



Integration Entrepreneurial Marketing and Experiential Marketing in Enhance Brand Loyalty on Local Coffee Industry in Gombengsari

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Abstract. SMEs in Indonesia currently contribute only 15.7% to national exports, compared to Thailand, where the export has reached 29%. Therefore, there is significant scope for improvement to increase the contribution, ultimately will give a positive impact to the broader economy, given nearly 90% of the human resources are employed in the SME sector, which benefits from a wealth of natural and other resources. The main issues frequently encountered by SMEs are by optimizing available resources and adhering to established standards to ensure products are market-ready and compliant with the regulations. Qualitative approach conducted within SMEs Local Processor to obtain in-depth insight regarding barriers and constraints encountered, along with the challenges that need to be completed with numerous limitations and a lack of government support. Based on the in-depth interview result, the finding indicates that a significant majority of SMEs Local coffee processor practitioners primarily focus on financial resources in order to grow whereas the other that should be optimized and developed, on both individual and group basis, receive insufficient attention. Therefore, through an understanding of the available strengths and which are not necessarily possessed by competitors, especially from other countries, the product produced by SMEs Local coffee processors should be capable of competing in the global market by understanding VRIO concept in a resource based view or Valuable, Rare, Inimitable, and Organize. Thus numerous products from SMEs will gain recognition by the global market.

Keywords: Coffee Process; Entrepreneurial Marketing; Global Market; Resource Based View; SME's.

1. INTRODUCTION

Currently, the local coffee industry encountered rapid growth in several conditions, starting from weather conditions that lead several producers in coffee-producing countries to encounter reduced production along with supply chain disruptions caused by the current unsupportive geopolitical conditions. Thus the local coffee industry demonstrated expansion at a compound annual growth rate (CAGR) of 4,3% between 2024 until 2030. This expansion has created big opportunities for the local coffee processing industry, ranging from raw beans to processed forms of coffee for commercial distribution. Significant prospect for local coffee producers is how to increase the sale number through distinctive characteristics and market strategy to contribute over the long term. Alongside with the growth of generation millennial and Z that representing the largest market share with different purchasing behaviour from previous generation, thus offer product only based on the high quality is increasingly irrelevant, since today's consumers prioritize not only the high quality but also the value of the product and perceive experience to create a memorable experience. The common phenomenon within local coffee producers is the lack of

optimization in integration between innovative entrepreneurial mindset with the creation of immersive consumer experiences.

Experience-based marketing has brought fundamental change in how brands engage with their audience (Jashwant, 2024). Experience-based marketing involves the creation of memorable experiences that engage the consumer's sense, emotions, and cognition, beside that is encouraging active participation and involvement in form of brand narration. The purchased experience has distinctive characteristics because it is excluded with physical product, furthermore, no conventional services provided to the customers according to (Van Boven & Gilovich, 2003). Additional customer experience is also different to the purchase of goods since experiential purchase remains only through the consumer's memory (Carter & Gilovich, 2010; Van Boven & Gilovich, 2003). Along with the increasing experience-based purchasing, and the increasing clarity of profitability potential that can be achieved by the company that provided quality of experience, questions regarding what makes one purchase of experience from another has become increasingly important.

Entrepreneurial marketing (EM) has emerged as a marketing strategy that assists companies to operate in a rapidly changing environment. EM is from the intersection between marketing and entrepreneurship, that also integrates both fields through similar concepts shared by both (Kilenthong et al., 2016). The researchers concluded that the EM behavior is apparent within entrepreneur companies, including small companies, new companies, and companies managed by the founder. The conclusion based on several previous discussions related with the definition of entrepreneurship, which states that new companies established by the founder can serve as an indicator of "entrepreneurship", and company size can be a direct measure of what is frequently referred to as 'small business'. Entrepreneurial marketing is the intersection between marketing and entrepreneurship, integrating both fields through similar concepts by both (Morris et al., 2002). Traditional marketing approaches, commonly dependent on extensive budget and long-range planning, have proven to be ineffective in addressing the ever-changing challenges faced by SMEs (Amoa-Gyarteng et al., 2024). Entrepreneurial Marketing (EM) strategy such as guerrilla marketing, ambush marketing, buzz marketing, and viral marketing is suitable for SMEs because of the budget efficiency and the innovative potential. SMEs that implement digital marketing strategies are better positioned for leveraging emerging trends, managing risks, and achieving competitive advantage (Sadiku-Dushi et al., 2019).

