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**INNOVATION AND RESILIENCE IN MANAGING BUSINESSES** 

### THE EFFECT OF SOCIAL MEDIA CUSTOMER ENGAGEMENT ON SOCIAL MEDIA PERFORMANCE

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Abstract: The development of social media use in business in the last decade has been very rapid. Companies that have a good and appropriate marketing strategy in the use of social media will benefit from its social media performance. Studies reveal that there are still many businesses that use intuition in developing their social media marketing strategy and with various experiments on their own. This study reveals the social media marketing strategies that SMEs should implement in order to improve their Social Media Performance. Marketing strategies through social media carried out by SMEs in order to have maximum leverage should be moderated by using Social Media based Customer Engagement. This study uses a quantitative approach by collecting data and analyzing data using a sample of 265 food and beverage SMEs in Solo, Semarang, Kudus and Jepara using a purposive sampling method. The data collected in this study through questionnaires to test the empirical model using Structural Equation Modeling (SEM-AMOS).

**Keywords:** social media marketing strategy, social media based customer engagement, brand exposure, social media performance, small and medium enterprises

#### 1. Introduction

The widespread adoption of social media as an effective business tool in today's hyper-digital environment has brought about significant shifts in the ways in which individuals engage in conversation and conduct business with one another. According to Martín-Rojas et al. (2020), these platforms include many resources that enable businesses to create substantial relationships with their customers, obtain major market insights, and make it easier to customize personalized offerings. In addition, these platforms allow businesses to gain considerable market insights. In a similar fashion, the use of social media, an essential component of the strategic planning behind company operations, has altered the manner in which firms get input. According to Kwayu et al. (2018), social media is known to have a cost-effective method to facilitate the seamless dissemination of information to the public and elicit their answers. In addition, social media is known to have a cost-effective strategy to facilitate the seamless dissemination of information to the public.

Through improved customer relationship management on social media, businesses can boost their sales and retain loyal customers, resulting in increased revenue. By structuring client communications through social media in a way that encourages them to participate in collaborative conversations, businesses may create an environment in which consumers can receive value in a way that is both transparent and trustworthy. According to Oberoi et al.



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(2017), successful social media marketing campaigns provide potential for e-retailers in the areas of market research and customer acquisition. In addition, the success of a business on social media continues to be a significant factor for the operation of the business because it provides as an outcome measure of good customer views, feelings, or actions in response to the business's many social media initiatives. It is essential for a company to be able to connect with its clientele in order to realize its strategic marketing goals. According to Tafesse & Wien (2018), the successful achievement of market-centric and lucrative outcomes requires the successful creation of pleasant consumer interactions via social media. When it comes to measuring the efficacy of their internet strategy, businesses view the performance of their social media accounts as an essential benchmark. According to Ferreira et al. (2022), the widespread growth of social media platforms has encouraged brands to boost consumer involvement and become an important aspect of brand marketing. This was found in their research.

According to the findings of a study that was carried out by Wu et al. (2020), the strategy of marketing through social media has a substantial effect on the performance of a business. The social media marketing method has a substantial impact on the performance of the business because it is strongly supported by components of market orientation, innovation orientation, and entrepreneurial orientation. The use of social media marketing is widely recognized as an effective method for forming relationships with clients and disseminating pertinent information to them. In addition, McCarthy et al. (2022) assert that the use of social media marketing methods can result in the generation of money, the production of interesting content, and the formation of robust communities. Mishra & Singh (2021) designed a framework for the implementation of business social media strategies that takes into account the following six essential components: information, advocacy, affiliation, dialogue, utility, and identity. These components can serve as the foundation for the development of a social media marketing plan that is effective for businesses. According to Ananda et al. (2016), this strategy gives businesses the opportunity to connect activities related to social media with customer value processes such as customer relationship management (CRM), supply chain management (SCM), or product development. This is accomplished through collaboration with online brand communities. In addition, research that was carried out by V Kumar et al. (2013) highlights the process that businesses can use to develop a social media marketing plan. This framework incorporates pertinent marketing ideas as well as the benefits that may be obtained from using this strategy inside a relationship and transactional marketing approach respectively. By creating and executing a social media strategy in accordance with these guidelines, businesses can increase the likelihood of successfully achieving their business objectives.

Previous research, such as that conducted by Tafesse & Wien (2018) stated that social media marketing strategies can have a direct and significant positive impact on social media performance. In contrast, research conducted by Marchand et al. (2021) stated that social media marketing strategy has an insignificant direct influence on social media performance. Given these divergent findings, this study introduces a social media-based customer engagement variable, which is proposed to strengthen the relationship between social media marketing strategy and social media performance. In addition, several other studies have put forward the proposition that social media performance can be influenced by strategic orientation. Valos et al. (2019), sales and business development Dutot et al. (2016), and social media resources and capabilities Marchand et al. (2021).

