

The Effect of Experiential Marketing on Customer Loyalty with Customer Satisfaction as the Intervening Variable in Mobile Banking User

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Abstract: The current development of information technology has affected the banking industry and technology plays a role in creating customer satisfaction through effective and efficient service. Therefore the banking industry has used technology as a marketing strategy in the innovation of product and service. One of the innovations is the creation of the media of mobile banking transactions. Mobile banking service has provided an easy service for customers to accomplish a banking transaction through a smartphone. The objective of this study is to identify the effect of experiential marketing on customer satisfaction and customer loyalty. This study collected primary data through the questionnaires. The study involved 300 respondents. The purposive random sampling technique was employed. This study performed path analysis and regression analysis. The results of the study show that experiential marketing affects customer satisfaction and loyalty.

Keyword: Experiential Marketing, Customer Satisfaction, Customer Loyalty

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I. Introduction

The development of information technology has affected the banking industry and technology can create customer satisfaction through the provision of the best effective and efficient services. Therefore the banking industry has adopted technology in its marketing strategy in the innovation of product and service. One of the innovations is *mobile banking transactions*. Mobile banking service has provided easy access to customers to simply use their smartphone for a transaction. Through *mobile banking*, banks will find it easier to provide services and it also decreases the transaction costs (Krishnan, 2014). To assess the quality and service of mobile banking, the researcher used an experiential marketing strategy that consists of sense, feel, think, act, and relate.

In addition, experiential marketing can differentiate a product or service from another because it can identify the identity of a brand and gain a direct experience before or at the time when customers consume a product or service. When the needs or wants of consumers are met the consumers will feel satisfied with the value and quality of the product or service and are likely to become long-lasting customers (Wiarsih and Sri Murtiasih, 2019). The application of mobile banking service has been installed by most banks in Indonesia. Table 1 reveals the users of mobile banking in the past five years.

Table 1: Top Brand Index of Mobile Banking

BRAND	2015	2016	2017	2018	2019	TOP
M-BCA	54,20%	48,40%	48,10%	49,50%	44,5%	TOP
M-Banking Mandiri	16,60%	22,70%	22,10%	17,80%	16,6%	TOP
BNI Mobile	12,30%	10,20%	12,20%	14,60%	12,3%	TOP
BRI Mobile	11,00%	10,10%	10,10%	11,40%	17,0%	
CIMB Niaga Mobile	3,20%			3,30%	3,4%	

Source: <http://www.topbrand-award.com>

Table 1.1 shows that M-BCA ranked highest at the Top Brand Index of *M-Banking*. At the end of 2019, it reached a score of 44.5%. Many more banks have used *mobile banking*. Accordingly, the researcher would like to identify if the experience in the use of mobile banking services results in customer satisfaction and customer loyalty.

II. Literature Review

Mobile Banking

Mobile Banking was defined by Nurastuti (2011) as a banking service that facilitates the need of customers through an application installed on a *smartphone*. The services provided by *mobile banking* resemble the services provided by ATM. However, mobile banking does not provide *cash withdrawal*. Nearly all banks in Indonesia have provided the M-banking facilities such as SIMtolkit (data service menu) and SMS plain (manual SMS) or popularly known as SMS banking. With *mobile banking*, banks provide easy access to customers in the transaction (Nurastuti, 2011).

Experiential Marketing

Kartajaya (2004) defined *experiential marketing* as a marketing concept of creating customer loyalty by establishing their emotion through positive experiences and *feelings* to the provided service and product. The following section describes five dimensions of consumer experience that constitutes the frame of experiential marketing (Schmitt, 1999).

1. Sense

Sense marketing aims at instilling human's five senses of *sight, sound, scent, taste, and touch*. The whole objective of *Sense marketing* is to create aesthetic pleasure, joy, beauty, and satisfaction through visual stimulation. *Sense marketing* aims at reaching three purposes. They are to differentiate the company and the brand in the market, motivate consumers to purchase the product, and create value for consumers.

2. Feel

Feel marketing stimulate consumers' feeling or emotion, to create an affective experience. It consists of mild positive *mood* related to the *brand* to strong emotion for pleasure and pride. *Feel marketing* is found in an advertisement, product, product brand, and product design and packaging.

