



From Sight to Sip: The Role of Sensory Marketing in Local Coffee Shops

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ABSTRACT

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Indonesia is a major coffee consumer, with around 25% enjoyed socially, enjoying coffee primarily while socializing with friends at cafes. However, the coffee shop industry faces intense competition due to market saturation. In the fiercely competitive coffee shop market, securing customer has emerged as a critical success factor. Customers are undeniably central to organizational success. The current research aims to analyze and empirically test these connections within the specific context of Bandung local coffee shops. A quantitative approach is employed through the distribution of questionnaires. The collected data will be analyzed using Smart PLS version 3.9. The results of this study can be used to inform strategies for implementing sensory marketing in coffee shop

INTRODUCTION

The coffee shop market has undergone a period of rapid expansion, marked by the proliferation of both multinational chains and independent local brands. This surge in competition has created a highly saturated landscape where differentiation is paramount. Nevertheless, the overall demand for coffee shop experiences, particularly in Indonesia, remains robust. Statista's (2023) data indicates a significant proportion of Indonesian coffee consumers view coffee shops as social gathering places, emphasizing the experiential aspect of coffee consumption. The competitive intensity is particularly pronounced in metropolitan areas such as Bandung. As detailed by Erlina and Hermawan (2021), the city has witnessed a proliferation of coffee shops characterized by diverse concepts, innovative flavors, and distinctive branding. This trend is a direct reflection of evolving consumer preferences, which now lean towards a wider array of coffee experiences. While large-scale, contemporary coffee shops were once favored, there is a growing inclination among Indonesian consumers towards smaller, more intimate establishments that prioritize coffee quality.

In the fiercely competitive coffee shop market, securing customer satisfaction has emerged as a critical success factor. Customers are undeniably central to organizational success. As the primary focus of strategic planning, organizations meticulously identify their target customer base and develop effective strategies to reach them. This involves careful market segmentation and product development aligned with customer needs and preferences. The significance of customers extends beyond the organization itself, influencing the broader business environment (Lemon & Verhoef, 2016). By prioritizing customer satisfaction, organizations build strong relationships with both existing and potential customers. Customer feedback is invaluable in enhancing product or service quality, ultimately increased customer satisfaction. Recognizing the crucial role of customers, organizations must invest in thorough customer research to ensure their strategies and offerings remain aligned with evolving customer expectations and needs (Aljumah et al., 2022).

In response to the escalating competition and the imperative to cultivate customer satisfaction, sensory marketing has emerged as a strategic approach. Contemporary marketing has shifted from a transactional focus to an experiential one, recognizing consumers' desire for unique and immersive experiences (C.-H. Kim & sung Jung, 2018). Sensory marketing capitalizes on this trend by creating multi-sensory environments that differentiate brands and foster deeper consumer connections. By strategically engaging the senses, businesses can enhance customer retention and brand recall. Research by Jang and Lee (2019) underscores the effectiveness of sensory marketing in differentiating products and influencing consumer decision-making. Moreover, Statista's (2019) findings on Indonesian coffee consumers' preferences highlight the importance of sensory

factors such as coffee quality, ambiance, and overall experience in shaping purchasing decisions within the coffee shop industry.

Thus, this study endeavors to examine the interconnectedness of sensory marketing elements and customer satisfaction. The paper is structured to present a theoretical foundation, followed by the formulation of research hypotheses and a conceptual framework. Subsequent sections detail the research methodology employed, present the findings and their analysis, offer a comprehensive discussion of the results, acknowledge the study's limitations, and conclude with recommendations for future research.

LITERATURE REVIEW

Sensory Marketing

Sensory marketing is a holistic marketing approach that harnesses the five human senses to create immersive brand experiences. According to Hulten (2020), this approach focuses on how businesses can leverage these senses to shape consumer perceptions and understanding of brands, products, and services.

1. **Visual:** Primarily relying on sight, are essential for attracting consumers and expressing the essence of a brand, including its identity, feelings, and beliefs. (Hulten, 2020).
2. **Auditory:** Incorporating sound, including ambient noise, vocal communication, and music, auditory elements contribute to the overall sensory experience.
3. **Taste:** Focusing on taste, gustatory experiences, particularly in the context of food and beverages, contribute to overall sensory satisfaction (Krishna & Elder, 2011). Additionally, aesthetic taste, pertaining to the visual appeal of products and environments, influences consumer perceptions (Schmitt et al., 1997).
4. **Olfactory:** Utilizing scents, whether natural or artificial, can affect consumers' thoughts, feelings, and actions. (Spence et al., 2014).
5. **Haptic:** Engaging the sense of touch, tactile elements facilitate consumer interactions with brands and products, impacting their perceptions and purchase decisions (Spence et al., 2014).