Brand loyalty is consumer commitment to repurchase consistently in the future, although there are environmental influences and marketing initiatives from potential competitors that transform consumer behavior in consuming products or services. The benefits derived by a brand that owns strong and sustainability of customer loyalty include ability in maintaining premium price, improved bargaining power with distribution channels, lower operational cost, and high barriers to entry for potential competitors seeking to enter the market product or similar category (Andriani & Dwbunga, 2018). This occurs when customers are convinced that the brand offering product features, brand image, or quality level is aligned with value-based pricing. Therefore brand loyalty is related with customers choices and attachment toward a brand. Brand loyalty can be defined as affiliation measurement that is experienced by customers regarding a brand. Brand loyalty indicates the likelihood of a customer switching to another brand when a brand implements adjustment on the product in pricing as well as product attributes. Brand loyalty is subjective behavioral responses that indicate continuously by decision-making unit toward one or more alternative brands from the collection of brands, besides that is a result from decision-making as well as psychological evaluation.

2. LITERATURE REVIEW

The success of SMEs in developing business depends on innovation as well as the ability for providing valuable experience to customers since providing experience that is unavailable in other places or competitors so consumers will easily and always remember a product or services that we provide. In the digital era where a lot of information is received by the consumers as well as the ease of accessing producer data that is required by the consumers, accuracy and uniqueness in providing access will be crucial. Certainly, only an organization or company that has creative human resource as well as bold enough to take risks will survive and thrive.

Entrepreneurial Marketing

Entrepreneurial Marketing is defined as proactivity in identifying and leveraging opportunities to secure as well as sustain a profitable customers through innovative approach in managing risk, optimizing resources, and creating value (Bjerke & Hultman, 2004; Morrish et al., 2010). Besides that, successful SMEs generally implement bottom-up strategy. The process begins with identifying market opportunities, testing it through trial-and-error methods, then fulfilling consumers' demand interactively. After completing this process, new customers will come with

similar business profiles. Therefore, in SMEs's entrepreneurial marketing concept, target market has form through elimination process and natural selection (Sadiku-Dushi et al., 2019). EM offering proactive approach, flexible, and customers orientation, that assists company encountered competition and market dynamics to support long-term outcomes (Morrish et al., 2010). EM increasing good results in terms of both finance and marketing. In essence, EM influences performance, but not in every aspect operating in a similar manner or to the same degree (Jashwant, 2024). According to Kilenthong et al. (2016) EM dimensions are reported in various empirical and theoretical works. Four of EM dimension has reportedly in several researches is entrepreneurial orientation, market orientation, innovation orientation, and customers orientation.

Experiential Marketing

Marketing based on experience according to Schmitt (1999), marketing based on experience that focuses on establishing meaningful interaction between consumers and brand, that surpass basic attributes and product features. This includes designing experiences that align with values, aspiration, and consumers lifestyles, so it establishes deep and lasting relation between brand and target audiences. Berthon et al. (2008) discuss the essential of experiential marketing and how companies can gain a competitive edge through implementing such a strategy, while emphasizing challenges to executing the strategy into effective campaigns. Hultén (2011) examining multisensory aspects within experiential marketing and discussing challenges in creating consistent sensory experience in various contact and channels. Meanwhile Gentile et al. (2007) elaborating various components of customers experiences and challenges encountered by companies in aligning these components to create a cohesive experiential marketing strategy.

Brand Loyalty

There is significant and consistent evidence that characteristics significantly influence individual consumer behavior, with various researches indicating a distinct correlation exists between certain characteristic and consumption patterns (Liu et al., 2017). Matzler et al. (2006) found that traits such as openness to experience and extraversion serve as strong predictors for brand attachment, that in turn influence the result of attitudes and behaviors, especially loyalty attitudes and purchase loyalty. Durukan & Bozaci (2011) identified an openness to experience, friendliness, and emotional regulation as characteristics that positively correlate with customer loyalty. According to Odekerken-Schröder et al. (2003) relation between personality and brand loyalty only cultivated if the product and the category has the ability fostering a significant high

degree of involvement. In the other word, personality characteristics tend to influence encountered brand loyalty when a person is involved with the product or the brand, such as within a situation where the products are important for them or requires thorough deliberation. However, there are several researchers that discuss this, especially regarding pricing spectrum, that can influence characteristic or connection intensity between personal and their favorite brand with influence personal involvement level.

Resource Based View

Resource Based View (RBV) has evolved into a prominent theory in strategy of management. This is expected since RBV developed to clarify the performance distinction between domestic market-oriented with product-centric dominant enterprises, not a big multinational company with product and area with wide range. Research based view Barney (1991) aims to understand sources of sustainable competitive advantage (SCA) at the company level. Therefor, the wide use of RBV (especially in strategic management research, as well as related disciplines), sub-dimensions of prominent perspective, and meta-analysis on empirical evidence indicates this theory has developed become leading theory of management strategy (J. B. Barney et al., 2011). Theory of RBV has become one of the most influential theories. This theory aims to explain sources of sustainable competitive advantage (SCA) at a company (Kraaijenbrink et al., 2010).

