

## Experiential Marketing To Improve Interest In Buying Msme Products Of Powder Coffee Tugu Sari Pupuan Bali

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### ABSTRACT

Bali Province is one of best coffee producing regions in Indonesia. Tugu Sari Pupuan coffee is one of the Micro Small Middle Enterprises MSME coffee brands that is experiencing tough competition and wants to succeed in business competition. For this reason, a reliable marketing concept is needed to answer today's challenges, the presence of experiential marketing adopted by MSMEs is expected to be capable to provide an unique and interesting experience for consumers who are willing to buy these products.

This study aims to identify important indicators in experiential marketing in order to increase the interest in buying MSME product, Tugu Sari Pupuan coffee powder. This study employs quantitative approach research method to verify some models and instruments that have been developed by previous researchers through inferential statistics, using Structural Equation Modeling with the Partial Least Square approach. The population in this study were coffee connoisseurs with 90 respondents.

The results showed that, to increase interest in buying MSME products, Tugu Sari coffee was strongly influenced by act experience (0.724) with the highest indicators being economical packaged products (0.945), unique products (0.937), and products with character (0.921). The findings in this study are useful for increasing people's buying interest in coffee MSME products. The most important indicators for increasing interest in buying MSME products are variables that come from relate experience with the highest outer loading value of 0.965, namely consumers recommending them to others.

## 1. INTRODUCTION

Indonesia is known as one of the coffee producing or producing countries and the fourth largest coffee exporter in the world. Coffee is a very promising source of community income and has the potential to become a commodity that contributes to foreign exchange for Indonesia through exports. Coffee is a source of income for the community as well as creating jobs, driving agribusiness and agro-industry activities and regional development (Adithia & Jaya, 2021).

Coffee is one of the most important commodities produced in Indonesia, and coffee production produced by Indonesia is mostly used for foreign market demand (Gama, 2019). The development of coffee in Indonesia has increased quite rapidly, considering that coffee is a product that is very popular and consumed by many people. Based on these opportunities trigger Micro, Small and Medium Enterprises (MSMEs) to pioneer the coffee business. According to Mare et al (2022), MSMEs are one of the individual economic activities that remain the main choice in increasing economic growth, absorbing labor, and forming a competent community in the economy. And entrepreneurial skills are very important in facing challenges in the business environment (Deka & Goswami, 2020; Dias et al., 2019).

Bali is one of the best coffee producing areas. Coffee are widely used by business actors to be developed into industrial businesses. Coffee is a legendary drink that is in great demand by the public and the high demand for coffee has made more and more coffee industry businesses appear. The demand for this coffee product is influenced by consumer tastes and consumer perceptions of the product. Thus, business actors are required to create products with good quality and implement marketing strategies to be able to compete and excel compared to other coffee brands.

Based on the phenomenon of intense competition between coffee industry businesses today, it is widely used by coffee industry actors, one of which is BUMDES in Pupuan District, Tabanan Regency, Bali. Tugu Sari Coffee is one of the MSME product coffee brands that is experiencing intense competition between industrial businesses. MSMEs of Tugu Sari powder coffee want to successfully penetrate the current competition. For this reason, a reliable marketing concept is needed to answer the challenges of today's era, the presence of experiential marketing adopted by MSMEs is expected to be capable to provide unique and interesting experiences for consumers who are willing to buy these products.

This is very interesting study, where the development of marketing concept had grown rapidly, that current marketing concept is not only focused on products, but now the marketing concept focuses on consumers. Thus, an interesting experience will provide consumers with something new to enjoy while using the product. With this experience is expected to arise consumer buying interest in a product.

Several studies on the effect of experiential marketing on buying interest have been done in recent years, such as (Awaludin & Andari (2018), Febrini et al (2019), Hakim et al (2021), Nie & Im (2022), Rosady et al (2019), Tantowi & Pratomo (2020) who discovered that experiential marketing had a significant impact on buying interest. Another interesting empirical finding is the result of research by Widyanata & Setyono (2017), found that sense and feel had no effect on buying interest. Likewise, research by Lamongi et al (2018) stated that consumers of J.Co Donuts and Coffee Manado Town Square felt that senses, feels, thinks, and related experience

which are the indicators of experiential marketing, were not significantly influencing the purchase intention. Seeing that there are still inconsistent researchs results (research gap), this study wants to identify important experiential marketing indicators in order to increase the buying interest of MSME products, namely Tugu Sari powder coffee, in facing the intense competition between coffee producers today.

