Experiential Marketing as a Driver of Customer Satisfaction

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Abstract— The rapid growth of digital banks in Indonesia has led to high competition between digital banks. Banks need to implement appropriate and targeted marketing strategies in order to win market competition. Experiential marketing strategy has a focus on creating positive experiences in the minds of customers, through the creation of these experiences customer satisfaction can be achieved. Innovative and creative features can be created by implementing experiential marketing strategies. This study examines the effect of experiential marketing strategies through sense, feel, think, act, and relate factors that are implemented on the M features contained in XYZ digital banking on customer satisfaction. A total of 203 respondents have been obtained and meet the research criteria, which are XYZ digital bank customers that uses the M feature. The data analysis technique used in this study is PLS-SEM using SmartPLS version 3 as an analytical tool. The results of this study are experiential marketing as a whole has a positive and significant influence on customer satisfaction. Feel is the most dominant factor that reflects experiential marketing on customer satisfaction.

Keywords—digital banking; digital feature; experiential marketing; customer satisfaction

I. INTRODUCTION

Marketing has grown very rapidly, in the last few decades, starting with a product concept that focuses on the product to be offered, shifting towards building good relationships with customers and finally creating customer experiences through experiential marketing [11] [5]. Experience is the main component of experiential marketing, where the experience gained by customers can lead to engagement with the products offered. The application of innovations to a product or feature that aims to create a pleasant feeling through the experience felt by customers is a marketing strategy called experiential marketing strategy [8]. This strategy focuses on creating an unforgettable and memorable holistic experience in the minds of customers so that in the end customers will be satisfied with the products or features available.

Experience can also be considered as a product that gives memories or something that creates memories for customers (having aspects that entertain, educate, or involve customers or co-creation) and the result is a skill or learning [9]. Experiential marketing also talks about how to process customer experiences to identify and satisfy consumer wants and needs [9]. Experiential marketing includes sensory experience (Sense); feelings and emotions experience (Feel); cognitive experience (Think); physical experience (Act) and social identity experiences resulting from relating to a reference group or culture (Relate) [10] [1].

In the midst of very tight competition in the banking sector, inevitably banks have to think about the most appropriate promotion method to satisfy their customers. One of the breakthroughs made by digital banking is to include elements of experiential marketing in digital banking products. Through experience, banks can create unforgettable experiences and emotions in the minds of customers and achieve customer satisfaction through providing a good experience in its features and services.

Based on the Momentum Works Rise of Digital Banks in Indonesia report [14], in 2020 alone there was an increase in the number of digital bank application downloads by 7% from the previous year and also an increase in the number of digital bank users by more than 3 million new users. The products and features offered by digital banks tend to be the same or homogeneous, so in addition to focusing on providing good service, digital banking players also need to emphasize customer feelings that arise from the experiences created by features and products [7]. Intense competition between digital banking in Indonesia requires them to have a competitive advantage in order to survive. Banks need to make new innovations that are out of the box and unique in order to compete, meet customer needs, and ultimately achieve customer satisfaction. Digital bank XYZ overcomes this phenomenon by launching a cash flow recording feature called the M feature. The M feature is a feature that is quite unique and different from other digital banks. The M feature can be found in the XYZ digital bank application and can be used as a customer's personal financial diary. This feature can record all customer transactions automatically and in detail with their respective categories. The M feature can be categorized as a banking feature that implements experiential marketing. The existence of these features can lead to aspects of experience (experience) for customers. Through this feature, XYZ digital bank hopes to become superior and eventually will win market competition.

The focus of this study is to examine the effect of experiential marketing of feature M on the customer satisfaction of digital bank XYZ, known as the Strategic Experiential Module (SEMs) in which there are five factors, namely sense, feel, think, act, and relate. Also,

to identify the most dominant factor in reflecting experiential marketing on feature M.

