

Delivering Experiential Marketing and Service Quality to Improve Customer Loyalty in Public Transportation

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ABSTRACT

In an era of strict transport industry competition, many public transport operators offers many facilities and ease of travel. This brings the consumer has many choices in determining the public transportation used PT Kereta Api Indonesia (Persero) is one of the operators of public transportation perform many general improvements of the quality of service and provide a memorable experience to consumers with the aim of satisfying consumers so that ultimately consumers choose PT. KAI as a leading choice in travel. This research aims to know the influence of Experiential Marketing and Service Quality against Customer Loyalty through the Customer Satisfaction at PT. Kereta Api Indonesia (Persero) in Surabaya.

This research uses a quantitative approach was conducted to find out the causal relationships. The population in this study was consumers PT. KAI and the sample of this research is the consumer who uses the train destination Surabaya to Yogyakarta. The sample in this research as much as 160 respondents taken through purposive sampling technique.

The results of this research indicate that any significant proposed hypothesis. So Experiential Marketing and Service Quality against Customer Loyalty through the Customer Satisfaction at PT. Kereta Api Indonesia (Persero) in Surabaya has a significant effect.

KEYWORDS: *Experiential Marketing, Service Quality, Customer Loyalty, Customer Satisfaction*

INTRODUCTION

The decline in the prestige of trains in Indonesia began in the 1970s, at that time the Indonesian government favored public road transport which incidentally was motorized vehicles such as buses. At that time the Indonesian government began to marginalize the important role of the railroad. Since the decline in railroad prestige as a means of public and mass transportation, the quality of trains has begun to decline. With the improvement in the quality of trains in Indonesia for the better, more consumers will switch to using trains as a mode of transportation. Transition of this transport mode can have an impact (Djuraid, 2013: 43-48).

With the growing business competition that is increasingly fast and tight, needs and desires of consumers who increasingly diverse poses new challenges for companies to create loyalty. To create customer loyalty, companies must totally satisfy consumers in ways that benefit consumers, namely by creating strong and close relationships with consumers. So that companies can create satisfaction for consumers, especially in the service business, service quality and consumer experience are important factors, this is because in the service business that is sold is a service not a tangible item.

From the description above, this research was conducted to find out whether Experiential Marketing and Service Quality are managed by PT. Kereta Api Indonesia (Persero) has succeeded in creating customer satisfaction and loyalty.

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Therefore this study takes the title Effect of Experiential Marketing and Service Quality on Customer Loyalty through Customer Satisfaction at PT. Kereta Api Indonesia (Persero) in Surabaya.

LITERATURE REVIEW

A. Experiential Marketing

According to Andreani (2007) Experiential Marketing is more than just providing information and opportunities for customers 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. Thus, Experiential Marketing allows customers to engage and interact with brands, products, and services in every human senses. You-Ming (2010) and Same and Larimo (2012) states Experiential Marketing is a method of communication, most of which gives rise to physical contact and feelings of consumers. Hauser (2007) and Same and Larimo (2012) described Experiential Marketing as a holistic approach to customers.

B. Service Quality

Zena and Hadisumarto (2012) revealed that Service Quality is the basis of service marketing because the core of the services being marketed is performance. Service Quality according to Parasuraman, Zeithaml and Berry (1988), is a reliable and valid measurement tool for understanding expected services and consumer perceptions to improve service. So Service Quality built on their comparison of two main factors, namely the perception

of the consumer on real service in receive (Perceived Service) with service expected / desired (Expected Service) by the consumer.

C. Customer Satisfaction

According to Kotler and Keller (2009: 139) Satisfaction is a feeling of pleasure or disappointment someone who arises because of comparing the performance of perceived products (or results) against consumer expectations. Customer Satisfaction according to Wilkie (1994) and Christian and Dharmayanti (2013) is an emotional response to the evaluation of the experience of consuming products or services. According to Lovelock et al., (2011: 60) Customer Satisfaction is behavior that occurs after consuming a service. According to Sigala (2004) and Islam et al (2014) satisfaction can be defined as an experience of fulfilling the expected results. Satisfaction or dissatisfaction with a program or facility is influenced by consumers' expectations regarding quality levels