Customer Satisfaction

Customer satisfaction is a crucial concept in business, representing a customer's positive response to the level of fulfillment they experience from a product or service. It encompasses their assessment of the benefits received based on criteria they deem important (Oliver, 1997). Customer satisfaction has a significant influence on a business's long-term viability, competitive edge, and financial success. Satisfied customers are generally less concerned with price and less likely to be influenced by competitors, resulting in a dedicated customer patronage for the brand (Kataria & Saini, 2020). Customer satisfaction can

significantly enhance a company's performance. It has been conceptualized in two distinct ways: specific interaction satisfaction and general satisfaction. Specific interaction satisfaction refers to a customer's evaluation following their experience with a product or service in a particular transaction. In contrast, overall satisfaction reflects a customer's cumulative assessment of a product or service over time, influenced by their consumption experiences and total purchases (Mannan et al., 2017).

The Relationship between Sensory Marketing and Customer Satisfaction

Sensory marketing is a strategic approach aimed at leveraging consumer sensory experiences to foster a positive brand image and stimulate desired consumer behaviors (Hulten, 2011). By meticulously orchestrating sensory elements, marketers can effectively influence consumer expectations (Spence et al., 2014). Emerging research consistently demonstrates the efficacy of sensory marketing in enhancing customer satisfaction by fostering emotional bonds (Shahid et al., 2022). When compared to traditional marketing, sensory marketing has proven to yield superior outcomes in terms of customer satisfaction and prolonged customer engagement, particularly within the food and beverage industry. Moreover, the collective influence of all sensory stimuli on overall satisfaction is underscored, emphasizing the importance of a harmoniously designed sensory environment to optimize customer satisfaction (Haase & Wiedmann, 2018). Empirical studies carried out by Lee et al. (2020) has established a direct correlation between sensory marketing strategies and elevated customer satisfaction levels, providing robust support for the notion that sensory stimuli exert a significant impact on consumer perceptions and overall contentment. The dining experience, in particular, is profoundly influenced by the interplay of the five senses, collectively shaping consumer perceptions and emotions (Chang, 2020). Restaurants effectively utilize sensory marketing to enhance customer satisfaction by effectively communicating their offerings (Satti et al., 2021). It is noteworthy that visual cues can precede taste in influencing food perception, while other sensory elements, such as sound, impact consumption and taste judgment (Spence & SHANKAR, 2010). Given this evidence, the following hypothesis is proposed:

H1: Sensory marketing positively influences customer satisfaction

Based on the theoretical basis and previous research adopted from Silaban et al. (2023), it can be described through a framework in the form of the following figure:

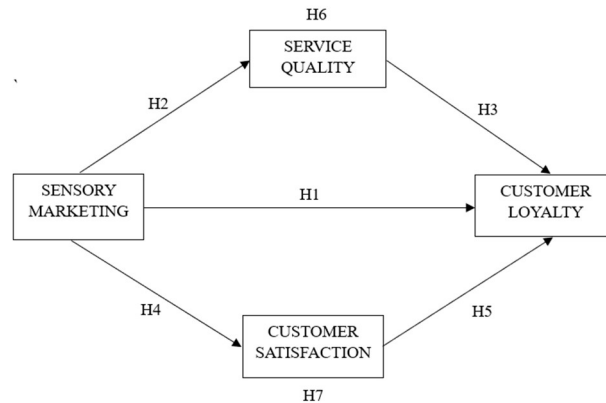


Figure 1. Conceptual Framework

METHODOLOGY

This research adopted a quantitative research design, specifically employing a descriptive approach grounded in positivist philosophy. To investigate the research objectives, data was acquired from a sample of 250 participants through an online survey utilizing a Likert scale. Primary data was obtained from the survey, while secondary data was sourced from academic literature and online resources. A non-probability sampling technique, incidental sampling, was utilized to select readily accessible participants. For data analysis, the Partial Least Squares (PLS) method was employed. PLS is a structural equation modeling technique capable of analyzing latent variables through their indicators. The analysis was performed using SmartPLS 3.9 software. It is important to note that PLS offers several advantages over traditional methods, such as flexibility in data distribution, reduced reliance on stringent theoretical foundations, and applicability to smaller sample sizes. Drawn from prior research, each of the fifteen measurement items for sensory marketing was collected from Silaban et al. (2023). Additionally, the five items for customer satisfaction were adapted from Dhisasmito & Kumar (2020), resulting in a total of 20 items.

RESULT AND DISCUSSION

To ensure the quality of the measurement instrument, the study conducted rigorous validity and reliability assessments. Validity tests were employed to verify the alignment between the measures and their underlying constructs. Convergent validity was established by examining indicator loadings, Average Variance Extracted (AVE), and extracted mean differences, adhering to established thresholds. Reliability tests, specifically internal consistency, were performed utilizing Partial Least Squares (PLS) analysis. Composite Reliability and Cronbach's Alpha were calculated to assess the instrument's consistency. These analyses were conducted using SmartPLS software.