II. LITERATURE REVIEW

A. Experiential Marketing

Experiential marketing is a marketing concept that focuses on creating customer experiences, this concept was first introduced by Bernd H. Schmitt in 1999. Companies must be able to create products and services that offer good, unique and unforgettable experiences so that they can touch hearts. customers [8]. The experience felt by the customer can be rational or emotional, it can be created through stimuli or stimuli that shape customer perceptions. The creation of a good and unforgettable experience in the minds of customers is very important to note because it cannot be easily obtained or purchased by the company [11].

Experiential marketing can provide various benefits to companies, such as reviving a declining brand value, differentiating a company's products and services from its competitors, creating a corporate image and identity, developing and promoting innovations, encouraging or motivating trials. , increase sales, and consumption of loyal customers (loyal consumption) [10] [11]. In addition, companies can increase sales and long-term profits [3] and increase customer satisfaction.

Banks need to implement experiential marketing strategies for their products and services. The experiential object is that what is experienced. In feature M, experiential object is the cash flow recording feature is called the M feature. The M feature is a feature that is quite unique and different from other digital banks. The M feature can be found in the XYZ digital bank application and can be used as a customer's personal financial diary. This feature can record all customer transactions automatically, completely and in detail with their respective categories. Through the M feature, customers can be actively involved in monitoring expenses, income, and the difference in money in their accounts.

The experiential marketing strategy has the goal of creating a holistic experience that can be felt by customers through all five senses. Experiential marketing can be tested through the implementation of Strategic Experiential Modules (SEMs) which have indicators of the five senses (sense), feelings and emotions (feel), thoughts (think), actions and behaviour (act), as well as customer efforts in connecting the brand with themselves, people others, as well as culture (relates).

B. Sense Experience

Sense focuses on creating feelings that are stimulated by the five senses in the experience offered [11] so that in the end customers will feel happy and satisfied with the product or service. Sense is often associated with the beauty of a product or service that can be described through colours, symbols, and designs. Consumer sensory experiences allow consumers to think logically to judge goods and services offered. Assessment consists of behavioural, emotional, cognitive, relational, and symbolic values [13]. Logical experiences allow consumers to combine emotions and rational elements for shaping the sensory experience of a brand.

In the M feature, sense can be felt through the eye-catching design and colour of the cash flow. In addition, the design of the M feature is dominated by colours that match the company profile of XYZ digital bank.

C. Feel Experience

The feel factor focuses on creating an unforgettable experience and can touch the deepest feelings and emotions of customers, this can be created through good service on features and products [11]. Feelings are most powerful when they occur during consumption. Strong feelings result from the contacts and interactions, and they develop over time [10].

In the M feature, the feel can arise from the speed in processing customer cash flow summaries so that the M feature can be accessed properly and effectively. Feelings or emotions that arise from providing good and right on target services can make customers feel happy and proud of the M features they use, this feeling is called feel good. Good feelings and unforgettable experiences can lead to satisfaction for XYZ digital bank customers.

D. Think Experience

Think factor invites customers to think creatively and solve problems together so that customers will get used to using the available products and features [11]. This can be done through customer and company customization (co-creation). With customization, companies can transform products or services into experiences. Think experience requires a creative, intelligence and theoretical practice of consumers [10].

Customers can customize the M feature by adjusting the period of their financial statements according to their needs. Customization that can be done on the M feature can create a pleasant feeling for the customer and will make the customer feel satisfied with the feature.

E. Act Experience

The act factor aims to influence the behaviour, interaction, and behaviour of customers [11]. Act experience introduce customers' lives by targeting their physical experiences showing them alternative ways of doing things, alternative lifestyles and interactions [10]. Through act factors, companies can shape customer perceptions of existing products and services by imposing the action factor.

On the M feature of digital bank XYZ, customer behaviour can be influenced, for example customers who have never budgeted their finances, in the future they will do more budgeting on their personal finances. The influence of act factors that affect lifestyle, behaviour, and customer interactions positively will lead to positive customer satisfaction as well.

