The Experiential Marketing, Experience Engagement, Reference Group, and Customer Satisfaction Toward Purchase Intention of Virtual Hotel Operators (VHO): Indonesian Context

Erta[1], Ika Diyah Candra Arifah[2], Zainur Rahman[3], Hapsari Cinta[4]

[1,2,3,4]Universitas Negeri Surabaya

ABSTRACT: Budget traveling has developed to become a potential niche market in the hospitality industry as an increasing number of backpackers and domestic tourists with limited disposable income. This niche market has grown to become a multi-billion dollar market globally as its ability to develop the economy through more job opportunity, enforce small accommodation service with low overhead-cost and shift local product increase of destination country such as Virtual Hotel Operators (VHO). This business model provides rented accommodation in which services are accessible on the official website and mobile application. As a marketplace, it enables guest and hotel operators to meet, deal, and finalize accommodation booking transactions online. This study analyzes the influence of experiential marketing, experience engagement, reference group and customer satisfaction on repurchase intention of VHO consumers. The result shows a positive relationship between experiential marketing, experience engagement, VHO consumer reference groups, customer satisfaction, and purchase intention. These results support previous research investigating a so-called "experience profile," which consumer summarize and evaluate memory experiences by combining their sequential experiences received by their senses which provided by company's experiential marketing channels.

KEYWORDS: experiential marketing, experience engagement, reference group, customer satisfaction, purchase intention, Virtual Hotel Operator

INTRODUCTION

Indonesia is one of the largest tourism industry in the world. In 2019, this country attracted 1.16 million visitors worldwide that grew about 5.22 % compared to the previous year. This growth is almost double the global average of about 3.9%, and beyond the Indonesian economy, which grew 5.1 %/year (WTTC, 2019). This great economy sector has contributed about USD 62.2 billion, created 13 million more jobs, and contributed about 6% to Indonesian Gross Domestic Product. Visa reformation and deregulation of tourism business are considered as the influential factors to this growth. This posits Indonesia as the third-largest tourism country behind Thailand and the Philippines in South East Asia.

Furthermore, budget traveling has developed to become a potential niche market in the hospitality industry as an increasing number of backpackers and domestic tourists with limited disposable income (Samy, 2016). This niche market has grown to become a multi-billion dollar market globally as its ability to develop the economy through more job opportunity, enforce small accommodation service with low overhead-cost and shift local product increase of destination country (Scheyvens, 2002). Low-budget travelers usually only need a clean room, sheets, and basic amenities in their selected accommodation (Wiastuti et al., 2016).

Following the emergence of the internet in the 1990s that change how products and services are distributed across the world (Berne et al., 2012), a revolutionary business model has taken attention from the temporary accommodation industry. This business model and platform are called Virtual Hotel Operators. The Virtual Hotel Operators (VHO) is an online platform that listing accommodation where guests could select and book accommodations. It is a business model that provides rented accommodation in which services are accessible on the official website and mobile application. As a marketplace, it enables guest and hotel operators to meet, deal, and finalize accommodation booking transactions online (Brown & Lu, 2016).

Recognized as a disruption in the hospitality industry, the VHO concept was brought by Airbnb about 10 years ago and has become a mainstream service and business model now (Choudary, 2014). Nowadays, many international and local VHO has flooded the Indonesian market with various services such as Airy Rooms (Indonesia), RedDoorz (India), Zen Rooms (Korea), OYO

The Experiential Marketing, Experience Engagement, Reference Group, and Customer Satisfaction Toward Purchase Intention of Virtual Hotel Operators (VHO): Indonesian Context

(India), Tinggal (Singapore), and Nida Rooms (Indonesia). Each of these VHOs has operated and cooperated with hundreds of hotel operators in the Southeast Asia region. This business concept basically does not have a hotel and chooses a hotel, guesthouse, apartment, or hostel operator that has a minimum of 50 rooms, has a clean hotel room, mid and economy segment (with prices per night starting at USD 150), and a strategic location and then rebranding the hotel with the brand VHO. Furthermore, VHO also conducted an unplanned audit to maintain quality standards and inspect the room and hotel facilities based on service guarantee value before rebranding it. The revenue model does not include a fee but a mark-up of the net price that the hotel offers to VHO. It shows that VHO aims to make affordable hotel services, bring the best economy hotel, audit the hotel, develop facilities, and implement monthly quality control for the hotel.

Furthermore, VHO offers more options to access hotel information from the consumer perspective, including booking process, facilities, payment, location benefit through VHO's website and mobile application. The consumer also could find a glimpse of information or promotional event through VHO's social media. The ease of doing windows shopping and accessing reliable information from various accommodation options on the website and mobile apps from VHO is one of the different experiences offered by VHO compared to conventional hotels, which seem quite late in responding to these needs and trends (Margarido, 2015). This new experience can be categorized as an outcome of experiential marketing implemented by VHO. Usually, experiential marketing appears as a supporter of value-based pricing so that the average accommodation business is applied to the mid and high segment. However, referring to the understanding that experiential marketing is part of the experience economy has the aim of "creating a new valuable experience" related to the type of product, service, and the process of choosing the product and service, making it also needed by attracting low and mid economy segments (Pine & Gilmore, 2003; Guo et al., 2013). This is because the experiential economy and experiential marketing not only emerge as an alternative to the low-price oriented economy but can also be seen as a large investment of a low-budget accommodation business to increase its competitive advantage because price war in mid and low rates is felt it is no longer relevant in winning the competition (Guo et al., 2013).

Another fact supporting this statement is that VHO maintains its business sustainability and competitiveness with fellow VHOs and conventional hotels by developing products that target the low, mid, and premium segments (Guo et al., 2013). For example, VHO and conventional hotels are now scrambling to get strategic locations in various parts of the country that have not been touched before but have new tourism potential (Reference). Furthermore, sense marketing is part of experiential marketing that was recently developed due to the increasing needs of consumers for products or services that can provide more pleasure and excitement that they can feel through their five senses (Hultén et al., 2015).

The marketing experts discuss the influence of multisensory processing on consumer perception and consumer behavior such as the inter-sensory impact and synergy of taste and sight (Hoegg & Alba, 2007); touch and sight (Raghubir & Krishna, 1999), taste and sound (Zampini & Spence, 2004; Krishna & Morrin, 2008). The consideration of examining customer experience is based on some consumer segmentation based on psychographic approaches such as experience-seeker and consumer nature as rational and emotional people who strive for the best experience. There is the categorization of experience based on Schmitt (2010) such as *"strategic experiential modules (SEM): sensory experience (SENSE); affective experience (FEEL); creative cognitive experience (THINK); physical experience, behavior, and lifestyle (ACT); and experiences of social identity that result from being related to reference groups or culture (RELATED)"*. The consumer experience is manifested by communication, electronic media sharing, visual and verbal identity, product presence, etc.

