

THE EFFECT OF EXPERIENTIAL MARKETING TOWARDS CUSTOMER SATISFACTION ON ONLINE FASHION STORE IN INDONESIA

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Abstract

The number of Internet users in Indonesia is growing rapidly. This triggers the growth of e-commerce and start to change peoples' preferences for online shopping. The most purchased products is fashion. Zalora is the largest fashion retailer in Indonesia that focuses on providing a unique online shopping experience for its consumers. The purpose of this research is to determine the effect of Experiential Marketing variable which has five sub-variable (Feel, Think, Act, Relate, and Sense) towards Customer Satisfaction on Zalora online fashion store. Data of this study was collected from 400 respondents as sample. The valid data was analysed by using both descriptive analysis and multiple linear regression analysis to test the hypothesis. The results showed that Experiential Marketing has a simultaneous significant effect towards Customer Satisfaction. But partially only four sub-variables of Experiential Marketing have significant effects towards Customer Satisfaction. The sub-variable are Feel, Think, Act, and Relate, while Sense does not have a significant effect towards Customer Satisfaction.

Keywords: customer satisfaction, experiential marketing, online store, Indonesia

1. Introduction

In 2014, according to the Ministry of Communications and Information Technology, the number of Internet users in Indonesia reached 82 million people, it means that Internet users reached approximately 34% of the Indonesia total population (253.60 million). In this rate, Indonesia become the 8th position on number of Internet users in the world (Bintang, 2013). Data from ICD research institute predicts that e-commerce market in Indonesia will grow 42% in 2012 to 2015 (Mitra, 2014). The increase of Internet penetration in Indonesia also made people start to like online shopping. This statement is supported by a report from Nielsen Indonesia that published in the first quarter of 2014. Research conducted in January 2014 also found that the most purchased products are fashion, these products were purchased by 78 percent of Indonesian online customers (Rakhma, 2014).

Zalora is the most well known fashion e-commerce site in Asia. Zalora is also the biggest fashion e-commerce site in Indonesia. This site offered a wide range of fashion product for men and women with many famous brand in Indonesia (Adwani, 2015). Nowadays, customer expected a convinient shopping experience, especially with the easy access to the internet and get a digital content that can shape their preferences (Banirestu, 2015). The concept of the customer experience can be explained by the theory of experiential marketing (Schmitt, 1999) which divides this concept into several parts; sense, feel, think, act, and relate. These five factors are commonly called the five strategic experiential modules (SEMS) (Wu & Tseng, 2015). In this era of information, customers very easily jump from one product and service to other products and

services. This condition requires each company to fulfill customer satisfaction so customer will not leave the company (Romana, 2015).

Mano and Oliver (1993) found a positive relationship between experiential marketing and customer satisfaction. A good experience can refer to a higher customer satisfaction. Schmitt (1999) said that the main goal of experiential marketing is to increase customer satisfaction (Wu & Tseng, 2015).

2. Research Problem

The emergence of e-commerce in Indonesia resulted due to the growth of the Internet, affected peoples' preference for online shopping. Customers will get a different experience and gain a different advantage while shopping online, especially for a fashion product. However, it does not make the customer get off from the risks and negative impacts that can be occur. For example, there are still a lot of complaints about customer experience that can affect customer satisfaction.

Several previous studies about experiential marketing and consumer satisfaction are limited to the offline objects such as shops, cafes, hotels, etc. Therefore, this study is conducted to test the concept of previous studies about experiential marketing and customer satisfaction to the well-known fashion online store in Indonesia, Zalora.

3. Literature Review

Talking about an online store is similar to talking about e-commerce, a series of activities using the internet and web to conduct business transactions. Formally, e-commerce allows the digital commercial transaction conducted between the company and the individual (Laudon & Traver, 2012). One of those activities is marketing activity. 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 (1999) further divided the types of experiential marketing into five dimensions: sense, feel, think, act, and relate Maghnati et al. (2012).

Sense experience is defined by Yuan and Wu (2008) in Maghnati et al. (2012) as customers' message about products or services that they perceived by their sense. Through Sense experience, customer will able to develop logic experience and subsequently they can use the logic experience to form personal value judgements to differentiate the products and services being received Maghnati et al. (2012).

Feel is defined by Yuan and Wu (2008) in Maghnati et al. (2012) as experience that come from the customers' inner emotion, mood and feeling during consuming products and services. Strong and positive emotion in the Feel experience will positively effect the customer relation with company Maghnati et al. (2012). Thus, to improve the customer relationship between the

customer and the seller, company should provide a strong and positive Feel experience Maghnati et al. (2012).

