enduring relationships with its clients:

1. High acquisition costs against the emergence of new customers;
2. Loyal customers will tend to make more purchases;
3. Satisfied consumers will not be reluctant to recommend company services or products; and
4. Loyal consumers will win companies from market competition.

The willingness of customers to make more purchases, whether they are new or existing customers, is another aspect of consumer loyalty (Kangu et al., 2017). Because loyalty affects a company's or organization's survival in relation to its development and profitability, the researchers view it as a crucial variable (Shahzad et al., 2021). From initial acquisition to ongoing retention, the customer loyalty paradigm is currently receiving more attention (Chuah et al., 2017). Consumer loyalty is defined by the Guidelines (2009) as a customer's dedication to a market that is demonstrated by regular repurchases and a favourable attitude.

Customer loyalty indicators to be used in this study refer to customer loyalty according to Ahn & Back (2017) which is:

1. Cognitive

Cognitive loyalty is the first stage of consumer obtaining information that forces pointing to one brand over another that forms the basis of the consumer perception.

- a. Consumers think that buying a product on a brand is the best option
- b. Consumers are becoming more confident as customers who are loyal to the brand

2. Affective

The emotional components of the customer form the basis of this loyalty. Attitude is a function of both the prior attitude and pleasure in the later period, and it is the function of cognition (hope) in the first period of purchase (pre-consumption phase). Since loyalty has now become

ingrained in customers' minds as an effect rather than just a modifiable thought, it is far more difficult to alter in this phase than in the first.

Regarding the affective loyalty items, they are:

- a. In the future, consumers are willing to buy products on brands because brands have an advantage over other brands
- b. When customer need product, this brand are the primary choice in shopping

### 3. Conative

This third level of loyalty is based on the conative aspects of the consumer. Conative indicates an intention or commitment to do something towards a certain purpose. This kind of commitment is already beyond the affective, part of the motivational property to get a favourite brand. Affective only indicates motivational inclination. While the commitment to do shows a desire to carry out action. The desire to buy back or be loyal is just an act of anticipation but not implemented. The items of the conative loyalty are:

- a. Consumers intend to shop for a brand rather than another brand even though other brands offer products and prices that are more attractive
- b. Consumers are willing to recommend the product of the brand and give good reviews about the brand

#### **1.5.4 Customer Satisfaction**

When consumers' wants, desires, and expectations are satisfied, they are said to be satisfied. Sangadji and Sopiah (2013) define contentment or

dissatisfaction as an emotion that results from comparing the difference between a product's actual performance and its anticipated performance (Tjiptono, 2015).

An essential component of marketing strategies is customer happiness. Kotler and Keller (2019) define contentment as the emotion that results from comparing the apparent performance of a product to one's expectations, either of satisfaction or disappointment. Customers will be unhappy if the performance falls short of their expectations. The customer will be happy if the performance lives up to expectations. The consumer's perceived degree of satisfaction increases with the quality of the product or service offered by the manufacturer. Businesses who manufacture high-quality goods will have an edge over those that create low-quality goods, claims Purnamasari (2015). This indicates that buyers will be willing to buy a product at a price that fits the quality of the product. The aspects that determine consumer satisfaction include the quality of products and services, sales activities, after-sales service and business values (Umar, 2005).

This research will use customer satisfaction indicators from Suryawan and Dharmayanti (2013) which are:

1. *Attributes related to product*, is a dimension of customer satisfaction related to attributes such as the price corresponding to what is received and the quality or benefit of the product:
  - a. The brand has a high quality
  - b. The brand has a price that is comparable to the benefits of the product

received by the consumer

2. Attributes related to the service dimension of customer satisfaction that relates to the guarantee given by a company for a product that can be returned when the performance of the product is unsatisfactory:
  - a. The company has adequate service compared to other companies
  - b. The service provided by the company is able to meet the needs of the consumer for the product
  
3. Attributes related to the purchase, that is, the dimension of customer satisfaction that relates to the courtesy and hospitality of employees in serving customers and the delivery of information given by employees to consumers well:
  - a. Employees of the company are polite and friendly in serving the consumer
  - b. Employees of the company communicate product information to consumers well

### **1.5.5 Experiential Marketing**

The idea of experiential marketing is intimately tied to the consumer's experience when using products and services. Businesses who wish to enhance their brand, particularly at a time of crisis, might benefit greatly from experiential marketing (Abadi et al., 2020). According to Maghnati et al. (2012), experiential marketing may also be used to encourage innovation and influence consumers to test or purchase a product. Therefore, experiential marketing may be defined as a business strategy that focuses on the cognitive

and emotional responses that customers experience simultaneously in order to enhance sales and long-term profitability (Schmitt & Rogers, 2008).

According to Schmitt & Rogers (in Zena & Hadisumarto, 2012), experiential marketing is a tactic for accomplishing marketing objectives related to meeting client wants, solving issues, and making use of available resources. According to Lee et al. (2011), the primary goal of experiential marketing is to provide value to the customer's experience after using a product or service by evaluating their level of satisfaction or dissatisfaction as well as their expectations prior to using or consuming the product or service. According to study findings by Rasool et al. (2021) and Mostafa and Kasamani (2020), brand experience may also have a favourable impact on consumer loyalty.

As for the indicators used to measure experiential marketing, according to Abadi, et al., (2020) are:

1. Sense, the sensation that arises to produce a sensory experience through the nose, tongue, eyes, mouth, and skin. The main goal of sensation is to stimulate the five human senses hearing, smell, touch, and touch in order to provide aesthetic pleasure. Sense may be a thing:
  - a. Model/type as desired
  - b. The sound is good to hear
2. Feel, which is aimed at influencing the mood of the customer, the feelings and emotions caused by events, agents, and objects. Feel can be an item:
  - a. Good physical quality

- b. Makes the mood better
3. Think, the sort of encounter that tries to generate cognition. By offering problem-solving experiences that motivate customers to engage with the business or product in a creative and cognitive way, companies want to challenge consumers. Think is a possible item:
- a. The company serves complaints well
  - b. Providing the complaint service required by the customer
4. Act, the type of experience that aims to influence behaviour, lifestyle and interaction with customers.
- a. Customers are interested in advertising, offers and attractive discount
  - b. Identical to the lifestyle of young people
5. Relate, which is one way to form or create a customer community with existing communication patterns. Relate can be items:
- a. Quality in line with expectations
  - b. Service in line with expectations

### **1.5.6 Brand Experience**

Brakus et al. (2009) describe brand experience as the feelings, thoughts, and responses that customers have to a brand. These reactions are tied to the stimulus that the brand design, identity, marketing communication, people, and environment of the brand being sold cause. Brakus et al. (2009) began the study by examining the consumer's perspective by testing consumer experiences and how those experiences produce attitudes, views, and other facets of consumer behaviour in order to further define the brand

experience. When a customer looks for a product, purchases it, receives a service, and uses it, the brand experience starts.