3. RESEARCH METHODS

In the this step, researcher defining the research problem: Brand loyalty phenomenon in Gombengsari local coffee industry, then conduct the literature study: entrepreneurial marketing theory (proactive, innovative) and Experiential Marketing (sense, feel, think, act, relate) as well as the last step to prepare in-depth interview guide.

Preparation

In the this step, researcher defining the research problem: Brand loyalty phenomenon in Gombengsari local coffee industry, then conduct the literature study: entrepreneurial marketing theory (proactive, innovative) and Experiential Marketing (sense, feel, think, act, relate) as well as the last step to prepare in-depth interview guide.

Data Collecting

In the data collecting step, researchers will determine the informants by selecting five local coffee producers through purposive sampling (own a brand and actively engaged in marketing). Moreover, the in-depth interview conducted to take primer data through open in-depth open-ended interviews, observation and supported by on-site documentation of marketing activities during an interaction with the consumers as well as provided product process explanation while collecting physical evidence (packaging, social media, and store activity).

Data Processing

During this step, the data reduction was conducted including summarizing, identifying key elements, and eliminating irrelevant data from transcript of interview result. Further more data display: organizing data through relation pattern or text narration to ensure the clarity as well as conducting data triangulation for verifying data validity (e.g. comparing interview result by producers A and producers B, or with observation result).

Data Interpreting

After all interview results were obtained and presented systematically, the last step is contrasting findings about how both integration of two strategies successfully establishes the loyalty of customers.

4. RESULTS AND DISCUSSION

Experiential Marketing Strategy: Implementation Steps, Key Performance Indicators (KPIs), Benefits

Based on in-depth interview result with five local coffee producers, there are several information obtained related with marketing strategy implemented to provide experiential activity for consumers beginning from the moment the consumers step into producers' activity area, including farm visits, which consumers are provided with explanation related with characteristic or morphology from coffee-producing plants then how to maintaining the plants especially when the fruiting stage enter through various phases until the cherries ready to harvest as well as how harvesting technique can obtain high-quality beans. Then, three of the producers explain that their coffee beans come from natural processing where the cherries are handled without additional treatments, whereas two producers mention to give additional treatments including a fermentation method for adding aroma or taste on coffee beans during the production phase. Consumers are

included in the process of coffee beans roasting and carried out through manual or traditional methods. This activity was conducted to provide a real and memorable experience since so far the consumers enjoy coffee from modern machines in trendy cafes that are carried out by the producer to provide traditional nuances as well as including them in the coffee making process from the roasting until ready for brewing. Furthermore, consumers are encouraged to observe and hands-on practice to process coffee bean skin that previously perceived merely as waste becomes a natural skincare product. By offering this experience, consumers will remember the brand from the service provided, so the consumers will back and encourage word-of-word recommendations. The success indicators of the service reflected the growth number of consumer visits and the sales revenue of the coffee products.

Entrepreneurial Marketing Integration: Enhancing Brand Loyalty Through the Personal Engagement Improvisation

This program can be designed because the local coffee producers realize that product creativity and innovation merely can attract consumer interest if the brand involving consumers and providing memorable experience, despite offering quality of product similar to the other competitors from other regional, these producers has differentiating themselves by providing an experience, starting from coffee plantation until production room become one of superiority for competing when involving consumers in an activity that conduct by the producers can be one of surprise attraction for the consumers. In the end is forming and increasing brand loyalty where consumers associate it differently compared to competitors. Loyalty is not only fostered in a short time but without different innovation as well as meeting consumers expectation, maintaining brand loyalty will be less effective. The integration of local coffee producers' ability in implementing entrepreneurial marketing concepts integrated with marketing based on experience will give maximum results for increasing consumer loyalty in choosing local coffee products that highlight the superiority of the product.

5. CONCLUSION

Based from the result of research that conducted through interview and collect document from the informants including five local coffee producers based on their long-term involvement in production, so it can be conclude that the five local coffee producers experienced an increase sale performance between 10% - 20% after the direct visiting program where the consumers

participating in an on-site plantation coffee tour as well as they invited to participate in direct involvement on how the process of plant identification until the harvesting, post-harvesting process, and last the product ready to brew or consume by the customers. This result indicate that the implementation from entrepreneurial marketing in producers side and experiential marketing in consumers side can gain maximum result in marketing local coffee product which so far received a minimal response since the limited budget for promoting and introducing other side from production activity that can ensure the buyer or consumer that the product comply with the standard and current issue related with sustainability process also become consumers attention that show the production of coffee beans as well as final product maintaining environmental sustainability and contributing to the welfare to stakeholders involved in local coffee production in Gombengsari.

ACKNOWLEDGMENTS

The researcher would like to express gratitude to the parties who assisted in the data collecting process, in addition to the local coffee producers in Gombengsari as well as tourism practitioners that provide knowledge related programs that increasing consumers enthusiasm who visit the production place and coffee plantation.

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