## **2. RESEARCH METHODS**

This study employs a quantitative research approach to test some models and instruments developed by previous researchers using inferential statistics, namely Structural Equation Modeling with the Partial Least Square (PLS) approach. Using a sample of 90 respondents. The Likert Scale Questionnaire used to collect data for this study. Five independent variables were used in this study, namely Senses Experience (X1) consisting of three indicators, namely coffee packaging design (X1.1), coffee aroma (X1.2), coffee color (X1.3); Feels Experience (X2) consists of three indicators, namely fast ordering (X2.1), ordering via online/offline (X2.2), responsiveness to complaints (X2.3); Thinks Experience (X3) consists of three indicators, namely producing quality coffee (X3.1), providing discounts (X3.2), and making packaging variations (X3.3); Act Experience (X4) consists of three indicators, namely unique products (X4.1), economical packaged products (X4.2), producing products that have character (X4.3); Relate Experience (X5) with three indicators, namely consumers receive preferential treatment (X5.1), the relationship between the owner and the customer is well maintained (X5.2), the consumer recommends others (X5.3), and the dependent variable is buying interest (Y) which consists of three indicators namely repurchasing products that have been consumed (Y1), referring products to others (Y2) and seeking information about the product of interest to support the priority product characteristics (Y3).

Elements of experiential marketing according to Schmitt (1999) explores how companies create experiential marketing by considering five basic elements. Before being use to test hypothesis, the data were obtained through the research instrument thad had been tested for its validity and reliability. The five dimensions are modules that are used to create various experiences for consumers or commonly referred to as SEMs (Strategic Experiential Modules) which can be explained as follows:

### **1. Senses**

Sense is an experience which is tangible and can be perceived by the five human senses, including sight, sound, smell, taste, and touch that will create an experience.

### **2. Feel**

Feel is a type of experience that touch the deepest feeling and emotion of customers with the aim of creating an affective experience. Feel is aimed at consumers' feelings and emotions with the aim of influencing experiences ranging from mild moods to strong emotions of pleasure and pride.

### **3. Think**

Think is a kind of experience aimed at producing cognitive experiences. Companies try to challenge consumers, by providing experiences in participating in solving a problem (problem

solving experiences), and encouraging consumers to interact cognitively or creatively with the company or product.

#### 4. Act

Act is one way to influence consumer perceptions of the products and services in question. Act is a type of experience that aims to influence behavior, lifestyle and interactions with consumers.

#### 5. Relate

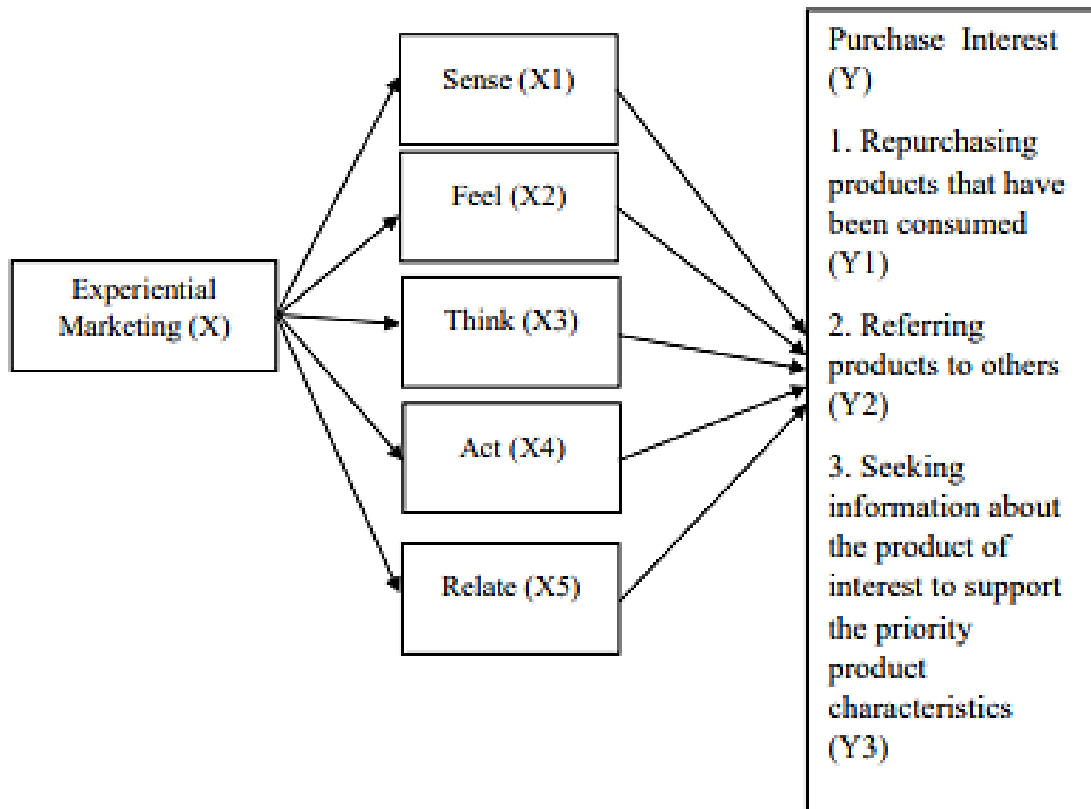
Relate is a kind of experience used to influence consumers that combines all aspects of Sense, Think, Feel, and Act and focuses on positive consumer perceptions.