Think is defined by Schmitt (1999) in Maghnati et al. (2012) as the experience which stimulates customers to be creative in developing a new idea or thinking about a company or its products. Through the process of creating a new idea or thinking, consumers make their own evaluation towards the company and its brand Maghnati et al. (2012).

Act is defined by Schmitt (1999) in Maghnati et al. (2012) as the experience that enables consumers to develop experiences relate to their physical body, behaviour and lifestyle, as well as the experience gained from the social interaction with other people. Through Act experience, consumers enable to develop a sense of sensation, make relationship with the products or services offered Maghnati et al. (2012).

Relate is defined by Chang et al. (2011) in Maghnati et al. (2011) as the experience that allows consumers to build their connection with the social communities and social entities through the process of purchasing and consuming the products and services. Change et al. also explain that Relate experience which is promoted via Relate marketing campaign enables consumers to make self-improvement, being perceived positively by others and integrate themselves to a social community Maghnati et al. (2012).

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.

For companies that have the customer-centered concept, customer satisfaction is the marketing tools and the main goal. Companies should focus on their customer satisfaction levels because customer can easily submit a review of how good or bad theyare treated by the company using Internet to a whole world quickly (Kotler & Keller, 2012).

4. Proposed Conceptual Model

Mano and Oliver (1993) found a positive relationship between experiential marketing and consumer satisfaction. A good experience can refer to a higher customer satisfaction. Wei and Hung (2010) examined the relationship of experiential marketing on consumer satisfaction and consumer loyalty with improved product as a mediator and moderator variables. The empirical study found that experiential marketing has a positive correlation to customer satisfaction. Liu (2012) look for the impact of experiential marketing to the smartphones customers satisfaction with personal behavior as a moderator variable. His research found that sense, feel, relate, and act as a whole have an impact on customer satisfaction (Wu & Tseng, 2015).

This study used experiential marketing as an independent variable (X) with five sub-variables: Sense, Feel, Think, Act, and Relate. The dependent variable (Y) is a Customer Satisfaction. The conceptual framework for this research was developed based on the models and constructs derived from the existing literature of Schmitt in 1999. Figure 1 illustrates the proposed conceptual framework of this research.

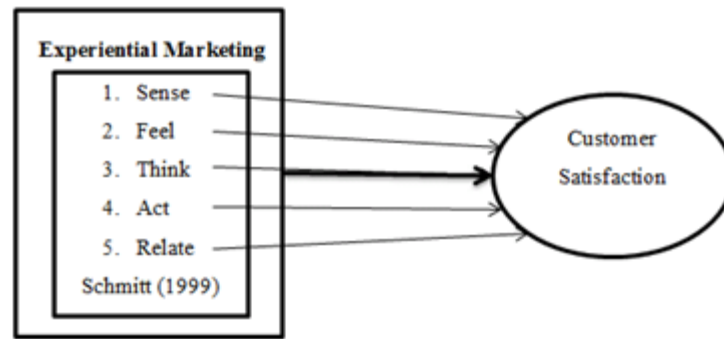


Figure 1: Propose Conceptual Model

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

HO: Experiential Marketing has no significant effect towards Customer Satisfaction on Zalora online fashion store.

H1: Experiential Marketing has significant effect towards Customer Satisfaction on Zalora online fashion store.

Due to the main hypothesis of this research, a few derivative hypothesis were made, as follow:

HOa: Sense has no significant effect towards customer satisfaction on Zalora online fashion store.

H1a: Sense has significant effect towards customer satisfaction on Zalora online fashion store.

Hob: Feel has no significant effect towards customer satisfaction on Zalora online fashion store.

H1b: Feel has significant effect towards customer satisfaction on Zalora online fashion store.

Hoc: Think has no significant effect towards customer satisfaction on Zalora online fashion store.

H1c: Think has significant effect towards customer satisfaction on Zalora online fashion store.

Hod: Act has no significant effect towards customer satisfaction on Zalora online fashion store.

H1d: Act has significant effect towards customer satisfaction on Zalora online fashion store.

Hoe: Relate has no significant effect towards customer satisfaction on Zalora online fashion store.

H1e: Relate has significant effect towards customer satisfaction on Zalora online fashion store.

5. Research Methodology

To test the hypotheses, this research collected data by using questionnaire. In constructing the 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. Among the types of this test, the most popular one is the Cronbach's Alpha (CA) coefficients with values ranging from 0.6 to 0.7 are deemed as the lower limit of acceptability (Indrawati, 2015). This study chose a minimum value of 0.7 to indicate reliability. To determine the validity of the questionnaire, this study used the Corrected Item-Total Correlation (CITC) value, and the item with CITC value above 0.36 is considered to be valid. All the 19 items of the questionnaire in this study fulfil the requirements.

