CUSTOMER EXPERIENCE AND CUSTOMER LOYALTY: A QUANTITATIVE ANALYSIS IN STARBUCKS MANADO

PENGALAMAN PELANGGAN DAN KESETIAAN PELANGGAN: ANALISA KUANTITATIF DI STARBUCKS MANADO

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Abstract: Human needs always change over time, from goods based consumption changes to experiences based consumption. Seeing this movement, many entrepreneurs try to open businesses with the concept of leisure, which is a coffee shop. In Indonesia, the coffee shop continues to increase every year, which means competition is getting tougher. Therefore, the company must continue to develop and innovate to increase customer loyalty for the sustainability of the company. According to some studies, the better the customer experience perceived by the customer will increase customer loyalty. This study aims to examine whether 4 factors of customer experience which are Education, environment, esthetics, and escapism simultaneously and partially affect customer loyalty. The number of respondents is 100 millennials. Data analysis used Multiple Linear Regression by using SPSS software. The result shows that 4Es have a significant effect on Customer Loyalty. But entertainment experience and esthetics experience don't have a significant influence on customer loyalty and the rest have a significant influence. The researcher suggesting several recommendations that are holding a talk show about products or maybe in the context of a coffee shop by presenting a Starbucks Coffee Experience Bar, holding an event or exhibition, or occasionally performing live music.

Keywords: marketing, customer experience, customer loyalty, multiple linear regression, millennials, Starbucks

Abstrak : *Kebutuhan manusia selalu berubah seiring waktu, yang dulunya konsumsi berbasis barang sekarang berubah menjadi konsumsi berbasis pengalaman. Melihat perubahaan ini, banyak pengusaha mencoba membuka bisnis dengan konsep gaya hidup dan liburan, salah satunya adalah Coffee Shop dan membuat bisnis kedai kopi terus meningkat. Oleh karena itu, perusahaan harus terus berkembang dan berinovasi untuk meningkatkan loyalitas pelanggan demi keberlangsungan perusahaan. Dan menurut beberapa penelitian, semakin baik pengalaman pelanggan akan meningkatkan loyalitas pelanggan. Penelitian ini bertujuan untuk menguji apakah 4 faktor pengalaman pelanggan yaitu pengalaman Pendidikan, pengalaman lingkungan, pengalaman estetika dan pengalaman escape mempengaruhi loyalitas pelanggan. Jumlah responden adalah 100 milenial. Analisis data menggunakan metode analisis Regresi Linier Berganda yang dilakukan dengan menggunakan perangkat lunak SPSS. Temuan penelitian ini menunjukkan bahwa pengalaman pelanggan yang merupakan pengalaman pendidikan, pengalaman lingkungan, pengalaman estetika dan pengalaman pelarian secara simultan memiliki pengaruh yang signifikan terhadap Loyalitas Pelanggan. Tetapi pengalaman hiburan dan pengalaman estetika tidak memiliki pengaruh signifikan terhadap loyalitas pelanggan dan sisanya memiliki pengaruh signifikan. peneliti menyarankan beberapa rekomendasi yaitu mengadakan talkshow tentang produk atau mungkin dalam konteks kedai kopi dengan menghadirkan Starbucks Coffee Experience Bar yang menyajikan meja "bar", mengadakan acara atau pameran, atau sesekali menampilkan band atau penyanyi secara langsung.*

Kata kunci : *pemasaran, pengalaman pelanggan, kesetiaan pelanggan, regresi linear berganda, milenial, starbucks*

INTRODUCTION

Over time, the world at this time has experienced a pretty drastic development in terms of primary needs. From what used to be "goods based consumption" now becomes "experiences based consumption". Seeing this movement, many entrepreneurs try to open businesses with the concept of lifestyle and leisure, which is a Coffee Shop. In Indonesia, the coffee shop business continues to increase every year, which means competition is getting tougher every year. Therefore, the company is expected to continue to innovate and develop in meeting the changing demands and needs of each customer. One of the company's efforts in maintaining customer loyalty is to ensure and enhance the customer experience that will be felt by customers after buying and using a product. A product must be able to generate sensation and experience that will foster consumer interest to purchase after getting satisfaction at a company or brand.

