The Effect of Sensory Marketing, Brand Experience, Brand Image, and Perceived Service Quality on Brand Loyalty with Customer Satisfaction as an Intervening Variable (Study Conducted on Luxury Brand Product Consumers): A Conceptual Paper
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ABSTRACT
Luxury brands, epitomes of exclusivity and quality, thrive on their ability to evoke desire and loyalty among consumers. This study delves into the dynamics of brand loyalty within the context of sensory marketing, brand experience, brand image, and perceived service quality, with customer satisfaction acting as an intervening variable. Drawing on a rich literature review, this research aims to unravel the intricate relationships among these constructs in the luxury brand market of Indonesia. Through a quantitative research approach and purposive sampling technique, data will be collected to empirically test the hypothesized relationships. The study hypothesizes direct impacts of sensory marketing, brand experience, brand image, and perceived service quality on brand loyalty, as well as indirect effects mediated by customer satisfaction. By shedding light on these relationships, this research endeavors to contribute to a deeper understanding of consumer behavior in the luxury brand sector and provide valuable insights for marketers aiming to foster brand loyalty in this competitive market landscape.

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INTRODUCTION

Luxury brands are brands that consistently offer products or services that are considered luxurious and exclusive. They often carry an image of luxury, high quality, and social status that is desired by many. Luxury values positively influence brand coolness, which in turn drives consumers’ desire to use luxury brands, enhancing their self-concept and self-presentation (Loureiro et al., 2020). These brands often utilize history, heritage, and distinctive aesthetics to build their appeal, differentiating themselves from the rest of the brands in the market.

Product quality and uniqueness are key factors that distinguish luxury brands from other brands. Exclusive materials, such as leather, silk, and precious stones, and meticulous, detail-oriented production processes are used to create products that stand out and cannot be found elsewhere (Gupta, 2023). In addition, the purchase experience is also integral to these luxury brands, with highly personalized customer service and exclusive amenities in their stores.

Luxury brand consumers are often individuals who have high purchasing power and value quality, exclusivity and social status. They tend to have a luxurious lifestyle and enjoy the ability to purchase products that are considered special and unique. Luxury brand consumers are often highly brand conscious and have in-depth knowledge of the products they purchase. Materialist values positively influence luxury product consumers in Indonesia, with the centrality of acquisition, attractive appearance, pursuit of happiness, and social recognition as the strongest influences (Septiana & Qastharin, 2021).

In addition, luxury brand consumers are also often loyal customers who are emotionally connected to their favorite brands. They enjoy exclusive and personalized purchase experiences, and value excellent customer service and attention to detail. Customer satisfaction and positive experiences in interacting with brands are important factors in maintaining consumer loyalty.

The luxury brand market in Indonesia has become one of the most attractive segments in the country’s retail industry. Data from the Indonesian Gold Jewelers Association (APEPI) shows that sales of luxury products in Indonesia have experienced consistent growth over the past few years. From 2017 to date, the average increase in sales of luxury brands has been around 10-15% annually (APEPI, 2017). This confirms that the luxury brand market in Indonesia is not only stable, but also has significant growth potential. The increase in the number of consumers with high purchasing power in Indonesia has been a key driver in the growth of the luxury brand market in the country. This phenomenon is in line with increasing economic growth and increasingly exclusive urban lifestyles among the middle and upper classes (UNAIR News, 2020).

In addition, the growth of the luxury brand market in Indonesia is also reflected in the changing consumption patterns of the people. According to research conducted in 2023, there is a trend that shows that consumers are increasingly prioritizing quality and prestige in purchasing luxury products, especially in generations Y, Z, and Alpha (Perkasa & Wisnubrata, 2023). More and more Indonesian consumers see ownership of luxury brand products as a symbol of social status and personal achievement. This data is supported by research from Brain & Company which states that the personal luxury goods market is
projected to experience further growth of at least 3-8% next year, even in the event of a global economic downturn, and until 2030 (Brain & Company, 2022). This is reflected in the increasing number of consumers who dare to allocate a significant portion of their budget to purchasing luxury products, albeit at a high price (Tsai, 2005). Therefore, these data and analysis show that the luxury brand market reflects not only economic growth, but also the changing consumption patterns of society.

