# The Role of Customer Engagement and Ads Creativity in Mediating and Moderating the Effect of Social Media Marketing on Purchase Decision: A Study on Kedai Kopi Kulo Consumers

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#### **ABSTRACT**

This study examines the effect of social media marketing on purchase decisions with customer engagement as a mediating variable and ads creativity as a moderating variable. A quantitative approach was applied using a survey method. Data were collected from 152 respondents who are customers of Kedai Kopi Kulo and active Instagram users. The analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0. The results show that social media marketing does not have a significant direct effect on purchase decisions. However, it has a significant positive effect on customer engagement, which in turn significantly influences purchase decisions. Furthermore, customer engagement successfully mediates the relationship between social media marketing and purchase decisions. Ads creativity was found to negatively moderate the relationship between social media marketing and purchase decisions. These findings suggest that while social media marketing alone may not directly drive purchase decisions, its influence becomes effective when it fosters strong customer engagement. The study also highlights the importance of creative advertising in shaping consumer responses, though excessive creativity might weaken the effectiveness of social media marketing in some contexts.

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# INTRODUCTION

Currently, with advances in technology and information, the internet has spread and expanded across all age groups. Internet use has also become the basis for social media usage. Social media has also transformed consumer lifestyles, with consumers now more interested in promotions on social media. On social media platforms, interactive content plays a crucial role in increasing consumer engagement (Mere et al., 2024).

Syalsabila and Hermina (2023) reported in their research that approximately 75% of people have used social media to seek information before making a purchasing decision, thus fostering a relationship between consumers and sellers. The presence of social media also offers other benefits for businesses, not only improving purchasing decisions but also fostering lasting customer relationships (Nurmalasari, 2021). Therefore, companies must be able to utilize social media effectively. The potential of the coffee business is attractive to investors, as the popularity of coffee itself has led to the spread of coffee shops across various regions. Some coffee shops in Indonesia have even

established retail chains. According to a survey conducted by Goodstats on "Coffee Consumption," 66% of respondents said they buy coffee at coffee shops, while the remaining 34% brew it at home. The survey results demonstrate that people prefer buying coffee at coffee shops to brewing it at home. Therefore, the coffee shop business is arguably increasingly promising. Furthermore, the high demand for coffee in Indonesia is also accompanied by a growing number of coffee shop brands, ranging from local brands to international brands. The Goodstats survey, which used popular local coffee shops as its subject, found Kopi Kenangan to be the top choice. After Kopi Kenangan, it was followed by Kopi Janji Jiwa and Point Coffee in second and third place, respectively. Kulo Coffee Shop only accounts for 4% of the local coffee shops favored by Indonesians. Kulo Coffee Shop demonstrates a lack of competitiveness compared to other local coffee shop brands.

The survey, conducted by Top Brand Index from 2020 to 2024, also shows that Kopi Kenangan remains Indonesia's favorite local coffee shop, with an average share of 39.58%. Janji Jiwa took second place with an average of 38.38%. This was followed by Kopi Kulo with an average of 9.58%. Finally, Fore Coffee with an average of 6.48%. The two figures above indicate that Kedai Kopi Kulo has yet to surpass local brands like Kopi Kenangan and Janji Jiwa.

The research gap identified in this study stems from differences in the results of several previous studies. The results showed no significant influence or effect of social media marketing variables on purchase decisions. This difference was found by Za et al. (2021), followed by Hariyanto et al. (2024), who also found no significant relationship between social media marketing and purchase decisions. Further differences were also found by Rimawan (2024) and Vidyanata (2022). All of the aforementioned researchers found no significant relationship between social media marketing variables and purchase decisions.

# LITERATURE REVIEW

# S-O-R Theory

Mehrabian and Russell, in Sohaib et al. (2022), presented the S-O-R theory, which explains that environmental cues (stimuli) can stimulate a person's self-evaluation (organism), leading to negative or positive behavior (response). This theory explains that every organism will exhibit certain behaviors when exposed to certain stimuli, resulting in a specific response to that stimulus. In a marketing context, this theory explains how consumers respond to stimuli from the marketing environment, such as advertising, promotions, and product design.

# **Social Media Marketing**

Social media is an online platform for sharing and communicating with users worldwide without boundaries (Upadana and Pramudana, 2020). Social Media Marketing also involves utilizing social media networks for marketing purposes (Farook and Abeysekara, 2016).

# **Ads Creativity**

According to Budiman and Erdiansyah (2021), advertising creativity is an integral part of creative marketing strategies, providing consumers with product insights based on the advertising's objectives. Creative advertising is advertising that stands out from other advertisements and can influence the audience's emotions, encouraging them to pay attention (Andayani et al., 2016).

# **Customer Engagement**

Customer engagement is a customer's deep commitment and interest in the customer relationship (Fahmi et al., 2024). According to Ashari and Sitorus (2023), customer engagement is an emotional interaction between a customer and a company that arises from motivation, recommendations, and customer experiences, as well as creative contributions on social media about the brand, which influence purchases.

