

## Dimensions and Outcome of Experience Quality in Outdoor Dining Casual : The Case of Outdoor Cafe in Indonesia

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### Abstract

This study to determine the effect of experience quality on customer satisfaction and customer loyalty. The relationship between experience quality and customer loyalty indirectly through customer satisfaction is explained in this study. A total of 168 questionnaires were distributed to respondents who already had experience visiting and enjoying food in natural outdoor cafes in Malang, Indonesia. Data was collected by direct survey to respondents and analyzed using the Structural Equation Modeling (SEM) equation and then analyzed with three stages of inferential statistics. The demographics of the respondents were also described in this study. The findings of this study indicate that the emergence of millennial generations has made changes in lifestyle today. The results of hypothesis testing of this study prove that experience quality has a positive and significant influence on customer satisfaction and customer loyalty. Customer satisfaction plays a partial mediating role between experience quality variables and customer loyalty.

**Keywords:** experience quality, customer satisfaction, customer loyalty, outdoor cafe

### INTRODUCTION

The human aspect when making decisions is very important, this is the main focus of consumer behavior in consumer science disciplines [1] for this it needs to be studied further in the context of marketing. The results of the population census carried out by BPS in 2010 showed that the composition of the Indonesian population living in the city had reached 49.8% and was predicted to increase again in the following year. Changes in the composition of the population from village to city are not just geographical changes, but also cultural changes, social values, behaviors and thought patterns. In 2015 more than 33% of Indonesia's population were young residents aged 15-34, they were known as the millennial generation. Millennials are a generation that is unique and different from other generations. This is due to the influence of smartphones, the expansion of the internet network and the emergence of social networks that influence the mindset and values of adopted behavior.

The emergence of the millennial generation has made lifestyle changes, socializing activities that used to be secondary needs have now turned into primary needs. Socializing activities

are carried out in various places such as cafes, for which cafe owners must provide a comfortable place. This is a challenge in business competition to attract the attention of consumers so that they feel satisfied. To achieve competitive advantage business people must focus on customers so that they can improve long-term relationships [2]. The long term relationship is to get customer loyalty.

Customer loyalty is a behavioral impulse to purchase products or services repeatedly [3]. Customer loyalty will generally make purchases with more or more of the same products and services [4]. Customer loyalty can be formed based on customer satisfaction and experience quality, this can be seen from several previous studies conducted by [5], [6], [7], [8], [9], [10], [11] and [12]. Customer satisfaction can be defined as the extent to which customer needs and desires can be fulfilled in accordance with expectations so as to encourage customer behavior to re-purchase and become customer loyalty [13]. Customer satisfaction can be known from the results of experience quality. Experience quality comes from customer interaction with the product, company or part of the organization that triggers customer involvement reactions [14]. Quality experience is a customer's internal and subjective response through direct or indirect contact with the company [15].

The research conducted by [10] proves that experience quality is a determinant of customer

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satisfaction in visitors to the Fancyworld Janfusan Taiwan tourist park, but research [22] rejected these findings. [28] conducted research on restaurant consumers in the United States. The results of his research show that overall experience quality has different influences depending on the customer's perception of the quality of their relationship, so if there is no good quality relationship customer loyalty will not be well formed. There are other studies that are inconsistent with some previous studies [23] showing the results of research on hotel guests that experience quality consisting of social interaction and physical environment has a direct relationship to customer loyalty, but only one indicator of social interaction that has a significant effect on customers loyalty. Based on the differences in results, this study aims to determine the effect of experience quality on customer satisfaction and customer loyalty. This study also examines the indirect effect of the relationship between experience quality and customer loyalty through customer satisfaction.