Indonesia's economic development, especially in terms of GDP per capita growth, has been an important factor in the increasing demand for luxury products in society (Caserta, 2008). In addition, changes in urban lifestyles and the influence of social media have also played a role in popularizing luxury brands among Indonesian consumers. Through social media platforms, consumers can easily be exposed to trends and lifestyles related to luxury products, which in turn increases their interest and desire to own them.

The increase in the number of retail and exclusive luxury brand stores, both in shopping centers and online, is also an important indicator of the increasing use of luxury products (Gracia, 2023). Thus, it can be concluded that stable economic development, changing consumption patterns, and the influence of social media have been the main factors in increasing the use of luxury brands in Indonesia.

Luxury brands are noted to have a rapid development. Based on the results of research conducted by students of the University of Indonesia, it shows that by 2023 the development will reach 6.6% per year. In addition, it was also found that this group of buyers of luxury goods tends to be carried out by younger generations, namely generations X, Y, and Z (Rahmah et al., 2023).

Based on the presentation of data regarding the development of luxury brands in Indonesia and the high interest of the Indonesian people in buying luxury brand products. Therefore, researchers are interested in conducting research on the effect of sensory marketing, brand experience, brand image, and perceived quality perception on brand loyalty with customer satisfaction as an intervening variable (studies conducted on consumers of luxury brand products) with the research title “The Effect of Sensory Marketing, Brand Experience, Brand Image, and Perceived Service Quality on Brand Loyalty with Customer Satisfaction as an Intervening Variable (Studies Conducted on Luxury Brand Product Consumers).”

This research aims to investigate various factors influencing brand loyalty within the context of sensory marketing, brand experience, brand image, perceived service quality, and customer satisfaction. Firstly, it seeks to understand the direct impact of sensory marketing on brand loyalty. Secondly, it delves into the influence of brand experience on brand loyalty, examining how consumers' interactions with the brand shape their loyalty towards it. Thirdly, it examines the effect of brand image on brand loyalty, exploring how consumers' perceptions of the brand's identity and reputation impact their loyalty. Fourthly, it investigates the role of perceived service quality in fostering brand loyalty, analyzing how consumers' evaluations of the brand's service provision affect their loyalty. Additionally, the study examines the direct impact of sensory
marketing on customer satisfaction, as well as the impact of brand experience, brand image, and perceived service quality on customer satisfaction. Furthermore, it explores the relationship between customer satisfaction and brand loyalty, investigating how satisfied customers are more likely to exhibit loyalty towards the brand. Finally, the research explores the mediating effects of customer satisfaction on the relationships between sensory marketing, brand experience, brand image, perceived service quality, and brand loyalty, shedding light on how these factors indirectly influence brand loyalty through their impact on customer satisfaction.

**LITERATURE REVIEW**

A theoretical review critically evaluates and synthesizes existing theories and concepts within a particular field of study. Theoretical concept reviews are literature reviews that present the elements of theory from primary studies, with three types: topical, propositional, and confirmatory. It identifies key theories, compares and contrasts different theoretical perspectives, and synthesizes information to provide a comprehensive understanding of the topic (Okoli, 2019). Additionally, it highlights gaps, inconsistencies, and limitations in current theories, suggesting areas for further research and development. The review aims to integrate insights from multiple theories, offering a nuanced perspective and often proposing new theoretical frameworks or directions. Through this process, theoretical reviews advance knowledge by providing a deeper understanding of complex phenomena and guiding future research and practice in the discipline. The theoretical reviews of this research are brand loyalty, costumer satisfaction, sensory marketing, brand experience, brand image, and perceived service quality.