# **Purchase Decision**

A purchase decision is a consumer's attitude toward several alternative choices that arise when making a purchase, influenced by several external and personal factors (Nurmalasari, 2021). When purchasing or consuming a product, a purchase decision inevitably occurs (Septyadi et al., 2022).

#### **RESEARCH METHOD**

This study uses a quantitative method with a descriptive approach. The population of Kulo Coffee Shop consumers will be sampled. Sampling was conducted using non-probability sampling techniques with purposive sampling and convenience sampling, with a sample size of 152 respondents. The assessment technique used in this study has a maximum score of 10 and a minimum of 1, with a total of 19 questionnaire items. The data analysis method used in this study used descriptive statistical methods and Structural Equation Modeling (SEM) analysis with the SmartPLS 4.0 Professional analysis tool.

#### **RESULTS AND DISCUSSIONS**

Based on Table 1 below, it shows that all loading factor values show numbers above 0.7, so all indicators meet the requirements for convergent validity, when the loading factor value is above 0.7. The Average Variance Extracted (AVE) value has a value above 0.5 for each variable. Therefore, the test results did not find any problems with convergent validity. The Cronbach's Alpha value for each variable has met the criteria, namely > 0.6 and the Composite Reliability value > 0.7. This means that all variables can be stated that the instrument used is consistent and declared reliable.

Tabel 1. Outer Loading, Composite Reliability, Average Variance Extracted

Variable	Indicator	Outer Loading	Cronbach Alpha	Composite Reliability	AVE
Social Media	SMM1	0.758	0.801	0.803	0.558
Marketing					
	SMM2	0.750			
	SMM3	0.751			
	SMM4	0.705			
	SMM5	0.768			
Customer	CE1	0.758	0.757	0.759	0.578
Engagement					
	CE2	0.793			
	CE3	0.762			
	CE4	0.727			
Ads Creativity	AC1	0.845	0.833	0.836	0.602
	AC2	0.782			
	AC3	0.769			
	AC4	0.709			
	AC5	0.766			
Purchase Decision	PD1	0.826	0.812	0.815	0.641
	PD3	0.725			
	PD4	0.766			
	PD5	0.821			

Source: SmartPLS 4.0 Output

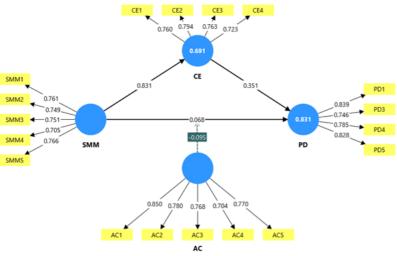


Figure 1. Research Model Souce : SmartPLS Output

Table 2. Coefficient of Determination or R-Square

Dependent Variable	R-Square
Customer Engagement	0.691
Purchase Decision	0.831

Source: SmartPLS Output

Based on the R Square table from the results of data processing conducted by researchers, it can be concluded that the purchase decision has an R Square value of 0.831 or 83.1%, which means that 83.1% of the purchase decision variable can be explained by social media marketing, customer engagement and Ads Creativity. As much as 16.9% of the purchase decision variable is explained by other variables not included in this study. While customer engagement has a value of 0.691 which means that 69.1% of customer engagement can be explained by social media marketing and the rest is explained by variables outside this study, so it can be explained that the model formed is moderate. Path Coefficient

	Original Sample	T-Statistics	P-Values
SMM -> PD	0.068	0.715	0.475
SMM -> CE	0.831	21.296	0.000
CE -> PD	0.351	3.928	0.000
AC x SMM -> PD	-0.095	3.416	0.001
SMM -> CE -> PD	0.292	3.794	0.000

Source : SmartPLS Output

- 1. Hypothesis 1: The results of the study indicate that Social Media Marketing (SMM) does not have a significant effect on Purchase Decision (PD). This is evidenced by the original sample value of 0.068 and the t-statistic of 0.715, which is smaller than the t-table value (1.980). Furthermore, the P-value of 0.475 is greater than the standard value of 0.05.
- 2. Hypothesis 2: The results of the study indicate that Social Media Marketing (SMM) has a positive and significant effect on Customer Engagement (CE). This is evidenced by the original sample value of 0.831, the t-statistic of 21.296 (greater than 1.980), and the P-value of 0.000 (less than 0.05).
- 3. Hypothesis 3: The results of the study indicate that Customer Engagement (CE) has a positive and significant effect on Purchase Decision (PD). This is indicated by the original sample value of 0.351, the t-statistic of 3.928, and the P-value of 0.000.
- 4. Hypothesis 4: The results show that Ads Creativity (AC) significantly moderates the relationship between Social Media Marketing (SMM) and Purchase Decision (PD), but in a negative direction. This is evidenced by the original sample value of -0.095, the t-statistic of 3.416, and the P-value of

0.001 (less than 0.05). This is because the t-statistic is greater than the t-table (1.980) and the P-value is <0.05.

