

The Role of Experiential Marketing on Customer Loyalty With Customer Satisfaction as a Moderating Variable in Bora Hot Spring Sigi, Central Sulawesi, Indonesia

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Abstract. This study aims to determine the influence of experiential marketing on customer loyalty with customer satisfaction as a mediating variable in Bora Hot Spring tourist attraction in Sigi Regency, Central Sulawesi Province. It uses a questionnaire as a data collection tool that distributed to a total of 92 respondents who visited the site more than once. The data in this study were processed using PLS (Partial Least Square) data processing methods. The result of data analysis finds that experiential marketing has a positive and significant influence on customer satisfaction; customer satisfaction has a positive and significant influence on customer loyalty; and experiential marketing has a positive and significant influence on customer loyalty.

Keyword: *experiential marketing, customer loyalty, customer satisfaction, hot spring, tourism marketing*

INTRODUCTION

Bora Hot Springs Tourism is one of the tourist attractions (DTW) which is a leading tourist destination in Sigi Biromaru, Central Sulawesi. DTW is about 20 KM from the centre of Palu. Along the journey to DTW, visitors can enjoy the natural beauty of the mountains so that it can foster a feeling of relaxation during the trip. In addition to being a tourist attraction, visitors also use it as a therapeutic place for healing various diseases such as gout, stroke, skin diseases, cholesterol, and various other complaints. When Sigi Regency was divided in 2008, Bora hot water tourism management was taken over by the Sigi Culture and Tourism Office (DISBUDPAR). Since then, facilities that complement these attractions have been built such as halls, cottages, swimming pools, male and female baths, prayer rooms, toilets, and play activities such as motorcycles, flying fox, swings, and so on.

To compete with other DTWs is certainly not easy. Counted also many DTWs that were initially crowded but gradually began to be quiet and lost visitors. As a manager of DTW, this should be avoided so that DTW can still exist. One marketing strategy that can be used to address this phenomenon is experiential marketing. This strategy is not just selling products or services to consumers but is also accompanied by providing an experience to consumers when using products or services through stimulation of the emotional elements of consumers.

Experiential marketing is one strategy to offer products and services by evoking consumers' emotions that produce a wide experience of customers [1]. The purpose of experiential marketing is to present personal experiences to consumers of a product. To achieve the purpose, experiential marketing must be done creatively and impressively for consumers and with the support of appropriate facilities and media. Besides, experiential marketing is more than just providing information and opportunities for consumers to gain experience of the benefits derived from the product or service itself but also evokes emotions and feelings that have an impact on marketing, especially sales [2]. In this study, experiential marketing can be defined as a process to lure visitors or tourists with a way to offer an exciting experience not even available in tourist destinations other for visitor attractions Bora hot water bath.

Schmitt explained that consumer experience related to experiential marketing includes several approaches called Strategic Experiential Modules (SEM), namely:

1. Sensory Experience (Sense)

This sense approach talks about tastes based on the five senses of consumers, such as seeing, hearing, touching, tasting, and kissing. Visitors to Bora hot springs can see the beauty of the green scenery while on DTW.

2. Affective Experience (Feel)

This feel approach is about a feeling that is in the consumer. This feeling means the mood in the

heart and emotional emotions of the consumer. Visitors to Bora's hot springs attractions feel a different atmosphere when they are in DTW.

3. Creative cognitive experience (Think)

"Think" approach is an approach that stimulates the intellectual ability and creativity of consumers. Visitors to the Bora hot springs attractions can increase their creativity while in DTW.

4. Physical Experience, Behaviors, and Lifestyles (Act)

An act approach is an approach related to the real physical behaviour and lifestyle of consumers. In this study interpreted as a visitor has a lifestyle that is following DTW Bora Hot Springs

5. Social-Identity Experience (Relate)

The related approach is related to the culture of consumers and their communities that can create a social identity. In this study interpreted as visitors have a culture and community that is appropriate with DTW Bora Hot Springs.