**MATERIAL AND METHOD**

This study uses explanatory types which aim to provide an explanation of the causal relationship between variables with one another through hypothesis testing [16]. The variables described in this study are experience quality, customer satisfaction, and customer loyalty. The communication approach used in this study is a survey method that is by using an intercept survey which is a direct approach to visitors when conducting survey activities at the research site. The location of this study was carried out at natural nuance outdoor cafes in Malang City, Indonesia, with the object of the research being examined were consumers or visitors of natural outdoor cafes. The conceptual research is as follows:



**Figure 1.** Conceptual Research Model

**Data Collection**

The data collection technique in this study was a direct survey of respondents using a questionnaire. The research questionnaire contains several statements using the Likert scale as a measurement scale. The item measuring the

experience quality variable used in this study adopts from previous research conducted by [10], the customer satisfaction variable adopts previous research conducted by [16] and customer loyalty variables to adopt previous studies conducted by [17].

The population used in this study is all consumers or visitors of natural outdoor cafes in Malang, Indonesia who have purchased and enjoyed the products and services provided by outdoor nuances cafes in Malang. The population characteristics in this study were consumers aged 18 years and over and had made purchases at outdoor cafes with natural nuances for at least one purchase. Because the population in this study is infinite, the sample in this study was determined using the formula [18] so that a total sample of 168 respondents was obtained. The sampling technique in this study was conducted in two stages (two stage sampling). The first stage of sampling in this study by determining the choice of outdoor cafes using sampling area techniques based on natural nuanced criteria. The second stage of sampling in this study was to determine the respondents selected using a purposive sampling technique based on the criteria of the study population.

**RESULT AND DISCUSSION**

Profile of this study sample is explained in Table 1. Based on the results of the descriptive analysis of the respondents it can be seen that of the total number of respondents analyzed 168 people as large female, aged 18-23 years, have the status of students with the last education of high school.

Most of the respondents got information about outdoor cafes with natural nuances from their social media. Some respondents who come to outdoor cafes are consumers who have visited more than 2 times. Based on the characteristics of respondents, it can be seen that the emergence of the millennial generation did experience changes in lifestyle, socializing activities that used to be secondary needs have now become a primary need when viewed from the intensity of visiting and making purchases in outdoor cafes with natural nuances.

**Table 1.** Respondent Demographic Characteristics

No	Information	Amount	%
1	<b>Sex</b>		
	Male	65	38,70
	Female	103	61,30
2	<b>Age (Years)</b>		
	18-23	84	50,00
	24-29	52	30,95

30-35	20	11,90
36-41	8	4,76
42-47	3	1,79
48-53	0	0
54-59	1	0,60
<b>3 Education</b>		
Junior High Shcool	2	1,20
Senior High Shcool	65	38,70
Diploma	15	8,90
Bachelor	71	42,30
Masters	14	8,30
Dokorate	1	0,60
<b>4 Status/Job</b>		
Not Working	2	1,20
House Wife	5	3,00
Students	66	39,30
Employees	34	20,25
Government Employees	11	6,50
Profession	10	5,95
Self Employed	37	22,00
Entrepreneurship	3	1,80
<b>5 Information about Cafes</b>		
Friend	68	40,50
Sosial Media	80	47,60
Family	14	8,30
Close to Home	6	3,60
<b>6 Number of visit to the Cafe</b>		
>2 times	133	79,20
2 times	35	20,80
<b>7 Café Names that are frequently visited</b>		
Cokelat Klasik	74	44,00
Bukit Delight	36	21,40
Oikii Kafe dan Resto	20	11,90
Green Barn Eatery	19	11,30
Soima Rustic	7	4,20
Warung Nakamo	7	4,20
Secret Garden	5	3,00
<b>8 Intensity Visiting the cafe</b>		
1-3 times	154	91,70
> 3 times	14	9,30
<b>9 Willingness to Recommend Cafe Outdoor</b>		
Yes	165	98,20
Not	3	1,80

Sources: processed primary data (2018)

**Table 2** shows that the overall factor loading value is  $> 0.5$  so that it can be said to be valid. The results of the cross loading value of this study indicate the value of each variable is greater than the value of the other variables so that it can be said to be valid discriminant. The AVE value used in the study is  $\geq 0.5$ . After that, the evaluation is done by looking at the composite reliability value and cronbach alpha to assess the reliability of variable constructs. Table 2 shows the overall AVE value  $\geq 0.5$  and the composite reliability value and cronbach alpha  $> 0.7$  so that it can be said to be reliable.