Customers are more likely to talk about and share their brand experiences with others. Brand distributors may also be described as the quality of the consumer experience when it comes to purchasing a product (Dai & Lee, 2018; Gu et al., 2019; Zeithaml, 1988). Emotional connection is not what brand experience is (Ambler et al., 2002; Dam, 2020). Experience is made up of the thoughts, feelings, sensations, and actions brought on by the stimuli connected to a brand. Emotion is only one of the outcomes of the internal stimuli that cause the experience, such as pain and ambiguity about the likely outcome of conduct (Nguyen, 2020; Tran, 2020). However, brand experience can eventually lead to emotional attachment. Therefore, brand experience is theoretically and empirically different from personality, just as it is from brand judgment, engagement, commitment, and customer happiness.

According to Brakus et al. (2009) and Truong & Nguyen (2020), brand experience is defined as a subjective, individual consumer reaction (sensational sensation, and cognition) and behavioural reaction resulting from product quality perceptions with brand-related stimuli that are a part of brand design and identity, packaging, communication, and environment. Building a comprehensive brand experience is essential to connecting with consumers through brand marketing (Schmitt, 1999). Customers' "view" of the brand is influenced by marketing efforts relating to the brand by people they know

and how they feel about it. According to Ambler et al. (2002), the customer's mind controls all of their thoughts, feelings, experiences, pictures, perceptions, beliefs, attitudes, and other ideas regarding the brand.

The study will use indicators to measure the brand experience according to Nayeem, et al., (2019) and Han, and al., (2020) which are:

#### 1. Sensory Experience

The initial level of experience based on the consumer's sensory perception is called the sensory experience. It demonstrates how the brand affects the senses of the customer.

- a. Brand offline stores give a strong impression on consumer visual senses
- b. Consumers find offline store of the brand attractive in terms of product appearance

#### 2. Affective Experience

The emotion or sentiment evoked and the emotional connection that consumers have with the brand are known as affective experiences.

- a. Visiting the offline store of the brand makes the consumers mood better
- b. Visiting the offline store of the brand leads to a change

#### 3. Behavioural Experience

By focusing on their physical experiences and showcasing other approaches to tasks (such as in business-to-business and industrial markets), as well as alternative lifestyles and relationships, behavioural

experience marketing enhances the lives of its clients.

- a. Consumers enjoy talking to colleagues when visiting brand offline store
- b. Visiting brand offline store can increase consumer productivity

## **1.6 Relationship Between Variables**

### **1.6.1 The influence of Experiential Marketing on Customer Satisfaction**

Zhang (2015) mentions that consumers with subjective psychological conditions can change based on different personal feelings and environmental factors. Different consumer experiences will produce different effects resulting in different reactions from customers to their respective perceptions. Stein & Rmaseshan (2016) revealed that there is satisfaction as a customer's emotional reaction to different evaluations between the expected product or service and the actual experience.

According to Lin (2019), consumer happiness and experiential marketing have a strong beneficial relationship. Therefore, by offering a welcoming physical space to satisfy customers, F&B may support the existence of customer experience marketing. According to a study by Dewi et al. (2015), experiential marketing significantly improves consumer satisfaction, which is consistent with earlier findings. Additionally, recent studies by Abadi et al. (2020) and Gunawan (2022) show that experiential marketing positively affects client loyalty.

Based on the above arguments and the support of previous research, the hypothesis in this study is formulated as follows:

## **H1: Experiential Marketing has a positive effect on Customer Satisfaction**

### **1.6.2 The Influence of Brand Experience on Customer Satisfaction**

Customers are more likely to talk about and share their brand experiences with others. Brand distributors may also be described as the quality of the consumer experience when it comes to purchasing a product (Dai & Lee, 2018; Gu et al., 2019; Zeithaml, 1988). The emotional reaction of customers following a transaction that contrasts the expected and actual performance of a brand is what determines brand satisfaction (Oliver, 1980). Customers must be able and motivated to assess previously specified brands and references, according to the paradigm of confirmed brand happiness (Bloemer & Kasper, 1995). The subjective opinion that a certain brand meets or surpasses customer expectations is sometimes referred to as confirmed cognitive evaluation (Yüksel & Yüksel, 2001).

For every brand to serve the consumer, customer happiness is the top priority. It is a gauge of how well a business's goods or services meet or surpass the expectations of its clients. Consumer satisfaction is directly impacted by the brand experience, which is emphasized in this study as an intervention variable (Chinomona, 2013). Previous research has extensively demonstrated the beneficial impacts of brand experience (Brakus et al. 2009, Khan & Rahman, 2015) and customer experience (Gentile et al., 2007; Klaus & Maklan, 2013) on brand satisfaction. Prior studies have demonstrated that a positive brand experience boosts consumer brand satisfaction. Specifically,

online settings have recognized the influence of brand experience on brand satisfaction. Morgan-Thomas & Veloutsou, 2013; Ha & Perks, 2005). According to recent research findings by Budi et al. (2021) and Quan et al. (2020), brand experience may have a positive and substantial impact on brand satisfaction.

Based on the above arguments and the support of previous research, the hypothesis in this study is formulated as follows:

**H2: Brand Experience has a positive effect on Customer Satisfaction**

### **1.6.3 The influence of Experiential Marketing on Customer Loyalty**

According to Schmitt (1999), the secret to retaining customers is to provide them with a positive experience. Consumers who perceive that experiential marketing has a good effect on them are more likely to be loyal. Experience marketing, according to Chen & Lee (2009), is a key component in building client loyalty.