D. Customer Loyalty

According to Kotler and Keller (2009: 138) Loyalty or loyalty is defined as a commitment that is held strong to buy or subscribe to certain products or services in the future despite the influence of the situation and marketing efforts that have the potential to cause behavioral changes. Kusumawati (2011) states that loyalty is the amount of consumption and the frequency of purchases made by a consumer

HYPOTHESIS DEVELOPMENT

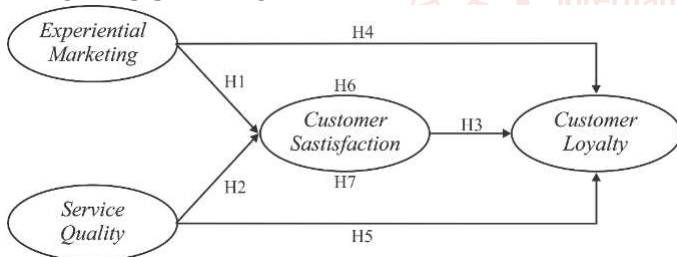


Figure 1. Research Model

Based on previous research and theoretical basis, the following hypotheses can be formulated:

Lee et al (2010) explains that the company can change the consumer experience when using the product or service that makes consumers that achieve the highest satisfaction. The statement is in accordance with the results which states that Experiential Marketing has a positive effect on Customer Satisfaction. Furthermore found the results of that, the dimensions Relate and Sense in Experiential Marketing give more influence to the dimensions of Personal Service and Value in Customer Satisfaction.

H1. Experiential Marketing having a positif influences on Customer Satisfaction

According to Bedi, (2010, in Lee et al : 2010) to deliver the quality of service that is high is a must to achieve customer satisfaction and a number of other desirable behaviors statement that according to the results of research conducted by Lee, et al. (2010) which states that Service Quality has a positive effect on Customer Satisfaction. It also found that, Tangibility dimension in Service Quality gives more influence on Personal Service and Value in Customer Satisfaction. However, the dimensions of Emphaty in Service Quality have little influence on Customer Satisfaction and do

not have a positive influence on the Personnel Service dimension in Customer Satisfaction.

H2. Service Quality having a positif influences on Customer Satisfaction

Kotler and Armstrong (2012: 16) revealed that the higher the level of customer satisfaction, the higher the customer loyalty which will result in better performance. The statement is in accordance with the results of research conducted by Lee et al (2010) which states that Customer Satisfaction has a positive effect on Customer Loyalty. It also found that, the Personnel Service dimension of Customer Satisfaction has more influence on the Attitude Loyalty dimension in Customer Loyalty

H3. Customer Satisfaction having a positif influences on Customer Loyalty

According to Shing-Lee, et al (2010) states that Experiential Marketing has a significant positive effect on Customer Loyalty. In the research, Association Experience which is a dimension of Experiential Marketing has more influence on Attitude loyalty and Behavior Loyalty in Customer Loyalty

H4. Experiential Marketing having a positif influences on Customer Loyalty

Lupiyoadi and Hamdani (2006, in Aryani and Rosinta, 2010) m enyatakan that efforts to improve service quality system, ak 's much more effective for business continuity, quality improvement efforts will make consumers se more loyal to the company. In line with the opinion that, the results of previous research conducted by Lee, et al (2010) found that Service Quality has a positive effect on Customer Loyalty. In addition it was also found that, Tangibility which is a dimension of Service Quality has more influence on Attitude loyalty and Behavior Loyalty in Customer Loyalty.

H5. Service Quality effect having a positif influences on customer loyalty

H6. Experiential Marketing having a positif influences on Customer Loyalty through Customer Satisfaction

H7. Service Quality having a positif influences on Customer Loyalty through Customer Satisfaction

RESEACRH METHODOLOGY

Research design

This study uses a quantitative approach to determine the causal relationship to determine the effect of Experiential Marketing and Service Quality on Customer Loyalty through Customer Satisfaction. The main data collected by distributing questionnaires to randomly selected respondents

Population and Sample

The population in this study are consumers of PT. Kereta Api Indonesia (Persero) which is traveling from Surabaya to Yogyakarta by the Sancaka train. Sampling in this study used a purposive sampling method with a total of 160 respondents. Samples taken for this study must meet the following characteristics:

1. Sancaka train users from Surabaya to Yogyakarta.
2. Have used the Sancaka train at least 2 times in the past 3 months.
3. Be at least 17 years old.