And according to some studies the better, the customer experience with the factors called 4Es, which are education experience, entertainment experience, esthetics experience, escapism experience perceived by the customer will increase customer loyalty. In general, customer experience refers to the perception of the customer itself, as well as the interpretation of all aspects encountered when interacting or visiting a company or retail. Therefore, customer experience is not just about customers who just want to buy a product but also relates to the atmosphere inside or outside the company or retail, cashiers, and even other customers

Starbucks is one company that has long been paying attention and applying the concept of customer experience in its coffee shop. Since the 1990s Starbuck has focused on the following factors: Atmosphere, Quality Coffee, Customer Service, and Partner (employee) Satisfaction. Starbucks sought to be a place where people could lounge with a good drink and friends or maybe just a book. Therefore, the author wants to make a research on whether the application of customer experience that has been done by Starbucks has an effect on increasing customer loyalty, especially millennials because the current millennials generation has the most number of souls in the world, and according to one survey shows that 44% of women aged 18-35 years, spending more money to buy morning coffee than saving for a year. While for men of the same age, the number is lower by 10%.

Research Objectives
The objective of this research is to reveal:
1. The influence of education experience towards customer loyalty among millennials in Manado.
2. The influence of entertainment experience towards customer loyalty among millennials in Manado.
3. The influence of escapism experience towards customer loyalty among millennials in Manado.
4. The influence of esthetics experience towards customer loyalty among millennials in Manado.
5. The influence of education experience, entertainment experience, escapism experience, and esthetics experience on costumers loyalty simultaneously

THEORETICAL REVIEW

Marketing
Marketing should not be seen as simple as "telling and selling", but in the new sense of satisfying customer needs. "Marketing is the process by which companies create value for customers and build strong customer relationships to capture value from customers in return." (Kotler et al, 2007).

Customer experience
Berry, Carbone, and Haeckel (2002) proposed that for a company to compete by offering customers with satisfactory experiences, they should arrange to everyone of "clues" that individuals distinguish in the purchasing process.

Education experience
The first dimension is education, as active absorption of knowledge by engaging the intellect or the body, is often seen as serious experiences (you learn something or is developed physically) (Pine and Gilmore, 1998).

Entertainment experience
Entertainment incorporates and experiences that is passively absorbed by the guests (customer) through their sense (Pine and Gilmore,1999).

Esthetics experience

The immersion into a retail space (virtual or physical) and overall atmosphere, including the ease of transactions. In general, esthetics experience can be characterized as a unique perspective or state of mind that is subjectively not the same as the ordinary experience (Markoviec, 2012).

Escapism experience

Escapism as active immersion, costumer becomes part of the experience and the experience can be affected, escapism means consumers participates in activities, where they forget about time and place (Liem and Lewis, 2017).

Customer loyalty

Oliver (1999) defines loyalty as a deeply held commitment to rebuild and re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviors.

Previous Research

This study supported by various previous research discusses the topics that can sustenance the research title. Memorable customer experience: examining the effects of customer's experience on memories and loyalty in Malaysian resort hotels (Ali, Hussainb, Ragavanb 2014). The result from the finding suggests that all four dimensions of customer experience influence their memories and loyalty.

Laetitia Radder, Nelson Mandela, Xiliang Han in research An Examination Of The Museum Experience Based On Pine And Gilmore's Experience Economy Realms The result is while visitors had positive on-site experiences within all three experience realms, edutainment made the strongest contribution to the prediction of overall satisfaction and behavioral intentions.

Songsak Wijaithammarit and Teera Taechamaneestit in research The Impact of Customer Experience Management on Customer Loyalty of Supercenter's Shopper in Thailand. The result is elements of customer experience management influences on customer affection.

Conceptual Framework

The framework of this research is summarized as in the figure below that it can be explained education experience (X1), entertainment experience (X2), esthetics experience (X3), escapism experience (X4), and customer loyalty (Y).
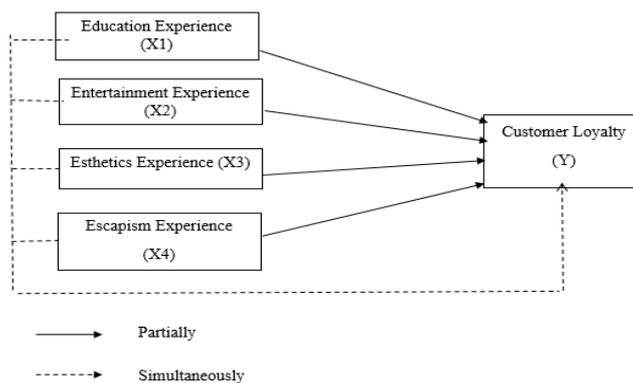

Figure 1. Conceptual framework
Source: Authors, 2019

Hypothesis

H1 : Education experience has a significant impact on costumers loyalty partially
H2 : Entertainment experience has a significant impact on costumers loyalty partially
H3 : Esthetics experience has a significant impact on costumers loyalty partially
H4 : Escapism experience has a significant impact on costumers loyalty partially

H5 :   Education experience, Entertainment experience, Esthetics experience, and escapism experience have a significant impact on costumers loyalty simultaneously

RESEARCH METHOD

Type of Research
This quantitative research and using multiple linear regression methods to conduct the research.

