

The Influence Of Content Marketing On Customer Retention Mediated By Customer Engagement And Brand Awareness Among “Kapal Api” Coffee Consumers In Surabaya

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ABSTRACT

The coffee brand "Kapal Api" dominated the instant coffee powder market in Indonesia. In the rapidly evolving coffee industry era, the primary challenge was to sustain its leading position and retain customers. Given the evolving consumer behavior, marketing strategies, particularly through content marketing, became increasingly crucial. This research aimed to analyze the influence of content marketing (X) on customer retention (Z), mediated by customer engagement (Y1) and brand awareness (Y2) among "Kapal Api" coffee consumers in Surabaya. The research method employed was Structural Equation Modeling (SEM) based on Partial Least Square (PLS), specifically using the WarpPLS 7.0 program. Primary data were collected through questionnaires with a sample of 155 respondents selected through non-probability sampling techniques, namely purposive and voluntary sampling. The research results indicated that the path coefficient values for the indirect influence on X, Y1, and Z were 37,7%, meaning these variables could impact customer retention. For X, Y2, Z, the value was 39,9%. However, when considering direct influences, X on Y1 was 75,3%, X on Y2 was 72,8%, and X on Z was 24,6%. Thus, the findings suggested that maintaining customer retention (Z) requires more intensive efforts.

Keywords: Content Marketing, Customer Retention, Customer Engagement, Brand Awareness.

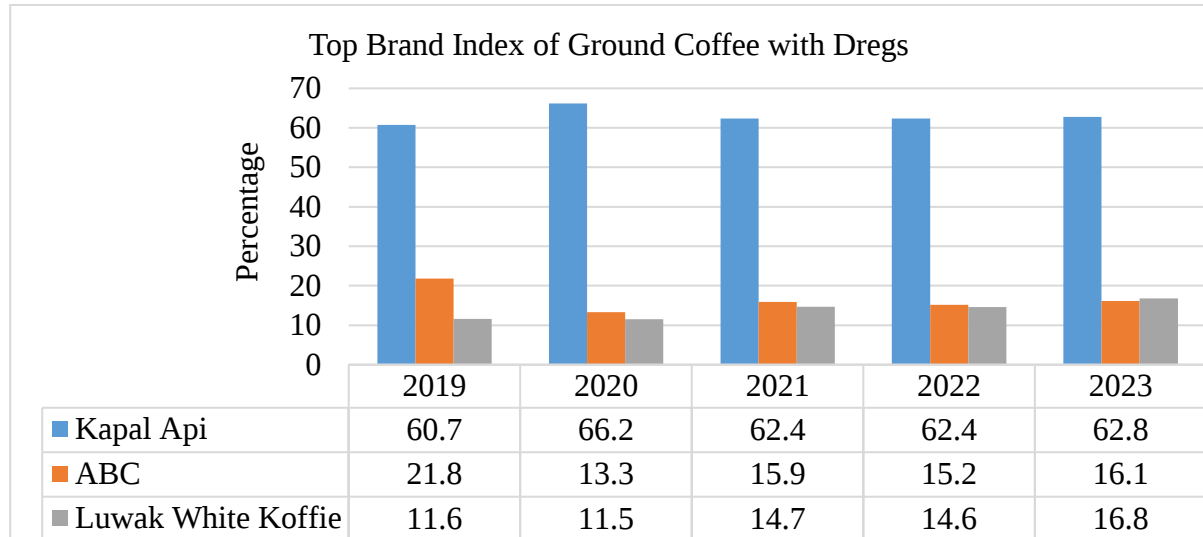
INTRODUCTION

In 2020, Indonesia successfully ranked fourth as the world's largest coffee producer. Indonesia's coffee production reached approximately 744,000 tons, equivalent to 6.69% of the total global coffee production. The significant growth in the number of coffee shop outlets in Indonesia reflects an intriguing phenomenon in the country's coffee industry. Data indicates that in the past three years (2020 – 2023), the number of coffee shops has almost tripled, from 1,083 to 2,937 outlets. This reflects the continuously growing interest in coffee culture in Indonesia (Harum, 2022).

