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## Experiential Marketing and E-Wom Create Brand Loyalty Through Brand Trust

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### ABSTRACT

This study examines and explains the relationship of variables that become income factors from the application of marketing concepts, namely experiential marketing, E-WOM, Brand Trust, which then form brand loyalty. The object of this research is a hotel in Malang. The data was obtained by distributing online questionnaires to 160 people. Furthermore, the data were analyzed using the Partial Least Square (PLS) analysis tool with SmartPLS software. The results of this study indicate that; first, experiential marketing has a significant positive effect on brand trust, the second experiential marketing has a significant positive effect on brand trust, the third experiential marketing has a significant positive effect on brand loyalty, the fourth E-WOM has a significant positive effect on brand loyalty and fifth, brand trust has a significant positive effect on brand loyalty

## INTRODUCTION

The hospitality industry is getting ready to welcome guests again in new normal conditions. They use various strategies to increase occupancy or occupancy rates. One of them is to build guests' trust regarding cleanliness, safety, and comfort. Referring to the policies and programs launched by the Ministry of Tourism and Creative Economy and the Association of Indonesian Hotels and Restaurants, HIN implements SOPs and new normal health protocols that emphasize aspects of cleanliness, health, and security, covering all activities and hotel operations.

The Covid-19 pandemic has had an impact and influence on all aspects and orders of human life globally, including the tourism industry. Overall, the wave of the Covid-19 pandemic has stopped the wheels of the world economy, the tourism industry in particular and the movement/travel of people from one place to another on earth. This has an impact on the hotel industry, which is highly dependent on the movement of people from one place to another. As explained by Medlik and Ingram (2000) that the hotel business is basically a business related to the travel/movement of people from their original place of residence to other places with various purposes, including business activities, excursions, religion, meetings, and others. In the process of the journey, humans need a temporary residence to support them in carrying out activities at their destination.

The spread of this virus has become a deep fear for people in various parts of the world because of its relatively fast and easy transmission. This is what makes the Government of the Republic of Indonesia must always act, in order to minimize the spread of the virus. Various policies have begun to be socialized and implemented in all regions of Indonesia, ranging from Large-Scale Social Restrictions (PSBB), Work From Home (WFH), and so on. Because the policy still causes economic paralysis, in early June 2020 the new normal will be implemented. New normal is a policy given by the government to open several public facilities and facilities and prepare people to carry out activities as usual but still pay attention to health protocols such

as wearing masks, always maintaining cleanliness and diligently washing hands or using hand sanitizer. By implementing this new normal policy, it is hoped that it will help the economy move back a little, especially in the tourism sector. According to Bascha et al. (2020) and Elsayeh (2020), most of the people began to have the desire to travel in the new normal, taking into account several tourist destinations that have implemented hygiene and health protocols.

The Central Statistics Agency stated that starting July 2021, the room occupancy rate or hotel occupancy continues to increase but when compared to the pre-pandemic period, the increase in hotel occupancy is still below normal (CNN Indonesia, 2022). The increase in hotel occupancy is one indicator of the success of hotel adaptation in providing clean and safe services so that hotel guests feel comfortable while staying at the hotel. Research conducted by Puspita et al. (2021) stated that there are three strategies applied in dealing with the pandemic period, namely: (1) Comprehensive cost leadership in the hope of increasing profits. Hotels can reduce operating costs without reducing basic salaries and basic employee welfare benefits. (2) Differentiation is a way to make a product unique or second to none. (3) Focus is the process of preparing products to meet specific consumer needs. In the Covid-19 pandemic situation, hotel management must focus on implementing strict health protocol standards for employees and guests staying at the hotel, so that guests who will stay at the hotel feel safer and in accordance with their needs and expectations. Meanwhile, Kristiutami (2021), stated the need to implement high hygiene standards, reduce room prices, implement strict health protocols for employees, and implement digital marketing as strategies to be used to survive this pandemic.