The results of Öztürk's (2015) research showed that experiential marketing significantly improves client loyalty. According to the study's findings, a dynamic marketing experience is essential for boosting customer loyalty since it allows people to interact with the brand through their senses. According to a different research by Wahyono & Nurjanah (2020), consumer loyalty is significantly enhanced by experiential marketing. Customer loyalty is increased by the room's facilities, which include air conditioning, cozy chairs, spotless restrooms, and a cozy and odor-free space. Because they have offered a range of amenities to preserve and boost consumer loyalty, patrons

will experience a pleasant atmosphere as soon as they walk into the space.

Based on the above arguments and the support of previous research, the hypothesis in this study is formulated as follows:

**H3: Experiential Marketing has a positive effect on Customer Loyalty**

#### **1.6.4 The influence of Brand Experience on Customer Loyalty**

Customers are more likely to talk about and share their brand experiences with others. The quality of the customer experience while purchasing a product is another way to identify the brand distributor (Dai & Lee, 2018; Gu et al., 2019; Zeithaml, 1988). Customers utilize brands, discuss brands with others, and look for brand information, events, and promotions to generate brand experiences (Ambler et al., 2002; Dam, 2020). The sensations, emotions, thoughts, and actions brought on by stimuli connected to a brand are called experiences. Though emotions are only one effect of the internal inputs that cause experiences, such as discomfort and confusion about the probable repercussions of activity, brand experiences can eventually lead to emotional ties (Nguyen, 2020; Tran, 2020). Therefore, brand experience is theoretically and empirically different from personality, just as it is from brand valuation, customer engagement, commitment, and satisfaction.

According to Brakus et al. (2009) and Truong & Nguyen (2020), brand experience is defined as the subjective, individual consumer reactions (sensation and cognition) and behavioural reactions that result from perceived product quality with brand-related stimuli that are a part of brand design and identity, packaging, communication, and environment. By creating a

comprehensive brand experience, brand marketing should engage customers (Schmitt, 1999). Marketing initiatives pertaining to a brand have an impact on customers' perceptions of the brand based on their knowledge and emotions about it. According to Ambler et al. (2002), thoughts, feelings, experiences, images, perceptions, beliefs, attitudes, and so forth are all organized in the customer's mind regarding the brand, which will further boost customer loyalty (Indriastiningsih et al., 2023; Wahyono & Nurjanah, 2020).

Based on the above arguments and the support of previous research, the hypothesis in this study is formulated as follows:

**H4: Brand Experience has a positive effect on Customer Loyalty**

#### **1.6.5 The influence of Customer Satisfaction on Customer Loyalty**

In addition to being directly related to generating profit for the business, quality goods and services have a significant impact on customer happiness. The customer's perception of satisfaction increases with the quality of the company's goods and services. Tjiptono (2008) asserts that declaring customer happiness can create a positive relationship between the manufacturer and the consumer. It builds a solid basis for repeat business, fosters client loyalty, and generates verbal referrals that are advantageous to a business. When customers experience the greatest degree of satisfaction, a deep emotional connection and sustained dedication to the company's brand are formed. This is the link between satisfaction and loyalty. Because the more satisfied consumers are, the more likely they are to stay loyal, businesses must track and enhance customer satisfaction (Kartajaya, 2006).

According to Leninkumar (2017), client loyalty is positively impacted by customer satisfaction. High customer satisfaction with banks may boost client loyalty, according to the findings, which also focused study on bank customers. Additionally, a study by Abror et al. (2019) found a strong positive correlation between client loyalty and customer satisfaction. The study's conclusions also show that businesses may boost client loyalty by making an effort to consider customer satisfaction and provide the finest service possible. The results of a recent research by Dam & Dam (2021) and Venkatakrishnan et al. (2022) also showed that customer satisfaction might have a favourable impact on customer loyalty.

Based on the above arguments and the support of previous research, the hypothesis in this study is formulated as follows:

**H5: Customer Satisfaction has a positive effect on Customer Loyalty**

#### **1.6.6 The influence of Experiential Marketing on Customer Loyalty through Customer Satisfaction**

According to Zhang (2015), customers with subjective psychological circumstances may alter in response to various environmental influences and individual sentiments. Customers will react differently to their impressions depending on the consequences of their own consumer experiences. According to Stein & Rmaseshan (2016), a customer's emotional response to disparate assessments between the anticipated product or service and the actual experience is known as satisfaction.

According to Lin (2019), consumer happiness and experiential

marketing have a strong beneficial relationship. Therefore, by offering a welcoming physical space to satisfy customers, F&B may support the existence of customer experience marketing. According to a study by Dewi et al. (2015), experiential marketing significantly improves consumer satisfaction, which is consistent with earlier findings. In addition to being directly related to generating profit for the business, quality goods and services have a significant impact on customer happiness. The customer's perception of satisfaction increases with the quality of the company's goods and services. Tjiptono (2008) asserts that declaring customer happiness can create a positive relationship between the manufacturer and the consumer. It builds a solid basis for repeat business, fosters client loyalty, and generates verbal referrals that are advantageous to a business. When customers experience the greatest degree of satisfaction, a deep emotional connection and sustained dedication to the company's brand are formed. This is the link between satisfaction and loyalty. Because the more satisfied consumers are, the more likely they are to stay loyal, businesses must track and enhance customer satisfaction (Kartajaya, 2006). Additionally, a recent study by Dam & Dam (2021) and Abadi et al. (2020) found that experiential marketing may have a favourable impact on client loyalty through customer satisfaction.

Based on the above arguments and the support of previous research, the hypothesis in this study is formulated as follows:

**H6: Experiential Marketing has a positive effect on Customer Loyalty through Customer Satisfaction**

### **1.6.7 The influence of Brand Experience on Customer Loyalty through Customer Satisfaction**

Customers are more likely to talk about and share their brand experiences with others. Brand distributors may also be described as the quality of the consumer experience when it comes to purchasing a product (Dai & Lee, 2018; Gu et al., 2019; Zeithaml, 1988). The emotional reaction of customers following a transaction that contrasts the expected and actual performance of a brand is what determines brand satisfaction (Oliver, 1980). Customers must be able and motivated to assess previously specified brands and references, according to the paradigm of confirmed brand happiness (Bloemer & Kasper, 1995). The subjective opinion that a certain brand meets or surpasses customer expectations is sometimes referred to as confirmed cognitive evaluation (Yüksel & Yüksel, 2001).

