

**THE INFLUENCE OF EXPERIENTIAL MARKETING AND STORE
ATMOSPHERE ON CUSTOMER LOYALTY FOR FORE COFFEE G-WALK
CITRALAND SURABAYA**



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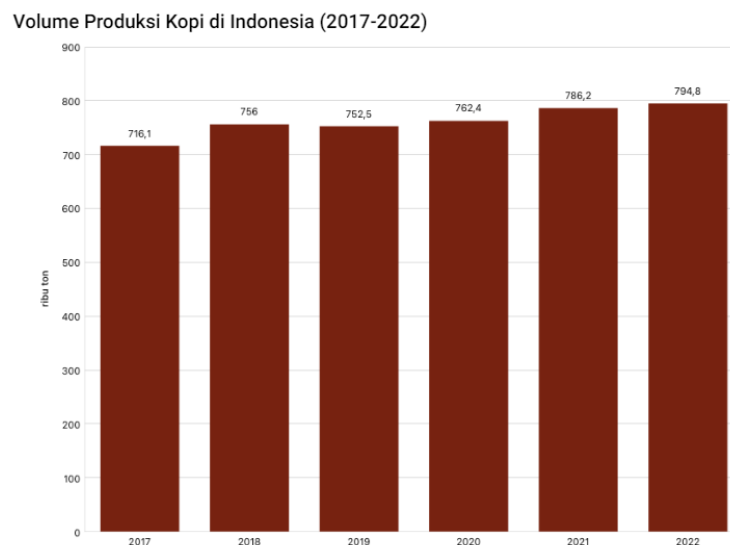
Abstract

In the current era, the development of coffee shops is taking place very rapidly, so companies are required to innovate so that their products are superior to other competitors, following market desires. This research examines the influence of experiential marketing and store atmosphere on customer loyalty. This research is quantitative, using non-probability sampling and purposive sampling techniques in sampling. The population studied was customers of Fore Coffee G-Walk Citraland Surabaya, with a total of 112 respondents. The data analysis technique used is partial least squares (PLS). The research results show that experiential marketing and store atmosphere positively and significantly influence customer loyalty.

Keywords: Experiential Marketing, Store Atmosphere, Customer Loyalty

INTRODUCTION

Business development in Indonesia has been growing very rapidly and significantly each day, in industries such as clothing, automotive, skincare, food and beverages, technology, and many others. Indonesian entrepreneurs have capitalized on this by creating business opportunities, especially in the coffee shop sector. According to Kurniawan and Sidiq (2016) in a journal by Rasmikayati, E., Afriyanti, S., & Saefudin, B. R. (2020), a coffee shop is defined as a place designed with a comfortable atmosphere, typically characterized by the arrangement of tables, chairs, and sofas that enhance the comfort of visitors. The growth of coffee shops in Indonesia, particularly in Surabaya, has led to fierce competition among coffee shop owners. As a result, coffee shop entrepreneurs need to develop creative and innovative ideas to ensure customer loyalty and prevent them from switching to competitors' products. Currently, the number of coffee shops in Indonesia, especially in Surabaya, has increased rapidly, accompanied by a significant surge in domestic coffee production. This phenomenon occurred after the COVID-19 pandemic, when many people began working from anywhere, including from coffee shops. This habit continues today, as more companies implement remote working systems. Therefore, coffee shops must create a comfortable and supportive environment to attract customers who are looking for a place to work while enjoying their coffee.



Picture 1
Coffee Production in Indonesia

Source: Central Bureau of Statistics (Badan Pusat Statistik), 2023

Coffee production in Indonesia reached 794.8 thousand tons in 2022, up about 1.1% from the year before, according to figures from the Central Bureau of Statistics in 2023. Additionally, there was a rise in coffee production nationwide, which has been steady since 2020. This information confirms studies that indicate coffee drinking is still high and widely accepted in Indonesia. Therefore, the researchers argue that this condition reflects sustainability and growth in the coffee industry, indicating that public interest in coffee continues to rise, creating opportunities for business actors in this sector to further develop. The interest in coffee among Indonesian consumers is important to study in order to discuss how a coffee shop manages its business to understand the workings of marketing strategies on the performance of the coffee shop.