The hotel business can no longer rely on the old operational model because it can violate the rules related to preventing the spread of the virus. In the past, consumers chose hotels based on location or completeness of facilities, during a pandemic, the indicators increase. In addition to seeing the location and facilities offered, consumers also ensure the implementation of health protocols or health

procedures. The Indonesian tourism and culture office has issued guidelines or health protocol policies for various tourism sectors and creative industries. The policy is the Cleanliness, Health, Safety, Environment (CHSE) adaptation program in which this policy was made with the hope of reviving the tourism sector which has been paralyzed and slumped due to the Covid-19 pandemic so that the tourism economy and creative industries are expected to develop again.

In line with the times, there are various types of marketing that can increase the company's success, including experiential marketing, E-WOM, brand trust, and loyalty. Experiential marketing, E-WOM, brand trust and loyalty are very important for the sustainability of a company. Not only as a differentiating strategy from other industries but also to bring satisfaction in itself because it makes customers get interesting memories with experiences that have never been felt before and maintains customer confidence that the trust offered can provide positive value for them. When consumers visit a hotel, a consumer will feel satisfaction or even disappointment after completing his visit. Not only stop at satisfaction but after visiting, the consumer can evaluate the place he visited. After evaluating, consumers can decide they will make a return visit and vice versa or even become disinterested. Therefore, various marketing concepts that have the aim of forming loyal customers are important to apply. In the current new normal era, in addition to paying attention to customer satisfaction, companies must also be able to think about security and comfort for every visitor. Even though the mandatory vaccine rules have been enacted, companies must remain consistent in implementing and implementing appropriate and recommended health protocols. The existence of interest in visiting can reflect the trust given by consumers to these tourist attractions, especially during the current pandemic. Thus tourist attractions that have been trusted by consumers must as much as possible maintain trust and provide the best service for their consumers.

## **METHODS**

This study used a cross sectional study with quantitative analysis. Furthermore, primary data regarding individual perceptions of experiential marketing, E-WOM, brand trust, and brand loyalty were collected through the distribution of online questionnaires using social media. The results of the questionnaire collected 160 hotel visitors in the city of Malang who meet these criteria and have been set as the target sample in this study. The questionnaire developed in this study used a Likert scale of 1-5, with the provisions of item value 1 (Disagree) to item value 5 (Strongly agree) to measure all variables. For each construct, the validity of each respondent's answer was assessed by testing the average value, correlation, and reliability.

Data were collected and analyzed using Partial Least Square (PLS), which is a comprehensive statistical approach to test hypotheses about the relationship between observed variables and latent variables. Based on the conceptual framework and hypotheses proposed in this study, structural equation modeling is used to answer research questions and test each proposed hypothesis.

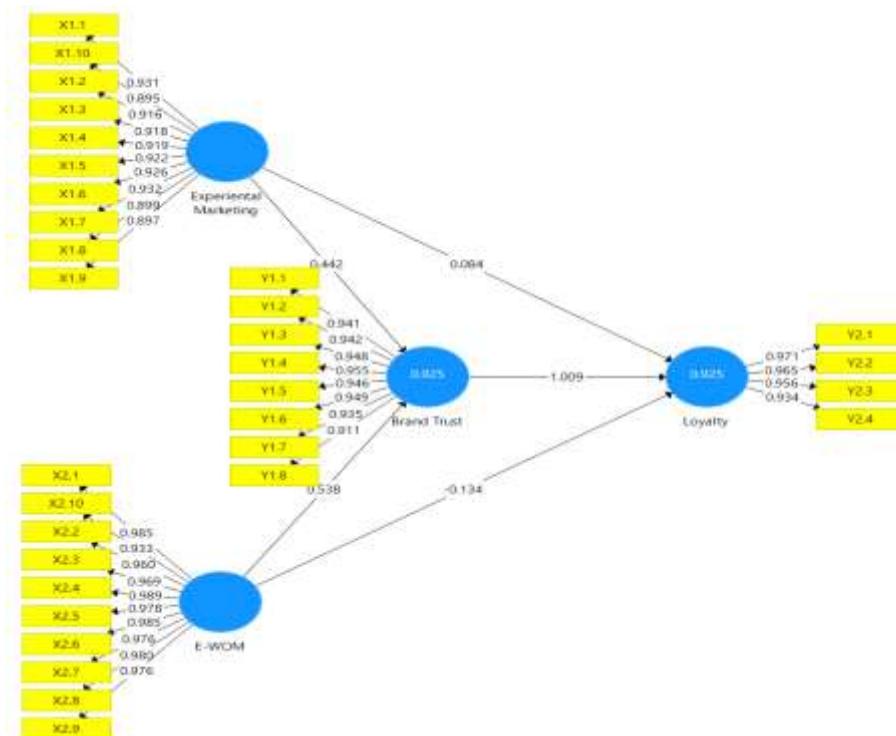
The data collection method for this research consisted of three stages. Firstly, the creation of an online application which was then distributed by links to respondents that met the criteria. Secondly, the completed data, from a sufficiently sized sample, were collected. Thirdly, the researchers analyzed the data by using the SMartPLS software application. The survey instrument used in this research had been adapted from some of the previous research.