According to Leninkumar (2017), client loyalty is positively impacted by customer satisfaction. High customer satisfaction may boost client loyalty, according to the studies, which also focused on bank customers. Additionally, a study by Abror et al. (2019) found a strong positive correlation between client loyalty and customer satisfaction. The study's conclusions also show that businesses may boost client loyalty by making an effort to consider customer satisfaction and provide the finest service possible. Additionally, a recent study by Dam & Dam (2021) and Budi et al. (2021) found that brand experience may favourably impact consumer loyalty through customer satisfaction.

Based on the above arguments and the support of previous research, the hypothesis in this study is formulated as follows:

**H7: Brand Experience has a positive effect on Customer Loyalty through Customer Satisfaction**

### 1.7 Previous Research

Researchers look for parallels and fresh ideas for future studies in their earlier work. Additionally, prior research aids in positioning and proving the validity of study. Researchers synthesize both published and unpublished research after listing a variety of prior findings that are relevant to the study that has to be conducted. This is an earlier research that is still relevant to the subjects the author is cautious about.

**Table 1. 4 Previous Research**

No.	Researcher	Title	Variable	Results
1.	Abadi, et al., (2020)	Effect of Customer Value and Experiential Marketing to Customer Loyalty with Customer Satisfaction as Intervening Variable (Case Study on Gojek Makassar Consumers)	<ul style="list-style-type: none"> <li>• Customer Value</li> <li>• Experient al Marketing</li> <li>• Customer Satisfaction</li> <li>• Customer Loyalty</li> </ul>	Experiential Marketing has a positive and significant effect on
2.	Gunawan (2022)	The Influence of Customer Loyalty: The Effect Customer Satisfaction, Experiential Marketing and Product Quality	<ul style="list-style-type: none"> <li>• Sales marketing</li> <li>• Impulse Buying Decisions</li> </ul>	Customer Satisfaction

No.	Researcher	Title	Variable	Results
3.	Budi, et al., (2021)	The Effects of Experience and Brand Relationship to Brand Satisfaction, Trust and Loyalty Shopping Distribution of Consumer Philips Lighting Product in Indonesia	<ul style="list-style-type: none"> <li>• Brand Experience</li> <li>• Brand Relationship</li> <li>• Customer Satisfaction</li> <li>• Brand Trust</li> <li>• Brand Loyalty</li> </ul>	Brand Experience has a positive and significant effect
4.	Quan, et al., (2020)	The influence of website brand equity, e-brand experience on e-loyalty: The mediating role of e-satisfaction	<ul style="list-style-type: none"> <li>• Brand Awareness</li> <li>• Perceived Quality</li> <li>• Brand Association</li> <li>• E-Brand Experience</li> <li>• E-Satisfaction</li> <li>• E-Loyalty</li> </ul>	on Customer Satisfaction
5.	Indriastiningsih, et al., (2023)	Analysis of The Influence of Customer Satisfaction, Experiential Marketing and E-Service Quality on Loyalty of KAI Commuter Customers	<ul style="list-style-type: none"> <li>• Customer Satisfaction</li> <li>• Experiential Marketing</li> <li>• E-Service Quality</li> <li>• Loyalty</li> </ul>	Experiential Marketing has a positive and significant effect
6.	Wahyono & Nurjanah (2020)	Building Customer Loyalty through Strategy Experiential Marketing, Service Quality, and Customer Satisfaction	<ul style="list-style-type: none"> <li>• Experiential Marketing</li> <li>• Quality of Service</li> <li>• Customer Satisfaction</li> </ul>	on Customer Loyalty

No.	Researcher	Title	Variable	Results
			Satisfaction	
			• Customer Loyalty	
7.	Rasool, et al., (2021)	Relational Dynamics between Customer Engagement, Brand Experience, and Customer Loyalty: An Empirical Investigation	<ul style="list-style-type: none"> <li>• Customer Engagement</li> <li>• Brand Experience</li> <li>• Gender</li> <li>• Customer Loyalty</li> </ul>	Brand Experience has a positive and significant effect on Customer Loyalty
8.	Mostafa & Kasamani (2020)	Brand experience and brand loyalty: is it a matter of emotions?	<ul style="list-style-type: none"> <li>• Brand Experience</li> <li>• Brand Passion</li> <li>• Self-brand connection</li> <li>• Brand Affection</li> <li>• Brand Loyalty</li> </ul>	Brand Experience has a positive and significant effect on Customer Loyalty
9.	Dam & Dam (2021)	Relationships between Service Quality, Brand Image, Customer Satisfaction, and Customer Loyalty	<ul style="list-style-type: none"> <li>• Service Quality</li> <li>• Brand Image</li> <li>• Customer Satisfaction</li> <li>• Customer Loyalty</li> </ul>	Customer Satisfaction has a positive and significant effect on Customer Loyalty
10.	Venkatakrishnan, et al., (2022)	Web design and trust as moderators in the relationship between e-service quality, customer satisfaction and customer loyalty	<ul style="list-style-type: none"> <li>• E-Service Quality</li> <li>• Web Design</li> <li>• Price</li> <li>• Trust</li> <li>• Customer Satisfaction</li> <li>• Customer Loyalty</li> </ul>	Customer Satisfaction has a positive and significant effect on Customer Loyalty

Source: Literature Review, 2024

## 1.8 Hypothesis

Sugiyono (2018) states that a hypothesis is a temporary answer to a research problem formulation, which has been expressed in sentence form. Based on this, the hypothesis framework is derived from the following hypothesis model:

H1: Experiential Marketing has a significant positive effect on Customer Satisfaction