Table 1. Convergent Validity Results

Variables	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Customer Satisfaction	0.852	0.893	0.626
Sensory Marketing	0.961	0.965	0.649

The reliability of the measurement instrument was evaluated using Cronbach's Alpha. This coefficient assesses how well the items within each variable (sensory marketing and customer satisfaction) consistently measure similar underlying construct. A Cronbach's Alpha value exceeding 0.7 is generally considered acceptable, with 0.8 representing an optimal level. Additionally, composite reliability, another measure of internal consistency, was calculated. For both metrics, a value above 0.7 indicates a high degree of reliability, suggesting that the items within each variable are consistent and dependable. The study aims to achieve Cronbach's Alpha and composite reliability values exceeding 0.7 for all latent variables, thus demonstrating the instrument's reliability. The AVE values for both sensory marketing and customer satisfaction surpassed the recommended threshold of 0.5, indicating strong convergent validity. This finding suggests that the measurement items effectively capture the essence of their respective constructs. The subsequent section will delve into the results of the discriminant validity assessment.

Table 2. Discriminant Validity Results

	Customer Satisfaction	Sensory Marketing
Customer Satisfaction	0.791	
Sensory Marketing	0.568	0.805

Table 3. R Square

Variable	R Square Adjusted
Customer Satisfaction	0.320

Table 4. Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Sensory Marketing -> Customer Satisfaction	0.568	0.576	0.034	16.703	0.000

Discriminant validity was calculated using the Fornell-Larcker criterion to establish the uniqueness of the constructs. This criterion matches the square root of each construct's AVE to its correlations with other constructs. The results in table 2 indicate that the square root of the AVE for each construct in the study

exceeded its corresponding correlations, fulfilling the Fornell-Larcker criterion. This suggests that the constructs are distinct and not overlapping, thereby demonstrating the instrument's discriminant validity.

The R-squared value measures how well the independent variables in the model explain the variability in the dependent variable. A higher R-squared indicates a better model fit, as it means that a larger proportion of the dependent variable's variation is explained by the independent variables. R-squared values range from 0 to 1, with values closer to 1 representing stronger model fit. Generally, R-squared values of 0.7, 0.5, and 0.2 are considered strong, moderate, and weak, respectively. Based on Table 3, this value suggests that 32% of the variation in customer satisfaction can be attributed to the sensory marketing variable included in the study. The remaining 68% of the variation is likely due to factors not considered in this research.

Table 4 presents crucial statistical values: t-statistics and p-values. To establish a significant relationship between variables, a p-value less than or equal to 0.05 ($p \leq 0.05$) is required, along with a t-value surpassing 1.96 ($t > 1.96$). As indicated in table 4, the t-statistics in this study exceed 1.96, verifying a substantial connection between the variables. The path coefficient table within the SmartPLS output, containing t-statistic values, enables the assessment of the predictive model's significance by examining the relationship between independent and dependent variables. In accordance with the findings of the current investigation, sensory marketing has a direct and positive influence on customer satisfaction, as validated by Moreira et al. (2017), Satti et al. (2023), Iglesias et al. (2019). Hypotheses is accepted, sensory marketing has a noticeable effect on customer satisfaction in local coffee shops.

CONCLUSION AND RECOMMENDATIONS

The present investigation sought to elucidate the formation of consumer satisfaction within coffee shop environments through the lens of perceived sensory experiences, encompassing visual, auditory, gustatory, olfactory, and tactile stimuli. With the aim of determining the influence of sensory marketing on satisfaction, this study delved into the extent to which these five sensory cues function as motivational factors directly impacting overall satisfaction. The empirical findings supported the hypothesis that sensory marketing significantly influences customer satisfaction, suggesting that the collective impact of all five senses contributes to the formation of consumer satisfaction within the coffee shop context.

Subsequent to the study's findings, local coffee shops have emerged as increasingly prominent targets for sensory marketing strategies. Given potential influence of sensory cues on customer satisfaction within this context, researchers should consider the influence of visual, auditory, taste, olfactory, and haptic

stimuli. This study therefore investigates the effectiveness of these sensory marketing cues as factors influencing customer satisfaction in the local coffee shop environment.

This research underscores the significance of sensory marketing as a long-term investment for businesses, particularly in the coffee shop sector. By crafting customer experiences that engage all five senses, enterprises can effectively differentiate themselves from competitors. This not only improves customer satisfaction but also fosters recurring business and positive recommendations. Moreover, restaurant owners should conduct market research to ascertain customer preferences related to their sensory experiences. The data gleaned from this study can be leveraged to tailor marketing strategies that align with the specific needs of the target demographic.

This research is specifically focused on local coffee shops to determine the role of sensory marketing in influencing customer satisfaction. Future studies could incorporate additional variables as connecting links or modifiers between sensory marketing and customer satisfaction. Additionally, comparative analyses between local coffee shops in different cities or countries could be conducted to identify similarities and differences in research outcomes. Further research could also delve deeper into this variable, extending beyond the coffee shop sector or the food and beverage industry to explore its applicability in other business sectors

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