

THE IMPACT OF EXPERIENTIAL MARKETING AND REPURCHASE INTENTION THROUGH CUSTOMER SATISFACTION IN COFFEE INDUSTRY (CASE STUDY AT JANJI JIWA JILID 358 SURABAYA)

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ABSTRACT

The objective of this research is to evaluate the inter-relationship among the experiential marketing, customer satisfaction and repurchase intention in the context of restaurant or cafe in Indonesia. A total of three hypotheses will be tested. A quantitative research will be carried out to address the research objective. Purposive sampling technique and the distribution of a total 187 respondents will be selected as part of the research methodology specially in customer of Janji Jiwa Jilid 358 Surabaya. The statistical data will be analyzed by SEM-PLS. And the result shows that experiential marketing has positive effect on repurchase intention. Also indicates that the positive effect has been fully mediated by the customer satisfaction of the customer at Janji Jiwa Jilid 358 Surabaya. According to the conclusions, this research provides that sense and feel experiences are positively related to the repurchase intention as well as experiential marketing is positively related to the customer satisfaction.

Keywords Experiential marketing, customer satisfaction, repurchase intention, and SEM-PLS

INTRODUCTION

In 2018, according to the Ministry of Agriculture, the number of national coffee consumption in Indonesia reached 250 thousand tons in 2016 and grew 10.54% to 276 thousand tons. Indonesian coffee consumption during 2016 – 2021 period is predicted to grow an average of 8.22% / year. In 2021, coffee supply is predicted to reach 795 thousand tons with consumption of 370 thousand tons, resulting in a surplus of 425 thousand tons. It means that more people will be consume coffee in 2021. The increase of national coffee consumption in Indonesia also made people start to drink coffee in cafe. But lately, people used to drink coffee in local mini cafe or used to call by coffee to go. Surabaya, has been the one of the city which growth trend of coffee-based cafes increased 16 percent - 18 percent in line with changes in lifestyle of urban communities. One of the contemporary coffee in Surabaya is the Kopi Janji Jiwa. Kopi Janji Jiwa became the most ordered brand according to a survey conducted by the IDNtimes team. Kopi Janji Jiwa has so many competitor business competitors. So it is necessary to have a business strategy to increase repurchase intentions through increasing customer satisfaction by using an experiential marketing approach.

LITERATURE REVIEW

Experiential marketing

According to Kotler (2003), there are two types of marketing activities, traditional marketing and modern marketing. The role of modern marketing seems to be more effective due to its emphasizing on the concepts of customer experience and experiential marketing (Kotler, 2003). Experiential marketing intends to create a unique experiences for customers and increase their purchase intention through sense, feel, think, act, dan relate. The main focus of experiential marketing is on customer (Wu & Tseng, 2015). Maghnati et al. (2012) said that experiential marketing does not overlook the quality and functions of products and services; rather, it enhances customer's emotions and sense stimulation. The main point of experiential marketing is to relate with customers in a multiple level approach. Based on the strategic experience model, Schmitt (2011) further divided the types of experiential marketing into five dimensions: sense, feel, think, act, and relate Maghnati et al. (2012).

Repurchase Intention

There are several factors that can influence consumers in purchase intentions, both internal and external factors. Internal factors from within the consumer, namely the trust and attitude of consumers about a product or service, while for external factors such as the attitude of others and the situation of the place of purchase (Keller, 2009). According to Hellier et al (2003) there are several indicators in measuring repurchase interest, namely: interest in buying the same amount, interest in buying by increasing the number and interest in buying by adding frequency / intensity.

Customer Satisfaction

Generally, satisfaction is defined as someones' feeling of being happy or upset that generated from comparing an outcome they got and expectation they have. In other words, satisfaction is derived from a comparison of product or services performance perceived by customer and the customers' expectation on the product or services (Kotler & Keller, 2012). If the outcome is below the expectation, customers is dissatisfied. If the outcome is in line with the expectation, the customer will be satisfied. And if the outcome exceeds the expectation, customer will be delighted (Kotler & Keller, 2012). Customer satisfaction is a feeling that can be evaluated directly.