H2: Brand Experience has a significant positive effect on Customer Satisfaction

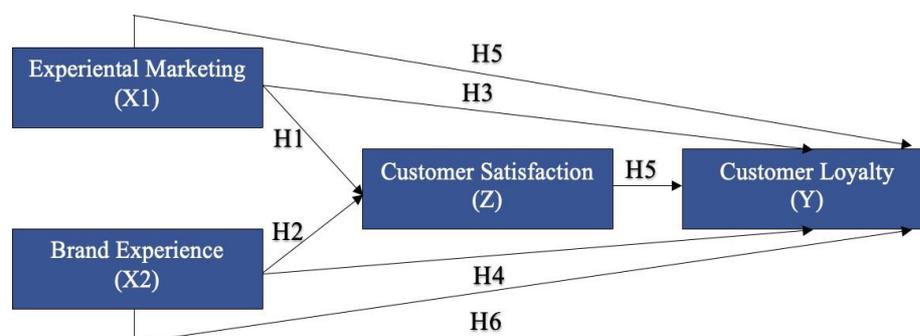
H3: Experiential Marketing has a significant positive effect on Customer Loyalty

H4: Brand Experience has a significant positive effect on Customer Loyalty

H5: Customer Satisfaction has a significant positive effect on Customer Loyalty

H6: Experiential Marketing has a significant positive effect on Customer Loyalty through Customer Satisfaction

H7: Brand Experience has a significant positive effect on Customer Loyalty through Customer Satisfaction



**Figure 1. 6 Hypothesis Model**

## **1.9 Conceptual Definition**

The Conceptual Definition refers to the understanding of the meaning of each variable in a research study. This Conceptual Definition will be explained as follows:

### **1.9.1 Customer Loyalty**

Hidayat (2009) defines consumer loyalty as a customer's dedication to a market demonstrated by a consistent repurchase and a favourable attitude. Because loyalty affects a company's or organization's survival in relation to development and profitability, the researchers view it as a crucial variable (Shahzad et al., 2021).

### **1.9.2 Customer Satisfaction**

Kotler and Keller (2019) define satisfaction as a sense of contentment or dissatisfaction that results from evaluating a product's perceived performance against their expectations.

### **1.9.3 Experiential Marketing**

Experiential marketing is a business approach that focuses on the simultaneous perception of consumers' emotional and rational impulses in order to boost sales and long-term profits. Rogers and Schmidt (2008). According to alternative perspectives on experiential marketing, Zena and Hadisumarto (2012) found that experiential marketing is a tactic for accomplishing marketing objectives in the areas of problem-solving, customer happiness, and the use of already-existing resources.

#### **1.9.4 Brand Experience**

Brakus et al. (2009) describe brand experience as the feelings, thoughts, and responses that customers have to a brand. These reactions are tied to the stimulus that the brand design, identity, marketing communication, people, and environment of the brand being sold cause. Brand distributors may also be described as the quality of the customer experience while buying a product (Dai & Lee, 2018; Gu et al., 2019; Zeithaml, 1988). Brand experience encourages consumers to speak about and share their experiences with a brand with others.

#### **1.10 Operational Definition**

The Operational Definition is an explanation of how a variable can be measured in the research being conducted. The Operational Definition in this study will be explained as follows.

##### **1.10.1 Customer Loyalty**

Positive attitudes are the foundation of consumer loyalty, which is demonstrated by repeat business and regular trips to Anantari Coffee. In terms of growth and profitability, Anantari Coffee sustainability depends on its devoted customers. According to Ahn & Back (2017), the customer loyalty indicator that will be employed in this study is:

1. Cognitive
  - a. Consumer think that buying products and visiting Anantari Coffee is the best coffee shop choice
  - b. Consumers are increasingly convinced that they are loyal

consumers to Anantari Coffee

2. Affective

- a. Consumers are willing to buy the product and visit the next Anantari Coffee because Anantari Coffee is the best coffee shop than any other
- b. When consumer need coffee and food, Anantari Coffee is a top choice

3. Conative

- a. Consumers intend to buy and visit Anantari Coffee than other coffee shops even though other coffee stores offer coffee and prices are more attractive
- b. Consumers are willing to recommend Anantari Coffee and give good reviews to colleagues

### **1.10.2 Customer Satisfaction**

Customer satisfaction may be defined as the sentiments of contentment that Anantari Coffee customers have when they compare the performance of the company's products to their expectations. The following customer satisfaction metrics from Suryawan and Dharmayanti (2013) will be used in this study:

1. Attributes related to product

- a. Anantari Coffee has high quality coffee and food
- b. Anantari Coffee has a price comparable to the taste of coffee and food perceived by consumers

2. Attributes related to service
  - a. Anantari Coffee has adequate coffee shop facilities compared to other coffee shops
  - b. The services provided by Anantari Coffee are able to meet consumer needs for coffee as well as social and employment needs
3. Attributes related to the purchase
  - a. Employees at Anantari Coffee are polite and friendly in serving consumers
  - b. Employees at Anantari Coffee provide menu information to consumers in a clear and understandable way

### **1.10.3 Experiential Marketing**

Anantari Coffee uses experiential marketing as a tactic to boost sales and long-term profitability by concentrating on the emotional and cognitive impulses that customers perceive, such as satisfying wants, solving issues, and making use of available resources. According to Abadi et al. (2020), the following metrics are used to assess experiential marketing:

1. Sense
  - a. Coffee and food sell at Anantari Coffee according to the taste of the consumer
  - b. The music played in Anantari Coffee is good to hear
2. Feel
  - a. The place and ambience at Anantari Coffee has a comfortable atmosphere for social and worked need

- b. Visiting Anantari Coffee improves consumer mood
3. Think
    - a. Anantari Coffee can serve consumer complaints well
    - b. Anantari Coffee provides advice boxes or guest comment cards for consumers
  4. Act
    - a. Consumers are interested in visiting Anantari Coffee due to advertisement on social media, attractive price offers and discount given
    - b. Anantari Coffee is identical to the lifestyle of young people
  5. Relate
    - a. The quality of food and beverages as well as the physics of Anantari Coffee is in line with consumer expectations
    - b. Services and facilities provided by Anantari Coffee according to consumer expectations