3. Think

The objective of *think marketing* is to encourage consumers to get involved in an in-depth, elaborative, and creative thought which leads to the creation of a re-evaluation of the company and the product. *Think marketing* has the likelihood to lead the change of paradigm in society to re-consider the previously held expectation and assumption.

4. Act

Act is intended to create a physical experience, *lifestyle*, and interaction. The strategy of *act marketing* is designed to create consumers' physical experience, behavioral extension, and interaction with other people. The company uses *act marketing* to encourage consumers to have an expected lifestyle through the consumption of a product or brand. The experience of *act* sometimes occurs personally or in social interaction.

5. Relate

Relate marketing contains aspects of *sense, feel, think, and act marketing*. However, *relate marketing* is more extensive than individual personal experience and it relates the individual personal experience to other people or other cultures. The core of *relate marketing* is inviting people to socialize and have contact or engagement with other people or other social groups, or with other cultures wholly through the media of the product.

Customer satisfaction

According to Kotler (2008), customer satisfaction is what one feels about product or service performance and whether they meet their expectation. When consumers feel that the product performance is in line or higher than the expectation, consumers will be satisfied. On the contrary, consumers will feel dissatisfied when the product performance is not in line with the expectation.

Customer Loyalty

Loyalty is the commitment strongly held to purchase or supports the product or service in the future although the effect of situation and the marketing potentially result in the customer shift to other products (Kotler and Keller 2009).

Hipotesis

H1 : Experiential marketing has a significant effect on customer satisfaction

H2 : Experiential marketing has a significant effect on customer loyalty

H3 : Customer satisfaction has a significant effect on customer loyalty

III. Material And Methods

The subjects of this study are the employees and students who use *mobile banking* on their *handphones*. The object of this study is experiential marketing as the independent variable, satisfaction as the intervening variable, and loyalty as the dependent variables. The study employed *purposive random*

sampling. The researcher considered a random method of selecting the population since it is considered to present the information or the unit of the sample that meets the criteria required by the researcher. There were 300 respondents in this study. Data were collected through observation, questionnaires, and interviews. Data were analyzed with regression analysis and path analysis using the SPSS.

Validity Test

A validity test is used to measure the validity of a questionnaire. A questionnaire is valid if it can measure what it is supposed to be measured (Danang, 2011). If the score of an indicator is correlated to the scores of each indicator to the total score (score of construct variable) then the indicator is valid.

Reliability Test

Reliability Test is intended to measure a questionnaire, which is an indicator of a variable or constructs. The items of the questions are reliable if the answer to the question is consistent. The reliability in this study was measured *one shot*. The results were then compared to other questions. Reliability was measured by Cronbach’s Alpha (a). A variable is reliable if the value of Cronbach’s Alpha (a) is > 0.6 (Danang, 2011).

IV. Result

Based on the primary data collected with the questionnaire, the profile of respondents is presented in Table 2.

Table 2: Respondents of Mobile Banking Service

Mobile Banking Service	Number	Percentage (%)
BCA	100	33
Bank Mandiri	65	22
BNI	50	17
Bank DKI	80	27
Others	5	1
Total	300	100

The table shows that the number of respondents who use mobile banking services was 33% of the total 300 and 27% of 300 respondents who participated in this study. This indicates that the respondents use mobile banking services in their daily transactions. Most of the respondents of mobile banking users use M-BCA because it has a convenient application and provides interesting benefits. The users of *Jackone Mobile* from Bank DKI enjoy the cashback, and it can be used by non-customers of Bank DKI.

Result of Validity test

Table 3: Result of Validity test

Question	R-Count	R-Table	Description
EX1	0.205	0.113	VALID
EX2	0.208	0.113	VALID
EX3	0.172	0.113	VALID
EX4	0.275	0.113	VALID
EX5	0.286	0.113	VALID
EX6	0.316	0.113	VALID
EX7	0.096	0.113	VALID
EX8	0.282	0.113	VALID
EX9	0.296	0.113	VALID
EX10	0.247	0.113	VALID
EX11	0.185	0.113	VALID
EX12	0.197	0.113	VALID
EX13	0.301	0.113	VALID
EX14	0.241	0.113	VALID
EX15	0.188	0.113	VALID
KP1	0.182	0.113	VALID
KP2	0.116	0.113	VALID
KP3	0.145	0.113	VALID
KP4	0.074	0.113	VALID
KP5	0.248	0.113	VALID
LY1	0.248	0.113	VALID
LY2	0.119	0.113	VALID
LY3	0.161	0.113	VALID
LY4	0.191	0.113	VALID
LY5	0.123	0.113	VALID