The creation of experiential marketing and marketing sense positively influences customer satisfaction and purchase intention (Walsh et al., 2001; Anggie & Haryanto, 2011; Khan & Rahman, 2015; Garcia et al., 2018). This is supported by several previous studies from Razi & Lajevardi (2016), which revealed experiential marketing and sense marketing applied by the burger franchise in Iran are indispensable factors in increasing customer satisfaction and positively influencing purchase intention. In more detail, Josephine & Ja-Shen (2006) revealed that virtual experiential marketing positively influences virtual online purchases. Meanwhile, the study about the positive relationship of experiential marketing that conducted online or offline on purchase intention in the hotel sector also proved by Garcia et al. (2018).

Furthermore, several studies on hotel consumer behavior also revealed that consumer reviews (reference group) also had a positive influence on AiryRooms (one of VHO in Indonesia) consumer purchase intentions (Kurnia & Sulistiani, 2019). A positive relationship of customer experience engagement on loyalty which mediated by customer satisfaction in mobile apps and travel planning apps services has studied by Carlson et al. (2017) and Thakur (2019). Moreover, Choi & Kandampully (2019) focus more on the hotel atmosphere, affecting customer satisfaction and engagement.

Most previous studies analyzed experiential marketing's impact and reference group on customer satisfaction and purchase intention. Nevertheless, these previous studies did not analyze consumers' experience engagement after being exposed to experience marketing touchpoints. Therefore, this study objective is examining the effect of VHO's consumer depth-

The Experiential Marketing, Experience Engagement, Reference Group, and Customer Satisfaction Toward Purchase Intention of Virtual Hotel Operators (VHO): Indonesian Context

participation in experience marketing through experience engagement and reference group on customer satisfaction and purchase intention. Thus, this research is expected to provide managerial implications for VHO developers to adjust their marketing strategy based on consumers' main driving factors to revisit their hotels. This study's managerial implication is providing suggestion for VHO managers in concerning their consumer's interest to map the competitive advantage of VHO sustainably as a driver of economic progress based on tourism.

LITERATURE REVIEW
Experiential Marketing
In the new marketing period, experiential marketing focuses on providing an experience of consumers to extraordinary brands to the target customers, which will add value/benefit to consumers' lives and make consumers always remember it. It is not because the brand is intensely promote its product or service, but because the brand can provide an unforgettable experience (Smilansky, 2009).

Humans talk about experiences because life is really a combination of everyday and real experiences. Experience gives true life packed in normal life. Experience includes all life elements and is usually caused by passive or active participation in events including virtual events. Experiences are induced and usually not faked (Schmitt, 1999). What is called experience is what the firm creates as a platform of service, using the product as an instrument and surrounding it with the customer to create an activity the customer deserves to remember. The experiences are supposed to be unforgettable and could stayed in everyone's heart, as the result of physical, emotional, and personal knowledge. It is an interaction of events and personal thoughts which results no identical experiences of each individual (Pine and Gilmore, 2003). In everyday life, humans are always involved in negative or positive brand experiences, and they tend to discuss it with others in their social interactions throughout the day or even for long periods of time. Giving something positive to consumers, from their sacrifice in the form of money to buy products, strengthening and building tangible relationships between brands and consumers is inevitable. This is why experiential marketing has revolutionized the face of marketing (Smilansky, 2009).

Through the media or other marketing channels, marketing communication messages exist to communicate with different consumers or business sectors. In contrast to these traditional marketing communications, the experiential approach focuses on real-time two-way interactions, direct brand experiences, and an intense brand-consumer process of bonding. Hands-on brand interactions typically divulge themselves in the live events form that concede customers to live, breathe and feel the brand through mesmeric sensory links and activities (O'Brien & Toms, 2013). These activities are usually structured to provide meaning to target segment. Experiential marketing is also a method of recognizing and fulfilling client desires and desires in an effective manner, addressing them through two-way interaction that promotes brand personality and brings value to the target segments (Schmitt, 2010). Marketing experience or consumer experience is broader and extends the idea of experience to encounters, partnerships or event situations only. Combination of inputs and outputs cause actions or feedback loop (Lasalle and Britton, 2002, p.30). Meanwhile, Kishka (2003) views experience management as assessing and handling positive and/or neutral consumer feedback.

Gentile et al. (2007) note that: (1) the senses of taste, sight, touch, and sound elicit the enjoyment of aesthetic, excitement, and satisfaction; (2) emotions, moods, and emotional experiences elicit confidence that a relationship with the business will be a successful one; (3) experiences are linked to conscious mental thought and processes, which cause consumers to reconsider their conclusions about a product; (4) practical experience provides a practical act, and consumers get to use the product; (5) consumer experiences that result from lifestyle values and beliefs are the way consumers can relate to others and can be loyal to them, and that those who help build the relationship will be trusted partners (experiences, emerging from social contexts and relationships, which occur during general consumption as part of a real or imagined community or with a corporate social identity). This research reveals that "consumers of these brands feel complex experiences." Each product uses more than one element, and the affiliation between elements depends on the product's characteristics itself. These elements are not triggered individually but have overlapping relationships and increase the probability of becoming interesting in the intensely immersive - or "holistic" - existence of encounters of experiences. Brand experience has a psychological component, and different thoughts, insights, and cognitive emotions can be triggered by goods (Brakus et al. 2009).

However, in reality, it is challenging to measure a consumer's experience. Therefore, this study uses the Brand Experience Scale as an indicator to evaluate experience marketing. Schmidt (1999) first developed the brand experience scale, known as the strategic experiential module consisting of *"SENSE, FEEL, THINK, ACT, and RELATE"*. "Sense" emphasizes the experience captured by the five senses: vision, hearing, smell, taste, and touch that provide pleasure, joy, and aesthetic satisfaction. Marketing sense focuses on the customer's inner feelings and emotions to create an emotional experience for them, especially during the

consumption period. "Feel" is obtained from what stimuli can trigger emotions and encourage consumers to participate automatically. "Think" uses consumer intelligence, which can create creative cognitive thinking to solve consumer problems or evaluate companies and products. "Act" comes from physical experiences, lifestyle, and interactions. Act enhances new physical experiences instead of old lifestyles, generates interactions, and enriches consumers' lives when consuming goods or services. "Relate" derives from the need for self-improvement (e.g. those referring to the perfect self) which allows others to express favourable emotions in order to associate individuals with more social structures. Furthermore, Schmitt and Zarantonello (2010) used this Brand Experience Scale to distinguish between those customers who vary in their brand experience. This experiential dimension includes sensory-effective, intellectual cognitive, and behavioural and action-oriented components described in Table 3.1 below.