#### **1.10.4 Brand Experience**

The sensations, emotions, thoughts, and responses that customers have to Anantari Coffee in connection to the stimuli that arise from their experience purchasing and visiting Anantari Coffee are referred to as brand experience. In order to gauge the brand experience, the study will employ the following indicators, per Nayeem et al. (2019) and Han et al. (2020):

1. Sensory Experience
  - a. The place of Anantari Coffee gives a strong impression on the visual

- senses of consumers
- b. Consumers consider Anantari Coffee to have an appearance of an attractive food and beverages product
2. Affective Experience
    - a. Visiting Anantari Coffee improves consumer mood
    - b. Visiting Anantari Coffee resulted an emotional atmosphere becoming pleasant
  3. Behavioural Experience
    - a. Consumer enjoy talking to colleagues when visiting Anantari Coffee
    - b. Visiting Anantari Coffee can increase consumer productivity

**Table 1. 5 Matrix Context**

No	Variable	Indicator	Items
1.	Customer Loyalty	Cognitive	<ol style="list-style-type: none"> <li>a. Consumer think that buying products and visiting Anantari Coffee is the best coffee shop choice</li> <li>b. Consumers are increasingly convinced that they are loyal consumers to Anantari Coffee</li> </ol>
		Affective	<ol style="list-style-type: none"> <li>a. Consumers are willing to buy the product and visit the next Anantari Coffee because Anantari Coffee is the best coffee shop than any other</li> <li>b. When consumer need coffee and food, Anantari Coffee is a top choice</li> </ol>

No	Variable	Indicator	Items
		Conative	<ul style="list-style-type: none"> <li>a. Consumers intend to buy and visit Anantari Coffee than other coffee shops even though other coffee stores offer coffee and prices are more attractive</li> <li>b. Consumers are willing to recommend Anantari Coffee and give good reviews to colleagues</li> </ul>
2.	Customer Satisfaction	Attributes related to product	<ul style="list-style-type: none"> <li>a. Anantari Coffee has high quality coffee and food</li> <li>b. Anantari Coffee has a price comparable to the taste of coffee and food perceived by consumers</li> </ul>
		Attributes related to service	<ul style="list-style-type: none"> <li>a. Anantari Coffee has adequate coffee shop facilities compared to other coffee shops</li> <li>b. The services provided by Anantari Coffee are able to meet consumer needs for coffee as well as social and employment needs</li> </ul>
		Attributes related to purchase	<ul style="list-style-type: none"> <li>a. Employees at Anantari Coffee are polite and friendly in serving consumers</li> <li>b. Employees at Anantari Coffee provide menu information to consumers in a clear and understandable way</li> </ul>

No	Variable	Indicator	Items
3.	Experiential Marketing	Sense	<ul style="list-style-type: none"> <li>a. Coffee and food sell at Anantari Coffee according to the taste of the consumer</li> <li>b. The music played in Anantari Coffee is good to hear</li> </ul>
		Feel	<ul style="list-style-type: none"> <li>a. The place and ambience at Anantari Coffee has a comfortable atmosphere for social and workd need</li> <li>b. Visiting Anantari Coffee improves consumer mood</li> </ul>
		Think	<ul style="list-style-type: none"> <li>a. Anantari Coffee can serve consumer complaints well</li> <li>b. Anantari Coffee porvides advice boxes or guest comment cards for consumers</li> </ul>
		Act	<ul style="list-style-type: none"> <li>a. Consumers are interested in visiting Anantari Coffee due to advertisement on social media, attractive price offers and discount given</li> <li>b. Anantari Coffee is identical to the lifestyle of young people</li> </ul>
		Relate	<ul style="list-style-type: none"> <li>a. The quality of food and beverages as well as the physics of Anantari Coffee is in line with consumer expectations</li> <li>b. Services and facilities provided by Anantari Coffee according to consumer expectations</li> </ul>

No	Variable	Indicator	Items
4.	Brand Experience	Sensory Experience	<ul style="list-style-type: none"> <li>a. The place of Anantari Coffee gives a strong impression on the visual senses of consumers</li> <li>b. Consumers consider Anantari Coffee to have an appearance of an attractive food and beverages product</li> </ul>
		Affective Experience	<ul style="list-style-type: none"> <li>a. Visiting Anantari Coffee improves consumer mood</li> <li>b. Visiting Anantari Coffee resulted an emotional atmosphere becoming pleasant</li> </ul>
		Behavioral Experience	<ul style="list-style-type: none"> <li>a. Consumer enjoy talking to colleagues when visiting Anantari Coffee</li> <li>b. Visiting Anantari Coffee can increase consumer productivity</li> </ul>

Source: Previous Research, 2024

## 1.11 Research Methods

### 1.11.1 Research Type

This research will use a type of research known as a quantitative approach. According to Hamdi and Bahruddin (2015), quantitative research focuses on phenomena as they are, without being influenced by personal opinions, and is studied quantitatively using numbers and statistical management. Endah and Esty (2020) state that this quantitative approach is one that expresses an event in the form of numbers, figures, or quantities.

The type of research used in this study is explanatory research,

which applies a quantitative approach. According to Sugiyono (2010), explanatory research aims to explain the position of each variable being studied, as well as the correlation between variables, and is used for testing hypotheses that have been previously formulated.

## **1.11.2 Research Population and Sample**

### **1.11.2.1 Population**

According to Eng (2015), a population is a group comprising all measurements, objects, or individuals that are the subject of a research study. A population is not limited to a group of people but also includes objects that can serve as sources of information in the research. Meanwhile, Sugiyono (2010) defines a population as a generalization area consisting of subjects or objects that have certain characteristics and qualities determined by the researcher to be studied and from which conclusions are drawn.

In the context of this study, the population in question refers to the consumers of Anantari coffee shop in Semarang City individuals who have made a coffee purchase at the coffee shop. However, the exact number of this population cannot be identified, allowing for variation in the categories of respondent characteristics. Therefore, this research has a non-uniform and disproportionate distribution of its population.

### **1.11.2.2 Sample**

According to Sugiyono (2019:127), a sample is a part of the

total number and characteristics possessed by the population. When the population is large, and it is not feasible for the researcher to study the entire population due to limitations in funding, resources, and time, the researcher can use a sample taken from the population. This research uses a non-probability sampling technique because the total population is unknown, and purposive sampling is used as the technique for sample selection.