The goal of this study is to provide an in-depth understanding of the relationship between the social media marketing strategy employed by a company and the level of success that the company enjoys in using social media. The establishment of an enterprise-wide social media strategy for the firm has as its primary goal the achievement of growth that is mutually advantageous for both the company and its customers, Wu et al. (2020). Ananda et al. (2016)



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placed a strong emphasis on the significance of this tactic in the process of constructing a framework that explains the operation of social media marketing tactics. According to Sriparna Guha et al. (2021), implementing social media marketing tactics is crucial for improving a company's consumer awareness as well as its brand image and brand equity. As a result, developing an efficient strategy for marketing via social media will be of great assistance in ensuring the growth and prosperity of many aspects of the organization over time.

The purpose of this study is to improve our understanding of the complex relationship between the use of social media marketing tactics and the level of success that companies find using social media. Exploring the many different facets of this interaction is what this study is all about, with the end goal of shedding some light on the processes that are responsible for the success of marketing in the digital age. In addition, the purpose of this inquiry is to establish a theoretical basis for the existing body of literature on marketing by elaborating on the manner in which contemporary marketing methods might be utilized to boost client engagement, organizational growth, and brand enhancement.

Having accomplished the aforementioned goal of improving comprehension, the current investigation is geared toward resolving the following questions:

- 1. Is it possible for businesses to gain increased success on social media by putting social media marketing tactics into action?
- 2. Which elements make a substantial contribution to the improvement of the performance of corporate social media?
- 3. Does customer involvement that is based on social media play an effective role in mediating the gap that exists between social media marketing strategy and the performance of a corporation's social media presence?

The questions that were raised earlier will serve as the primary focus of the investigation that will be conducted as part of this scientific study. The purpose of this study is to investigate the intricate interactions that exist between social media marketing strategies, the various factors that influence social media performance, and the mediating influence of customer engagement based on social media.

#### 2. Literature Review

#### 2.1. Social Media Marketing Strategy

In the study that was done in the past, the phrase "social media marketing strategy" was found numerous times. Having said that, it is still difficult to obtain a definition of this phrase that is both obvious and complete. According to Choi & Thoeni (2016), the purpose of their study is to uncover the organizational actions that enable firms to leverage social media as a strategic marketing tool to achieve their goals. Specifically, they are interested in identifying the organizational actions that enable organizations to use social media. According to V Kumar et al. (2013), businesses can reap the benefits of employing social media marketing methods because these strategies have the potential to boost both the quantity and quality of referrals and influencers.

According to Micu et al. (2017), this is an example of an internet marketing technique that analyzes evaluations left by customers of local restaurants. The overall objective of this approach is to achieve a higher level of sales. According to Zhang et al. (2017), for businesses to be successful with their social media marketing strategy, it is essential to align user-shared content with that strategy. In the context of business-to-business interactions, W. Y. Wang et al. (2016) examined how companies make use of social media methods to communicate with potential consumers and clients and to create relationships with such individuals.



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According to Li et al. (2021), social media marketing strategy is a complicated collection of company acts that is concentrated on determining the motivation of customers. They place an emphasis on brand-based social media usage as well as on making conscious efforts. Through these types of strategic interactions, relationships and interactions facilitated through social media serve as the foundation for achieving the desired results in marketing. Ananda et al. (2016), on the other hand, define social media marketing strategy as a collection of actions and meanings done by a company or organization to achieve their marketing objectives and meet the demands of their target market by utilizing experienced social media platforms. In other words, a social media marketing strategy is a collection of social media marketing tactics.

These perspectives and definitions, when combined, assist us in gaining a deeper understanding of the many approaches to marketing via social media. Additionally, it promotes the development of a more comprehensive framework for research on digital marketing.

According to McCarthy et al. (2022), the framework of a social media marketing plan has three crucial aspects: the control of consumer dialogues, contact with fans, and efforts to commercialize the brand's products or services. In addition, research conducted by Ananda et al. (2017) found that implementing social media marketing tactics led to the production of four distinct benefits, including an increase in revenue, interactive engagement, community development, and content creation.

N-REL is a conceptual framework that was developed by Ananda et al. (2016). It is designed to encompass the three primary stages that are implicitly involved in the field of social media marketing strategy. The planning and strategy decisions of a company are the primary focus of the framework's initial discussion, which also includes an analysis of the target market and the development of a marketing mix. Following this, the framework digs into the strategic planning and implementation of tactics within the social media mix. Lastly, the framework summarizes its findings. In the last section, a discussion of the company's strategic implementation is presented. This implementation is illustrated through the production of content across a variety of social media platforms. As a result, this organizational structure offers a comprehensive perspective that enables businesses to comprehend the many facets of social media marketing techniques as they relate to a commercial setting.