F. Relate Experience

The relate factor is a combination of the sense, feel, think, and act factors where the main purpose of this factor is to improve the customer's personal experience and connect the experience with individuals, groups, and one's culture [11]. Through the relate factor, customers can fulfil their ideal desires and produce a positive experience. If the experience obtained is positive, the customer will feel satisfied and can relate it to what is outside of him. In the M feature, if customers are satisfied with the experience they get, they will share that experience with other people around them

G. Customer Satisfaction

Customer satisfaction is the feeling felt by customers after comparing the product or service they receive against their expectations. Customers will evaluate the suitability or incompatibility of the performance of a product or service after use with their expectations, the results of the evaluation will affect customer satisfaction [6]. Customer satisfaction can also be interpreted as an emotional response to the evaluation of the consumption experience of a product or service [15].

Customer satisfaction is very important for banks and is one of the main goals of banks. With the achievement of customer satisfaction it will help the development of the bank and in the long term will have

an impact on increasing profits, besides that the value of the company and the level of customer trust in the bank will also increase. Therefore the company must be able to meet the needs and expectations of customers because it will have a good impact on the development of the bank.

H. Conceptual Framework and Hypothesis

This research seeks to expand the influence of experiential marketing (ie., sense, feel, think, act and relate) towards the customer satisfaction especially in the context digital banking in Indonesia. The conceptual framework for this research can be illustrated as below:
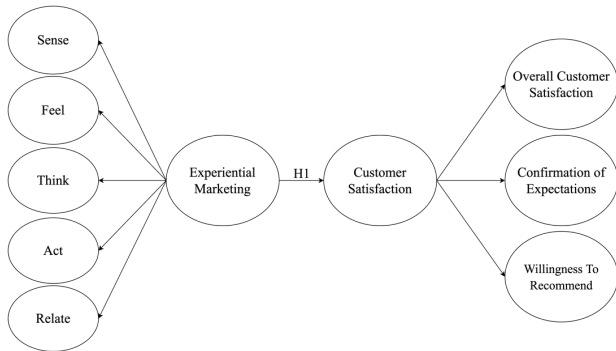

Figure 1. Conceptual Framework

The number of digital banks that have sprung up has led to intense competition in the market. To win the competition, digital bank XYZ launched the M feature as an additional feature that can differentiate XYZ digital bank from its competitors. With the launch of this feature, it is hoped that customers will be satisfied and choose to use XYZ digital bank in the long term. To achieve this goal, digital bank XYZ can implement experiential marketing factors through the M feature so that customers' feelings and emotions can be touched and create a comprehensive experience that is effective and unforgettable in the customer's mind. Things that are done by XYZ digital bank are such as choosing colours and designs that are beautiful to the eyes of customers (eye pleasing) so that customers feel happy when they see and open their reports, are able to take into account the moods and emotions that are rightly felt by XYZ digital bank customers when accessing feature M, involving customers (co-creation) in their financial statements by providing customization access to the M feature so that when the category of expenses or income that is automatically determined by the M feature is deemed inappropriate by the customer, the customer can edit individually and adjust it according to his wishes, and create a sense of belonging in the customer. If these things are implemented properly, there will be a form of attachment between customers and the M feature, creating a memorable experience, and in the end it will have an impact on customer satisfaction of XYZ digital bank customers. So based on the explanation above, the following hypothesis can be formulated

H1: Experiential Marketing has an effect on customer satisfaction.

III. RESEARCH METHODOLOGY

This research investigated the effect of experiential marketing as a driver of customer satisfaction on digital banking. The previous sections are our understanding and recommendations of the important factors that affect customer satisfaction. This section will explain the details of the research method.

A. Research Data

Data was collected by distributing online questionnaires. The population of the research are XYZ digital bank customers and use the M feature. Data is distributed online to XYZ bank digital customers The number of respondents who filled out the questionnaire was 206 respondents. 3 respondents did not meet the requirements so they had to be removed from the respondents. The questionnaire made is a closed method questionnaire with a Likert scale of 1-5.