Purposive sampling is a sampling technique based on certain considerations according to the desired criteria to determine the number of samples to be studied. Purposive sampling is used because there are often many limitations that prevent the researcher from taking random samples, so by using purposive sampling, it is hoped that the sample criteria obtained will truly align with the research being conducted.

Sampling will be carried out in all sub-districts/districts in Semarang City, which include the sub-districts of Banyumanik, Candisari, Ngaliyan, Pedurungan, Gajahmungkur, Gayamsari, Genuk, Gunungpati, Mijen, Central Semarang, South Semarang, East Semarang, West Semarang, North Semarang, and Tembalang. In this research, the researcher has determined the criteria that will be used to determine the sample, namely:

1. Domiciled in Semarang City
2. Over 17 years old

3. Have visited Anantari Coffee at least two times within the past three months

Ghozali (2008) states that sample size is a significant factor in interpreting SEM results. Sample size provides a basis for evaluating sampling errors. According to Wijaya (2009), the basic premise that must be fulfilled in SEM analysis is having a sample size that meets the analysis standards. To use the Maximum Likelihood Estimation (MLE) approach, a sample size of 100–200 is required. Considering this range, the researcher chose a sample size of 150 respondents to be at an ideal midpoint, which is expected to provide stable parameter estimates and accurate analysis results. Additionally, this number takes into account limitations in time and resources for data collection, so 150 respondents are considered sufficiently representative to describe the population of consumers at Anantari coffee shop in Semarang City.

### **1.11.3 Data Types and Sources**

#### **1.11.3.1 Data Types**

This study uses quantitative data obtained through the distribution of questionnaires via Google Form to consumers of Anantari coffee shop in Semarang City. The data includes various variables related to consumer behavior, preferences, and other factors that are the focus of the research. In addition to primary data from respondents, this study may also use secondary data as a

complement, such as demographic information or supporting statistical data from official sources related to the coffee market in the area. The collected data is then analyzed using statistical methods to test the relationships between variables and draw conclusions relevant to the research objectives.

### **1.11.3.2 Data Sources**

In the implementation of this study, data sources are divided into two categories, namely:

#### **a. Primary data**

According to Istijanto (2005), primary data is original data collected directly by the researcher from the source and is related to the variables determined in the study. Similarly, Pabundu (2006) states that primary data is data obtained directly from the objects or respondents who are the focus of the research, or from parties interested in the object. In this study, primary data was collected by distributing questionnaires via Google Forms to consumers of Anantari coffee shop in Semarang City.

#### **b. Secondary Data**

Gray (2009) defines secondary data as analysis results obtained from various sources to gain different and broader knowledge. Effendi and Tukiran (2012) explain that secondary data comes from censuses, surveys, documents, and other

previously existing sources. In this study, secondary data was obtained from various journals, theses, and relevant websites related to the research topic.

#### 1.11.4 Method of collecting data

Umar (2003) defines a questionnaire as a data collection tool that will later be used by researchers to gather and process specific data. In this study, a Likert Scale will be used. The Likert Scale assigns values to variables through indicators in the form of questions posed to respondents. This data collection technique will be carried out by the researcher using an online questionnaire via Google Forms, utilizing the Likert Scale. This scale is used to measure responses from consumers of Anantari coffee shop in Semarang City. Respondents will be given a series of questions and asked to provide answers. This is necessary for quantitative analysis, and respondents will answer the questionnaire using the following scale:

**Table 1. 6 Likert Scale**

Statement	Information	Score
SA	Strongly Agree	5
A	Agree	4
N	Netral	3
D	Disagree	2
SD	Strongly Disagree	1

Source: Sugiyono (2017)

Sugiyono (2017) states that a measurement scale is an agreement used as a basis for determining the interval measure contained in an instrument. This instrument will be used in measurements to obtain

quantitative data.

### **1.11.5 Data collection technique**

#### **1. Questionnaire**

Basically, conducting research involves analyzing a phenomenon, so it is necessary to have effective measuring instruments. Sugiyono (2010) stated that a research instrument is a tool used to assess observed social or natural phenomena. Sugiyono (2010) also defines a questionnaire as a data measurement tool that involves asking several questions to be answered. A respondent is someone who responds to or answers the given questions. Questionnaires can be an efficient data collection technique if the researcher clearly understands the variables to be measured and knows what to expect from the respondents.

In this study, the type of questionnaire used was a mixed questionnaire. A mixed questionnaire is a type of questionnaire that provides both multiple-choice answers and open-ended questions, allowing respondents to choose from the available options. Additionally, it gives respondents the freedom to provide reasons or write their own responses, where they can elaborate on their answers

#### **2. Interview**

In this research, one of the data collection techniques used was interviews. The interviews were conducted simultaneously while the respondents filled out the questionnaire to understand the reasons behind their choices for each statement on the questionnaire.

### **1.11.6 Data Processing Techniques**

Data processing is a process through which the researcher will obtain a summary of specific information. This data processing technique will be used in this research.

#### **1. Editing**

Prior to data processing, the accuracy of the data entered must be verified by editing. Selecting and re-examining the incoming data, one by one, is how editing is carried out. The data is then categorized as either right or defective. To fill in the gaps in the data, the next step is to make corrections or conduct another search. This step is conducted to ensure that the data collected is comprehensive, accurate, and of high quality in compliance with established guidelines, preventing data variation and fabrication.

#### **2. Coding**

In order to facilitate grouping, analysis, and interpretation of data, coding is the act of assigning specific codes to the variety of responses from surveys organized in the same category.

#### **3. Scoring**

Each indicator's score is measured by scoring. Numbers 1 through 5 make up the score, with 5 being the greatest score and 1 representing the lowest.

#### **4. Tabulating**

Following completion of the questionnaire, the results are tabulated

and arranged by variable. The purpose of tabulation is to facilitate the viewing of data and to give researchers a summary of the data collected in the field as a consequence of questionnaire completion.