One of the coffee shop brands currently popular among the Indonesian public is Fore Coffee. Fore Coffee is a coffee start-up with the ambition of making special and the best coffee for its customers. Founded in 2018, the name Fore is derived from 'Forest,' which reflects the philosophy of the coffee shop wanting to grow faster, stronger, and taller, creating a life around it. Fore Coffee offers a variety of drink options, including both coffee and non-coffee beverages. In addition to drinks, Fore Coffee also has a food menu featuring various types of pastries favored by its customers. As of now, Fore Coffee has branches spread across almost all of Indonesia and has even established a branch in Singapore. Sales data for Fore Coffee therefore shows that a lot of people prefer this coffee business.

Table 1
Sales Recap of Fore Coffee

Year	Sales (Cup)
2020	48.270 Cup
2021	96.470 Cup
2022	113.290 Cup
2023	126.205 Cup
2024	46.450 Cup

Source: Fore Coffee Surabaya

The aforementioned table indicates that there is a considerable level of interest in Fore Coffee, with a discernible rise happening virtually every year. Any decline that does occur is not substantial and is usually followed by a rise in purchases, even though there isn't always an increase. There are now nine Fore Coffee locations in Surabaya, most of which

are found in the West Surabaya neighborhood, one of these is the location at G-Walk Citraland Surabaya. Located in a food court complex within Citraland, the Fore Coffee location at G-Walk Citraland Surabaya is ideally located within the upscale Citraland residential neighborhood. Because of its advantageous position and accessibility, customers will find it much more convenient to visit this outlet.

Customer loyalty is significantly impacted by both positive and bad reviews on Google Maps. Customer loyalty can be increased by creating a pleasing retail environment and providing positive experiences through experiential marketing. Negative evaluations, however, have the power to affect loyalty and purchase decisions. Customer loyalty at Fore Coffee G-Walk Citraland Surabaya may be impacted by both favorable and unfavorable evaluations. Given the background information and data, it is clear that Fore Coffee G-Walk Citraland Surabaya has used successful marketing techniques, as evidenced by the purchase recap data, which shows annual growth. But there was a noticeable drop in purchasing in 2024, the shift after the epidemic and the growing number of rivals in the market are probably to blame for this reduction.

REVIEW OF LITERATURE

Experiential Marketing

According to Jimmy Jehosua W., Marjam M., and Joy E.T. (2022), who cited Schmitt (1999), experiential marketing describes how marketers sell goods and services by arousing aspects of customers' emotions, which in turn produces a variety of experiences for customers. This strategy highlights how crucial emotional connection is to the marketing process and how the experiences provided may strengthen the bond between customers and businesses. In the meantime, "experiential marketing is a marketing concept aimed at creating loyal consumers by touching their emotions and providing a positive feeling towards the product and service," according to Kartajaya (2004:166), as stated in Dyah Kusumawayi (2020). 'Experiential marketing' is defined by Schmitt in his book Lupiyoadi (2017:131) as the capacity of product/service providers to provide customers with emotional experiences that resonate with their hearts and emotions.

Kotler and Armstrong (2016:60), referenced in Mastiur, Hendra, and Mirah (2022), claim that the term "experiential marketing" is a combination of the words "marketing" and "experience." Experience is the term used to describe the individual experiences that arise as a result of specific stimuli (e.g., those offered by marketers before and following the purchase of products or services). In contrast, marketing is the process through which businesses add value for clients and cultivate enduring bonds with them to increase the value that clients receive in return. Pelliyezer Karo-Karo (2020) cites Brend H. Schmitt (1999) as saying that the following are some signs of experiential marketing: sense, feel, think, act, and relate.