Table 1. Brand Experience Scale

Type of Experience	Indicator Statement
Sensory (SENSE)	EM1: This brand has a good visual appeal.
	EM2: This brand appealed to my senses.
Affective (FEEL)	EM3: This brand creates emotions.
	EM4: This brand creates emotions that can trigger sentiments.
Behavioural (ACT & RELATED)	EM 5: When I use this brand, I am more apt to indulge in such physical actions.
	EM6: This brand results in specific emotional reactions.
Intellectual (THINK)	EM7: I am knowledgeable when I talk about the brand.
	EM8: This brand strengthens my problem-solving capabilities and analytical interest.

Source: Schmitt (1999); Schmitt and L. Zarantonello (2009).

Several previous studies on the effect of experience marketing on purchase intention have been carried out by Anggie & Haryanto (2011) and Khan & Rahman (2014) the findings of the analysis indicate a correlation between experience marketing on consumer loyalty and purchasing intention. From the explanation above, the hypothesis of this research is:

  H1: Experience marketing has a positive and direct effect on the purchasing intention in the VHO service.

H2: Customer satisfaction mediates the influence of experience marketing on purchase intention in VHO service.

Experience Engagement

Experiences occur at different stages of information collection, decision-making and consumption. Lasalle and Britton (2002) introduced a five-stage experience interaction model. The first is the "Discover" stage where the customer discovers goods and services to meet particular needs). The second is "Assess" when the user attempts to recognize alternative alternatives, compares them and, by applying different decision and option laws, narrows them down to desired choices). The third is "Acquire" when customers develop time and resources to shop and purchase a product). The fourth is "integrate" as customers integrate transactions into their everyday lives, for example by using products-based services). The fifth is "Extend" where there is a sustainable partnership and a customer bond with a brand).

All of these phases combine to create touch points, between the firm, its services and products, and the consumers. A "brand touch point wheel," including pre-payment, payment, and post-payment experience phases (Davis and Longoria, 2003). Our work aimed to identify and quantify user engagement. It is to describe why people use a particular application (Sutcliffe, 2010, p. 3).

The level of engagement in an experience is based on how well they appeal to our senses, the willingness of the participant to participate and participate in the experience, and how enjoyable the user thinks the experience is (O'Brien & Toms, 2013). It depends on the involvement the individual can obtain with respect to each experiential attribute. User engagement is important, but it does not necessarily lead to user satisfaction (Quesenbury, 2003; O'Brien & Toms, 2013)

Engagement includes the system's usability, aesthetic appeal, content, mood, and the user's use of the system (Norman, 1986; Laurel, 1993; Jacques, Carey & Preece, 1995). The authors found several factors that make for an engaging site, such as attention, challenge, feedback, control, novelty, interest, motivation, and sensory appeal. Context might be important as well, for example, to measure whether people enjoy using a product (O'Brien, 2013). Table 2 summarizes the touchpoints that can create experience engagement in the following table:

The Experiential Marketing, Experience Engagement, Reference Group, and Customer Satisfaction Toward Purchase Intention of Virtual Hotel Operators (VHO): Indonesian Context

Table 2. Touch points, Experiential Marketing Mix and Attached Experience Engagement

Touch points	Experiential Marketing Mix	Experience Engagement Factor	Engagement Outcome	Indicator Statement
Pre-purchase touch points	Advertising, public relation, web sites, social media, direct mail/samples, coupon and incentives, deals and promotion	Aesthetic Appeal (AA)	Discover and evaluate	EE1: I like the visual appearance of the hotel operator's website. EE2: The hotel operator's website is user friendly EE3: I usually use the promotion code or discount offer to get the best price. EE4: The hotel design, facilities, and furniture are elegant and worth to see.
Purchase touch points	Design, point-of-purchase displays, atmosphere, hotel location, salespeople, and sales environments.	Felt involvement (FI) Focused Attention (FA) Novelty (NO)	Acquire and integrate	EE5: I was drawn by other's customer experience review that presented on the website. EE6: I was attracted by picture and video about hotel operators on the hotel website and social media EE7: I have the incredible and unforgettable experience of using hotel facilities. EE8: I think the hotel staff is accommodating and professional. EE9: I am focused on the exterior and interior design when I have arrived at the hotel. EE10: I like the simplicity of the amenities provided by the hotel. EE11: I like the menu variation of the restaurant and bar of the hotel (if any) EE12: Compare to another hotel, I prefer this hotel as my top list EE13: I am interested in how the hotel maintains its quality. EE14: I want to know how the menu is served. EE15: I want to involve in how the service is served (having a different experience than before) EE16: I think the hotel service is unique.

Post-purchase touch points	Service and package performance, customer service, newsletters, and loyalty programs.	Endurability (EN)	Extend	EE17: I think the hotel operator's online service is helpful
				EE18: I think the content provided in the hotel operator's online service is complete and inviting
				EE19: I like almost all the services offered by the hotel.
				EE20: I will recommend the hotel operator's online service to my colleagues by sharing the web link on my social media

Source: Lasalle & Britton (2002); Longoria (2003); O'Brien (2012)

Therefore, we hypothesize that:

H3: Experience engagement has a positive and direct impact on purchase intention in the VHO service.

H4: Customer satisfaction mediates the influence of experience engagement on purchase intention in VHO service.

REFERENCE GROUP

Reference group might give general service evaluation (Duverger, 2013). Reviews by online customers significantly impact sales (Duverger, 2013) and purchase intention (Lee and Shin, 2014). For the last few years, reference group have been an important consideration in the lodging industry related to the following factors: the quality of the review, quantity, and consistency. (Xie et al., 2016). Potential customers consider their reference group suggestion or advice for decreased the risk and uncertainty related to the purchasing process. Then, suggestions and recommendations can help determine the level of trust by customers (Sparks dan Browning, 2011). A reference group was measured using a four-item scale, which is fully self-developed, from the dimension of informational influence based on the studies by Bearden et al. (1989), Childers and Rao (1992), and Cheah et al. (2015). The reference group concept is meant to enable the researcher to compare the cognitions of the experimental group with that of a statistically 'surrogate' group of "independents" or "medicals" who seem similar to the experimental group in all relevant respects (biological, behavioral, and psychological) (Zhang et al., 2017).