#### **1.11.7 Research Instrument**

In principle, research is the measurement of a phenomenon, so it is essential to have a good measuring instrument. Measuring tools in research are generally referred to as research instruments. Sugiyono (2010) defines an instrument as a tool used to assess observed social or natural phenomena. In this research, the research instrument used was a questionnaire. Sugiyono (2013) explains that a questionnaire is a data collection technique in which a number of written statements or questions are given to respondents, who then provide their answers. A questionnaire is an efficient data collection technique, as it helps researchers clearly understand what to expect from respondents and identify the variables that will be measured.

In this study, the type of questionnaire used was a mixed questionnaire. A mixed questionnaire is a type that provides both multiple-choice answers and questions where respondents can provide responses limited to the available options. It also allows respondents the freedom to give reasons or provide their own written responses, where they can explain their answers.

#### **1.11.8 Data Analysis Methods**

This study's analytical tool is a structural equation model (SEM) that is run using Smart PLS, a powerful analytical technique known as soft

modelling because it does away with the assumptions of ordinary least square (OLS) regression, such as the requirement that data be multivariate normally distributed, that there be no multicollinearity issues between exogenous variables, and that the sample be in large quantities (Ghozali & Latan, 2015). PLS is used philosophically to develop theories with predictive purposes. All variance metrics are assumed to be meaningful variances to explain using the PLS model. PLS is able to circumvent issues with indeterminacy and give a precise specification of the score component since the method for estimating latent variables is viewed as an aggregate mixture of indicators (Ghozali, 2006). A term pertaining to the weight estimate seeks to specify how the outer model, or measurement model, which links the indicators with their constructs, and the inner model, or structural model, which provides the relationship between variables, are used to obtain the latent variable score component. The dependent variable's residual variance is reduced as a consequence. There are three types of parameter estimation models that may be identified using PLS. A latent variable scale is created using the first category, the weight estimate. The route estimate, which shows the link between latent variables and their indicator blocks (loading), is reflected in the second category. The position of parameters or regression constant values and means for indicators falls under the third category.

#### **1.11.8.1 Model Specification with PLS**

In the path analysis model, all latent variables in PLS have

three (3) sets of relationships (Ghozali, 2006). The three sets of relationships are:

1. Inner Model

The link between latent variables based on substantive theory is described by the inner model, also known as the inner structural model and substantive theory.

2. Outer Model

Measurement models or outer relations are other names for outer models. A measurement model that can describe the relationship between the dependent variable and each of its indicators is known as the outer model.

3. Weight Relation

Weight relation is the case value of each latent variable to be estimated in PLS.

#### **1.11.8.2 Outer Model Evaluation**

In analysing the outer model data or measurement model, three criteria are used. The three criteria are:

1. Convergent Validity

Convergent The correlation between the item or component score and the concept score that PLS processes is used to assess the validity of the measurement model that uses the reflexive indicator model. If a reflexive measure's correlation with the concept being tested is more than 0.70, it may be

classified as high. However, a loading score of 0.5 to 0.6 is deemed enough for measuring scale development research in its early stages (Chin, 1998).

## 2. Discriminant Validity

Cross loading measurements with constructs are used to evaluate the discriminant validity of the measurement model with reflexive indicators. If the correlation value of the construct with the measurement item is greater than the size of the other constructs, it can be concluded that the latent constructs can be measured by the size of their blocks. To evaluate discriminant validity, the square root of the average extracted (AVE) score of each construct is compared with the correlation between other constructs in the model; if the AVE score of each construct is greater than the correlation score between one construct and another in the model, it is considered to have a good discriminant validity score (Fornell & Larcker, 1981).

## 3. Validity Criteria and Composite Reliability

The two sorts of measurements that may be used to measure constructions are internal consistency and Cronbanc's Alpha (Ghozali, 2006). To measure the reliability can be seen from composite reliability or  $CR > 0.70$  and Average Variance Extracted (AVE)  $> 0.50$ .

### 1.11.8.3 Inner Model or Structural Model

The Inner Model or structural model for significance uses R-Square to evaluate structural path parameter coefficients, dependent constructs, and relationships between variables. When measuring the PLS model, it starts by examining the R-Square of each dependent variable whose interpretation is the same as regression; changes in the R-Square value can be used to determine whether there is a substantive effect on the dependent latent variable from certain independent latent variables (Ghozali, 2006).

PLS examines Q-Square predictive significance for constructive models in addition to the change in R-Square value. Q-Square evaluates how effectively the model produces the observation score and the parameter estimation score. It also examines the model's accuracy coefficient. The model has poor predictive relevance if the Q-Square score is less than 0 (zero), and it has strong predictive relevance if the score is more than 0 (zero).

### 1.11.9 Hypothesis Testing

By comparing the p-value with the chosen significance threshold ( $\alpha$ ), one may determine whether or not an indicator variable is significant. Conventionally, the  $\alpha$  value is set at 5% (0.05). The indicator variable is considered significant if the p-value is significant  $< 0.05$ , and inconsequential if the p-value is  $\geq 0.05$ . Similarly, the variable is considered significant if the t-count value is larger than + 1.96, and not significant

otherwise. In order for the results of this study's hypothesis to be:

1. Direct Effect

By bootstrapping this research model and comparing the results of the acquisition of the t-statistics value and its significance level against the P-value in the Path Coefficient table, direct effect testing is performed to ascertain the effect between research variables. For direct impact testing, the P-Values must be less than the 5% (0.05) significance threshold and the T-Statistics must be more than 1.96.

2. Indirect Effect

To find out how the independent variable affects the dependent through the intervening variable, the indirect impact is tested. Through the effect of indirect connections, intervening variables have the ability to modify the relationship between the independent and dependent variables (Sugiyono, 2018). As a result, mediating variables are frequently used to refer to intervening factors. The third variable, also known as the intervening variable, has the ability to mediate the link between the two variables being studied, which is the indirect relationship in question. Similar to the explanation in the previous table, the calculation in the Specific Indirect Effect table has a number of requirements that must be fulfilled. For example, the results of the T-statistics value calculation must have a value criterion that is greater than the criteria limit  $> 1.96$ , and the P-value calculation must have an output value that is less than the significance limit of 0.05.