**Table 2.** Construction Validity and Reliability

Variable	Cronbach's Alpha	Composite Reliability	AVE
EXQ	0.908	0.923	0.500
CS	0.894	0.914	0.543
CL	0.858	0.890	0.503

Sources: processed primary data (2018)

The evaluation results of testing the inner model using SmartPLS can be seen from the results of the R-square value on and Predictive Relevance (Q2). Table 3 shows the results of the R-square value as follows:

**Table 3.** R-square

Dependent Variable	R-Square
CS	0.543
CL	0.503

Sources: processed primary data (2018)

Predictive relevance value (Q2) is used to determine the overall goodness of fit. Goodness of fit model testing is done by using the total determination coefficient, where the test results can explain how much the path model formed is able to represent the observed data. Q2 can be calculated based on the results of the R-square value with the following formula:

$$\begin{aligned} \text{Value of Q2} &= 1 - (1 - R1^2) \times (1 - R2^2) \\ &= 1 - (1 - 0,543) \times (1 - 0.503) \\ &= 1 - (0.457 \times 0.497) \\ &= 1 - 0.227 = 0.773 \end{aligned}$$

Based on the results of the calculation of the Q2 values above, it can be seen that the Q2 value is 0.773 which means that the diversity of data from the structural equation model designed can be explained at 77.3% and the remaining 22.7% is explained by other factors outside the research model used so that the structural model in the study this can be said to have good goodness of fit. The last analysis in this study was hypothesis testing using the bootstrapping method. Hypothesis testing is done by looking at the probability value and t-statistic, the results are said to be significant if the p-value is less than 0.05 and the calculated value is greater t-table value 1.960. If you have fulfilled this assumption, the research hypothesis can be accepted.

**Table 4.** Path Coefficient

Variable	Original Sample	Satndard Deviation	T Statistic
EXQ>CS	0.782	0.031	25.391
EXQ>CL	0.356	0.076	4.664
CS>CL	0.515	0.070	7.316
EXQ>CS>CS	0.403	0.058	6.997

Sources: processed primary data (2018)

**Table 4** shows the results of hypothesis testing between variables. The effect of experience quality on customer satisfaction

shows the path coefficient value of 0.782 with a t-count value of 25,391 and a p-value of 0,000. These results indicate experience quality directly has a positive and significant influence on customer satisfaction so that it can be said that the first hypothesis proposed in this study was accepted. Based on these results it can be seen if the experience quality variable is increased, customer satisfaction will also increase. The results of this study are in accordance with the results of research conducted by [5], [8], [9], [10] and [21]. The findings of this study reject the results of previous studies conducted by [22] that experience quality does not directly affect customer satisfaction. In this case the main purpose of the cafe is to get customer satisfaction so that consumers will get experience from evaluating the entire product and service that has been purchased.

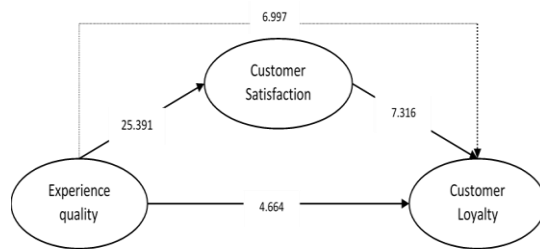
The effect of experience quality on customer loyalty shows the path coefficient value of 0.356 with t-count of 4.664 and the p-value of 0.000. These results indicate that experience quality directly has a positive and significant influence on customer loyalty so that it can be said that the second hypothesis proposed in this study is accepted. Based on these results it can be seen if the experience quality variable is increased, customer loyalty will also increase. The results of this study are in line with the results of previous studies conducted by [8] and [23]. In this case customer loyalty is the ultimate destination of the cafe so that by enhancing a good and memorable experience consumers will make repeat purchases, give positive comments and recommend to others.