B. The Analysis Techniques

Data analysis techniques are used to process the research results so that a conclusion can be obtained. In this study, the data analysis technique used is Partial Least Square - Structural Equation Model (PLS-SEM) which uses Smart PLS version 3 as an application that helps processing the data of this research. The data instrument of this research will be tested for validity and reliability through the Structural Equation Model (SEM) test. One of the techniques in SEM used to analyse latent variables, research indicators, and direct measurements is through Partial Least Square (PLS) [4]. Structural Equation Model (SEM) is a combination method of factor analysis with correlation analysis. The relationship between the constructs, namely the dependent and independent variables involved in the analysis, will be described through equations. In this study, latent variables, indicators, and direct measurements will be analysed and will pass the outer and inner model testing.

IV. RESULT AND CONCLUTION

A. Respondents

Questionnaire was filled out by 206 people, but 3 of them had to be eliminated because they did not meet the screening process according to the purposive sampling criteria which required respondents to be XYZ digital banking customer and users the M feature. 203 respondents who successfully passed the screening process are obtained. Demographic data of respondents found that the majority of respondents were women (62%), aged 17-23 years old (60%), resided in DKI Jakarta (54%), and have a bachelor's degree (49%). Most respondents are private employees (41%).
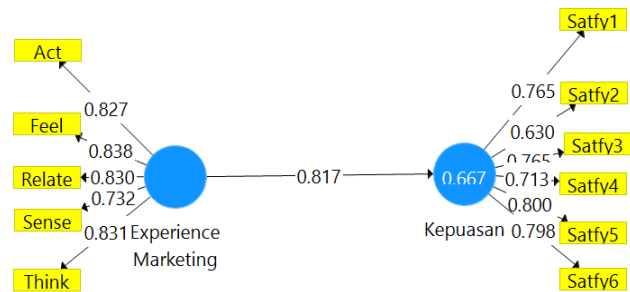
B. Outer Model Evaluation
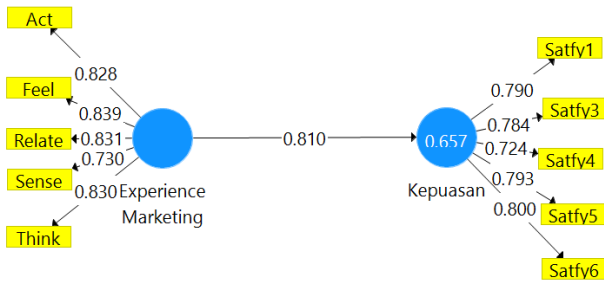

Figure 2. Measurement Model Testing Stage 1

Figure 3. Measurement Model Testing Stage 2

From the results of the analysis of the measurement model above, there is one manifest variable whose factor loading values are < 07, so to fulfill the rule of thumb, the manifest variables whose values are < 0.4 must be dropped from the model.

1) Convergent Validity

Convergent validity is measured using the outer loading parameter. Individual reflexive measures can be said to be correlated if the value is > 0.7 with the construct to be measured. From the results of the analysis of the measurement model below, it is known that there there is one manifest variable whose factor loading values are < 0.7 and it must be removed from the model.

TABLE I .LOAD FACTOR VALUE OF ALL VARIABLES

Variable	Indicator	Outer Loading		Result
		Stage 1	Stage 2	
Experiential Marketing	Act	0.8275	0.8282	Valid
	Feel	0.8385	0.8393	Valid
	Relate	0.8299	0.8313	Valid
	Sense	0.7316	0.7297	Valid
	Think	0.8307	0.8297	Valid
Customer Satisfaction	Satisfy 1	0.7652	0.7895	Valid
	Satisfy 2	0.6302		Drop
	Satisfy 3	0.7654	0.7841	Valid
	Satisfy 4	0.7131	0.7244	Valid
	Satisfy 5	0.8001	0.7929	Valid
	Satisfy 6	0.7981	0.8001	Valid

Based on the table above, all manifest variables have a loading factor value of > 0.7 at stage 2. Therefore, no manifest variables are dropped or removed. This means that all items are valid and able to reflect each variable.

