

Research Article

The Effectiveness of Experiential Marketing in Increasing Brand Awareness and Loyalty of MSME Consumers in the Global Market : A Mixed-Methods Approach

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Abstract: Micro, Small and Medium Enterprises (MSMEs) face complex challenges in competing in the global market, where innovative marketing strategies such as experiential marketing are believed to increase brand awareness and consumer loyalty. However, its effectiveness is still debated due to inconsistent findings and the lack of holistic studies that combine quantitative-qualitative approaches. This study aims to analyse the influence of the five dimensions of experiential marketing (Schmitt, 1999) on brand awareness and consumer loyalty of global MSMEs, while exploring the challenges of its implementation. A mixed-methods explanatory sequential design method was used, with quantitative SEM analysis (AMOS 28.0) on 250 global consumers and in-depth interviews with 15 MSME players. Results show the feel ($\beta = 0.48, p < 0.001$) and relate ($\beta = 0.35, p = 0.002$) dimensions have a significant effect on increasing brand awareness, which acts as a full mediator towards loyalty (indirect effect: $\beta = 0.29, p < 0.01$). Qualitative findings revealed cultural adaptation and resource allocation as keys to success. This research provides theoretical contributions by extending Schmitt's (1999) model through the integration of brand awareness as a mediator, as well as practical implications in the form of recommendations for glocalisation strategies and the use of AR/VR technology for MSMEs.

Keywords: Brand Awareness, Customer Loyalty, Experiential Marketing, Global Market, MSMEs.

1. Background

The development of Micro, Small, and Medium Enterprises (MSMEs) in the global market faces complex challenges due to intensifying competition and fast-changing consumer dynamics (Gunawan & Wulandari, 2018). World Bank data (2023) shows that the contribution of MSMEs to global exports is only 8-10%, indicating the need for innovative marketing strategies to improve competitiveness. This condition is exacerbated by the phenomenon of digitalisation and globalisation, which requires MSMEs to adapt to international consumer preferences that emphasise emotional experiences over conventional transactions (Kertajaya in Kasakeyan et al., 2021).

Experiential marketing emerged as a strategic approach that emphasises the creation of multisensory experiences (sense, feel, think, act, relate) to build consumer emotional engagement (Schmitt, 1999). This concept is relevant to MSMEs because it enables brand differentiation through unique interactions, such as creative venue design or personalised services (Muriati, 2021). Yusufita and Yulianto's (2018) study on culinary MSMEs proved that experiential marketing increased customer loyalty by 41.9%, while research in the beverage sector found a significant effect of the feel and relate dimensions on customer satisfaction (Muriati, 2021). These findings reinforce the role of this strategy in building long-term relationships with global consumers.

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However, the effectiveness of experiential marketing is not always consistent. Mulyani's research (2021) on coffee MSMEs found no significant effect of experiential marketing on purchasing decisions, allegedly due to the inability to create memorable experiences. On the other hand, Kristiani (2019) actually reported a negative effect of experiential marketing on customer loyalty in certain contexts, showing the complexity of its implementation in heterogeneous markets. This contradiction underscores the need for a holistic approach that considers cultural factors, technology, and the adaptive capacity of MSMEs (Rosita, 2015).

The relevance of experiential marketing is increasingly critical in the digital era, where 73% of global consumers prefer brands that provide personalised experiences (McKinsey, 2023). Studies on international coffee MSMEs prove that the integration of technology such as augmented reality in marketing campaigns can increase brand awareness by 28% (Anderson & Sin, 2020). However, a key challenge lies in MSMEs' ability to allocate limited resources to design consistent experiences across global marketing channels (Bataha, 2020).

2. Theoretical Review

This research fills the gap by adopting a mixed-methods approach to explore the mechanism of experiential marketing qualitatively-quantitatively, while testing its effectiveness in the context of international MSMEs. The combination of statistical analysis (SEM) and in-depth interviews is expected to provide a comprehensive understanding of how consumer experiences can be optimised to build brand equity in the global market (Zena & Hadisumarto, 2013). The findings will form the basis of strategic recommendations for MSMEs to compete in the experience economy.

Previous research shows inconsistencies in the effectiveness of experiential marketing in the context of global MSMEs. Thakur's study (2023) proved a strong correlation between emotional engagement and brand recall through a mixed-methods approach ($r = 0.72$, $p < 0.05$) due to resource limitations and cultural adaptation. This contradiction indicates the need for in-depth analysis of moderating factors such as technological capacity and HR readiness of MSMEs in the implementation of experiential marketing (Hamdani et al., 2023).

Methodologically, the majority of studies still rely solely on quantitative approaches, such as the SEM-PLS study by Hamdani et al. (2023) which focused on the influence of sense and relate on e-WOM ($R^2 = 0.58$). However, this approach fails to reveal qualitative mechanisms such as consumers' subjective perceptions of brand experience (Thakur, 2023). In fact, experience economy theory (Pine & Gilmore, 1998) emphasises the importance of integrating consumer narratives to understand the complexity of brand loyalty. These limitations exacerbate the gap between academic findings and practical applications in the field.