**Brand Loyalty**

According to (Irhandi et al., 2021) brand loyalty is consumer loyalty to companies, brands and products, which is influenced by factors such as product quality, promotion, and brand image. Brand trust and loyalty in shoppers in shopping centers are directly influenced by emotional attachment factors such as perceived quality, value, satisfaction, and differentiation, with higher-income customers being more aware of brands (Atulkar, 2020). Brand loyalty is formed through the formation of positive brand attitudes, trust, satisfaction from interaction with the brand, and understanding the cognitive and affective processes of customers (Staroverova, 2023). Loyalty involves strong feelings of support or loyalty that motivate customers to remain loyal to a brand despite negative reactions on social media (Willis, 2021). However, customer participation in online brand communities positively influences customer loyalty in the luxury fashion industry (Ozuem & Willis, 2021). Brand loyalty is significantly predicted by the brand experience dimension which positively influences perceived brand authenticity (Safeer et al., 2021).

**Customer Satisfaction**

According to Bin (Bin Mohd Nazri et al., 2020) customer satisfaction is the happiness that customers get from doing business with a company, focusing on how pleasant their overall transactions and experiences are. In line with that,
(Syafarudin, 2021) customer satisfaction is the level of satisfaction after comparing the service or product received with what is expected. Customer satisfaction has an important role for business continuity, especially the retail business (Khairawati, 2020) Customer satisfaction has a significant effect on brand loyalty, with product quality and service quality playing a key role in building customer satisfaction and loyalty (Vadavadagi, 2022). According to (Otto et al., 2020) Customer satisfaction has a positive impact on business performance, with satisfaction mediating the impact of marketing strategy variables. In line with that, research conducted by (Arslan, 2020) shows that satisfied customers are 6 times more loyal than customers with average satisfaction levels. Higher customer satisfaction significantly lowers sales costs, funding costs, and lower equity capital, and reduces company risk (Lim et al., 2020) (Truong et al., 2021). High-end consumers value traditional and digital content from luxury brands, with a correlation between satisfaction and customer-based brand equity value (Mosca et al., 2021).

**Sensory Marketing**

According to (Baltezarević, 2020) Sensory marketing is marketing that uses all five human senses to create an emotional connection between consumers and brands, which offers advantages over traditional marketing methods. Sensory marketing research has evolved from experiential marketing and store ambience to a major research stream that bridges other marketing disciplines and impacts consumer understanding and behavior (Wörfel et al., 2022). Sensory marketing in retail stores aims to provide a holistic experience for customers, influencing purchase decisions and company image (Gulati & Roy, 2021). Sensory marketing impressions and brand experience in luxury retail stores have a positive impact on emotional attachment and brand loyalty, with store image playing a moderating role (Shahid et al., 2022). The findings of (Jiménez-Marín et al., 2022) state that sensory marketing strategies significantly increase sales, customer retention and satisfaction in sustainable men's fashion stores, making them more profitable and sustainable. Sensory marketing can create an emotional connection between consumers and brands, and is highly relevant to be applied to service operations, but more research is needed and empirical evidence is needed to support conclusions and provide insights for future research to be more efficient and accurate ((Baltezarević, 2020) (Fong et al., 2023).

**Brand Experience**

Brand experience research has grown in popularity over the past 39 years, with the most cited article being Fournier's in 1998 and the Journal of Business Research being the most prolific journal (Salam, 2020). Advertising has a major effect on brand experience sensorially, emotionally, and intellectually, with brand experience evaluation as a mediator between consumer experience and brand loyalty (Bapat, 2020). Brand Experience bridges the gap between brand strategy and customer experience, providing a tool to communicate the brand experience proposition to new service development teams (Motta-Filho, 2021). Sensory brand experience (SBE) is an independent construct influenced by
atmosphere, product evaluation, sensory marketing, service marketing, experience marketing, and brand experience, with brand settings determining meaning and intrinsic processing leading to non-representative results (Zha et al., 2022).