Table 3. Reference Group Indicator Statement

Indicator Statement
R1: I frequently do what family members recommend when buying online.
R2: I often trust my friends' recommendations for products or services.
R3: I frequently follow the advice of co-workers when I buy products online.
R4: I often trust the web celebrities who recommend products or services.
R5: I think the review by other customers on virtual hotel operator is objective
R6: I think the review by other customers on virtual hotel operator is reliable
R7: I think the review by other customers on virtual hotel operator is close to the facts

Therefore, we hypothesize that:

H5: Reference Group has a positive and direct influence on purchase intention in VHO service.

CUSTOMER SATISFACTION

Experiential marketing is an integrated approach that often targets potential customers at their whim by value-added, brand-relevant communications. The experiential marketing strategy is based around a major concept that requires two-way communication between the target customer and brand via interactivity, with live brand engagement at its heart. The differences between total satisfaction and individual customer satisfaction are focused on acquisition or emotional responses after the most recent encounter, rather than on the quest for transient and special communication emotions (Balaji, Roy & Quazi, 2017). Overall customer loyalty is the average overall measurement over time of all user experience in buying a product or service (Xu, 2020). Customer satisfaction stands for total satisfaction in this study. Sense experience employees agree that the most successful

potential with a brand takes place after purchase, and these encounters are important factors in customer satisfaction and brand loyalty.

Customer satisfaction is an important aspect, especially in the service sector, including for VHOs. Several previous studies such as (Pooya et al., 2020; Tseng & Wei, 2020) stated that a customer's good experience determines whether the service is quality or not, which further determines their satisfaction level. This is confirmed by a study by Gupta & Bansal (2012) which stated that client sensory perceptions and service quality preferences have a huge impact on the bank's customer satisfaction. Table 4 shows the indicator statement of customer satisfaction in this study.

Table 4. Customer Satisfaction Indicator Statement

| Indicator Statement |
| --- |
| CS1: Over conventional hotels, I prefer Virtual Hotel Operator. |
| CS2: I believe a virtual hotel operator can meet my hotel accommodation needs. |
| CS3: I am contented with the information provided by the virtual hotel operator. |
| CS4: I believe VHO provide good value for money |
| CS5: I believe VHO provide easiness for booking a hotel anywhere and anytime |
| CS6: I believe shopping for accommodation on VHO is worthwhile |

PURCHASE INTENTION

Moreira et al. (2012) study has found a positive relationship between sensory marketing and brand experience, brand equity, which then affects purchase intention. Chen & Yang's (2020) research on 321 consumers also shows a positive relationship with customer experience regarding ease of use of e-commerce platforms and relationship service on their purchase intention. Meanwhile, research on 409 tourism sector consumers by Mohseni et al. (2018) stated that the combination of user characteristics and website experience positively affects their purchase intention. Table 5 shows the indicators of the statement of purchase intention in this study.

Table 5. Purchase Intention Indicator Statement

Indicator Statement
PI1: I may find a place to use VHO while I am traveling this year.
PI2: I would like to recommend VHO to my friends.
PI3: I would like to choose VHO whenever I require accommodations.

Therefore, the research framework is presented in **Figure 1:**
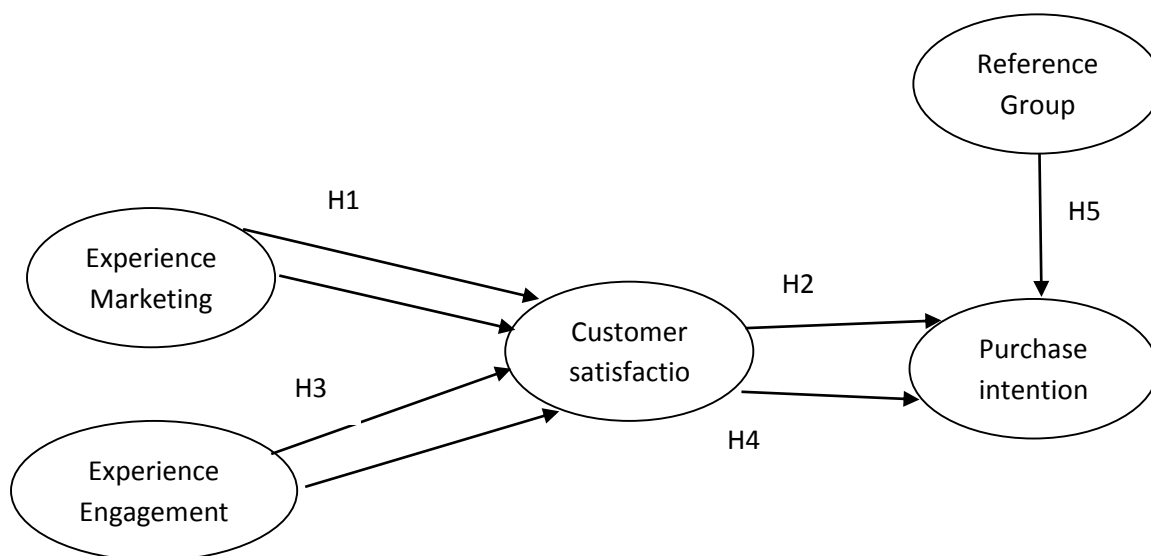
The Experiential Marketing, Experience Engagement, Reference Group, and Customer Satisfaction Toward Purchase Intention of Virtual Hotel Operators (VHO): Indonesian Context

METHODOLOGY

This explanatory study aims to analyze the causal relationship between variables of experiential marketing, experience engagement, reference group on purchase intention of virtual hotel operator consumers. Customer satisfaction is a variable that mediates experiential marketing, experience engagement, and reference group on purchase intention. The study was conducted in Indonesia from January – December 2019 by distributing an online survey through Kaskus.com (the biggest online forum with 6 million users in Indonesia) in which about 250 respondents were selected as samples.

Furthermore, WARP Partial Least Square analyzed the effect between the independent variable, dependent variable, and moderating variable. This research's exogenous variable is experiential marketing, experience engagement, reference group, and customer satisfaction. Meanwhile, the endogenous variable is purchase intention.

Sample Selection and Sample Collection Method

This study was constructed from a random sampling of VHO consumers. This sampling method was used because it was quick and easy to contact people, and the data collection costs were low. The data were gathered using a questionnaire consisting of previously validated five Likert-scales: "strongly disagree" to "strongly agree" which were adapted from previous research. The target population was composed of visitors of virtual hotel operators across Indonesia. After the sample selection results were carried out, it was found that 50.8% of the respondents were male, and the rest were female. Meanwhile, the dominant age group as VHO users is 22-30 years old, with a bachelor's degree education background. The majority of visitors (78%) are in the low to middle-income group in Indonesia with an average disposable income per month of $ 250-500 who travel and stay at hotels for more than 5 times a year.