## **RESULTS AND DISCUSSION**

There are two stages of testing in PLS analysis, the first stage is testing the outer model and the next stage is the inner model, the results of the outer model test in this study are as follows:

- a. Convergent validity is the validity that shows confirmation of the measurement of a construct through a certain measurement method (Tajuddin et al., 2015), the value of the construct measured can be said to be valid if it exceeds 0.70 (Ghozali, 2014), the convergent validity in this study is shown in Fig. 1, all values on the indicator arrows indicate that all variable items in the research questionnaire are

valid because the loading factor value is above 0.7.



Gambar 1. Outer Model Test (Convergent Validity)

- b. Discriminant validity was measured by comparing the average squared correlation (correlation variance) between constructs with the variance extracted for each construct (Tajuddin et al., 2015). In this study, discriminant validity is shown in Table 1. It shows that all items have measured the construct of the variable well, because the item value is higher in measuring one variable than measuring other variables.

Table 1. Discriminant Validity

| Item  | Brand Trust | E-WOM | Experiential Marketing | Loyalty |
|-------|-------------|-------|------------------------|---------|
| X1.1  | 0,880       | 0,833 | 0,931                  | 0,842   |
| X1.10 | 0,897       | 0,940 | 0,895                  | 0,868   |
| X1.2  | 0,806       | 0,777 | 0,916                  | 0,779   |
| X1.3  | 0,835       | 0,848 | 0,918                  | 0,805   |
| X1.4  | 0,896       | 0,885 | 0,919                  | 0,858   |
| X1.5  | 0,901       | 0,907 | 0,922                  | 0,872   |
| X1.6  | 0,874       | 0,869 | 0,926                  | 0,845   |
| X1.7  | 0,883       | 0,852 | 0,932                  | 0,848   |
| X1.8  | 0,821       | 0,784 | 0,899                  | 0,799   |
| X1.9  | 0,802       | 0,766 | 0,897                  | 0,789   |
| X2.1  | 0,938       | 0,985 | 0,910                  | 0,901   |
| X2.10 | 0,924       | 0,933 | 0,919                  | 0,900   |
| X2.2  | 0,891       | 0,960 | 0,858                  | 0,856   |