### **Interest to buy**

Purchase intention (willingness to buy) is a part of behavioral component in the attitude of consuming. Consumer buying interest is the stage where consumers make their choices among several brands that are incorporated in the choice set, then at the end, make a purchase at an alternative that they like the most. Or the process that consumers go through to buy an item or service based on various considerations (Febrini et al., 2019).

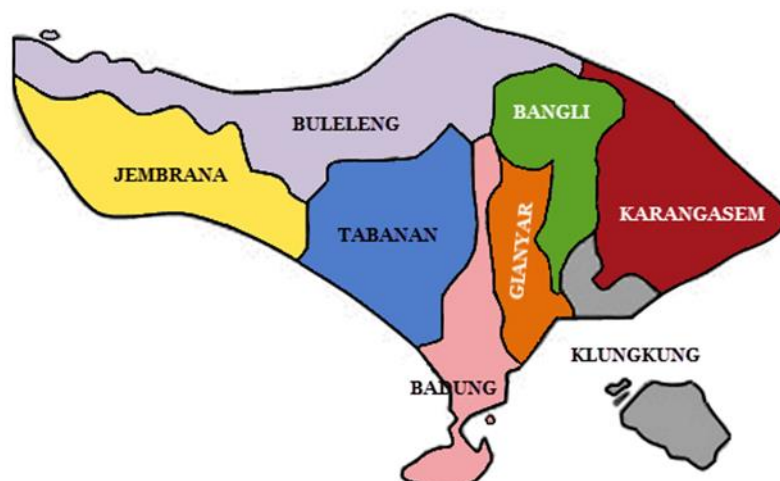
### **The research hypothesis were structured as follows:**

- H1: The Experiential Marketing Sense element has a positive and significant effect on purchase intention
- H2: The Experiential Marketing Feel element has a positive and significant effect on purchase intention
- H3: Elements of Experiential Marketing Think have a positive and significant effect on purchase intention
- H4: Elements of the Experiential Marketing Act have a positive and significant effect on purchase intention
- H5: Experiential Marketing Relate elements have a positive and significant effect on purchase intention.



**Figure 1.** Research model Experiential Marketing to Improve Interest in Buying MSME Products of Powder Cofee Tugu Sari Pupuan Bali, 2022

Source: Researcher Data, 2022



**Figura 2.** Research location Research location in Tabanan Regency Bali Province

Source: <https://goo.gl/images>, 2022

### 3. RESULTS AND ANALYSIS

This study collected responses from 90 respondents. The respondents in the sample are regular customers who have made repeat purchases and are at least 17 years old because they are assumed to be adults. Characteristics of respondents very widely, the results are as follows: female respondents 33%; male respondents 67%; respondents age between 17- 24 years 33%; 25-32 years 37%; 33-40 years 17%, age over 40 years 13%. Students 39%; civil servants 31%, and private employees 30%. Complete data could be seen in Table 1.