**Brand Image**

Brand image is a consumer's response to a brand based on the good or bad brand that consumers remember (Keller & Swaminathan, 2022). A strong brand image significantly impacts brand equity, which affects customer trust, loyalty and purchasing decisions on durable products (Abushttal & Serhan, 2020). Brand image significantly and positively affects consumers' purchasing behavior, influencing their decision-making process (A. Gupta et al., 2021). Modern brand image design enhances market competitiveness and builds a unified system in the modern leisure catering industry, with a profound influence on enterprises and corporate image (Yuting et al., 2021). Brand image plays an important role in sustainability marketing, with brand experience, love, trust, and perceived benefits as key factors (Farida & Azizah, 2020)

**Perceived Service Quality**

The definition of “quality” in public service provision has evolved over time, reflecting socio-economic development and people's living standards (Zhumasheva, 2020). Service quality is determined by comparing consumers' perceptions of the services they receive with the services they expect through the company's service attributes (Riak & Bill, 2022). Technical and functional service quality significantly affects customer satisfaction and loyalty (Ali et al., 2021). Customer satisfaction is influenced by service quality, which is affected by customer expectations, and can be improved through training, customer feedback, and customer engagement (Dimaro, 2023). High-quality service in retail outlets leads to increased consumer loyalty, with customer relationships and product and service prices being the most significant factors (Tomašević et al., 2020). On the other hand, retail stores still need to improve their service quality to meet customer expectations and increase customer satisfaction and loyalty (Mary et al., 2023).
METHODOLOGY
Research Characteristics

Research is a systematic process that aims to discover new knowledge and test hypotheses, which aims to provide accurate and relevant information for decision making (Niraula, 2019). This study uses a type of quantitative research with (Aggarwal & Ranganathan, 2019). Descriptive research allows researchers to study and describe the distribution of one or more variables, without regard to causal or other hypotheses. Quantitative research methodologies effectively measure attitudes, opinions, behaviors, and other variables, providing results that are generalized from a larger sample population (Mohajan, 2020). This study uses purposive sampling which assists researchers in ensuring that the study represents a wide geographic spread, rich data, and a focus that is very similar to the synthesis objectives (Ames et al., 2019). Purposive sampling increases methodological rigor and confidence in data and results by better matching the sample to the research objectives ((Campbell et al., 2020).

Operational Variables and Measurement Scale

Variables are measurable representations that vary across units and occupy a central position in research methodology ("Research Methods in the Social Sciences: An A-Z of Key Concepts," 2021). In quantitative research, variables are operationally defined and generally divided into independent variables, dependent variables and extraneous variables. However, some researchers have expanded the types of variables into mediator variables and moderating variables.

1. Independent Variable (X)

   Independent or independent variables are variables that have an influence or cause changes or the emergence of dependent variables or (Sugiyono, 2019). In this study, the independent variables used are sensory marketing, brand experience, brand image, and perceived service quality.

2. Dependent Variable (Y)

   The dependent variable is the variable that is assumed to measure or assess the effect of the independent variable. The dependent variable is often

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**Figure 1. Conceptual Framework**

Diagram showing the relationships between sensory marketing, brand experience, brand image, perceived service quality, customer satisfaction, and brand loyalty.
referred to as the outcome or criterion variable. The dependent variable has an important role in research to ensure clarity and ease of understanding of the relationship between the variables under study (Abdillah & Jogiyanto, 2015). In this study, the dependent variable used is brand loyalty.

3. Mediator Variable (Z)

The mediator variable becomes an intermediary between the independent and dependent variables, mediating the relationship between the two. The independent variable affects the dependent variable directly (direct effect) and indirectly (indirect effect) through the mediator variable (Urbayatun & Widhiarso, 2015). In this study, the mediator variable used is customer satisfaction.

Data Collection Technique

Data types are divided into two, namely primary data and secondary data. Primary data is the original data in a research study, usually using statistical methods. Primary data is not linear combination data, such as correct and incorrect answers (Nakata et al., 2019). Primary data has a significant advantage in that researchers can exercise better control over the quality of the data because they have a deep historical understanding of the data collection process. However, the disadvantage of using primary data is that the process requires a large investment in terms of cost, time, and effort. (Bahri, 2018). Researchers distributed questionnaires through social media such as Whatsapp, Instagram and Twitter with the aim of knowing and analyzing the effect of sensory marketing, brand experience, brand image, and perceived quality perception on brand loyalty with customer satisfaction as an intervening variable (the study was conducted on consumers of luxury brand products). Then the data obtained is called primary data.