Source: Data processed with SPSS by the researcher

Table 2 shows the validity of each latent variable with a higher value of r-table (0.113). It means that all variables are valid with P-value 0.001. Therefore, it can be concluded that the data are valid.

Result of Reliability Test

Table 4: Result of Reliability Test

Cronbach's Alpha	N of Items
.633	25

Source: Data processed with SPSS by the researcher

Table 2 shows the result of the reliability test of each latent variable with the value of r-table < 0.60. It means that all variables are valid. It can be concluded that the data are reliable.

Result of Normality test

The normality test is intended to measure if the regression model, independent variable, and dependent variable are distributed normally. Figure 4.4.shows the result of the Normality test.

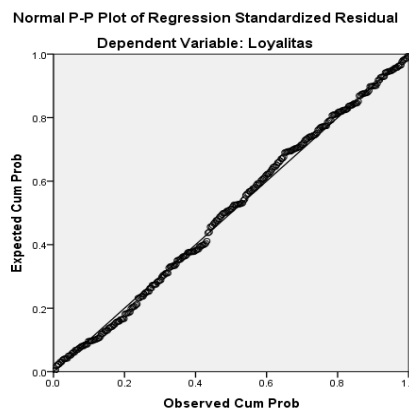


Figure 1 Normal P-P Plot Source: SPSS 22

Figure 1 shows that the diagonal line describes the ideal condition of the data that are distributed normally. The dots around the line indicate the condition that we test. If most dots are near the line or even on the line, it can be concluded that the data are distributed normally.

Path Analysis

Based on the relationship between variables, theoretically the model is made in the form of a path diagram in Figure 1. The form of the equation is as follows:

$$Y = \beta X1Y + \beta X2 Y + \beta X3 + Y + \beta X4 + Y + \beta X5 + Y + \epsilon1$$

$$Z = \beta X1 Z + \beta X2 Z + \beta X3 + Z + \beta X4 + Z + \beta X5 + Z + Y + Z + \epsilon2$$



Figure 2: Overall Pathway Interpretation

Model 1 Testing: The effect of sense, feel, think, act, relate to customer satisfaction

Table 6
Result of T-test Model 1

Variable	t-count	Value Standardized Beta	sig	Description
Sense	2.877	0.151	0.005	Significant
Feel	3.236	0.193	0.001	Significant
Think	1.519	0.087	0.040	Significant
Act	1.361	0.080	0.039	Significant
Relate	2.839	0.161	0.005	Significant
KoefisienDiterminasi (R2) : 0.102				

Source: Data processed with SPSS

The result of the analysis SPSS model summary shows that the R Square is 0.102 or 10.2%.the variable of customer satisfaction can be explained by sense, feel, think, act, and relate with the value of 10.2% while the remaining 89.8% is explained by other variables and . The result of testing of model 1 shows the level of significance for the variable of sense of 0.005, feel 0.001, think 0.040, and act 0.039, relate 0.005 < α = 0.050 (level of significance). Therefore the five variables show that there is a significant effect on customer satisfaction.

Testing of Model 2: The effect of sense, feel, think, act, and relate on loyalty through satisfaction

Table 7
Result of T-test Model 2

Variable	t-count	Value Standardized Beta	sig	Description
Sense	1.253	0.073	0.031	Significant
Feel	2.274	0.137	0.024	Significant
Think	1.069	0.061	0.046	Significant
Act	3.601	0.201	0.000	Significant
Relate	1.403	0.080	0.022	Significant
Satisfaction	2.728	0.157	0.007	Significant
KoefisienDiterminasi (R2) : 0.125				

Source: Data processed with SPSS

The result of the analysis with the SPSS model shows that the value of R Square is 0.125 or 12.5%. The variable of customer satisfaction can be explained by sense, feel, think, act, and relate with the value of 12.5% and 87.5%. The remaining is explained by other variables. The result of the testing of model 2 shows the

level of significance for the variables of sense of 0.031, feel of 0.024, think of 0.046, act of 0.000, relate of 0.022, and satisfaction of 0.007 with the level of significance of $\alpha = 0.050$. Therefore, the five variables show that there is a significant effect on customer loyalty.