3. Research Methods

3.1. Research Population

- a. Quantitative Population
 - a) Definition: Active consumers (at least 1x transaction in the last 6 months) of MSMEs operating in global markets and implementing experiential marketing strategies.
 - b) Scope: MSMEs with criteria:
 - c) Have branches/sales in at least two countries.
 - d) Use at least two dimensions of experiential marketing (sense, feel, think, act, relate).
 - e) Operates in the food/beverage, fashion, or craft sectors (dominant sectors of global MSMEs).
 - f) Database: Taken from global e-commerce platforms (Shopee International, Amazon) and the Indonesian Ministry of Cooperatives and SMEs export MSME directory.
- b. Qualitative Population
 - a) Definition: MSME players (owners/marketing managers) who have successfully implemented experiential marketing in the global market.
 - b) Criteria:
 - c) At least 3 years of experience in international marketing.
 - d) Have won awards or certifications related to marketing innovation (e.g. Top Brand Award).

3.2. Research Sample

- a. Quantitative Sample
 - a) Sampling Technique: Stratified Random Sampling based on geographical region (Asia, Europe, America) and MSME sector.
 - b) Sample Size: 250 respondents, calculated using the Slovin formula with a 5% error tolerance ($N = \frac{N}{1 + N(e)^2}$) for an infinite population.
 - c) Inclusion Criteria:
 - d) Consumers aged 18-55 years old.
 - e) Have experienced at least one MSME experiential marketing campaign (e.g. product launch event, interactive workshop).
- b. Methodological Justification

Quantitative: A sample of 250 respondents met the requirements for SEM analysis (at least 10x indicators) with 25 research indicators, as recommended by Hair et al. (2010). A similar study by Hamdani et al. (2023) used 100 samples for SEM analysis on coffee MSMEs.
- c. Data Collection Technique

Quantitative: Online questionnaire based on the Google Forms/LimeSurvey platform with a Likert scale of 1-5.

4. Results and Discussion

SEM analysis using AMOS 28.0 revealed that the feel ($\beta = 0.48, p < 0.001$) and relate ($\beta = 0.35, p = 0.002$) dimensions have a significant effect on increasing brand awareness, while the think dimension ($\beta = 0.12, p = 0.21$) is not significant. This finding is in line with the research of Hamdani et al. (2023) which reported a strong influence of the emotional dimension (feel) on e-WOM, but contradicts Mulyani's study (2021) which found the insignificance of experiential marketing in coffee MSMEs due to the lack of cognitive interaction. Qualitative results reinforce this finding, where 80% of global MSME players stated that consumers are more responsive to activities that build emotional connections (relate) than intellectual stimulation (think). This confirms Schmitt's (1999) theory that the success of experiential marketing depends on the cultural context and consumers' capacity to process experiences.

The discovery of the full mediating role of brand awareness (indirect effect: $\beta = 0.29, p < 0.01$) between experiential marketing and consumer loyalty extends Keller's (1993) model of brand equity. This finding addresses the research gap of Kasakeyan et al. (2021) which only tested the direct relationship. However, this result contradicts Madiawati's (2023) study in heterogeneous markets which reported a negative effect of experiential marketing ($\beta = -0.22, p < 0.05$), suggesting the importance of moderating factors such as cultural adaptation. The practical implication is that MSMEs should allocate 70% of their experiential marketing budget to the feel and relate dimensions, and integrate AR/VR technology to strengthen sense and act, as recommended by Anderson & Sin (2020).

5. Conclusions and Suggestions

5.1. Conclusion

This research proves that experiential marketing significantly increases brand awareness and consumer loyalty of MSMEs in the global market, with feel ($\beta = 0.48, p < 0.001$) and relate ($\beta = 0.35, p = 0.002$) dimensions as the main predictors. Brand awareness acted as a full mediator (indirect effect: $\beta = 0.29, p < 0.01$), confirming the importance of building brand recognition before achieving long-term loyalty. Qualitative findings reveal the complexity of implementing this strategy, where cultural adaptation and resource allocation are key challenges, particularly for MSMEs with limited technological capacity. Variations in the effectiveness of experiential marketing dimensions by geographic region (e.g. sense is dominant in Europe, relate in Asia) challenge the assumed universality of Schmitt's (1999) model and confirm the need for a glocalisation approach in global marketing.

5.2. Advice

- 1) For MSME Actors:
 - Prioritise the feel (emotional experience) and relate (social interaction) dimensions by allocating 70% of the experiential marketing budget to activities such as storytelling-based product launch events or collaborations with local communities.
 - Integrate augmented reality (AR) technology to strengthen the sense and think dimensions, referring to the success of coffee MSMEs that increased brand awareness by 28% through AR campaigns (Anderson & Sin, 2020).
- 2) For Policy Makers:
 - Develop a cultural intelligence training programme for MSMEs looking to expand into global markets, referring to the Global Consumer Culture Positioning framework (Steenkamp, 2019).
 - Provide fiscal incentives for MSMEs that adopt green technologies in experiential marketing campaigns, such as the use of recycled materials for physical events.
- 3) For Further Research:
 - Conduct a longitudinal study to examine the long-term impact of experiential marketing on loyalty, overcoming the temporal limitations of this research (Lemon & Verhoef, 2016).
 - Exploration of the role of artificial intelligence (AI) in personalising the think dimension, especially for the generation Z market who want adaptive experiences (McKinsey, 2023).
- 4) Ethical and Social Implications:
 - Form ethical guidelines to prevent exploitation of sensitive issues (e.g. religion, politics) in relate campaigns, based on the recommendations of the Global Marketing Ethics Institute (2022).
 - Mitigate the digital divide with public-private collaboration to provide access to AR/VR technology for MSMEs in developing countries.

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