According to the 2023 Snapcart survey data, approximately 40% of the Indonesian population prefers to consume instant 3in1 coffee or convenient white coffee available in various packaging such as bottles, cans, or boxes as part of their daily routines, as shown in Figure 2. This reflects the high demand for the Ready to Drink (RTD) instant coffee category, suitable for busy lifestyles and high mobility. According to Wibowo and Laksamana (2023), besides its delicious taste, the reasons behind the high demand for this type of beverage are its convenience and affordable price, making it popular among the Indonesian community. This also drives an increase in the sales volume of ready-to-drink coffee in Indonesia, predicted to reach 234 million liters in 2023.

Based on the data from Top Brand Indonesia in 2023, as shown in Figure 1, currently, the most favored ground coffee is Kapal Api Coffee. Kapal Api has become an extremely popular coffee brand in Indonesia, holding the top position for the past five years, from 2019 to 2023, with a percentage of around 60%. This is due to consumer preferences for Kapal Api

coffee for various reasons, such as flavor variety, ease of preparation, superior taste, quality, and its unique blends. One of the main reasons consumers might choose Kapal Api coffee is because the brand offers various types of coffee, including Arabica and Robusta, each with unique characteristics and quality.



Picture 1. Top Brand Index of Ground Coffee with Dregs from 2019 to 2023

Digital marketing, involving the use of technology and online platforms to reach consumers, has become a key element in company marketing strategies, including in the coffee industry. Kapal Api Coffee, as a major player in the Indonesian coffee industry, has embraced digital marketing and content marketing strategies to strengthen its brand position. Content marketing, an essential tool in digital marketing, plays a key role in building a strong brand image while addressing crucial issues in the coffee industry (Wahyudi et al., 2022). This includes efforts to enhance awareness and sales, as well as maintaining long-term relationships with customers (Sundari & Lestari, 2022).

In the context of the background mentioned, this research aims to examine the impact of content marketing on customer retention among “Kapal Api” coffee product consumers in Surabaya. This arises because “Kapal Api” has dominated the instant coffee market with a significant market share, but the company needs to maintain customer loyalty and expand customer acquisition opportunities through strategies involving brand awareness and customer engagement. Thus, this research focuses on the company's efforts to utilize content marketing as a tool to retain loyal customers and attract more consumers. The research aims to provide a deeper understanding of the complex relationship between content marketing, customer engagement, brand awareness, and customer retention, and how these factors can contribute to the success of the Kapal Api brand in a competitive market.

MATERIALS & METHODS

This research utilizes the Structural Equation Modeling (SEM) method with Partial Least Squares (PLS) through the WarpPLS 7.0 program. Primary data was obtained from 155 respondents through a questionnaire collected from November 6, 2023, to November 20, 2023, distributed via social media. The non-probability sampling techniques employed were purposive sampling and voluntary sampling. The PLS-SEM analysis consists of two sub-models, namely the outer model and inner model. Variables in this research include content marketing (X) in accordance with Aušra's theory (2016), customer engagement (Y1) in accordance with Hollebeek's et al. theory (2014), brand awareness (Y2) in accordance with

Aaker's theory (1991), and customer retention (Z) in accordance with Tjiptono's theory (2016), with research indicators listed in table 1, as follows.