Data Collection Method
This research uses primary data from the respondent which is the millennials customers of Starbucks Manado, and secondary data from books and journals.

Operational Definition of Research Variables
Table 1. Definition of Research Variables

Variable	Operational Definition	Indicator
Education Experience (X1)	Learning something new, as active absorption of knowledge by engaging the intellect or the body, is often seen as serious experiences (you learn something or is developed physically).	1. Active absorption 2. Stimulate curiosity 3. More knowledgeable 4. Promotion 5. Share the experience
Entertainment Experience (X2)	Entertainment: Being entertained. Entertainment which is developed when passive absorption is observed by the customer such as watching a theatre performance	1. Passive absorption 2. Provide amusement 3. Stimulating information 4. Enjoyable activities 5. Interact with others
Esthetics Experience (X3)	Esthetics: Indulged in environments, where the customer has passive participation and immersion in the experience.	1. Passive immersion 2. Ambient condition 3. Spatial layout and functionality 4. Memorable decoration 5. Clean lines
Escapism Experience (X4)	Escapism: Diverging to a new self. Escapism as active immersion, costumer becomes part of the experience and the experience can be affected, escapism means consumers participates in activities, where they forget about time and place.	1. Active immersion 2. Personalization 3. Escape from reality 4. Leisure time 5. Avoid interaction with other
Customer Loyalty	Customer loyalty is a measure of consumer attachment to a brand. This measure can give an idea about maybe a customer switches to another brand, if the brand of the product is found to be a change, fine concerning prices and other attributes	1. Cross buying 2. Re-buying 3. Share of wallet 4. Word-of-mouth 5. Refuse

Source: Author's, 2019

Data Analysis Method
Reliability and Validity Testing
The reliability of a measure using Cronbach's Alpha reliable coefficients. To analyze the validity of the questionnaire is using Pearson Product Moment. Pearson Product Moment is measured by the degree of relationship between two variables.

Test of Classical Assumption
Normality
        The normality test aims to test the regression model whether the dependent variable with several independent variables has a normal distribution or not (Sekaran, 2005).
Multicollinearity
        Multicollinearity is often described as the statistical phenomenon wherein there exists a perfect or exact relationship between predictor variables. To determine either presence or absence of multicollinearity, Variance Inflation Factor (VIF) and Tolerance (T) are used. If the VIP values less than ten, and the value of T is more than 0.1 and less or equal to 1, it means there is no multicollinearity.

Heteroscedasticity
        The heteroscedasticity test is used to find out the regression model of the residual variance occurred equally one to other observations.

Multiple Regression Model
        Multiple Regression is a correlation coefficient that indicates the strength of the relationship between two variables.

Testing the Goodness of Fit: Coefficient of Correlation (R) and Coefficient of Determination (R2)
        The coefficient of determination is used to show the percentage of variability in Y that can be explained by regression equation" (Newbold, et al, 2003; p.387). Coefficient of Multiple Correlation is used to measure the strength of the relationship between Y (dependent variables) and X (independent variables)" (Newbold, Carlson, and Thorne, 2003).

Hypothesis Testing
F-test (Simultaneously) and T-test (Test Partially)
        F-test is intended to determine whether the independent variables simultaneously influence the dependent variable. A t-test is done by comparing t count with t table while the level of significance is 5% (α=0.05). If the t count is higher than t table then H1 is accepted.

RESULTS AND DISCUSSION

Results
        The respondents of this research are 100 customers in Starbucks Manado especially millennials who born between 1980 –2000 or in the other words 20th – 39th Years old.

Validity Test
        The results of the questionnaire that has been distributed have valid values. Said to be valid because the corrected item-total correlation value (r arithmetic)> r table value (df = n-2) where the calculated value r for items 1   to item 20 is greater than 0.3 with a sample size (n) of 30 respondents.