Data analysis technique

The data analysis technique used in this study is Structural Equation Modeling (SEM) with the LISREL 8.70 program.

RESULT

Normality test

Univariate data normality test results show that 5 indicators are normally distributed because they have p-values above 0.05. While the remaining 17 indicators are not normally distributed because they have p-values below 0.05. Even though more data are not normally distributed univariately, research can be continued because the data are normally distributed multivariately.

Validity test

The results of confirmatory factor analysis (CFA) provide convergent validity test results that show all indicators of this research variable have a t-value greater than 1.96, so all indicators in this study are valid in measuring the variable.

Reliability Test

A construct is said to have a good confirmatory model if it meets the criteria for goodness of fit. In addition, the construct must meet convergent validity and construct reliability. It said reliable, if the value of construct reliability > 0.7. Based on the calculation of the variable construct reliability from Experiential Marketing is 0.89 > 0.7. then concluded the Experiential Marketing variable is reliable. The variable construct of Service Quality is 0.91 > 0.7. then concluded the reliable Service Quality variable. The variable construct of Customer Satisfaction is 0.76 > 0.7. then concluded reliable Customer Satisfaction variables. The variable construct of Customer Loyalty is 0.78 > 0.7. then concluded a reliable Customer Loyalty variable

Overall Model Fit

Figure2. Overall Model Fit

Goodness of Fit Indeks	Result	Cut off Value	Explanation
Chi-Square	0	> 0,05	Not Fit
GFI	0,85	≥ 0,90	Marginal Fit
AGFI	0,82	≥ 0,90	Marginal Fit
NFI	0,93	≤ 0,08	Good Fit
IFI	0,98	≥ 0,90	Good Fit
CFI	0,98	≥ 0,90	Good Fit
RFI	0,92	≥ 0,90	Good Fit
PNFI	0,81	High	Fit

Structural Model Fit Test

Figur3. Structural Model Fit Test

$CS = 0.33*EM + 0.32*SQ$, Errorvar.= 0.14 , $R^2 = 0.46$ (0.069) (0.070) (0.040)			
4.69	4.61	3.44	
$CL = 0.57*CS + 0.29*EM + 0.32*SQ$, Error var.= 0.16,			

Based on equation 1, the R-square value shows Customer Satisfaction can be explained by Experiential Marketing and Service Quality by 0.46 or 46%. Based on equation 2, the R-square value shows that Customer Loyalty can be explained by Customer Satisfaction, Experiential Marketing, and Service Quality of 0.67 or 67%. Based on the structural

model above, it can be concluded direct and indirect effects which are fully displayed as follows

Figure4. Direct, Indirect and Total Effect

Relationship	Direct Effect	Indirect Effect	Total Effect
EM → CS	0,33	-	0,33
SQ → CS	0,32	-	0,32
CS → CL	0,57	-	0,57
EM → CL	0,29	0,19	0,48
SQ → CL	0,18	0,32	0,50

Hypothesis Testing

- H1. Experiential Marketing having a positif influences on Customer Satisfaction → Accepted
- H2. Service Quality having a positif influences on Customer Satisfaction → Accepted
- H3. Customer Satisfaction having a positif influences on Customer Loyalty → Accepted
- H4. Experiential Marketing having a positif influences on Customer Loyalty → Accepted
- H5. Service Quality effect having a positif influences on customer loyalty → Accepted
- H6. Experiential Marketing having a positif influences on Customer Loyalty through Customer Satisfaction
- H7. Service Quality having a positif influences → Accepted on Customer Loyalty through Customer Satisfaction → Accepted

Figure5. Hypothesis Testing

Hypothesis	Variable	T-count	T-Table	Explanation
H1	EM → CS	4,69	1,96	Accepted
H2	SQ → CS	4,61	1,96	Accepted
H3	CS → CL	3,24	1,96	Accepted
H4	EM → CL	3,29	1,96	Accepted
H5	SQ → CL	3,55	1,96	Accepted
H6	EM → CS → CL	2,98	1,96	Accepted
H7	SQ → CS → CL	2,94	1,96	Accepted

DISCUSSION

Based on the results of the analysis and discussion used in accordance with the objectives of the hypothesis conducted with Structural Equation Modeling (SEM) analysis techniques, the conclusions of this study are: Based on respondents' answers to each statement regarding the Experiential Marketing and Customer Satisfaction variables it is known that the respondents agreed with the hypothesis. Based on data analysis, it is known that the Experiential Marketing variable has a positive and significant effect on the Customer Satisfaction variable. So, the hypothesis which states that Experiential Marketing affects Customer Satisfaction at PT. Kereta Api Indonesia (Persero) in Surabaya received.