Previous Research

Some findings in previous studies, which states that not all experiential marketing indicators have a positive and significant effect on customer satisfaction. As research by Suryawan (2013) explains that from several indicators of experiential marketing, sense, feel, think and relate to be indicators that have a significant positive influence in influencing customer satisfaction. However, on one side the act indicator becomes an indicator that is able to have a positive but not significant effect. In contexts outside restaurants, indicators that influence positively and significantly are sense and feel (Alkilani, Ling, & Abzakh, 2012). This makes researchers question what indicators might affect customer satisfaction so that the interest in repurchasing a product or service is created.

Case studies on existing theories, mostly do not see the current situation, especially in the development of the coffee industry. Kopi Janji Jiwa is a modern coffee shop that is commonly found in several cities in Indonesia, one of which is in the city of Surabaya. Janji Jiwa comes with the drive thru coffee shop concept or known as coffee to go and adopts a fresh-to-cup concept that presents a selection of Indonesian Local Coffee. So from the several descriptions above, the writer wants to do research on whether the experiential marketing approach can be applied to improve customer satisfaction so that it can lead to repurchase intentions of products that have been consumed.

Based on the above phenomenon, the writer wants to examine how the concept of experiential marketing can be applied to the Kopi Janji Jiwa so that in the end consumers get an interesting experience during a visit and buy a product and ultimately lead to customer satisfaction that leads to the intention to repurchase. In addition, with this research, it is hoped that it will help the store manager and owner determine the strategy that will be used to add value to consumers.

METHOD

Type of Research

Based on the study from Natasha, Akiko and Kristianti (2013), their findings conclude that the relationship between the experiential marketing (sense, feel, think, act and relate) have a positive effect on customer satisfaction. Based on the description, it is known that experiential marketing influences customer satisfaction. The results of the study (Tetanoe & Dharmayati, 2014) stated that experiential marketing has a significant influence on customer satisfaction. This is related when the experiential marketing provided by the product or service is getting stronger the more likely the customer is more satisfied. When customers do not get a positive or memorable experience, it can cause discomfort that ends in disappointment. If experiential marketing occurs continuously - it can encourage to make an interest in repurchasing a product or service. This is confirmed by research Rahayu, (2016) states that experiential marketing has a significant effect on repurchase interest. If the product or service is able to bring a positive experience that is not forgotten, then the customer will continue to remember the product or service. The customer's memory of the product directly or indirectly will invite others or recommend the product. Based on research by Lu *et al* (2007) that the factors needed from every aspect of marketing there is a significant influence between customer satisfaction with repurchase interest. The achievement of customer satisfaction will continue to be followed by a repeat purchase by the customer. When customer expectations are not met it will cause disappointment, for the customer company this must be avoided because it can hamper or interrupt business processes due to the absence of ongoing purchases.

This study used experiential marketing as an independent variable (X) with five sub-variables: Sense, Feel, Think, Act, and Relate. The intervening variable (Z) is a Customer Satisfaction and The dependent variable is a Repurchase Intention (Y). The conceptual framework for this research was developed based on the models and constructs derived from the existing literature of Tetatone in 2014. Figure 1 illustrates the proposed conceptual framework of this research.

Place and Time of Research

This research was conducted in Surabaya. The time of study is from December 2019 until January 2020

Conceptual Framework

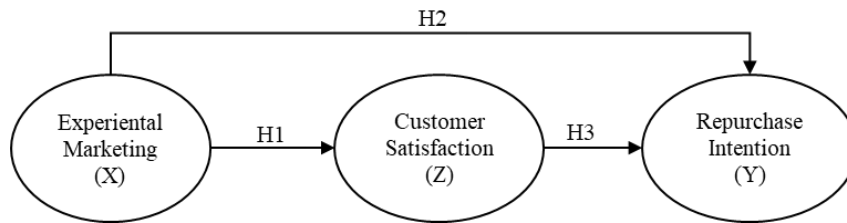


Figure 1. Propose Conceptual Model

Based on the proposed conceptual model, the hypotheses of this study are as follows:

- H1 : The Experiential Marketing positively affects the Customer Satisfaction at Janji Jiwa Jilid 358 Surabaya
- H2 : The Experiential Marketing positively affects the Repurchase Intention at Janji Jiwa Jilid 358 Surabaya
- H3 : The Customer Satisfaction positively affects the Repurchase Intention at Janji Jiwa Jilid 358 Surabaya

Population and Sample

The population of this research are customers who have already purchased and consume Coffee at Janji Jiwa Jilid 358 Surabaya. Non probability sampling technique was adopted in the study. A total 187 sets of questionnaire were valid to be analysed by using descriptive analysis and SEM-PLS analysis.

Data Collection Method

The type of data used in this study is quantitative data, the data was collected by online survey, which is distributed via a questionnaire link via the social media application whatsapp and e-mail to Janji Jiwa Volume 358 customers in Surabaya. Here are the questionnaire links that will be distributed: <https://docs.google.com/forms/d/1nmYcrM7WnR6Gcbu6NZs4aap01xmOpgI2Nw-8i6-t1C4/prefill>. The link will begin to spread on December 23, 2019 at 08.00 and close on January 06, 2020 at 23:30.

Operational Definition of Research Variable

To test the hypotheses, this research collected data by using questionnaire. This study applied some steps starting from variable operationalization as shown in Table 1, until pilot testing to ensure the validity and reliability of the questionnaire. The reliability of the questionnaire means that the developed instrument consistent in measuring its target variable, and can be tested by using an inter-item consistency reliability test. Besides the construct validity test, a construct

reliability test is also measured by the criteria test of composite reliability and Cronbach alpha of the indicator block measuring the construct. The construct is declared reliable if the composite reliability and Cronbach alpha values are above 0.70. So it can be concluded that the construct has good reliability. All the 26 items of the the questionnaire in this study fulfil the requirements.

Table 1. The operational definitions of the constructs

Variable	Indicator	Questionnaire Item	Reference
<i>Experiential marketing</i> (X)	<i>Sense</i>	Interior design of Janji Jiwa Jilid 358 was attractive	(Schmitt, 2011), (Tetanoe & Dharmayati, 2014), (Suryawan, 2013)
		Cleanliness of the room is guaranteed	
		Cleanliness of product packaging that has been guaranteed	
		The texture of coffee served by Janji Jiwa Jilid 358 makes you want to drink more coffee	
		The drinks that are served by Janji Jiwa Volume 358 have high taste	
		The scent of drinks is so good	
		The menu is clear and catchy	
		Has an interesting Open Kitchen concept	
	<i>Feel</i>	Cozy cafe concept	
		Feels happy after consuming product of Janji Jiwa Jilid 358 Surabaya	
		The service provided by the staff is friendly	
	<i>Think</i>	A variety of flavors increase curiosity to know the product of Janji Jiwa Jilid 358	
		Janji Jiwa Jilid 358 can be recommended place for hangout	
	<i>Act</i>	When customer buy some drink at Janji Jiwa Jilid 358 Surabaya, The reputation of them has made consumers more comfortable	
		The image of Janji Jiwa Jilid 358 Surabaya can increase the prestige	
		Consuming Janji Jiwa Jilid 358 drinks suitable with your lifestyle	
	<i>Relate</i>	Buy coffee at Janji Jiwa Jilid 358 Surabaya was recommended by the others	
		The customer tells their experience at Janji Jiwa Jilid 358	
		The customer get a positive response when recommending Janji Jiwa Jilid 358 to relatives, friends or colleagues	