The effect direct, effect indirect effect, total effect, and between variables

Analysis of direct effect, indirect effect and total effect between variables in the model is used to compare the magnitude of the influence of each variable. The results of the direct, indirect and total influence test are presented in table 8.

Table 8
The effect direct, effect indirect effect, total effect,

Variabel Exogenous	Variabel Endogenous	Direct Effect	Indirect Effect	Total Effect	t-Hitung	Sig.	Ket.
X1	Y	0.151	0		2.877	0.005	Significant
X2	Y	0.193	0		3.236	0.001	Significant
X3	Y	0.087	0		1.519	0.040	Significant
X4	Y	0.080	0		1.361	0.039	Significant
X5	Y	0.161	0		2.839	0.005	Significant
X1	Z	0.073	(0.151) (0.157) = 0.667	0.740	1.253	0.031	Significant
X2	Z	0.137	(0.193) (0.157) = 0.350	0.487	2.274	0.024	Significant
X3	Z	0.061	(0.087) (0.157) = 0.013	0.740	1.069	0.046	Significant
X4	Z	0.201	(0.080) (0.157) = 0.012	0.213	3.601	0.000	Significant
X5	Z	0.080	(0.161) (0.157) = 0.025	0.105	1.403	0.022	Significant
Y	Z	0.157	0		2.728	0.007	Significant

Source: data processed by author

Table 8 shows that the total effect is greater than the direct effect, namely the influence of the Sense (X1) Feel (X2) Think (X3) Act (X4) Relate (X5) Act on Loyalty (Z). This proves that the Customer Satisfaction variable (Y) as an intervening variable is able to strengthen the exogenous variable and endogenous variable.

V. Discussion

The effect of sense, feel, think, act, relate to customer satisfaction

The table 8 shows that in terms of sense affects customer satisfaction has a significant level of 0.005 with a regression coefficient of 0.151. This study proves that sense gives a more interesting appearance. Graphic animation does not slow the use of *M-Banking*. The table shows that in terms of feel affects customer satisfaction has a significant level of 0.001 with a regression coefficient of 0.193. This study proves that feel gives an easy use of *M-Banking* and quick transaction process. The table shows that in terms of think affects customer satisfaction has a significant level of 0.040 with a regression coefficient of 0.087. This study proves that think gives promotion and interesting programs for customers using *M-Banking*. The table shows that in terms of act affects customer satisfaction has a significant level of 0.039 with a regression coefficient of 0.080. This study proves that act gives additional service to customers of *M-Banking*. The customers do not have to stand in line in the transaction and *M-Banking* can be accessed for 24 hours. The table shows that in terms of relate affects customer satisfaction has a significant level of 0.005 with a regression coefficient of 0.161. This study proves that relate customers can give complaints or criticisms to the Bank. Customers' good experience will have a good impact on mobile banking, in the form of customer satisfaction because customers have fulfilled their wants and needs.

The results of this study are in accordance with the results of research conducted by PratamaAdiNugroho and Indarwati (2017) on "The Effect of Social Media Experiential Marketing Towards Customers Satisfaction (A Study in Chingu Korean Fan Cafe Bandung Indonesia)" stated This research found that Sense variable, Feel variable, Think variable, Act variable, and Relate variable have significant positive influence on customers' satisfaction partially and simultaneously. Other research by Oddy Adam Noegroho, Suharyono, and SrikandiKumadji (2013) on "The Effect of Experiential Marketing, Brand Trust on Satisfaction and Loyalty at KFC's Kawi Branch (PengaruhExperiential Marketing, Brand TrustTerhadapKepuasan Dan

Loyalitas KFC Cabang Kawi)"which stated that the brand trust variable does not significantly influence the loyalty variable.