The population of this research was all of the Zalora online fashion store customers in Indonesia. Non probability sampling technique was adopted in the study. A total 400 sets of questionnaire were valid to be analysed by using descriptive analysis and multiple linear regression analysis.

Table 1: The operational definitions of the constructs

Variables	Definition	No.	Item	References
Sense	Allow consumers to obtain pleasure and a sense of satisfaction from their sensory experiences with the website, products, and services.	1	It is very interesting to explore Zalora website and mobile application.	Schmitt (1999), Oliver (1997), Chu and Lee (2007), Lin (2008), Shih (2008) in (Wu and Tseng, 2015); (Pham et al., 2015); (Alkalini et al., 2013); (Islar, 2015); (Maghnati et al., 2012)
		2	The website and mobile application design is very attractive.	
		3	Features and navigation of Zalora website and mobile application are very special.	
Feel	Induce the moods and emotions of consumers to further affect their affection toward Zalora.	4	I paid attention to the content (a picture of a product) in the website and mobile application Zalora.	
		5	Using Zalora website or mobile application keeps me comfortable.	
		6	I feel safe making a transaction in Zalora website and mobile application.	
		7	The shopping experience of using Zalora website and mobile application let me feel very interesting and fresh.	
Think	Inspire consumers to have creative thinking and reevaluate the website, products, and services.	8	Zalora website and mobile application's features stimulate my curiosity toward the products offered.	
		9	Personally experience gained from shopping in Zalora tries to intrigue me to know more about Zalora's program.	
Act	Create consumer behavior, lifestyle, and interactions with others.	10	Zalora website and mobile application's features is easy to understand.	
		11	When I am shopping in Zalora, it reflects my lifestyle.	
		12	I will share my transaction experience in Zalora with my friends.	
Relate	Create connections between consumers and other users of the brand to build their preferences for the brand.	13	The features of website and mobile application Zalora make a good product image.	
		14	Signing up before having a transaction represents my enthusiasm toward Zalora.	
		15	I can easily relate to Zalora customer service.	
Customer Satisfaction	The degree to which customer expectations	16	I am satisfied with my decision to purchase from this site.	

of a product or service 17 The products obtained in fit with what my
 are fulfilled and is a expectation.
 reflection of the 18 I am happy to shop in Zalora.
 congruence between 19 Overall, I am totally satisfied when having a
 expectations and shopping experiences in Zalora
 performances.

6. Data Analysis Result

Based on data of this survey, female represented 64% of the total respondents and the rest of the respondents (36%) was male. The respondents' age distribution were the age group of 18-25 years old (73%) and the age group of 26-30 years old (15%). In term of income per month, 42% of the respondents have income in range of US\$ 72 to 217 and 22% in the range of above US\$ 217 to 361.

Table 2: The Total Average Percentage Score of Experiential Marketing (X)

No.	Sub Variables	The average percentage score
1.	Sense (X1)	80.9%
2.	Feel (X2)	80.4%
3.	Think (X3)	78.35%
4.	Act (X4)	77.75%
5.	Relate (X5)	77.95%
The Average Percentage		79.07%

Table 2 illustrates the Zalora online fashion store customer responses about experiential marketing (X) in Zalora that reached 79.07% and categorized as "Good". Customer Satisfaction variable (Y) had got the average percentage score of 79.7% and categorized as "Good".

Multiple Linear Regression Analysis was used to predict if the independent variables (X1, X2, etc) change or determine the value of dependent variable or determine the relationship between the independent variables and the dependent variable (Y) (Priyanto, 2010).

Table 3: Multiple Linear Regression Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	1.815	.554		3.275	.001	
1	Sense	.105	.060	.083	1.761	.079
	Feel	.244	.047	.248	5.173	.000
	Think	.250	.079	.140	3.159	.002
	Act	.341	.059	.269	5.799	.000
	Relate	.224	.068	.176	3.308	.001

a. Dependent Variable: Customer Satisfaction

Table 3 shows the results of multiple linear regression analysis. The multi linear regression equation was formed as following:

$$Y=1.815+0.105(X1)+ 0.244(X2)+ 0.250(X3)+ 0.341(X4)+ 0.224(X5)+ \varepsilon$$

According to the equation, it can be interpreted that Sense, Feel, Think, Act, and Relate have a significant positive effect towards Customer Satisfaction. Constant value resulted is 1.815, which means that if the variables experiential marketing (X) has no value or null, then the total value of customer satisfaction variable (Y) is 1.815.