|      |       |       |       |       |
|------|-------|-------|-------|-------|
| X2.3 | 0,914 | 0,969 | 0,878 | 0,872 |
| X2.4 | 0,944 | 0,989 | 0,909 | 0,892 |
| X2.5 | 0,916 | 0,978 | 0,892 | 0,855 |
| X2.6 | 0,937 | 0,985 | 0,910 | 0,876 |
| X2.7 | 0,901 | 0,976 | 0,897 | 0,840 |
| X2.8 | 0,922 | 0,980 | 0,921 | 0,866 |
| X2.9 | 0,928 | 0,976 | 0,916 | 0,892 |
| Y1.1 | 0,941 | 0,946 | 0,914 | 0,909 |
| Y1.2 | 0,942 | 0,848 | 0,870 | 0,905 |
| Y1.3 | 0,948 | 0,863 | 0,866 | 0,914 |
| Y1.4 | 0,955 | 0,907 | 0,896 | 0,908 |
| Y1.5 | 0,946 | 0,878 | 0,875 | 0,916 |
| Y1.6 | 0,949 | 0,919 | 0,888 | 0,880 |
| Y1.7 | 0,935 | 0,904 | 0,890 | 0,871 |
| Y1.8 | 0,911 | 0,864 | 0,876 | 0,927 |
| Y2.1 | 0,912 | 0,850 | 0,864 | 0,971 |
| Y2.2 | 0,925 | 0,868 | 0,895 | 0,965 |
| Y2.3 | 0,929 | 0,877 | 0,870 | 0,956 |
| Y2.4 | 0,909 | 0,845 | 0,846 | 0,934 |

c. Reliability test, reliability testing can be seen from the value of Cronbach's alpha and composite reliability which if the value is more than 0.6, then the variable is declared to have passed the reliability test. The results of the reliability test in this study are as follows:

The next stage in the PLS analysis is the inner model test, and in this study the inner model test is shown as follows:

a. R-Square ( $R^2$ ): in this study, the value of R square is presented in table 2:

Table 2. R-Square

| Variable      | R Square |
|---------------|----------|
| Brand Trust   | 0,925    |
| Brand Loyalty | 0,925    |

The first R-square value shows that 92.5% of the application of Brand Trust (Y1) is influenced by the Experiential Marketing variable (X1) and the E-WOM variable (X2) at the Hotel in Malang City, while the remaining 7.5% is influenced by the variable others outside of research. The R-square value of Y2 is 92.5%, which means that the Brand Loyalty (Y2) variable in this study is influenced by

Experiential Marketing (X1), E-WOM (X2), Brand Trust (Y1), while the remaining 7.5% influenced by other variables outside the study.

b. Predictive Value: predictive value can be known through the formula:

$$Q^2 = 1 - (1 - R1^2) \times (1 - R2^2)$$

The calculation of predictive value in this study is as follows:

$$Q^2 = 1 - (1 - 0,925) \times (1 - 0,925) = 0,99$$

The Predictive Relevance (Q2) value is known to be 0.99, which means that the amount of data diversity from research that can be explained by the designed structural model is 95%. Based on these results, it can be said that the structural model in this study is quite good because it is closer to the value of 1.

- c. Hypothesis testing results The hypotheses compiled in this study are:

H1: Experiential Marketing has a significant effect on Brand Trust

H2: Experiential Marketing has a significant effect on Brand Loyalty

H3: E-WOM has a significant effect on Brand Trust

H4: E-WOM has a significant effect on Brand Loyalty

H5: Brand Trust has a significant effect on Brand Loyalty

The research hypothesis testing is described in table 3, as follows:

Tabel 3. Research Hypothesis

|     | <b>Original Sample (O)</b> | <b>Sample Mean (M)</b> | <b>Standard Deviation (STDEV)</b> | <b>T Statistics ( O/STDEV )</b> | <b>P Values</b> |
|-----|----------------------------|------------------------|-----------------------------------|---------------------------------|-----------------|
| H 1 | 0,442                      | 0,446                  | 0,055                             | 8,076                           | 0,000           |
| H 2 | 0,084                      | 0,085                  | 0,073                             | 1,139                           | 0,046           |
| H 3 | 0,538                      | 0,534                  | 0,054                             | 9,911                           | 0,000           |
| H 4 | 0,134                      | 0,136                  | 0,056                             | 2,384                           | 0,018           |
| H 5 | 1,009                      | 1,009                  | 0,079                             | 12,778                          | 0,000           |