2) Composite Reliability

Reliability can be assessed with two ways: Cronbach's Alpha and Composite reliability. To state that a variable has met composite reliability, the value of composite reliability must be > 0.7. The table below is the result of the validity and reliability tests on each construct:

TABLE II. CONSTRUCT RELIABILITY AND VALIDITY

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Experiential Marketing	0.8705	0.8708	0.9065	0.6604
Customer Satisfaction	0.8373	0.8386	0.8850	0.6064

Table above shows that the value of all variables in reliability testing using either Cronbach's Alpha or Composite Reliability has a

value of > 0.7. Therefore, it can be concluded that the tested variables are valid and reliable, so that it can be continued to test the structural model.

C. Inner Model Evaluation

1) R-Square (R^2)

The structural model is evaluated by looking at the percentage of variance described. This can be done by looking at the R-Square value for endogenous latent constructs, and AVE for predictiveness by using resampling procedures such as Bootstrapping to obtain stability from the estimate. Below is a table of the R-Square value of the endogenous variables of this study:

TABLE III. R² VALUE OF ENDOGENOUS VARIABLE

	R-Square	R-Square Adjusted
Customer Satisfaction	0.657	0.655

Based on table above, it can be concluded that the experiential marketing influence model on customer satisfaction gives a value of 65.70%. It can be interpreted that the variability of customer satisfaction which can be explained by the variability of the experiential marketing construct is 65.70%, while the remaining effect (34.30%) is explained by other variables outside of this study.

2) Coefficient Path

TABLE IV. PATH COEFFICIENT MEASUREMENT OF SIGNIFICANCE

	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Value
Experiential Marketing → Customer Satisfaction	0.810	0.035	23.409	0.000

Based on the results of the path coefficient contained in the table above, experiential marketing has a significant and positive effect on customer satisfaction. The coefficient obtained is 0.810 with a probability value of 0.000. Because the probability value (0.000) is smaller than alpha 5%, it means that it has a significant effect.

D. Discussion

From literature reviews mentioned above conclude that experiential marketing in general provide positive effects on customer satisfaction. This finding is in line with our expectations, experiential marketing that focused on customer experience can please banking customer. Consumers do not only buy products and services, but they also buy the experiences that they get when consuming products [12]. That experience will always be remembered by consumers and can causes them to be willing to buy products or services at a higher price. Furthermore, experience is also related to brand image [12] so that the more pleasant the experience obtained, the better the brand image of the company in the eyes of consumers. Lastly, experience obtained by consumers is always related to a positive brand image which will eventually become brand loyalty [2].

E. Conclusion

The conclusion of this study is that all the experiential marketing strategy factors that have been implemented by digital bank XYZ on feature M have an influence on customer satisfaction. These factors include sense, feel, think, act and relate. This indicates that XYZ

digital bank has implemented the experiential marketing strategy appropriately.

Furthermore, it was found that the most dominant factor reflecting experiential marketing on feature M is feel where this factor has the highest coefficient value compared to other factors. These results indicate that the dominant feel factor can be felt by customers, due to the feeling that prioritizes the creation of experiences through emotions, moods, and customers' deepest feelings. Customers feel that the experience created by the M feature on XYZ digital bank is very memorable in their minds so that they create a feeling of feeling good when using the M feature. In addition, these results also indicate that the customer's emotional level increases every time they use the M feature.

This study only examines the effect of experiential marketing strategies through Strategic Experiential Modules (SEMs), further research can add Experiential Providers (ExPros) as an exogenous variable because ExPros is a medium that can optimize the stimulus or stimuli from SEMs.

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