Table 1. Indicators and Measurement Scales of Research Variables

Variables	Indicators	Scale
Content Marketing (X)	a. Relevance b. Informative c. Reliability d. Value e. Uniqueness (Aušra, 2016)	Likert with 5 points : a) 5 : Strongly Agree b) 4 : Agree c) 3 : Agree Moderately d) 2 : Disagree e) 1 : Strongly Disagree
Customer Engagement (Y1)	a. Contingency Interactivity b. Self-Company Connection c. Extraversion (Hollebeek et al., 2014)	
Brand Awareness (Y2)	a. Brand Recognition b. Brand Recall c. Top of Mind Awareness (Aaker, 1991)	
Customer Retention (Z)	a. Expectation to Repurchase b. Recommend to Others c. Overall Satisfaction (Tjiptono, 2016)	

RESULTS

Respondent Characteristics

The majority of "Kapal Api" coffee enthusiasts are predominantly male, with a slight difference compared to females. Most of these enthusiasts fall within the age group of $\geq 17 - 26$ years (Gen Z), constituting 45.80%. Students make up the majority of those interested in "Kapal Api" coffee (42.58%), mainly due to their active academic and extracurricular involvement. Those showing interest typically have a monthly income below Rp 4,500,000, primarily students facing financial constraints. The majority (29.68%) spend less than Rp 50,000 on coffee, as they are students carefully managing their finances. TikTok is the preferred social media platform for most respondents, especially students, with 85 people (54.83%). The majority of respondents (60.64%) regularly view "Kapal Api" content marketing 1 to 3 times per month. About 47.09% of buyers purchase "Kapal Api" coffee products 1-3 times a month, reflecting customer loyalty. The most favored coffee variant is Kapal Api Special, chosen by 55 people (35.48%) for its distinct coffee flavor.

Respondent Perceptions

The majority of respondents state that the content marketing of "Kapal Api" coffee products are considered informative and appealing, capturing the audience's attention to become potential buyers. The content marketing for coffee products has been successful in delivering useful information and attracting consumer attention. Most respondents feel the benefits are highly relevant to the content marketing strategy of coffee products because they obtain information about the products favored by consumers. The majority of respondents say

that the content marketing of the product significantly enhances its appeal as the content provides relevant information and captures the audience's attention. In conclusion, the majority of respondents expressed that the content marketing of the product has a positive influence on understanding the product and its brand identity because there is an effort to consistently present information that aligns with the reality of the product and brand.

Outer Model

Validity Test

a. Convergent Validity

Table 2. Combined Loading and Cross-loading Output Results

	X	Y1	Y2	Z	Y1*X	Y2*X	Type	P-Value
X1.1	(0,771)	0,107	-0,364	0,119	1,340	-1,394	Formative	< 0,001
X1.2	(0,794)	-0,178	0,000	0,110	1,241	-1,145	Formative	< 0,001
X1.3	(0,754)	-0,152	0,280	-0,084	-1,920	2,026	Formative	< 0,001
X1.4	(0,728)	-0,062	0,161	0,047	-0,357	0,290	Formative	< 0,001
X1.5	(0,754)	0,290	-0,063	-0,199	-0,411	0,322	Formative	< 0,001
Y1.1	-0,218	(0,768)	-0,366	0,013	2,131	-2,023	Formative	< 0,001
Y1.2	0,117	(0,858)	-0,155	0,034	0,210	-0,256	Formative	< 0,001
Y1.3	0,088	(0,760)	0,545	-0,051	-2,392	2,335	Formative	< 0,001
Y2.1	-0,053	0,122	(0,882)	-0,210	-1,697	1,685	Formative	< 0,001
Y2.2	-0,045	-0,048	(0,902)	-0,214	0,022	-0,103	Formative	< 0,001
Y2.3	0,120	-0,089	(0,727)	0,521	2,033	-1,917	Formative	< 0,001
Z1.1	-0,369	0,137	0,338	(0,815)	-0,571	0,669	Formative	< 0,001
Z1.2	0,255	-0,077	-0,234	(0,866)	-0,412	0,399	Formative	< 0,001
Z1.3	0,090	-0,050	-0,081	(0,896)	0,918	-0,994	Formative	< 0,001
Y1*X	0,000	0,000	0,000	0,000	(1,000)	0,000	Reflective	< 0,001
Y2*X	0,000	0,000	0,000	0,000	0,000	(1,000)	Reflective	< 0,001