Table 6. Respondent Profile

Gender		Percentage
Male	127	50.8%
Female	123	49.2%
Age		
22-30	115	46%
30-40	85	34%
>40	50	20%
Education		
Graduate Degree	50	20%
Bachelor Degree	135	54%
Senior High School	65	26%
Disposable Income/month		
$250-500	195	78%
$500-1000	35	14%
>$1000	20	8%
Visit/year		
< 5	115	46%
> 5	135	54%

DATA ANALYSIS

Data analysis used path analysis to identify the causal relationship among variables in the research model. Path analysis represents the problem in an image forming, which reflected the relationship among variables in the path diagram (Noor, 2014). The Partial Least Square was the method used to analyze the data quality and hypothesis testing. Partial Least Square is a powerful analysis method since it is not based on many assumptions. Therefore, the calculation process is assisted by WARP-PLS software. To confirm the theory, the PLS can explain the absence and presence of relationships among latent variables.

The Experiential Marketing, Experience Engagement, Reference Group, and Customer Satisfaction Toward Purchase Intention of Virtual Hotel Operators (VHO): Indonesian Context

RESULT AND DISCUSSION

1. Outer Model Analysis

The reliability of the instrument was tested with composite reliability and Cronbach's alpha (Ghozali, 2014). Likewise, the AVE value is enough to show validity is at 0.5. Based on the criteria in table 1, the outputs of the data show the results of all the outer model criteria are met so that the research data has good reliability.

Table 7. Result of Measurement Model

Variable	Indicators	Loading	Cronbach's Alphas	Composite Reliability	AVE
Experiential Marketing	EM1	0.961	0.986	0.988	0.913
	EM2	0.977			
	EM3	0.977			
	EM4	0.975			
	EM5	0.975			
	EM6	0.961			
	EM7	0.961			
	EM8	0.852			
Experience Engagement	EE1	0.969	0.997	0.997	0.942
	EE2	0.956			
	EE2	0.984			
	EE3	0.909			
	EE4	0.983			
	EE5	0.983			
	EE6	0.983			
	EE7	0.968			
	EE8	0.982			
	EE8	0.971			
	EE9	0.971			
	EE10	0.972			
	EE11	0.972			
	EE12	0.956			
	EE13	0.967			
	EE14	0.982			
	EE15	0.925			
	EE16	0.976			
	EE17	0.968			
	EE18	0.968			
	EE19	0.970			
	EE20	0.970			
Reference Group	RG1	0.960	0.979	0.983	0.893
	RG2	0.964			
	RG3	0.965			
	RG4	0.733			
	RG5	0.989			
	RG6	0.989			
	RG7	0.989			
Customer Satisfaction	CS1	0.993	0.994	0.995	0.970
	CS2	0.993			
	CS3	0.984			
	CS4	0.967			

The Experiential Marketing, Experience Engagement, Reference Group, and Customer Satisfaction Toward Purchase Intention of Virtual Hotel Operators (VHO): Indonesian Context

	CS5	0.983			
	CS6	0.989			
Purchase Intention	PI1	0.990	0.994	0.996	0.988
	PI2	0.996			
	PI3	0.996			

Source: Data processed by WARP-PLS

Furthermore, the discriminant validity is calculated based on the Fornell-Larcker criterion value of the manifest variable for each latent variable. If the correlation between the latent variable and each indicator is greater than the correlation with the other latent variable, then the latent variable is good at predicting the indicators, as explained by Figures 2 and 3 below:

Table 8. Discriminant Validity

	1	2	3	4	5
EM	**0.956**	-	-		
EE	0.326	**0.968**	-		
GR	0.443	0.234	**0.945**		
CS	0.420	0.431	0.301	**0.985**	
PI	0.328	0.230	0.125	0.423	**0.944**

Source: Data processed by WARP-PLS

Table 2 shows results on discriminant validity, with the top diagonal being greater than the correlation between constructs in the same column. After data processing, the data showed greater differences in the results for other constructs in the same column. Based on this data, Cronbach's alpha, which shows the highest reliability is in the customer satisfaction variable, while the lowest is in the experience marketing variable.

2. Inner Model Analysis

The analysis results in this study include the results of hypothesis testing, which were analyzed using SEM with alternative WARP-Partial Least Square (PLS). Testing the hypothesis in this study is to look at the value of the path coefficient and its significance value (*p-value*).
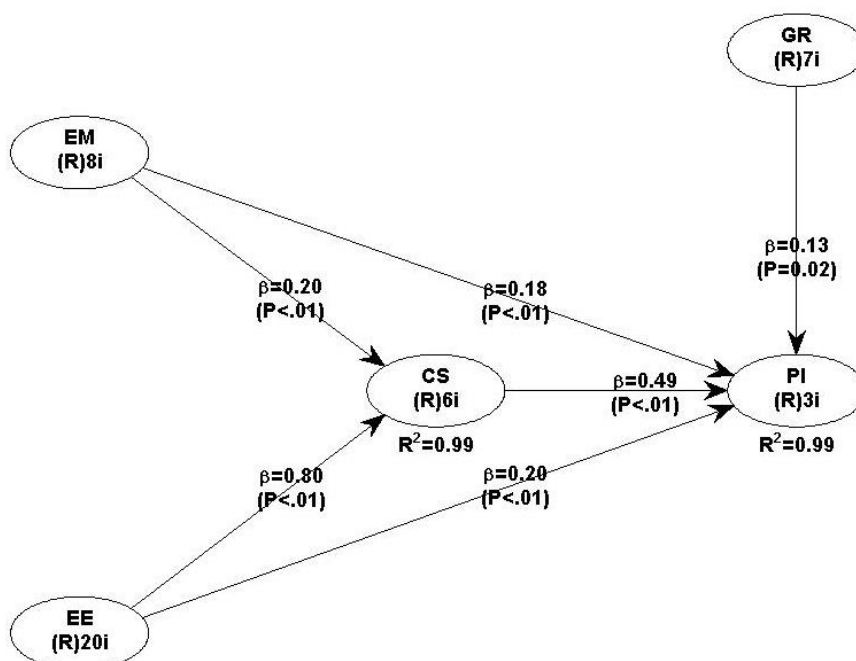

Figure 2. the Result of Path Analysis

The Experiential Marketing, Experience Engagement, Reference Group, and Customer Satisfaction Toward Purchase Intention of Virtual Hotel Operators (VHO): Indonesian Context

HYPOTHESIS TESTING

Figures 2 shows the result of hypothesis testing; this study found that EM has a significant effect on PI as evidenced by the coefficient (β = 0.81, p, <0.01, R², 0.99). Based on these tests' results, it can be concluded that EM has a positive effect on PI, so hypothesis 1 is supported. EE has a significant effect on PI, as evidenced by the coefficient (β = 0.199, p, <0.01, R², 0.99). Based on these tests' results, it can be concluded that EE has a positive effect on PI so that hypothesis 2 is supported. CS mediates the influence of EM toward PI with coefficient values (β= 0.20). Based on these tests' results, it can be concluded that CS partially mediates the effect of EM toward PI, so hypothesis 4 is supported. The last analysis that CS mediates EE's influence toward PI with coefficient values (β= 0.80). Based on these tests' results, it can be concluded that CS partially mediates the effect of EE toward PI, so hypothesis 5 is supported. Meanwhile, GR has a significant effect on PI, as evidenced by the coefficient (β = 0.128, p, <0.02, R², 0.99). Based on these tests' results, it can be concluded that GR has a good effect on PI, so that the hypothesis 5 is supported.