**Table 1.** Characteristic of Respondents

Variable	Description	Sum	%
Gender	Female	33	33%
	Male	60	67%
Age	17-24	30	33%
	25-32	33	37%
	33-40	15	17%
	>40	12	13%
Occupation	Students	35	39%
	Civil servants	28	31%
	Private employees	27	30%

Source: processed data (2022)

#### Validity and Reliability Test

**Table 2.** Validity test

Variable	Indicator	Correlation coefficient
<i>Sense</i>	X1.1	0,820
	X1.2	0,820
	X1.3	0,858
<i>Feel</i>	X2.1	0,853
	X2.2	0,823
	X2.3	0,907
<i>Think</i>	X3.1	0,912
	X3.2	0,812
	X3.3	0,860
<i>Act</i>	X4.1	0,933
	X4.2	0,949
	X4.3	0,934
<i>Relate</i>	X5.1	0,721
	X5.2	0,803
	X5.3	0,890
Purchase Interest	Y1	0,885
	Y2	0,906
	Y3	0,857

Source: processed data (2022)

According to the calculated values in the table above, all of the values above are greater than 0.30. Thus all research instruments are declared valid and feasible to be used as research instruments.

**Table 3.** Uji Reliability

Variable	Alpha Cronbach
Sense	0,898
Feel	0,826
Think	0,827
Act	0,925
Relate	0,726
Purchase Interest	0,855

Source: processed data (2022)

All variable instruments have a Cronbach alpha value above 0.6, as a result it can be concluded that the question is reliable.

#### Outer Model Evaluation

The measurement model or Outer Model with reflective indicators is evaluated with convergent and discriminant validity of the indicators and composite reliability for the indicator blocks (Ghozali, 2018). The initial model of this research is the constructs of sense experience, feel experience, think experience, act experience, relate experience and purchase intention, each of which is measured using three (3) reflective indicators.

**Table 4.** Cross Loading

Indicators	Act Experience	Feel Experience	Purchase Interest	Relate Experience	Sense Experience	Think Experience
X1.1					0,963	
X1.2					0,913	
X1.3					0,946	
X2.1		0,945				
X2.2		0,931				
X2.3		0,931				
X3.1						0,930
X3.2						0,922
X3.3						0,913
X4.1	0,937					
X4.2	0,945					
X4.3	0,921					
X5.1				0,920		
X5.2				0,947		
X5.3				0,965		
Y1			0,851			
Y2			0,912			
Y3			0,888			

Source: processed data (2022)

#### Cross Loading.

Cross Loading= is inter variables correlation with larger measurement items than the size of other variable, indicating that it is latent.

### Convergent Validity

Individual reflective measures are said to be high if they correlate with the construct being measured more than 0.70. A loading value of 0.50 to 0.60 is considered adequate for research in the early stages of developing a measurement scale (Ghozali, 2018). Based on the measurement model described above, all indicators, namely the analysis of research variables with a loading factor greater than 0.50, are declared as significant or meet the convergent validity requirements.

### Average Variance Extracted (AVE) and Latent Correlation

Another method of assessing discriminate validity is to compare the square root of the average variance extracted (AVE) values for every variable with the correlation between variables in the model. The model is said to have good discriminant validity if the AVE square root value of each variable is greater than the correlation value between the variables in the model (Forwell and Lacker, in Ghozali, 2018). The AVE test results are shown in Table 5 below.

**Table 5.** Testing AVE and AVE Root

Constructs	Average Variance Extracted (AVE)	$\sqrt{AVE}$	Act Experience	Feel Experience	Purchase Interest	Relate Experience	Sense Experience	Think Experience
Act Experience	0,873	0,873	1,000					
Feel Experience	0,875	0,875	0,946	1,000				
Purchase Interest	0,782	0,782	0,974	0,960	1,000			
Relate Experience	0,892	0,892	0,890	0,873	0,945	1,000		
Sense Experience	0,935	0,935	0,946	0,946	0,963	0,899	1,000	
Think Experience	0,912	0,912	0,883	0,858	0,926	0,939	0,866	1,000

Source: processed data (2022)

The AVE value in Table 5 shows that all variables have a value of  $> 0.50$  (Ghozali, 2012; Sarstedt et al., 2014), so that it can be said that each indicator that had been measured has been able to reflect its respective variables, validly.