Source: Processed primary data (2023)

Based on table 2, it can be seen that the loading factor values for each indicator are ≥ 0.70 , and the p-value is < 0.001 . Therefore, it can be concluded that all indicators used as measures in the research variable have met the criteria (fulfilled) and are declared valid.

b. Discriminant Validity Test

Table 3. Loading Values of Latent Constructs to Respective Indicators

	X	Y1	Y2	Z	Y1*X	Y2*X	Keterangan
X1.1	(0,771)	0.107	-0.364	0.119	1.340	-1.394	Approved
X1.2	(0,794)	-0.178	0.000	0.110	1.241	-1.145	Approved
X1.3	(0,754)	-0.152	0.280	-0.084	-1.920	2.026	Approved
X1.4	(0,728)	-0.062	0.161	0.047	-0.357	0.290	Approved
X1.5	(0,754)	0.290	-0.063	-0.199	-0.411	0.322	Approved
Y1.1	-0.218	(0,768)	-0.366	0.013	2.131	-2.023	Approved
Y1.2	0.117	(0,858)	-0.155	0.034	0.210	-0.256	Approved
Y1.3	0.088	(0,760)	0.545	-0.051	-2.392	2.335	Approved
Y2.1	-0.053	0.122	(0,882)	-0.210	-1.697	1.685	Approved
Y2.2	-0.045	-0.048	(0,902)	-0.214	0.022	-0.103	Approved
Y2.3	0.120	-0.089	(0,727)	0.521	2.033	-1.917	Approved
Z1.1	-0.369	0.137	0.338	(0,815)	-0.571	0.669	Approved
Z1.2	0.255	-0.077	-0.234	(0,866)	-0.412	0.399	Approved
Z1.3	0.090	-0.050	-0.081	(0,896)	0.918	-0.994	Approved
Y1*X	0.000	0.000	0.000	0.000	(1,000)	0.000	Approved
Y2*X	0.000	0.000	0.000	0.000	0.000	(1,000)	Approved

Source: Processed primary data (2023)

Based on table 3, the loading factor values of each indicator indicate a higher correlation with their respective latent constructs compared to other latent constructs. The example is indicator X1.1 of the content marketing variable has the highest loading factor (0,771) surpassing the loading factors of other indicators (Y1, Y2, Z, Y1*X, and Y2*X).

Reliability Test

Table 4. Results of Reliability Value Test

	X	Y1	Y2	Z	Y1*X	Y2*X
Composite Reliability	0,873	0,838	0,77	0,895	1,000	1,000
Cronbach's Alpha	0,817	0,710	0,788	0,823	1,000	1,000

Source: Processed primary data (2023)

Based on table 4, it can be observed that the composite reliability and Cronbach's alpha values for each variable are already ≥ 0.70 . This indicates that the indicators are capable of measuring the variables accurately, or it can be said that all four variables are reliable. From the conducted test results, it can be concluded that all variables have met the requirements and are considered reliable. Expanding on the findings, the reliability assessment reveals that all variables not only meet the required criteria but are also deemed reliable, instilling confidence in the accountability of the data provided.

Inner Model

Path Coefficient Value Test

Table 5. Path Coefficient Values

Indirect Effect	Total	Description
1. Content Marketing → Customer Engagement → Customer Retention	0,131	
2. Content Marketing → Brand Awareness → Customer Retention	0,093	
Direct Effect		
1. Content Marketing → Customer Retention	0,246	
2. Content Marketing → Customer Engagement	0,753	
3. Customer Engagement → Customer Retention	0,179	
4. Content Marketing → Brand Awareness	0,728	
5. Brand Awareness → Customer Retention	0,444	
Total Effect		
1. Content Marketing, Customer Engagement, and Customer Retention (0,131 + 0,246)	0,377	Partial Mediation
2. Content Marketing, Brand Awareness, and Customer Retention (0,093 + 0,246)	0,339	Partial Mediation