Table 2.Reliability Test

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.912	.913	20

Source: Output SPSS, 2019
Table 2 shows the reliability test result and the data is reliable .913

Table 3. Multiple Linear Regression

	Coefficient				
Model	Unstandardized Coefficients		Standardized coefficient	t	sig.
	B	Standard Error	Beta		
(Constant)	-2.843	1.833		-1.551	0.124
Education (X1)	0.502	0.098	0.429	5.139	0
Entertainment (X2)	0.162	0.101	0.139	1.596	0.114
Esthetics (X3)	0.139	0.077	0.128	1.8	0.075
Escapism (X4)	0.303	0.089	0.277	3.406	0.001

a. Dependent Variable: Customer Loyalty (Y)
Source : Output SPSS, 2019

Table 4. Multiple Regression Coefficient of Correlation (R) and Multiple Regression Coefficient of Determination (R2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796[a]	.633	.617	2.120

a. Predictors: (Constant), Escapism (X4), Esthetics (X3), Education (X1), Entertainment(X2)
Source: SPSS Output, 2019

Table 4 shows the coefficient correlation (R) is 0.796; it means there is a very strong relationship between independent variables with the dependent variable.
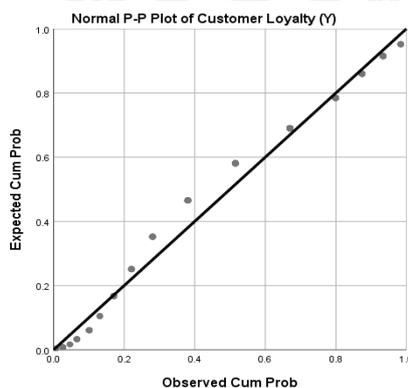
Normality Test

Figure 2. Normality test
Source: SPSS Output, 2019

Figure 2 shows that the dots are spreading near to the diagonal line and follow the direction of the diagonal line, which means the data of this research is normally distributed.

Table 5. Heteroscedasticity

Model	Unstandardized Coefficients		Standardized coefficient	t	sig.
	B	Standard Error	Beta		
(Constant)	5.243	1.147		4.571	0
Education (X1)	-0.03	0.061	-0.063	-0.486	0.628
Entertainment (X2)	0.002	0.063	0.004	0.028	0.978
Esthetics (X3)	-0.137	0.048	-0.311	-2.839	0.006
Escapism (X4)	-0.014	0.056	-0.032	-0.256	0.799

Coefficient

a. Dependent Variable: Abs_RES
Source: SPSS Output, 2019

Table 5 shows there are heteroscedasticity symptoms in this regression because one of the significant values of the independent variable is Esthetics ≤ 0.05.

Table 6. Multicollinearity

Coefficient

Model	Unstandardized Coefficients		Standardized coefficient	t	sig.	Collinearity Statistics	
	B	Standard Error	Beta			Tolerance	VIF
(Constant)	5.243	1.147		4.571	0		
Education (X1)	-0.03	0.061	-0.063	-0.486	0.628	0.554	1.803
Entertainment (X2)	0.002	0.063	0.004	0.028	0.978	0.509	1.963
Esthetics (X3)	-0.137	0.048	-0.311	-2.839	0.006	0.766	1.306
Escapism (X4)	-0.014	0.056	-0.032	-0.256	0.799	0.583	1.714

a. Dependent Variable: Customer Loyalty (Y
Source: SPSS Output, 2019

Tolerance values are more than 0.1 and VIF value of each independent variable is less than 10, this research is free from multicollinearity.

Table 7. F-Test

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	736.018	4	184.004	40.939	.000b
1	Residual	426.982	95	4.495		
	Total	1163	99			

a. Dependent Variable: Customer Loyalty (Y)
b. Predictors: (Constant), Escapism (X4), Esthetics (X3), Education (X1), Entertainment (X2)
Source: SPSS Output, 2019

Table 8. T-Test

Variable	t_{count}	t_{table}	Description
Education Experience	6.688	2.366	Accepted
Entertainment Experience	7.885	2.366	Rejected
Esthetics Experience	7.878	2.366	Rejected
Escapism Experience	5.981	2.366	Accepted

Source: SPSS Output, 2019

Discussion

      In this research, the data was collected from 100 respondents who were categorized by gender, age, and revenue per month. This research aims to find out whether there is a significant influence of customer experience which are education experience, entertainment experience, esthetics experience, and escapism experience on customer loyalty partially and simultaneously. And the result are education experience, entertainment experience, esthetic experience, and escapism experience have a significant influence on customer loyalty simultaneously. But as partially entertainment experience and esthetic experience don't have a significant effect on customer loyalty while education experience and escapism experience has a significant effect on customer loyalty. That value is from the test result by using SPSS 25.