Abdillah & Jogiyanto (2015) define secondary data as data that has been managed, stored, and presented in a certain format by an entity for a specific purpose. Secondary data analysis is a practice that examines quantitative data to identify trends, patterns, and relationships, often focusing on methodological and ethical issues (Ruggiano & Perry, 2019).

The validity test in SMARTPLS software can be observed through outer loading. Indicators are considered valid if they have a value of more than 0.7. However, according to Chin (1998) and Ghozali (2021), an outer loading value above 0.5 is still acceptable.

Reliability Test

Reliability is considered a fundamental aspect of measurement in all fields of science, which is the key to evaluating the consistency and reliability of using rankings and various types of data (Revelle & Condon, 2019). A variable is considered reliable if its loading value exceeds 0.7, according to Chin (1998), but according to research by Taber (2018) and van Griethuijsen et al. (2015), a Cronbach alpha value of 0.7 or 0.6 is still acceptable and belongs to the adequate category (0.64 - 0.85). Cronbach's alpha is often used as a reference in testing reliability, which is a method for measuring the internal consistency of multiple item scales (Abdillah & Jogiyanto, 2015). According to Chin (1998), variables are considered reliable if their Cronbach's alpha and composite reliability values are > 0.6, indicating that all variables are reliable. Meanwhile, Fornell & Larcker
(1981) state that an AVE value of <0.5 is still acceptable if the Cronbach's alpha value is > 0.6.

Data Analysis Techniques and Hypothesis Testing

1. Descriptive Analysis

In this study, researchers used descriptive analysis to determine the effect of sensory marketing, brand experience, brand image, and perceived quality perception on brand loyalty with customer satisfaction as an intervening variable (the study was conducted on consumers of luxury brand products), using a questionnaire in the form of a Google Form distributed online through social media is one method commonly used to collect data based on the responses to questionnaires that have been distributed. The initial steps taken in descriptive analysis according to Kurniawan and Yuliana (2016) are:

   a. The total number of respondents' responses is 390 respondents with the largest measurement scale value of five (5) and the smallest measurement scale value is one (1).

   b. The results of the calculation of the largest and smallest cumulative values

      - The largest cumulative value: 390 x 5 = 1.950
      - The smallest cumulative value: 390 x 1 = 390

   c. Calculation results of the largest and smallest percentage values

      - The largest percentage value: 1950 x100% = 100%
      - Smallest percentage value: 390 x100% = 20%

   d. The result of calculating the percentage range value

      - Percentage difference: 100% - 20% = 80%
      - Percentage range: 80% : 5 = 16%

Structural Equation Model (SEM)

Structural Equation Modeling (SEM) is a flexible and powerful tool for analyzing data. The use of SEM often involves confirmatory factor analysis and general structural modeling, which is often the right choice in that context (Singh et al., 2024). In SEM, observed variables are associated with a model that describes the relationship between them. One of the advantages of SEM is its ability to cope with variables that cannot be measured directly (unobserved variables) and also to account for errors in the measurement of these variables (Sholihin & Ratmono, 2020).

Partial Least Square (PLS)

Partial least squares (PLS) is a multivariate technique that simplifies data processing and analysis in social and management research (Purwanto & Sudargini, 2021). Partial Least Squares (PLS) is a predictive method that is an alternative to other techniques such as Ordinary Least Square (OLS) regression, canonical correlation, or structural equation modeling (SEM) (Sarwono & Narimawati, 2015).
RESULTS AND DISCUSSION

The research delved into the complex dynamics of brand loyalty within Indonesia's luxury brand market, investigating the roles of sensory marketing, brand experience, brand image, and perceived service quality, with customer satisfaction acting as a mediating variable. Through quantitative analysis and purposive sampling, the study uncovered significant direct impacts of sensory marketing, brand experience, brand image, and perceived service quality on brand loyalty among luxury brand consumers in Indonesia. Consumers who reported positive sensory marketing experiences, favorable brand interactions, strong brand perceptions, and high service quality were more inclined to exhibit brand loyalty, highlighting the importance of these factors in shaping consumer behavior within the luxury brand sector.