Source: Processed primary data (2023)

Based on Table 5, it can be explained that customer engagement (Y1) and brand awareness (Y2) act as partial mediators. Customer engagement and brand awareness can be significant mediating variables. The path coefficient value of the indirect effect on content marketing (X) to customer retention (Z) mediated by customer engagement (Y1) is 37.7%, indicating that this variable can influence the customer retention variable by 37.7%, while the remaining is influenced by other factors and indicators of unexamined variables in this research. Meanwhile, the direct effects of content marketing (X) on customer engagement (Y1) are 75.3%, content marketing (X) on customer engagement (Y2) is 72.8%, and content marketing (X) on customer retention (Z) is 24.6%. In conclusion, to maintain customer retention (Z), more intensive efforts from "Kapal Api" coffee company are required to retain customers and sustain its leading position.

Model Fit Test

Table 6. Model Fit Test Results

Model Fit and Quality Indices	Index	P-Value	Criteria	Description
Average Path Path Coefficients (APC)	0,332	< 0,001	< 0,05	Approved
Average R-Squared (ARS)	0,500	< 0,001	< 0,05	Approved
Average Adjusted R-Squared (AARS)	0,493	< 0,001	< 0,05	Approved
Average Block Variance Inflation (AVIF)	2,144	< 5, ideally <= 3,3		Approved
Average Full Collinearity VIF (AFVIF)	2,673	< 5, ideally <= 3,3		Approved
Temenhaus GoF (GoF)	0,608	Small >=0,1, medium >= 0,25, large >=0,36		Approved
Sympson's Paradox Ratio (SPR)	0,857	Value >= 0,7 dan ideally = 1		Approved
R-Squared Contribution Ratio (RSCR)	0,987	Value >= 0,9 dan ideally = 1		Approved
Statistical Suppression Ratio (SSR)	1	Value >= 0,7		Approved
Nonlinear Bivariate Causality Direction Ratio (NLBCDR)	0,714	Value >= 0,7		Approved

Source: Processed primary data (2023)

Based on table 6, it can be explained that the APC index has a value of 0.332 with a p-

value of 0.001, indicating that the p-value <0.05 and the result is acceptable. The ARS value of 0.500 and the AARS value of 0.493 also have a p-value <0.05 , indicating acceptable results. In addition, AVIF and AFVIF values less than 3.3 indicate no symptoms of multicollinearity between indicators and exogenous variables. The SPR, RSCR, SSR, and NLBCDR indices also show appropriate measures, indicating no causality symptoms in the research model. These collective indicators contribute to a comprehensive evaluation of the model's fit, underscoring its validity and reliability in capturing the intricate dynamics under investigation.

CONCLUSION

The research indicates that the path coefficient value for the indirect influence on content marketing (X) to customer retention (Z), mediated by customer engagement (Y1), is 37.7%. This implies that the variable can affect customer retention by 37.7%, with the remainder influenced by factors and variables not examined in this study. Meanwhile, for content marketing (X) to customer retention mediated by brand awareness (Y2), the value is 39.9%. However, considering direct influences, content marketing to customer engagement is 75.3%, content marketing to brand awareness is 72.8%, and content marketing to customer retention is 24.6%. These results suggest that maintaining customer retention (Z) requires more intensive efforts from the "Kapal Api" coffee company.

Leveraging effective content marketing, employing targeted strategies centered on quality, informativeness, and relevance enables "Kapal Api" to uphold its dominant market position. The positive correlation between content marketing and customer retention implies that these endeavors can foster greater loyalty among existing clientele. Crafting compelling and pertinent content empowers the company to fortify emotional connections via social media, deliver gratifying experiences, and uphold consumer contentment. Additionally, content marketing that bolsters brand awareness opens avenues for attracting new patrons. By augmenting brand awareness through captivating content, the company can expand its outreach, captivate the curiosity of potential customers, ultimately contributing to business expansion and securing "Kapal Api's" premier status in the coffee market.

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