Customer Satisfaction (Z)	Price	The customer was satisfied with the price	(Rangkuti, 2006)
	Brand	The customer was satisfied with the quality product	
	Service process	The customer was satisfied with the quality service	
	Moment of service	The customer was satisfied with standard quality	
Repurchase Intention (Y)	Repurchase intention with the same amount	I will buy a cup of coffee for the second time at Janji Jiwa Jilid 358	(Hellier et al., 2003)
	Repurchase intention with more quantities	I will buy a new product at Janji Jiwa Jilid 358 in the future	
	Repurchase intention with more intensity of buying	I will tell my friends or relatives to buy coffee at Janji Jiwa Jilid 358	

RESULT AND DISCUSSION

Based on data of this survey, female represented (61%) of the total respondents and the rest of the respondents (39%) was male. The respondents' age distribution were the age group of 15 – 20 years old (14%), the age group of 21 – 25 years old (39%), the age group of 26 – 30 years old (31%) and the age group above 30 years old (16%). The highest of income per month, 41% of the respondents have income in range of 3 – 5 million rupiah and 39% respondents have expenses per month, in range of 1 – 3 million rupiah.

The results of testing the hypotheses used in testing hypotheses are the calculated t values. Hypothesis testing can be done by comparing t-counts with t-tables. T-table values can be obtained from 187 respondents who ultimately obtained t-tables of 1.960. However, if using the p-value, the value of the comparison used is the value of the error rate (α) of 5%. The results of testing the research hypothesis are as follows:

a. Hypothesis 1

H1 : The Experiential Marketing positively affects the Customer Satisfaction at Janji Jiwa Jilid 358 Surabaya

The results of testing the Experiential marketing variable hypothesis on Customer Satisfaction obtained a path coefficient of 0.673 and t arithmetic of 13.991. Because the value of t is greater than t table (1,960) or p (0,000) \leq 0.05. Then the result is rejected H0 and H1 accepted, so Experiential marketing has a direct and significant effect on Customer Satisfaction. this means that the first hypothesis is accepted

b. Hypothesis 2

H2 : The Experiential Marketing positively affects the Repurchase Intention at Janji Jiwa Jilid 358 Surabaya

The results of testing the Experiential marketing variable hypothesis on the Repurchase Intention obtained a path coefficient of 0.329 and t arithmetic of 2.792. Because the value of t is greater than t table (1,960) or p (0.006) \leq 0.05. Then the result is rejected H0 and H1 is accepted, so Experiential marketing has a direct and

significant influence on Repurchase Intention. this means that the second hypothesis is accepted.

c. Hypothesis 3

H3 : The Customer Satisfaction positively affects the Repurchase Intention at Janji Jiwa Jilid 358 Surabaya

The results of testing the Experiential marketing variable hypothesis on the Repurchase Intention obtained a path coefficient of 0.524 and t arithmetic of 5.034. Because the value of t is greater than t table (1,960) or $p(0,000) \leq 0.05$. Then the result is rejected H0 and H1 is accepted, so Experiential marketing has a direct and significant influence on Repurchase Intention. This means that the third hypothesis is accepted.

The fourth hypothesis testing results indicate that the relationship between Experiential marketing variables with Repurchase Intentions (Z) through Customer Satisfaction shows the value of the indirect path coefficient of 0.353 with a statistical t value of 4.724. The t value is greater than t table (1,960) or $p(0,000) < 0.05$. This result means that Customer Satisfaction has a significant influence in bridging Experiential marketing towards Repurchase Intention. The above results show that H0 is rejected, this means that Hypothesis four is accepted.

Based on the results of statistical analysis using the path analysis method it can be seen that the Experiential marketing variable has a positive influence on Customer Satisfaction indicating that the path coefficient value is 0.673. This is evidenced by the results of the path analysis showing a probability or significant value of t of 0,000 with alpha of 0.05 ($0,000 < 0.05$) proving that H0 is rejected and H1 is accepted. The conclusion that can be drawn is that the Experiential marketing variable significantly influences the Customer Satisfaction variable where the better Experiential marketing to employees, the better the Customer Satisfaction. The results of Natasha, Akiko and Kristianti (2013) research results show that experiential marketing factors have a positive effect on customer satisfaction. Based on the description, it is known that experiential marketing influences customer satisfaction. The results of the study of Tetanoe & Dharmayati (2014) state that experiential marketing has a significant influence on customer satisfaction. This is related when the experiential marketing provided by the product or service is getting stronger the more likely the customer is more satisfied. When customers do not get a positive or memorable experience, it can cause discomfort that ends in disappointment.