Store Atmosphere

"Store atmosphere is a combination of the physical characteristics of a store, such as architecture, layout, lighting, displays, color, temperature, music, and aroma, which collectively create an image in the minds of consumers," according to Utami (2017:322), as cited in M. Izzudin, N. Rachma, and Budi W (2019). M. Izzudin, N. Rachma, and Budi W. (2019) reference Kotler (2005:177) as saying that "store atmosphere is a planned ambiance that corresponds to its target market and can attract consumers to make purchases."

The physical attributes of a store that are utilized to make an impression and draw customers are referred to as the atmosphere, according to Berman and Evan (2018:464), as referenced in Ria Hafni N and Wan Dian S (2022). Store atmosphere is a physical attribute that is crucial for any retail firm, according to J. Paul Peter and Jerry C. Olson, as translated by Damos (2014:62) in (Rendy Masga et al., 2022). The ambiance of the store contributes to the creation of a welcoming and accommodating environment that entices customers to stay longer. Furthermore, a positive environment can subtly encourage customers to buy. Levy, Weitz, and Wibowo (2012:37), referenced in Ria Hafni N and Wan Dian S (2022), state that lighting, product arrangement, internal temperature, amenities, store design, and color are some of the markers of retail atmosphere.

Customer Loyalty

In the article by M. Izzudin, N. Rachma, and Budi W. (2019), Utami (2017:109) defines loyalty as the willingness of customers to shop at a retail establishment. In the same journal, Tjiptono (2014:392) defines loyalty as recurring purchases brought about by a company's successful positioning of its product as the only viable option in the market.

"Customer loyalty is characterized by habitual repeat purchasing behavior, high attachment and involvement in their choices, and is marked by the inflow of external information and evaluation of alternatives," according to Hasan in Suryati (2015:93), as cited in Hendaprilla, M. L., & Hamzah, M. I. (2023).

Oliver (1997) states in the study by Parwini & Cipta (2022:255) that a strong commitment to regularly repurchase or reuse preferred services or items in the future is what is meant by consumer loyalty. Despite contextual factors and marketing campaigns that might persuade consumers to move to other goods or services, this loyalty continues. Oliver claims that the core of customer loyalty is the determination of consumers to stick with a specific product in the face of outside developments that could persuade them to switch. According to Sudrajat et al. (2020), Ahmad Zakki M. (2016) lists the following as indicators of customer loyalty: repurchasing the same item, purchasing additional items from the same store, ignoring promotions from competitors, not buying competitor products, expressing gratitude, and making recommendations.

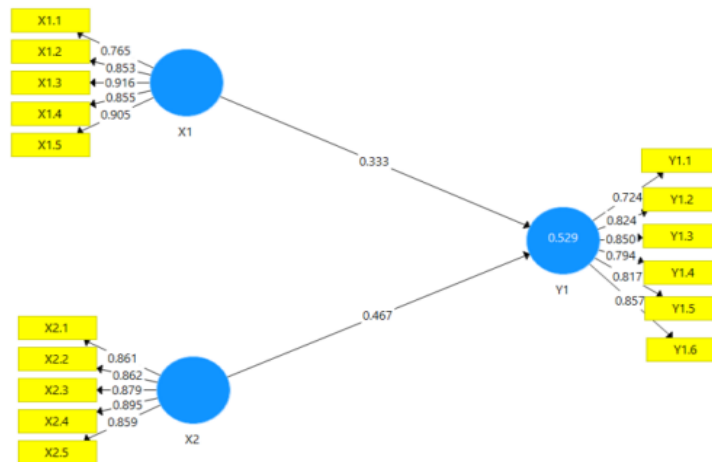
RESEARCH METHOD

This study uses a quantitative methodology, and its population consists of Fore Coffee G-Walk Citraland Surabaya patrons. The sample was chosen using the non-probability selection with a Purposive Sampling methodology, which is a selection strategy based on particular factors or standards (Sugiyono, 2019:126). Customers between the ages of 17 and 28 who frequent Fore Coffee G-Walk Citraland Surabaya make up the sample criteria used in this study.