The table above shows the level of each path. The path coefficient value of the Experiential Marketing variable to Brand Trust is 0.442 with a p-value of 0.000 (> 0.50). These results indicate that Experiential Marketing has a positive and significant influence on Brand Trust. The path coefficient value of the Experiential Marketing variable on Brand Loyalty is 0.084 with a p-value of 0.046 (> 0.50). These results indicate that Experiential Marketing has a positive and significant influence on Brand Loyalty. The path coefficient value of the E-WOM variable to Brand Trust is 0.538 with a p-value of 0.000 (> 0.50). These results indicate that E-WOM has a positive and significant influence on Brand Trust. The path coefficient value of the E-WOM variable on Brand Loyalty is 0.134 with a p-value of 0.018 (> 0.50). These results indicate that E-WOM has a positive and significant influence on Brand

Loyalty. The path coefficient value of the Brand Trust variable towards Brand Loyalty is 1.009 with a p-value of 0.000 (> 0.50). These results indicate that Brand Trust has a positive and significant influence on Brand Loyalty.

Based on behavioral theory, a person's response or reaction to a stimulus (Stimulus from outside), because the behavior occurs through the process of a stimulus to the individual and then the individual responds. Loyalty will emerge in consumers based on Experiential Marketing which is driven by E-WOM and Brand Trust so that consumer responses can be created.

The results show that Experiential Marketing has a significant effect on Brand Trust, this is in line with research conducted by Ramirez & Merungka (2018). Positive experiences obtained from hotels in the city of Malang will make the

expectations of consumers fulfilled. With the fulfillment of consumer expectations, there will be a sense of consumer confidence in the hotel. This hotel is a hotel with a unique concept, safe, comfortable, clean, and by implementing health protocols, so that hotel visitors have no doubts and worries about being infected with Covid when staying at the hotel. Experiential Marketing has a significant effect on Brand Loyalty, this is in line with the research of Shieh, Hwai-Shuh & Lai, Wei-Hsun (2017). The perceived experience related to the services and facilities provided by the hotel will lead to loyalty in consumers. They volunteered to share their best experiences during their stay at the hotel. However, the results of this study are inversely proportional to the results of research conducted by Chang (2021), in which the results showed that Experiential Marketing had no significant effect on Brand Loyalty.

E-WOM has a significant effect on Brand Trust, this is in line with the results of research conducted by Tran & Strutton (2020), telling experiences and being spread by word of mouth will create a sense of trust in people who hear the story. Hotel visitors will trust hotel reviews more than other people who have used the hotel's facilities and services. E-WOM has a significant effect on Brand Loyalty, this is in line with the results of research conducted by Zhang et al. (2021) and Dulek & Aydin (2020). Hotel visitors, before deciding which hotel to stay at, they will find out in advance the experiences of others regarding the hotel, therefore the experiences of others who are told to others or through social media will determine consumer decisions. Hotel visitors who are happy to share good experiences while using the hotel's facilities and services can be said to be loyal visitors, they can influence other people's points of view according to their point of view regarding the hotel.

Brand Trust has a significant effect on Brand Loyalty, this is in line with the results of research conducted by Atulkar (2020) and Gheorghe Orzan, Otilia–Elena Platon, Cristian Dragos Stefanescu, Mihai Orzan (2016). In a relationship that can be trusted, will make hotel visitors want to

establish a sustainable relationship. Hotel visitors who believe in the services and promises offered by the hotel, will make visitors willing to come back. The high visitor confidence in the hotel, the high level of visitor loyalty to the hotel.

## **CONCLUSION**

1. Experiential Marketing has a significant effect on Brand Trust. Positive experiences obtained from hotels in the city of Malang will make the expectations of consumers fulfilled.
2. Experiential Marketing has a significant effect on Brand Loyalty. The perceived experience related to the services and facilities provided by the hotel will lead to loyalty in consumers.
3. E-WOM has a significant effect on Brand Trust. Telling experiences and being spread by word of mouth will create a sense of trust in people who hear the story.
4. E-WOM has a significant effect on Brand Loyalty. Hotel visitors, before deciding which hotel to stay at, they will find out in advance the experiences of others regarding the hotel, therefore the experiences of others who are told to others or through social media will determine consumer decisions.
5. Brand Trust has a significant effect on Brand Loyalty. In a relationship that can be trusted, will make hotel visitors want to establish a sustainable relationship.

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