Table 4 shows the coefficient determination result. This coefficient shows the percentage of variation of the independent variables used in the model is able to explain the variation of the dependent variable (Priyanto, 2010). The number of R value shows the prediction of relationship between Experiential Marketing (X) and Customer Satisfaction (Y). If R value is close to 1, then the relationship is strong and if it close to 0 then the relationship is weak.

Table 4: Coefficient Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.761 ^a	.579	.573	1.82113	1.934

a. Predictors: (Constant), Relate, Think, Sense, Act, Feel

b. Dependent Variable: Customer Satisfaction

Table 4 shows that the number of R was 0.761 and it means that the relationship (correlation) between the dependent variable (Y) with the independent variable (X) is strong because the R value was close to 1. For the number of R² value was 0.579, it means that 57.9% customer satisfaction will be explained by the independent variable (Sense, Feel, Think, Act, and Relate). While remaining 42.1% customer satisfaction will be influenced by other variables that are not included in this research. This study also found the results of the Adjusted R Square interpreted as an R² that has been adjusted that is equal to 0.573 or 57.3%.

To test the hypothesis regarding variable, this study used F test. Decision of the F_{test} results is adapted from the criteria that said if F_{arithmetic} > F_{table}, then H₀ is rejected and if the value of Sig < α it means that H₀ is rejected and H₁ is accepted. The score of F_{table} used in this research is 2.236.

Table 5: F Test Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1793.511	5	358.702	108.157	.000 ^b
	Residual	1306.704	394	3.317		
	Total	3100.215	399			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Relate, Think, Sense, Act, Feel

Table 5 shows that Farithmetic obtained in this study is 108.157. This shows that Farithmetic is greater than F_{table} or 108.157 > 2.236. It can be concluded that the H₀ is rejected and H₁ is accepted, in other words, Experiential Marketing has significant effect towards Customer

Satisfaction on Zalora online fashion store. Table 5 also shows the value of regression has a significance level of 0.000, this value is less than 0.05 or the value of Sig < α . It can be concluded that the hypothesis which states "Experiential marketing has a significant effect towards customer satisfaction on Zalora online fashion store" is accepted.

To test the hypotheses regarding sub-variable, this study applied t test. Decision of the ttest results adapted from the criteria that said if $t_{arithmetic} > t_{table}$, then H_0 is rejected, and if the value of Sig < 0.05 it means that H_0 is rejected and H_1 is accepted. The score of T_{table} used in this research is 1.966.

Table 6: T Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.815	.554		3.275	.001
1 Sense	.105	.060	.083	1.761	.079
Feel	.244	.047	.248	5.173	.000
Think	.250	.079	.140	3.159	.002
Act	.341	.059	.269	5.799	.000
Relate	.224	.068	.176	3.308	.001

a. Dependent Variable: Customer Satisfaction

From the comparison between $t_{arithmetic}$ contained in Table 6 with t_{table} chosen in this study, it can be concluded that sub variable of Sense (X1) does not have a significant effect towards Customer Satisfaction because $t_{arithmetic} < t_{table}$. While the sub-variables of Feel (X2), Think (X3), Act (X4), and Relate (X5) have a significant positive effect towards Customer Satisfaction.

Conclusion and Implication

Based on the result of this research, it can be concluded that Experiential Marketing simultaneously has a significant effect towards Zalora Customer Satisfaction. But partially only four sub-variables of Experiential Marketing have significant effects towards Customer Satisfaction, namely Feel, Think, Act, and Relate. This research rejected the hypothesis that Sense has a significant effect towards Customer Satisfaction.

This study helps Zalora online fashion store to gain further understanding of the effects of Sense, Feel, Think, Act, and Relate Experience on the Customer Satisfaction. By understanding the antecedents of customer satisfaction, the research allows the company to use Experiential Marketing effectively in producing the best fashion products and online shopping services to the customers.

The research study provides insights for the company to have an in-depth understanding towards the factor (ie., sense, feel, think, act, and relate experience) that contributing to the customer satisfaction. Hence, this understanding enables the company to identifying relevant approaches to develop a marketing strategies and build a strong customer satisfaction.

Limitation and Recommendation of the Research

Although the research findings provide some insights to the researchers, these findings should be viewed in light of some limitations. To summarize, the limitations associated with the research findings are: (1) Limited to a small number of respondent also research area coverage, thus, the result probably could not quite represent Indonesia which has huge population; (2) This study was conducted via cross sectional study, thus, the changes of the customer satisfaction over a period of time cannot be identified.

Recommendations for the Future Research

Due to the limitations of this research which are mentioned above, it is recommended to conduct a research on a larger area coverage and a longitudinal study for the future research.

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