Based on respondents' answers to each statement regarding the Service Quality and Customer Satisfaction variables, it is known that the respondent agrees with the hypothesis. Based on the data analysis, it is known that the Service Quality variable has a positive and significant effect on the Customer Satisfaction variable. Then, the hypothesis which states that Service Quality affects Customer

Satisfaction at PT. Kereta Api Indonesia (Persero) in Surabaya received

Based on respondents' answers to each statement regarding the variable Customer Satisfaction and Customer Loyalty it is known that the respondent agrees with the hypothesis. Based on data analysis, it is known that the Customer Satisfaction variable has a positive and significant effect on the Customer Loyalty variable. Then, the hypothesis which states that Customer Satisfaction affects Customer Loyalty at PT. Kereta Api Indonesia (Persero) in Surabaya received.

Based on respondents' answers to each statement regarding the Experiential Marketing and Customer Loyalty variables it is known that the respondents agreed with the hypothesis. Based on the data analysis, it is known that the Experiential Marketing variable has a positive and significant effect on the Customer Loyalty variable. So, the hypothesis which states that Experiential Marketing influences Customer Loyalty at PT. Kereta Api Indonesia (Persero) in Surabaya received.

Based on respondents' answers to each statement regarding the Service Quality and Customer Loyalty variables, it is known that the respondents agreed with the hypothesis. Based on the data analysis, it is known that the Service Quality variable has a positive and significant effect on the Customer Loyalty variable. So, the hypothesis which states that Service Quality affects Customer Loyalty at PT. Kereta Api Indonesia (Persero) in Surabaya received.

Based on respondents' answers to each statement regarding the Experiential Marketing, Customer Satisfaction and Customer Loyalty variables, it is known that the respondents agreed with the hypothesis. Based on data analysis, it is known that the Experiential Marketing variable has a positive and significant effect on the Customer Loyalty variable through Customer Satisfaction. So, the hypothesis which states that Experiential Marketing influences Customer Loyalty through Customer Satisfaction at PT. Kereta Api Indonesia (Persero) in Surabaya received.

Based on respondents' answers to each statement regarding the Service Quality, Customer Satisfaction and Customer Loyalty variables, it is known that the respondents agreed with the hypothesis. Based on the data analysis, it is known that the Service Quality variable has a positive and significant effect on the Customer Loyalty variable through Customer Satisfaction. Then, the hypothesis which states that Service Quality affects Customer Loyalty through Customer Satisfaction at PT. Kereta Api Indonesia (Persero) in Surabaya received

As an implication of the results of this study, several suggestions can be made as follows:

Academic advice

For researchers who want to conduct similar or further research, it is hoped that they can deepen this research to examine how much influence the indicators have on variables so that in the future it can be known what indicators have the greatest influence on each variable especially on railroad objects or mass transportation. In addition to deepening research, researchers can add other variables such as Corporate Image or Brand Image in further research.

Practical advice

Based on the results of the study, several practical suggestions can be put forward to further develop PT. Kereta Api Indonesia (Persero) in Surabaya. Referring to the questionnaire that has been filled out by railroad consumers, there are a number of things that can be improved by PT. KAI, including:

- A. Increase and add entertainment in the train so that consumers feel more comfortable. Entertainment that can be given can be in the form of up to date films, songs that are played, and magazines or books provided for each seat.
- B. Increase the knowledge and care of PT. KAI so that when consumers ask questions and need help from employees of PT. KAI with alacrity and responsiveness in serving.
- C. Increase safety and comfort both within the station environment and inside the train cars especially during the holiday season or Eid.
- D. Adding train routes so that consumers have a variety of destination choices, so wherever consumers want to travel always use the services of PT. KAI

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