Based on the results of statistical analysis using the path analysis method, it can be seen that the Experiential marketing variable has a positive influence on Repurchase Intention, indicating that the path coefficient value is 0.329. The direction of a positive relationship shows that the better the experiential marketing, the employee repurchase intention will also increase. This is evidenced by the results of the path analysis which shows a probability value or significant t of 0.006 with alpha 0.05 ($0.006 < 0.05$) proving that H0 is rejected and H1 is accepted. The conclusion that can be drawn is that the Experiential marketing variable significantly influences the Repurchase Intention variable where the better Experiential marketing to employees, the better the Repurchase Intentions.

Prastyaningsih (2014) research results stated that repurchase interest is influenced by the level of customer experience. The better experience gained by customers, the greater the chance of interest in making more purchases. A good customer experience and felt by consumers is a multisensory stimulated experience.

Based on the results of statistical analysis using the path analysis method, it can be seen that the Customer Satisfaction variable has a positive influence on Repurchase Intention, indicating that the path coefficient value is 0.524. The direction of a positive relationship indicates that the better the Customer Satisfaction, the intention to repurchase employees will also increase. This is evidenced by the results of the path analysis showing a probability or significant value of t of 0,000 with alpha of 0.05 ($0,000 < 0.05$) proving that H_0 is rejected and H_1 is accepted. The conclusion that can be drawn is that the Customer Satisfaction variable significantly influences the Repurchase Intention variable where the better the Customer Satisfaction, the better the Repurchase Intention. Based on research by Lu et al (2007) that the factors needed from every aspect of marketing there is a significant influence between customer satisfaction with repurchase interest. The achievement of customer satisfaction will continue to be followed by a repeat purchase by the customer. When customer expectations are not met it will cause disappointment, for the customer company this must be avoided because it can hamper or interrupt business processes due to the absence of ongoing purchases. This is supported by the theory of Guiltinan (1997) one of the benefits of customer satisfaction is that it can lead to a repurchase of a product or service. The high level of customer satisfaction will have an impact on increasing feelings of loyalty by customers and result in customers going back to the same place to make repeat purchases.

CONCLUSION AND RECOMMENDATION

Based on the problems that have been formulated, the results of the analysis and testing of hypotheses that have been done in the previous chapter, the conclusions from the research can be drawn as follows:

1. The results show that the Experiential marketing variable (X) has a direct influence on Customer Satisfaction (Z). because it has a probability value $(0,000) < 0.05$ which means there is a significant effect.
2. The results showed that the Experiential marketing variable (X) had a positive effect on Repurchase Intention (Y) because it had a probability value $(0.006) < 0.05$ which meant there was a significant effect.
3. The results showed that the variable Customer Satisfaction (Z) had a positive effect on Repurchase Intention (Y) because it had a probability value $(0,000) < 0.05$ which meant there was a significant effect. The results showed that the variable Customer Satisfaction (Z) was able to penetrate between Experiential marketing variables (X) against Repurchase Intention (Y) significantly because it had a probability value $(0,000) < 0.05$.

Based on the conclusions above, several suggestions can be put forward that can be useful for the company and for other parties. As for the suggestions given, include:

1. It is expected that the company can maintain and improve services to Experiential marketing, because Experiential marketing variables have a

significant influence on Customer Satisfaction and Repurchase Intention, including by increasing overall indicators of experiential marketing so that Repurchase Intention will increase.

2. Considering that the independent variables in this study are very important in influencing Repurchase Intention, it is expected that the results of this study can be used as a reference for further researchers to develop this research by considering other variables which are other variables outside the variables included in this study

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