The effect of sense, feel, think, act, and relate on loyalty through satisfaction

The table 8 shows that in terms of sense affects loyalty through customer satisfaction has a significant level of 0.031 with a regression coefficient of 0.073. This study proves that M-Banking gives satisfaction in the forms of interesting appearance and design and the graph does not slow down during the use of *M-Banking* and will result in customer's loyalty to M-Banking. The table shows that in terms of feel affects loyalty through customer satisfaction has a significant level of 0.024 with a regression coefficient of 0.137. This study proves that M-Banking gives satisfaction in the form of easy use of M-Banking and quick process of the transaction will result in customer loyalty for M-Banking. The table shows that think affects loyalty through customer satisfaction has a significant level of 0.046 with a regression coefficient of 0.061. This study proves that M-Banking gives satisfaction with promotion and interesting programs for customers who use M-Banking and will result in customer loyalty for M-Banking. The table shows that act affects loyalty through customer satisfaction has a significant level of 0.000 with a regression coefficient of 0.201. This study proves that M-Banking gives satisfaction with additional service to customers of M-Banking. Customers do not have to stand in line in a transaction. M-Banking can be accessed for 24 hours and will result in customer loyalty to M-Banking. The table shows that relate affects loyalty through customer satisfaction has a significant level of 0.022 with a regression coefficient of 0.080. This study proves that M-Banking gives satisfaction to customers by allowing the customers to give complaints and criticism to the bank. Therefore, customers will be loyal to M-Banking.

The results of this study are compatible with the results of research conducted by Another study by R. Öztürk (2015) on "Exploring the Relationships between Experiential Marketing, Customer Satisfaction and Customer Loyalty: An Empirical Examination in Konya" also stated that experiential marketing has a significantly positive effect on customer satisfaction and customer loyalty. Other research by Oddy Adam Noegroho, Suharyono, and SrikandiKumadji (2013) on "The Effect of Experiential Marketing, Brand Trust on Satisfaction and Loyalty at KFC's Kawi Branch (PengaruhExperiential Marketing, Brand TrustTerhadapKepuasan Dan Loyalitas KFC Cabang Kawi)"which stated that the brand trust variable does not significantly influence the loyalty variable.

The effect customer satisfaction on loyalty

The table 8 shows that in satisfaction affects loyalty has a significant level of 0.007 with a regression coefficient of 0.157. This means that mobile banking can meet the wants and needs of consumers so that consumers can feel satisfied and loyal to M-Banking. The results of this study are compatible with the results of research conducted by Tias A. Indarwati and Monika Tiarawati (2015) on "Marketing Strategies through Experiential Marketing, Emotion Marketing Customer Satisfaction and Loyalty at JCO Donuts Caffe Surabaya (StrategiPemasaranMelaluiExperiential Marketing, Emotion Marketing Kepuasan Dan LoyalitasPelanggan Di JCO Donuts Caffe Surabaya)" stated that satisfaction variables significantly influence variables loyalty. Other research by Oddy Adam Noegroho, Suharyono, and SrikandiKumadji (2013) on "The Effect of Experiential Marketing, Brand Trust on Satisfaction and Loyalty at KFC's Kawi Branch (PengaruhExperiential Marketing, Brand TrustTerhadapKepuasan Dan Loyalitas KFC Cabang Kawi)" stated that there is a significant influence between the satisfaction variable and the loyalty variable.

VI. Conclusion

Based on the result of the study and the discussion, the following conclusion can be made:

1. The result of the study shows that sense, feel, think, act, and relate affect customer satisfaction. This means that a customer's good experience will give a good impact on *mobile banking*. It will result in customer satisfaction because customers' need and want have been met.
2. The result of the study shows that sense, feel, think, act, and relate affect loyalty through customer satisfaction. This means that a customer's good experience will give a good impact on *mobile banking*. This results in customer satisfaction because customers' need and want have been met. Therefore, consumers will be loyal to *mobile banking*.
3. The result of the study shows that customer satisfaction affect loyalty. This means that mobile banking can meet the wants and needs of consumers so that consumers can feel satisfied and loyal to M-Banking.

VII. Implication

Based on the result, discussion, and conclusion of the study, the theoretical implication for further researches is to improve the strategy of experiential marketing so that consumers can have an interesting experience and consistently use M-Banking.

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