Table 9. The Result of Path Coefficient

Path coefficient					
	EM	EE	RG	CS	PI
CS	0.199	0.800			
PI	0.181	0.204	0.128	0.487	
p values					
	EM	EE	RG	CS	PI
CS	<0.001	<0.001			
PI	0.002	<0.001	0.020	<0.001	

Source: Data processed by WARP-PLS

Table 10. Summary Of Data Analysis Results

Relationship between variables						Result
			B	P	Sig	
EM	->	PI	0.81	<0.01	+	Supported
EE	->	PI	0.199	<0.01	+	Supported
EM -> CS	->	PI	0.20	<0.01	+	Supported
EE -> CS	->	PI	0.80	<0.01	+	Supported
GR	->	PI	0.128	<0.02	+	Supported

Source: Data processed by authors.

DISCUSSION

Based on the hypothesis testing results, there is a positive relationship between experiential marketing to customer satisfaction and purchase intention. This is following the research results by Walsh et al., 2001; Anggie & Haryanto, 2011; Khan & Rahman, 2015; Garcia et al., 2018 stated a positive relationship between experiential marketing to customer satisfaction and purchase intention. In more detail, because part of VHO consumers' experience is from the virtual applications they use to get product information and order, the results of this study also support Josephine & Ja-Shen's (2006) research on the positive effect of virtual experiential marketing on purchase intention. Furthermore, reference groups' influence on purchase intention also supports previous research (Kurnia & Sulistiani, 2019), which focuses on examining this relationship in VHO. Experience engagement also shows a positive effect on customer satisfaction and purchase intention. Aesthetic experience, consumer understanding of service, service functionality, ability, consumers to be present and involved in the experience, and overall evaluation of services affect customer satisfaction and their purchase intention. This result is in line with Thakur's (2019) research and Carlson et al. (2019).

TYPES OF EXPERIENCE THAT DETERMINE CUSTOMER SATISFACTION

From the results of this study, it can be concluded that VHO consumers feel that they get sensory (sense), affective (feel), and behavioral (act and related) (EM 2,3,4,5) experience compared to intellectual experience when they use services at the hotel. Consumers feel that the VHO brand appeals to their senses, induces sentiments and feelings, and makes them engage in physical action and behavior when using the brand's services (Lee & Shin, 2020). An interesting result here is that VHO consumers have the lowest score in the intellectual sense aspect compared to other sense aspects, where consumers do not take too much

consideration before choosing a brand and that the VHO brand does not really stimulate their curiosity and problem-solving. This is consistent with existing consumer research about logos and branding (Lee & Shin, 2020; Roggeveen et al., 2020). This description is function. We assert that consumers infer meaning from these designs based on their functionality. However, some attributes such as looks, design, and styling provide no functional benefits at all. We briefly covered experiential attributes earlie and how consumers process functional attributes like purposeful, goal-directed, step-by-step, individualistic, and as trade-offs. Furthermore, this study's results indicate that the effect of experience engagement on customer satisfaction is very strong when consumers interact with touchpoints and after interacting with touchpoints. The consumer feels felt involved, focused attention, and feels the endurable VHO service. This shows that aspects of place design largely influence the perceived experience of engagement, point-of-purchase ads display, place atmosphere, salespeople service quality, service and performance package, and loyalty programs. The experience engagement is heavily influenced by "clue scans" (Schmitt, 2011). "Clue scan" is a sensory review of the physical environment, processes, and actions inside the user's experience (Schmitt, 2011). The ability to know the consumer's clues will assist VHO to create a blueprint describing the actions a consumer goes through during a service encounter (Kalbach, 2020).

Meanwhile, the reference group shows significant results on purchase intention (Ding, Ling, & Zhang, 2020), where VHO consumers are heavily influenced by reviews of previous VHO consumers, which according to consumers are under facts (equipped with picture evidence and detailed visit times) (Liu, Bao & Zheng, 2019). Prospective VHO consumers also believe that previous VHO consumer reviews are objective enough to be used as a reference in choosing accommodation. Apart from previous VHO customers, potential VHO customers also consider recommendations from coworkers, friends, and family members when buying services. Potential VHO customers also consider recommendations from these reference groups more than recommendations from celebrities. This provides an insight to management that it is essential to maintain good relations and check service ratings at rating agencies such as Trip Advisor and provide feedback to consumer reviews, expressing gratitude and response and promises for service improvement (brand promise), especially for consumer complaints. (Chen & Chang, 2018; Del Pelsmacker et al., 2018; Thomas, Wirtz & Weyerer, 2019).

Based on the findings of this paper, VHO managers need to expand their experience in craftsmanship of managing the signals they emit throughout the customer experience. Consumer marketing is an integrated set of disciplines that looks at clues customers unconsciously hope to find in their experiences. When businesses have an understanding of sensory cues that customers process and interpret. The value of these cues is experiential. It involves managing the breadth and depth of the experience (how far it can be extended and how deep or detailed it is). It also includes aspects of the "humanistic clues" (interactions with people), and the "mechanical clues" (e.g., environmental design). Clued-in is focused on allowing individual attention to be a part of the overall experience. Clues will be considered in the development of meaning, and the intersection of clues can be explored. Clue interactions are scale dependent. One little detail can ruin an enjoyable experience.

VHO should have a customer experience management (CEM) framework which according to Schmitt (2003), CEM is a project-based framework for managing experiences. The CEM framework originally includes three steps including analyzing the customer's experience first, building the experience platform, and implementing the experience. VHO must understand "customer insight" from a broad perspective by studying the brand and consumers' consumption and social conventions. Information on customer service is collected by conducting surveys and interviewing customers (Sakellariou, Karantinou & Goffin, 2020). Experiential analysis begins with the brand and continues to personal values. Rather, considering the consumer's cultural context is an important step to establish brand values.