Since the population size cannot be exactly estimated, the sampling in this study is based on the criteria provided by Ferdinand (2014) in Haque et al. (2023). Hair states that multiplying the number of indicators by five to ten observations for each evaluated parameter yields an appropriate sample size. Since there are 16 indications in this study, 112 respondents make up the sample size of 16 (indicators) x 7. Partial Least Square (PLS) methods are used in this study's data analysis.

RESULTS AND DISCUSSION

According to the study, which involved distributing online questionnaires (a Google Form) to 112 respondents, the largest age group is between the ages of 21 and 24. This group makes up 41% of all respondents, or 46 people. According to gender, women make up 60% of the customers that buy items from Fore Coffee G-Walk Citraland Surabaya, which translates to 74 people.



Picture 2
Outer Model

Source: Data processed by the author, 2024

T-statistic value $> Z \alpha = 0.05 (5\%) = 1.96$ All reflective indicators on the variables of customer loyalty (Y), store atmosphere (X2), and experiential marketing (X1) in the figure show that the factor loading values (original sample) are greater than 0.50. This estimation result demonstrates that every indicator satisfies the requirements for convergent validity and has a high degree of validity. Furthermore, according to the processed data, the composite reliability value for customer loyalty (Y) is 0.921, store atmosphere (X2) is 0.940, and experiential marketing (X1) is 0.934. All of the variables under investigation exhibit composite reliability ratings of more than 0.70, indicating their reliability.

Additionally, the figure displays an R² value of 52.90%, or 0.529. This indicates that the model can account for 52.90% of the variation in customer loyalty caused by independent variables like experiential marketing and store atmosphere. In the meantime, other factors not covered in this study account for the remaining 47.10%. Additionally, when testing hypotheses, the path coefficient data in the table below are taken into account.

Table 2
Path Coefficients

	<i>Original sample (O)</i>	<i>Sample mean (M)</i>	<i>Standard deviation (STDEV)</i>	<i>T statistics ((O/STDEV))</i>	<i>P values</i>
<i>Experiential Marketing (X1) -> Loyalitas Pelanggan (Y)</i>	0,333	0,342	0,085	3,913	0,000
<i>Store Atmosphere (X2) -> Loyalitas Pelanggan (Y)</i>	0,467	0,468	0,081	5,748	0,000

Source: Data processed by the author, 2024

The calculations in the path coefficient table indicate that hypothesis H1: Experiential Marketing has a positive effect on Customer Loyalty at Fore Coffee G-Walk Citraland Surabaya can be accepted. Based on the data in the table, the path coefficient shows a value of 0.333 with a T-statistic value of 3.913, which is greater than 1.96 (the T-table value from $Z\alpha = 0.05$), or a P-Value of 0.000, which is less than 0.05, indicating a significant (positive) result. This result is consistent with the research conducted by Angga P, Dadang Wiranta, and Rosanna W (2020), which also found that Experiential Marketing positively and significantly affects Customer Loyalty at Bumi Kopi Sukabumi during the Covid-19 pandemic.

It is also possible to accept the following hypothesis, which claims that customer loyalty at Fore Coffee G-Walk Citraland Surabaya is positively impacted by the store atmosphere. With a route coefficient of 0.467 and a T-statistic value of 5.748, which is higher than 1.96 (the T-table value from $Z\alpha = 0.05$), or a P-Value of 0.000, which is lower than 0.05, based on the data in the table, a significant (positive) outcome is indicated. These results are consistent with the study conducted by Joko Samboro, Lina Budiarti, and Eko Boedhi Santoso (2019), which demonstrated that customer loyalty at the Togamas bookshop in Malang is positively impacted by the store atmosphere.

CONCLUSION

According to the findings of the PLS analysis testing, customer loyalty at Fore Coffee G-Walk Citraland Surabaya is positively and significantly impacted by experiential

marketing and retail atmosphere. According to the research, as a coffee shop's store atmosphere and experiential marketing improve, customer loyalty rises. It is advised that variables that could affect customer loyalty be included in future studies to improve the quality of the findings. These other factors include price perception, online consumer feedback, and electronic word-of-mouth.

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