5. Hypothesis 5: The results indicate that full mediation occurs, with a significant indirect effect. Therefore, the fifth hypothesis (H5) is accepted. This is evidenced by the original sample value of 0.292. The results also showed a statistical t-value of 3.794, indicating a statistically significant effect. The resulting p-value was also smaller than the standard p-value (p < 0.05). This means that the influence of social media marketing on purchase decisions can occur through the customer engagement variable.

### **Discussion**

1. Social Media Marketing on Purchase Decisions

The results of this study indicate that social media marketing does not have a significant direct influence on purchase decisions. This finding is similar to that of Za et al. (2021), Hariyanto et al. (2024), Rimawan (2024), and Vidyanata (2022), who reported that social media marketing had no significant influence on purchase decisions. Therefore, it can be concluded that marketing activities using social media at Kedai Kopi Kulo are not optimal or have not yet been able to drive increased purchase decisions.

2. Social Media Marketing on Customer Engagement

The results of this study indicate that social media marketing (SMM) has a positive and significant influence on customer engagement (CE). This finding is similar to research conducted by Sales and Mulyati (2024), Bakar (2023), Bacatan et al. (2024), Farook and Abeysekara (2016), and Nurmalasari (2021), which found that social media marketing has a significant positive effect on customer engagement. Therefore, the results of this study indicate that the better the social media marketing strategy implemented, the higher the customer engagement with the Kopi Kulo brand. Interactions built through social media, such as Instagram, whether through visual content, promotions, or two-way communication, have been shown to attract attention and create emotional bonds between consumers and brands. This engagement can manifest in the form of liking, commenting, sharing content, and even recommending products to others.

3. Customer Engagement on Purchase Decisions

The results of this study indicate that Customer Engagement (CE) has a positive and significant effect on Purchase Decisions (PD). This research, conducted by Syah et al. (2024), Syalsabila and Hermina (2023), Rosadi et al. (2023), and Shafiq (2023), all demonstrated a significant positive relationship between customer engagement and purchase decisions. Therefore, customer engagement with Kopi Kulo, such as responding on social media and actively participating in digital promotions, significantly encourages them to make purchases.

4. Ads Creativity Moderates the Relationship between Social Media Marketing and Purchase Decisions.

The results of the study indicate that Ads Creativity (AC) significantly moderates the relationship between Social Media Marketing (SMM) and Purchase Decision (PD), but in a negative direction. Therefore, the fifth hypothesis (H5) is accepted. This means that Ads Creativity acts as a significant moderator in the relationship between Social Media Marketing and Purchase Decision, but the moderating effect is negative. Therefore, higher Ads Creativity can actually weaken the influence of social media marketing on purchase decisions. This finding indicates that as Ads Creativity levels increase, the positive impact of social media marketing on purchase decisions weakens. This means that Ads Creativity does not always strengthen the effect of social media marketing on consumer purchasing behavior.

5. Customer Engagement Mediates the Effect of Social Media Marketing on Purchase Decisions.

The results of the study indicate that Customer Engagement (CE) fully mediates the relationship between Social Media Marketing (SMM) and Purchase Decisions (PD). Therefore, the mediation results show that customer engagement on Kedai Kopi Kulo's Instagram effectively drives purchase decisions. Kedai Kopi Kulo's social media marketing on Instagram can influence customers through customer engagement to purchase Kedai Kopi Kulo products.

## CONCLUSION

The research results show that social media marketing has no effect on purchase decisions. This is because Kopi Kulo's social media campaigns are still not optimal and are unable to encourage consumers to make purchases. Social media marketing, however, has a positive effect on customer engagement, which in turn has a significant impact on purchase decisions. Customer engagement fully mediates the relationship between social media marketing and purchase decisions, indicating that consumer engagement is key in driving purchases. Meanwhile, ad creativity was shown to negatively moderate this relationship, indicating that excessive advertising creativity can actually reduce the effectiveness of social media campaigns in driving purchase decisions.

The company needs to increase marketing through social media to build customer engagement and improve customer purchase decisions. Here are some managerial implications that Kopi Kulo can implement:

- 1. Kopi Kulo needs to re-evaluate the effectiveness of its social media campaigns.
- 2. To increase trust, Kopi Kulo can strengthen brand credibility, for example by featuring customer testimonials, collaborating with trusted influencers or brand ambassadors, and being transparent in conveying product information.
- 3. Kopi Kulo should create advertisements using straightforward language, clear visuals, and focusing on the product's key benefits to ensure easy consumer understanding.
- 4. Companies need to simplify the decision-making process, such as providing clear product information, including menu recommendations, or speeding up service when ordering.

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