The second part is to generate the experience model that is used as a guiding principle for the subsequent implementations. It must be pertinent to the consumers. A development opportunity differs from a positioning statement or perceptual map. The experiential platform allows for a dynamic, multi-sensory, multi-dimensional presentation of the experience that a product offers. Experience is catalyzed by use and then communicated through marketing (Schmitt, 2011). In order to fully communicate this position, a company can use pictures, diagrams, and verbal messages to emphasize the meaning of their message. The relationship platform should be integrated with a brand's experience and customer experience. From a brand perspective, product experience includes selecting the various attributes of experiences. The project involves design of brand's visual design. The combination of word of mouth and demonstration contributes to the completion of brand experience in communications. This is the domain of advertising companies, print and design agencies and media houses.

Experience management should be an aspect to enhance in the post-project period. The product should be changed. This idea must be institutionalized for the program to be successful. This requires a sound organizational structure and process, and also sound human and systems integration. Proper alignment is critical in service businesses such as VHO where employees serve customers. By providing incentives to employees, you ensure they provide the best experience.

The Experiential Marketing, Experience Engagement, Reference Group, and Customer Satisfaction Toward Purchase Intention of Virtual Hotel Operators (VHO): Indonesian Context

CONCLUSION

This study concluded that there is a significant positive relationship between experience marketing, experience engagement, customer satisfaction, and relevance in the Indonesian virtual hotel industry. Therefore, VHO must have a customer experience management framework to manage customer experiences. The experience platform is also needed so that the core experience concept can be utilized as a guiding principle for future implementations. The idea must employ consumers and reflect the brand's values and personality. Experiential marketing's managerial implication is that companies that use experiential marketing will find consumers can become brand advocates and brand evangelists. As a brand advocate, people will recommend the hotel on social media, generating the most effective form of marketing for the virtual hotel. The limitation of study is the absence of demographic factors as control variable. However, for further research, researchers suggest using demographic factors such as age and gender as control variables for further studies especially that focused on understanding the change of consumer behaviour in using VHO services that are linked with different ages or gender.

REFERENCES

1) Anggie, C., & Haryanto, J. O. (2011). Analysis of the Effect of Olfactory, Approach Behavior, and Experiential Marketing toward Purchase Intention. *Gadjah Mada International Journal of Business*, 13(1), pp. 85-101.

2) Balaji, M. S., Roy, S. K., & Quazi, A. (2017). Customers' emotion regulation strategies in-service failure encounters. *European Journal of Marketing*.

3) Brown, Banks &Lu, Audrey. (2016). Legal Issues with Respect to Virtual Hotels. Retrieved from http://hotelexecutive.com/business_review/4573/legal-issueswith-respect-tovirtual-hotels.

4) Chen, C-C., Chang, Y-C. (2018). What Drives Purchase Intention on Airbnb? Perspectives of Consumer Reviews, Information Quality, and Media Richness. *Telematics and Informatics*. https://doi.org/10.1016/j.tele.2018.03.019.

5) Chen, N., & Yang, Y. (2020). The impact of customer experience on consumer purchase intention in cross-border E-commerce——Taking network structural embeddedness as mediator variable. *Journal of Retailing and Consumer Services*, 102344.

6) Choudary, Sangeet. (2014, July 4). How The Hotel Industry Got Blindsided...and Why Yours Could be Next. *The Forbes*. Retrieved from < https://www.forbes.com/sites/groupthink/2014/07/07/how-the-hotel-industry-got-blindsided-and-why-yours-could-be-next/>

7) Danniswara et al. (2017), The Impact of EWOM Referral, Celebrity Endorsement, and Information Quality on Purchase Decision: A Case of Instagram. Information Resources Management Journal. https://doi.org/10.4018/IRMJ.2017040102

8) De Pelsmacker, P., Dens, N., & Kolomiiets, A. (2018). The impact of text valence, star rating and rated usefulness in online reviews. *International Journal of Advertising*, *37*(3), 340-359.

9) Ding, S., Lin, J., & Zhang, Z. (2020). Influences of Reference Group on Users' Purchase Intentions in Network Communities: From the Perspective of Trial Purchase and Upgrade Purchase. *Sustainability*, *12*(24), 10619.

10) Duverger, P. (2013). Curvilinear effects of user-generated content on hotels' market share: a dynamic panel-data analysis. *Journal of Travel Research*, 52(4), 465-478. https://doi.org/10.1177/0047287513478498

11) Elder, R. S., Aydinoglu, N. Z., Barger, V., Caldara, C. Chun, H., Lee, C. J., Mohr, G. S., et al. (2010). A sense of things to come: Future research directions in sensor y marketing [Electronic version]. Retrieved [insert date], from Cornell University, School of Hospitality Administration site: http://scholarship.sha.cornell.edu/articles/336

12) Garcia, Jose Alberto Castaneda., Del Valle Galindo, Andrea & Suarez, Rocio Martinez. (2018). The effect of online and offline experiential marketing on brand equity in the hotel sector. *Spanish Journal of Marketing*, Vol. 22 (1), pp. 22-41.

13) Guo, Xiaolong., Ling, Liuyi., Yang, Chenchen., Li, Zhaoqiong & Liang, Liang. (2013). Optimal Pricing Strategy Based on Market Segmentation for Service Products using Online Reservation Systems: An Application to Hotel Rooms. *International Journal of Hospitality Management*, Vol. 35, pp. 274-281. https://doi.org/10.1016/j.ijhm.2013.07.001.

14) Hair, J., Black, W., Babin, B., Anderson, R., (2010). *Multivariate Data Analysis*, Seventh Edition. Pearson Prentice Hall, NJ.

15) Hultén B., Broweus N., van Dijk M. (2009) What is Sensory Marketing?. In: Sensory Marketing. Palgrave Macmillan, London.

16) Kalbach, J. (2020). *Mapping experiences*. O'Reilly Media.

17) Khatoon, S., Zhengliang, X., & Hussain, H. (2020). The Mediating Effect of customer satisfaction on the relationship between Electronic banking service quality and customer Purchase intention: Evidence from the Qatar banking sector. *SAGE Open*, *10*(2), 2158244020935887.

18) Khan, I and Rahman, Z. (2014). Influence of Experiential Marketing on Customer Purchase Intention: A Study of Passenger Car Market. *Management and Labour Studies*, Vol. 39 (3), pp,319-328.