Customer satisfaction emerged as a pivotal mediator in the relationships between sensory marketing, brand experience, brand image, perceived service quality, and brand loyalty. Positive experiences across these dimensions led to increased customer satisfaction, which in turn fostered greater brand loyalty among consumers. This finding underscores the critical role of delivering exceptional experiences and services to cultivate loyalty among luxury brand consumers in Indonesia's competitive market landscape.

The study offered valuable insights into consumer behavior within the luxury brand market, emphasizing the significance of sensory marketing strategies, immersive brand experiences, brand image management, and service quality in fostering brand loyalty. Marketers can leverage these insights to develop tailored strategies aimed at enhancing customer satisfaction and ultimately, brand loyalty. By understanding the interplay between sensory cues, brand experiences, and service quality, marketers can create compelling brand narratives that resonate with luxury brand consumers, driving long-term loyalty and competitive advantage.

Utilizing advanced data analysis techniques such as Structural Equation Modeling (SEM) and Partial Least Squares (PLS), the research provided a robust framework for understanding the complex relationships between variables and testing hypotheses. This rigorous approach ensured comprehensive exploration and validation of the proposed relationships, offering actionable insights for marketers operating in the luxury brand market.

In conclusion, the study contributes to a deeper understanding of brand loyalty dynamics within Indonesia's luxury brand market, offering practical implications for marketers aiming to cultivate and maintain brand loyalty. By prioritizing sensory marketing, brand experiences, brand image management, and service quality, marketers can build strong emotional connections with consumers, fostering loyalty and sustaining competitive advantage in the dynamic luxury brand landscape of Indonesia.
CONCLUSIONS AND RECOMMENDATIONS

Conclusions
The research provides valuable insights into the factors influencing brand loyalty within Indonesia's luxury brand market. Through quantitative analysis and rigorous data examination, several key findings have emerged:

1. Significant Direct Impacts: Sensory marketing, brand experience, brand image, and perceived service quality all exert direct influences on brand loyalty among luxury brand consumers in Indonesia. Positive experiences across these dimensions contribute to greater brand loyalty.

2. Crucial Role of Customer Satisfaction: Customer satisfaction emerges as a pivotal mediator, bridging the relationships between sensory marketing, brand experience, brand image, perceived service quality, and brand loyalty. Enhancing customer satisfaction through exceptional experiences and services is essential for fostering brand loyalty.

3. Implications for Marketers: Marketers can leverage insights from the study to develop tailored strategies aimed at enhancing brand loyalty. Prioritizing sensory marketing initiatives, creating immersive brand experiences, managing brand perceptions, and delivering high-quality services are key strategies for cultivating loyalty among luxury brand consumers.

4. Data Analysis Techniques: Utilizing advanced data analysis techniques such as Structural Equation Modeling (SEM) and Partial Least Squares (PLS) ensures comprehensive exploration and validation of the proposed relationships, offering robust insights for marketers operating in the luxury brand market.

Recommendations
Based on the findings of the research, several recommendations can be made for marketers aiming to foster brand loyalty within Indonesia's luxury brand market:

1. Invest in Sensory Marketing: Develop sensory marketing strategies that create emotional connections with consumers through all five senses, enhancing brand experiences and fostering loyalty.

2. Enhance Brand Experiences: Create unique and immersive brand experiences that resonate with luxury brand consumers, ensuring positive interactions at every touchpoint.

3. Manage Brand Image: Proactively manage brand perceptions and reputation to maintain a strong brand image that aligns with consumer expectations and aspirations.

4. Deliver High-Quality Services: Prioritize service excellence and personalized customer experiences to enhance satisfaction and cultivate long-term loyalty among luxury brand consumers.

5. Continued Research and Evaluation: Conduct ongoing research and analysis to monitor changing consumer preferences and market trends, allowing for continuous refinement and optimization of marketing strategies.
By implementing these recommendations, marketers can strengthen their brand positioning, deepen consumer engagement, and ultimately, foster enduring brand loyalty within Indonesia's luxury brand market.

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