Education experience and customer loyalty

      The result shows that education experience has a significant effect on customer loyalty. Some previous research shows the same result. Rader and Han (2015) in a research namely: An Examination Of The Museum Experience Based On Pine And Gilmore's Experience Economy Realms, shows that education has a significant effect on overall satisfaction with value judged by standardized (beta) coefficients and t-statistic values, significant contributions to the prediction of overall satisfaction were made by edutainment (education entertainment), (β=0.473; t=5.464; p<0.001).

Entertainment experience and customer loyalty

      From the result, Hypothesis 2 in this research is Entertainment has a significant effect on customer loyalty is rejected. Even so, entertainment is also good to continue to be developed. Entertainment experience and its importance has been highlighted in cruiser experiences. (Hosany and Witham, 2010). Services providers must focus on the entertainment aspect as it is an integral motivation of tourists visiting resort hotels. For instance, Gee stated that "The core principle of the resort concept is the creation of an environment that will promote and enhance a feeling of well-being, enjoyment, and satisfaction". (Ali, Hussain, Ragavan 2014).

Esthetic experience and customer loyalty

      Hypothesis 3 "Esthetics Experience has a significant effect on Customer Loyalty" is rejected. Different from the results of the study, in the context of rural wine tourism, the esthetics realm is found to be the most dominant factor customer experience. Oh, Fiore and Jeong (2007) postulated esthetics as the main determinant of experiential outcomes. A service set's physical environment is comprised of a variety of different elements including the esthetics and ambient factors such as color, air, scent, illumination, facilities, layout (Han and Ryu, 2009).

Escapist experience and customer loyalty

      In a coffee shop, escapism is the realm of experience where the guest is actively participating to create the experience by being there and immersed with the environment offered by the coffee shop. Hypothesis 4 "Escapism experience has an impact on Customer loyalty" is accepted. The Experience of the guests can be much more memorable if the service delivery and performance integrates the sense of escapism. In this context Ali, Omar and Amin, 2013 stated that guests travel to resort hotels situated in the natural exotic locations to escape from their daily routine life.

Education experience, Entertainment experience, Esthetics experience, Escapism experience, and Costumer loyalty

      Hypothesis 5 "Education experience, entertainment experience, esthetics experience, escapism experience, have a significant impact on customer loyalty simultaneously" is accepted. Therefore, companies must pay more attention to the quality of the customer experience of the products or services they offer. Because the more memorable a product or service for the customer will increase customer loyalty from the customer itself.

CONCLUSION AND RECOMMENDATIONS

Conclusions

1. Education Experience partially has a significant effect on Customer Loyalty that acts as the dependent variable.
2. Entertainment Experience partially doesn't have a significant effect on Customer Loyalty that acts as the dependent variable.

3. Esthetics Experience partially doesn't have a significant effect on Customer Loyalty that acts as the dependent variable.
4. Escapism Experience partially related and has a significant effect on Customer Loyalty that acts as the dependent variable.
5. The independent variable Education Experience, Entertainment Experience, Esthetics Experience, and Escapism Experience have significant effects simultaneously on Customer Loyalty as the dependent variable.

Recommendation
1. The concept of education performance is needed in increasing customer loyalty. Companies should continue to provide customers with the knowledge that can certainly add their insights to the products offered by the company in ways that attract customers, one of which is by holding a talk show about products, or maybe in the context of a coffee shop by presenting a Starbucks Coffee Experience BSar that presents a long "bar" table that functions as a place where guests learn about coffee, especially black coffee.
2. Even though entertainment does not significantly influence customer loyalty, but some aspects of entertainment such as the availability of wifi music playback and also comfort (having AC / not) can also be said to be taken into account by customers when they want to visit a cafe. Therefore, the entertainment experience is also feasible to be applied by the company but of course by continuing to pay attention to other variables outside this study that have a greater positive effect on customer loyalty.
3. Esthetics experience is about virtual or physical such as interior design, lighting, and cleanliness needed to attract the attention of customers. Especially regarding cleanliness, the customer takes this into account very much. Therefore, companies, in this case, the cafe still have to pay attention to these factors but of course by continuing to innovate and be creative to increase the potential and quality and characteristics of the company.
4. Starbucks must continue to update the concept of escapism experience to increase customer loyalty. How customers feel comfortable and forget for a moment their daily routines when visiting Starbucks outlets and watching their products.
5. The application of the value of customer experience must continue to be improved to increase customer loyalty. It might also be possible to apply other variables related to customer experience.

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