19) Kurnia, Gres & Sulistiani, Putri B. (2019). Influencing Consumer's Behavior: Perspective of Information Quality and Consumers Reviews on Airyrooms. *International Journal of Social Sciences*, Vol. 5 (1), pp. 254-266.

20) Kotler, P. (2000). *Marketing Management*. Millennium edition. Prentice Hall.

21) Lee, E.J., Shin, S.Y., (2014). When do consumers buy online product reviews? Effects of review quality, product type, and reviewer's photo. *Comput. Hum. Behav*. 31, 356–366. https://doi.org/10.1016/j.chb.2013.10.050

22) Lee, J. E., & Shin, E. (2020). The effects of apparel names and visual complexity of apparel design on consumers' apparel product attitudes: A mental imagery perspective. *Journal of Business Research*, *120*, 407-417.

23) Lien, Che-Hui, et al., 2015. Online Hotel Booking: The Effects of Brand Image, Price, Trust and Value on Purchase Intentions. *Asia Pacific Management Review*. Vol 20: 210-218. https://doi.org/10.1016/j.apmrv.2015.03.005

24) Lindstrom, M. (2005). *Brand Sense: Build Powerful Brands through Touch, Taste, Smell, Sight and Sound*. New York: Free Press.

25) Liu, C., Bao, Z., & Zheng, C. (2019). Exploring consumers' purchase intention in social commerce. *Asia Pacific Journal of Marketing and Logistics*.

26) Margarido, Ana Carina Freire. (2015). The Impact of Technological Amenities on Customer Experience in Upscale Hotels. *Dissertation*, ISTCE Business School, University Institute of Lisbon.

27) Moreira, A. C., Fortes, N., & Santiago, R. (2017). Influence of sensory stimuli on brand experience, brand equity and purchase intention. *Journal of Business Economics and Management*, *18*(1), 68-83.

28) Mohseni, S., Jayashree, S., Rezaei, S., Kasim, A., & Okumus, F. (2018). Attracting tourists to travel companies' websites: the structural relationship between website brand, personal value, shopping experience, perceived risk and purchase intention. *Current Issues in Tourism*, *21*(6), 616-645.

29) Gobé, M. (2001). *Emotional Branding: The New Paradigm for Connecting Brands to People*. New York: Allworth.

30) Papathanassis, A., Knolle, F., (2011). Exploring the adoption and processing of online holiday reviews: a grounded theory approach. *Tourism Manage*ment, 32 (2), 215–224. https://doi.org/10.1016/j.tourman.2009.12.005.

31) O'Brien, H. L., & Toms, E. G. (2013). Measuring engagement in search systems using the User Engagement Scale (UES). *Information Processing and Management*, *49*(5), 1092-1107.

32) Roggeveen, A. L., Grewal, D., Karsberg, J., Noble, S. M., Nordfält, J., Patrick, V. M. & Olson, R. (2020). Forging meaningful consumer-brand relationships through creative merchandise offerings and innovative merchandising strategies. *Journal of Retailing*.

33) Samy, Hossam. (2016). Exploring Factors that Influence Domestic Tourists' Satisfaction with Budget Hotel Services in Egypt. *Journal of Tourism, Heritage and Services Marketing*, Vol. 2 (2), pp. 17-22.

34) Sakellariou, E., Karantinou, K., & Goffin, K. (2020). From user insights to user foresights: Applying video-based ethnographic narratives and user innovation in NPD. *Technological Forecasting and Social Change*, *153*(C).

35) Scheyvens, Regina. (2002). *Tourism for Development: Empowering Communities*. Prentice Hall.

36) Sparks, B.A. and Browning, V. (2011). The impact of online reviews on hotel booking intentions and perception of trust. *Tourism Management,* Vol. 32 No. 6, pp. 1310-23. https://doi.org/10.1016/j.tourman.2010.12.011

37) Schmitt, B.H. (2003). *Customer Experience Management*. New York: Wiley.

38) Schmitt, B.H. (2010). Experience Marketing: Concepts, Frameworks and Consumer Insights. Foundation and Trends in Marketing, Vol.5 (2), pp.55-11. DOI: 10.1561/1700000027

39) Schmitt, B.H. (2011). *Experiential Marketing*. New York: Free Press.

40) Smilansky, Shaz. (2009). *Experiential Marketing: A Practical Guide to Interactive Brand Experinces*. Kogan Page: London.

41) Taheri, B., Jafari, A., & O'Gorman, K. (2014). Keeping your audience: Presenting a visitor engagement scale. *Tourism Management*, *42*, 321-329.

42) Thomas, M. J., Wirtz, B. W., & Weyerer, J. C. (2019). Determinants Of Online Review Credibility And Its Impact On Consumers'purchase Intention. *Journal of Electronic Commerce Research*, *20*(1), 1-20.

43) Vermeulen, I. E., & Seegers, D. (2009). Tried and tested: The impact of online hotel reviews on consumer consideration. *Tourism Management*, 30(1), 123-127. https://doi.org/10.1016/j.tourman.2008.04.008

44) Walsh, J.A., Jamrozy, U., Burr, S.W. (2001). *Sense of place as a component of sustainable tourism marketing*, Book chapter in Tourism, Recreation and Sustainability: Linking Culture and the Environment, pp. 195-216, CABI Publishing, Wallingford, UK.

45) Wiastuti, Rachel Dyah., Susilowardhani, Erna Mariana. (2016). Virtual Hotel Operator: Is it Disruption for Hotel Industry?. *Journal of Hospitality dan Pariwisata*, Vol.2 (2), pp. 201-205.

46) Wiebe, E. N., Lamb, A., Hardy, M., & Sharek, D. (2014). Measuring engagement in video game-based environments: Investigation of the User Engagement Scale. *Computers in Human Behavior*, *32*, 123-132.

47) World Travel & Tourism Council. (2019). Indonesian Travel and Tourism Growing Twice as Fast as Global Average. Retrieved from<https://www.wttc.org/about/media-centre/press-releases/press-releases/2019/indonesian-travel-and-tourism-growing-twice-as-fast-as-global-average/>

48) Xie, K.L., Chen, C., Wu, S., (2016). Online consumer review factors affecting offline hotel popularity: evidence from tripadvisor. *J. Travel. Tourism Market*. 33 (2), 211–223. https://doi.org/10.1080/10548408.2015.1050538

49) Xu, X. (2020). Examining an asymmetric effect between online customer reviews emphasis and overall satisfaction determinants. *Journal of Business Research*, *106*, 196-210.

50) Zhang, M., Luo, M., Nie, R., & Zhang, Y. (2017). Technical attributes, health attribute, consumer attributes and their roles in adoption intention of healthcare wearable technology. *International journal of medical informatics*, *108*, 97-109.