Customer satisfaction as a consumer evaluation of whether a product or service has met the needs and expectations of consumers [3]. Customer satisfaction as feelings of pleasure or disappointment from existing customers after comparing the performance or results of products or services with the expectations or expectations of consumers of a product or service [4]. Customer satisfaction is the relationship between perception and expectations of the performance of a product or service from an individual [5]. In general, customer satisfaction can be interpreted as the difference between consumers' expectations of the reality that results from a product or service.

Customer loyalty is that consumers have specific prejudices about what to buy and from whom, so that the purchasing activity happens by random (nonrandom) and no less than twice [6]. This means that consumers who have a good experience will make a second purchase, and so on.

Characteristics of consumers who have been satisfied will be loyal (loyal) to the product or service [4]. They have a small possibility to switch or use other products or services and will make recommendations to use the product or service by saying things the good they have gotten after using it. In addition, loyal consumers will make repeated purchases (repeat-buying) regularly in a certain period [6]. They will buy various types of products offered by the brand, and have immunity to the attractiveness of these brand competitors.

By using an experiential marketing strategy, it is expected that DTW managers, who provide unforgettable experiences and engage consumer emotions over services in the field of tourism, can maintain long-term relationships with visitors. These satisfied visitors will attract other consumers and ultimately grab loyal consumers. This study aimed to analyze the influence of experiential marketing on customer loyalty (customer loyalty)

using customer satisfaction (satisfaction con semen) as a mediating variable.

METHOD

This research uses a causal quantitative approach. Data collection methods used were observation, questionnaire, and interview. Questionnaires were distributed to 92 students who had visited the Bora Sigi Hot Spring Baths. In filling out the questionnaire, the respondent is accompanied by the author to help explain if there are things that are less understood by the respondent. The data analysis method in this study uses Partial Least Square (PLS). The initial step taken is to test the outer model, which consists of validity and reliability tests. Validity Test in PLS is calculated using convergent validity and discriminant validity. The indicator is said to be valid if it has an outer loading value greater than 0,5 and is the largest value on the variable in cross-loadings. The reliability test is performed using composite reliability, where the variable is said to be reliable if it has a composite reliability value greater than 0,6. Next, an inner model test is performed, which aims to calculate the feasibility of the research model. Testing is done by looking at the value of R-square (R2) with a predictive relevance measure of Q-square (Q2). The model is said to be relevant if the Q-square result is greater than 0. Q-square is calculated using the formula [7]:

$$Q2 = 1 - (1 - R21) (1 - R22) \dots (1 - R2X)$$

The final step in the PLS method is hypothesis testing. Hypothesis testing is done by comparing the value of t-count with the value of t-table at an error rate of α 5% or 1,96. Hypotheses can be accepted if the t-value is greater than the t-table value.

RESULT & DISCUSSION

The calculations in this study were carried out using SmartPLS software. After processing data from 92 questionnaires. The following are some tables that show the results of calculations that include several testing steps.

Table 1. Convergent validity

Variabel	Indicator	Value of	
		outer loading	Conclusion
Experiential Marketing	X1.1	0,664	Valid
	X1.2	0,788	Valid
	X1.3	0,766	Valid
	X1.4	0,771	Valid
	X1.5	0,835	Valid
Customer Satisfaction	Z1.1	0,883	Valid
	Z1.2	0,935	Valid
	Z1.3	0,827	Valid
Customer Loyalty	Y1.1	0,882	Valid
	Y1.2	0,926	Valid
	Y1.3	0,865	Valid

Table 1 shows that all outer loading has a value greater than 0.5. So that this measurement can be concluded has met the requirements of convergent validity. The next table discriminates against the validity test results.

Table 2. Test Results of Validity (Discriminant Validity)

Indicator	Experiential Marketing	Customer Satisfaction	Customer Loyalty
X1.1	0,664	0,531	0,514
X1.2	0,788	0,658	0,530
X1.3	0,766	0,625	0,550
X1.4	0,771	0,648	0,508
X1.5	0,835	0,735	0,709
Z1.1	0,772	0,882	0,729
Z1.2	0,777	0,926	0,768
Z1.3	0,688	0,865	0,643
Y1.1	0,600	0,693	0,883
Y1.2	0,660	0,702	0,935
Y1.3	0,691	0,726	0,827

Table 2 above explains that the AVE value in the study variable has a value above 0.5 so that this measurement can be concluded to meet the discriminant validity measurement requirements.