### Cronbach's Alpha and Composite Reliability

**Table 6.** Cronbach Alpha and Composite Reliability

Constructs	Cronbach's Alpha	Composite Reliability
Act Experience	0,927	0,954
Feel Experience	0,928	0,954
Purchase Interest	0,860	0,915
Relate Experience	0,939	0,961
Sense Experience	0,935	0,959
Think Experience	0,912	0,944

Source: processed data (2022)



Table 6 shows that all variables meet composite reliability because their values are greater than the recommended figure of 0.7, which meets the reliability criteria (Ghozali, 2012; Sarstedt et al., 2014).

Research Variable Profile

This study was carried out in order to investigate the variables investigated based on the value of the factor weight (factor loading). The variable profile presentation can be described as follows:

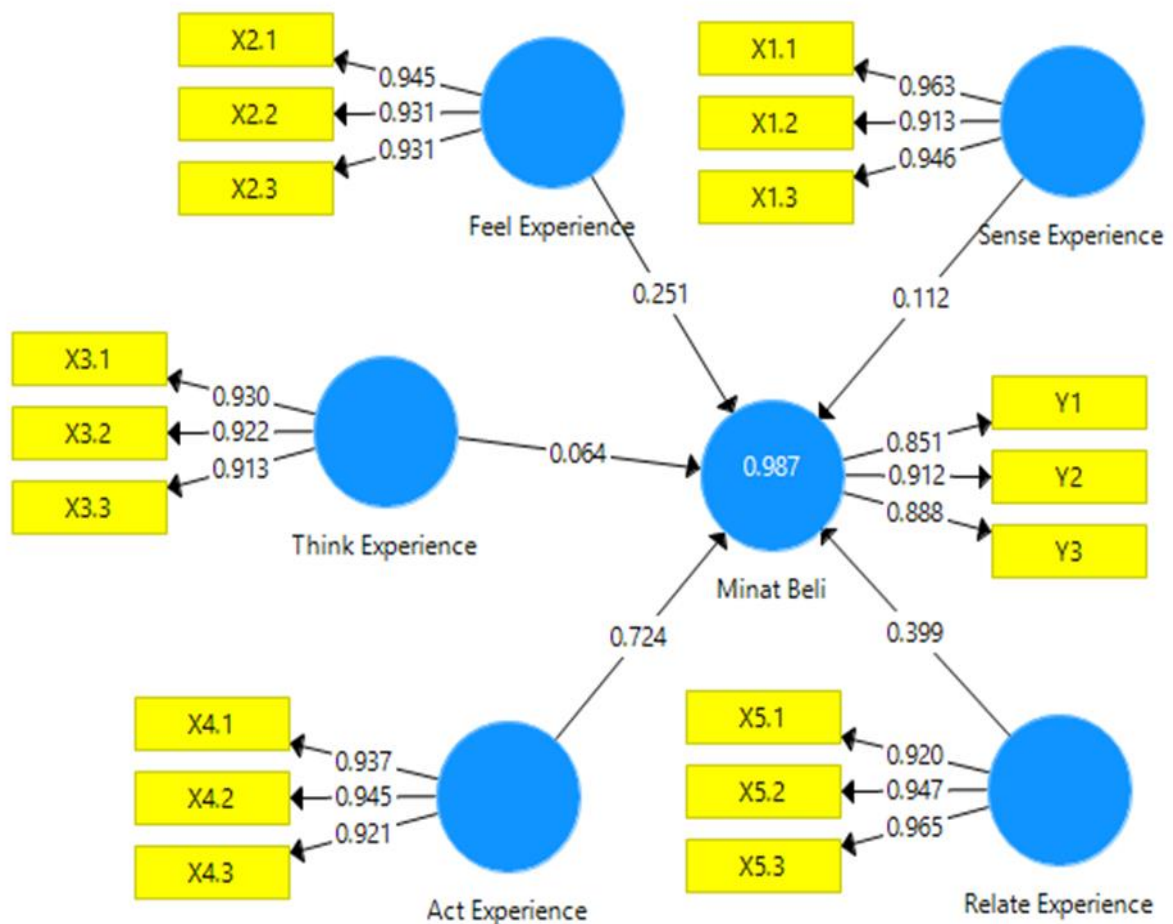


Figure 3. Research Model

Source: processed data, 2022

**Table 7.** Factor Weights (Outer Loadings)

<b>Indikator</b>	<b>Original Sample (O)</b>	<b>P Values</b>
X1.1 <- Sense Experience	0,963	0,000
X1.2 <- Sense Experience	0,913	0,000
X1.3 <- Sense Experience	0,946	0,000
X2.1 <- Feel Experience	0,945	0,000
X2.2 <- Feel Experience	0,931	0,000
X2.3 <- Feel Experience	0,931	0,000
X3.1 <- Think Experience	0,930	0,000
X3.2 <- Think Experience	0,922	0,000
X3.3 <- Think Experience	0,913	0,000
X4.1 <- Act Experience	0,937	0,000
X4.2 <- Act Experience	0,945	0,000
X4.3 <- Act Experience	0,921	0,000
X5.1 <- Relate Experience	0,920	0,000
X5.2 <- Relate Experience	0,947	0,000
X5.3 <- Relate Experience	0,965	0,000

Source: processed data (2022)

The model above provides an indication that the act experience variable has a path coefficient with the highest value of 0.724. This means that act experience is the dominant variable that influences purchase intention. Meanwhile, in the act experience variable, the product indicator with economical packaging (X4.2) has the highest outer loading value of 0.945. These results indicate that products with economical packaging are considered important in increasing the intention to buy Cap Tugu Sari ground coffee UMKM products.

#### Hypothesis test

**Table 8.** Hypothesis testing

<b>Variabel</b>	<b>Original Sample (O)</b>	<b>T Statistics ( O/STDEV )</b>	<b>P Values</b>
Act Experience -> Purchase Interest	0,360	8,328	0,000
Feel Experience ->Purchase Interest	0,200	4,968	0,000
Relate Experience -> Purchase Interest	0,240	4,713	0,000
Sense Experience -> Purchase Interest	0,142	3,022	0,003
Think Experience -> Purchase Interest	0,088	2,082	0,038

Source: processed data (2022)