The effect of customer satisfaction on customer loyalty shows the path coefficient value of 0.515 with t-count of 7.316 and a p-value of 0.000. These results indicate that customer satisfaction directly has a positive and significant influence on customer loyalty. Based on these results it can be seen if the experience quality variable is increased, customer loyalty will also increase. The findings of this study are in accordance with the results of previous studies conducted by [24] and [25]. The findings of this study also prove the findings of previous studies conducted by [7] that customer satisfaction is a predictor of customer loyalty in amusement parks in Kuala Lumpur and Selangor, Malaysia. In this study satisfaction is a trigger for customer loyalty, if the consumer feels satisfaction as expected, he will become a customer loyalty by making a repeat purchase, giving positive

comments and recommending others to make purchases at outdoor cafes.

The indirect effect between experience quality on customer loyalty through customer satisfaction shows the path coefficient value of 0.403 with t-count of 6.997 and the value of p-values of 0.000. based on the results of these values can be known if customer satisfaction is increased then indirectly can increase the value of customer loyalty. Indirect influence between experience quality variables and customer loyalty shows a value greater than the coefficient value of direct influence so that it can be said that customer satisfaction can be said to be a partially mediating variable. The role of the customer satisfaction mediation relationship is in accordance with research [17]. Figure 2 shows each influence of relationships between variables.

**Figure 2.** Tested Hypothesis Model



**CONCLUSION**

Results of this study are in accordance with the opinion [26] that customer experience is an input from the state of subjective awareness with various symbolic meanings, hedonic responses, and aesthetic criteria so as to produce output in the form of customer satisfaction. The research findings are also in accordance with research [5] that experience quality is the affective and cognitive aspects that result from service when visiting and making purchases so that it can lead to results from attitudes such as satisfaction and behavioral outcomes such as loyalty and word of mouth. The results of this study are also in accordance with the opinions expressed by [27] that satisfaction is the overall evaluation of the product or service purchased based on previous experience.

Overall the findings of this study prove that customer loyalty can be formed on feelings of satisfaction felt by consumers based on the experience of products and services that have been purchased. This finding proves that experience quality variable is a predictor of customer satisfaction in accordance with the

results of previous studies conducted by [10]. The memorable experience that consumers get when visiting and making purchases will result in feelings of satisfaction for consumers. Customer satisfaction variable is a predictor of customer loyalty in line with the results of previous studies conducted by [7]. Satisfaction felt by consumers when visiting and making purchases can shape the behavior of loyalty for consumers to communicate word of mouth positively.

Customer satisfaction has a partial mediation role in this research which means that without satisfaction, consumers do not directly become customer loyalty. This is in line with the results of the study [17] regarding the mediating role of customer satisfaction. For that business people need to consider experience quality if they want to make customer satisfaction so that they will get customer loyalty for long-term business continuity. Natural outdoor cafes can take advantage of experience quality as one of the leading strategies to compete with other cafes. The strategy is to experience the outdoor cafe concept with natural nuances that are only found on the Joyo Agung hillside road. Therefore outdoor cafes with natural nuances must improve the quality of interaction, the physical environment, the quality of the results and the quality of the ease of access to visit.

This research develops attitude theory developed by [29] that customer satisfaction is the result of affective attitudes formed by cognitive attitudes namely experience quality and customer loyalty is the output of affective and cognitive attitudes namely experience quality and customer satisfaction. The limitation of this study is that the sample of this study was aimed at all consumers aged from 18 years to 56 years, this could allow respondents to have different goals because of the different backgrounds so that the characteristics of the respondents' results could have different experiences. Future research might be able to add other variables to customer loyalty determinants and examine different objects.

#### **ACKNOWLEDGEMENT**

The author would like to thank Mr. Edy Yulianto and Mrs. Andriani Kusumawati, as a promotor.

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