Table 3. Reliability Test Results (composite reliability)

Variable	Value of composite reliability	Information
Experiential Marketing	0,877	Reliable
Customer Satisfaction	0,913	Reliable
Customer Loyalty	0,920	Reliable

Based on Table 3 it can be explained that the results of the composite reliability test show good results because the latent variables have all been reliable because they have a composite reliability value greater than 0,7. This shows that all indicators are a measure of their respective constructs.

Table 4. R-Square Results (R 2)

Variable	R-Square Value (R ²)
Customer Satisfaction	0,703
Customer Loyalty	0,660

Table 4 shows the results of R Square. Values are calculated using Q Square via the following formula:

$$Q^2 = 1 - (1 - R^2_1) (1 - R^2_2) \dots (1 - R^2_x)$$

$$Q^2 = 1 - (1 - 0,703) (1 - 0,660)$$

$$Q^2 = 0,899$$

Q-square results indicate that the research model meets the predictive relevance requirements (the model is feasible to use).

Table 5. T-Test Results (Path Coefficient)

Hypothesis	Original Sample	Standard Deviation	T-Statistic
Experiential Marketing → Customer Satisfaction	0,839	0,026	32,266
Customer Satisfaction → Customer Loyalty	0,617	0,087	7,063
Experiential Marketing → Customer Loyalty	0,223	0,096	2,316

From Table 5 it can be seen that the results of the hypothesis test show the value of t-count (t-statistic) on all variables greater than 1, 96, which means that all hypotheses can be accepted.

Table 6. Direct Effect (Effect size)

Variable	F-square value (f 2)
Experiential Marketing → Customer Satisfaction	2,371
Customer Satisfaction → Customer Loyalty	0,517

Table 6 shows the direct effect of experiential marketing on customer satisfaction and customer satisfaction on customer loyalty. The value of direct influence is greater than 0,35, which indicates that the variable has a strong direct effect.

Table 7. Indirect Effect

Variable	Value of indirect effects
Experiential Marketing → Customer Loyalty	0,331

Table 7 shows the results of the indirect effect between experiential marketing on customer loyalty with values between 0,15 and 0.35, which means that the variable has a moderate indirect effect.

This study is following the concept put forward by Schmitt that customer experience will be an experience that can provide satisfaction and ultimately increase customer loyalty [1]. This also following previous research found that experiential marketing has a positive relationship with customer satisfaction and customer loyalty [8].

CONCLUSION

The results showed that experiential marketing had a positive and significant effect on customer satisfaction. The f-square value of 2,371 indicates that experiential marketing has a strong direct effect on customer satisfaction. This means that there are elements of experiential marketing at DTW Bora Hot Springs that make consumers feel satisfied (satisfied).

Customer satisfaction also has a positive and significant effect on customer loyalty. The f-square calculation result of 0.517 shows that the direct

effect of customer satisfaction on customer loyalty is strong. That is, if consumers are increasingly satisfied with the DTW Bora Hot Springs, consumers will increasingly show loyalty to the DTW.

Experiential marketing indirectly has a positive and significant effect on customer loyalty through customer satisfaction as mediation. The results of the indirect effect value of 0.331 on Table 7 states that the indirect effect of experiential marketing on customer loyalty is moderate. In this study, customer satisfaction acts as a partial mediation of the occurrence of customer loyalty that can be identified through an independent variable, namely experiential marketing that still has a direct influence on the dependent variable, namely customer loyalty after going through the mediating variable. This means experiential marketing is one of the things that can cause customer loyalty.

Thus, the more consumers get interesting experiences through experiential marketing elements in the DTW Bora Hot Springs; the more satisfied consumers will become so that consumers will increasingly show loyalty to the DTW Bora Hot Springs.

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