Based on the calculation results, the significance level for the Sense Experience variable is  $0.003 < 0.05$ , while the path coefficient value is 0.142. The results of the study shows that sense experience has a positive and significant effect on purchase intention. The Feel Experience variable of  $0.000 < 0.05$ , while the path coefficient value of 0.200, show that the feel experience has a positive and significant effect on purchase intention. The Think Experience variable is  $0.038 < 0.05$ , while the path coefficient value is 0.088, show that think experience has a positive and significant effect on purchase intention. The Act Experience variable of  $0.000 < 0.05$ , while the path coefficient value of 0.360, show that act experience has a positive and significant effect on purchase intention. The Relate Experience variable of  $0.000 < 0.05$  and the path coefficient value of 0.240, show that sense experience has a positive and significant effect on purchase

intention. The research results are also supported by the research of Stania & Trenggana (2016), Lamongi et al. (2018), who had stated that experiential marketing has a positive effect on buying interest of a product.

#### 4. CONCLUSION & SUGGESTION

Based on the results of this research, it shows that independent variables (namely sense experience (X1), feel experience (X2), think experience (X3), act experience (X4) and relate experience (X5), each produce a higher t count significance value smaller than 0.05 ( $\alpha = 5\%$ ), namely 0.00, so that all hypotheses are accepted, meaning that all variables forming experiential marketing have a significant effect on purchase intention. It can be concluded that experiential marketing can increase the intention to buy UMKM products of Tugu Sari coffee. The most important indicator for increasing the intention to buy UMKM products of Tugu Sari coffee is derived from the Relates Experience variable, namely consumers recommending it to others.

There are several inputs or suggestions for MSME product managers for Cap Tugu Sari ground coffee in order to increase purchase intentions, including optimizing sense experiential, especially the coffee aroma indicator. In optimizing the experiential sense, there are several suggestions that can be considered for implementation by MSME product managers of Tugu Sari coffee powder, such as improving the quality of materials of coffee packaging, so that the coffee aroma is maintained and not easily lost.

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