#### 2.2. Social Media Based Customer Engagement

In the marketing process, contemporary technology can be helpful in a variety of stages, including segmentation, targeting, and positioning, among others. According to Hollebeek et al. (2014), each of these stages has a substantial impact on the level of engagement a customer has with a brand and helps facilitate each of the components that make up the marketing mix. In addition, technology is employed for promotional purposes; one example of this would be the employment of virtual reality in the framework of a game based on social media in order to engage customers, specifically, Carlson et al. (2019). Today's successful brands face the issue of efficiently exploiting client involvement based on social media, which presents a unique opportunity for creative cooperation and the generation of novel ideas. Publication by Harmeling et al. (2017), as a consequence of this, one might assert that the manner in which clients engage with businesses and brands is being rapidly transformed by technological advancements, Hollebeek et al. (2019).

Kahn (1990) was the one who initially presented the idea of engagement inside the realm of marketing, and Brodie et al. (2011) were the ones who went on to develop it further. Additionally, a significant amount of research and methodology has been carried out in the field of interaction, with a special emphasis placed on brands. As a consequence of this, a variety of conceptions and metrics have emerged, as Dessart et al. (2016) and Hollebeek et al. (2014) demonstrate, respectively. According to the findings of the researchers, engaging customers through social media platforms is extremely helpful to businesses, particularly



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because it leads to an increase in both behavioral intentions and word-of-mouth, de Oliveira Santini et al. (2020). It has also been demonstrated that consumer participation through social media contributes to a rise in the credibility of a company's brand and has a beneficial effect on the overall success of the business. Specifically, Lee et al. (2021), In addition, research has indicated that a strategy that focuses on increasing consumer involvement through the use of social media can boost the level of trust that customers have in a business.

T. Wang & Lee (2020), In addition, research has shown that engaging customers through social media can enhance connections, leading to higher levels of customer loyalty, satisfaction, and retention, Arora et al. (2021).

Instead, small and medium-sized businesses (SMEs) typically simply use social media to raise brand awareness, even if they may not grasp how it might increase sales and profits. Sushmita Guha et al. (2018) In addition, they frequently do not make use of the abundance of information provided by social media platforms in order to calculate more complicated customer engagement indicators, such as customer lifetime value and the act of sharing insights gained from consumers, Viswanathan Kumar et al. (2010). In addition, small and medium-sized businesses are more likely to create their own online communities, but these businesses do not make major contributions to online communities owned by their customers and targeted at boosting social media-based consumer engagement, Harrigan & Miles (2014).

#### 2.3. Social Media Performance

One of the areas of empirical research that focuses on the performance of social media is the manner in which companies change their marketing mix to the changing landscape of the business world. An illustration of a social media strategy that A. Kumar et al. (2016) developed with the intention of enhancing the management of client relationships. Companies need to take into account the customer-created brand stories in order to guarantee the continued success of their brands in the market.

According to Marchand et al. (2021), the number of followers, fans, and subscribers that an organization possesses can be used to determine the level of success that an organization has achieved through the usage of its social media platforms as a component of its marketing mix. Converting traditional metrics into statistics that are more applicable to social media platforms is one of the most difficult aspects of analyzing success on social media platforms. According to Tajvidi & Karami (2021), studies have shown that the use of social media can increase a company's performance. According to Fisher & management (2009), utilizing social media to alter one's thoughts on CRM techniques can also help improve a company's overall performance. In addition, research conducted in the service industry has demonstrated that companies that are able to effectively respond to negative feedback posted on social media will have positive results for their companies, Kim et al. (2015).

The performance of social media is supported by a solid social media strategy, efforts made by the firm to boost consumer involvement, and the application of analytics to track and improve performance on social media, Tafesse & Wien (2018). According to Marchand et al. (2021), businesses have the potential to make the most of the resources and capabilities offered by social media by developing and implementing an efficient social media strategy.

### 2.4. Effect of Social Media Marketing Strategy on Social Media based Customer Engagement

Through its engagement in social media marketing, the corporation intends to boost the effectiveness of its existing marketing efforts. According to the findings of a number of studies, there is a correlation between social media marketing strategies and consumer engagement that is based on social media platforms. Li et al. (2021) found that businesses are able to attain high levels of customer engagement by utilizing a targeted social media marketing strategy. Mora



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Cortez et al. (2023) further mentioned that the social media marketing plan that will be adopted by the company would enhance the number of new followers and have a good impact on consumer engagement.

H1: Social Media Marketing Strategy has a positive and significant impact on Social Media based Customer Engagement.

#### 2.5. Effect of Social Media Marketing Strategy on Social Media Performance

Previous research conducted by Tafesse & Wien (2018) discovered that a company's social media performance might be affected by its social media marketing approach. Another investigation, this one carried out by Oberoi et al. (2017), came to the same conclusion. On the other hand, Marchand et al. (2021) discovered that a firm's social media performance is unaffected by the social media marketing approach that the company employs.

H2: Social Media Marketing Strategy has a positive and significant impact on Social Media Performance.

### 2.6. Effect of Social Media-based Customer Engagement on Social Media Performance

Another study found that social media-based customer engagement has a positive and significant impact on social media achievement. This was discovered by de Oliveira Santini et al. (2020), who conducted research on customer engagement based on social media and found that it has a positive impact on customer-generated content and customer engagement. According to Hinson et al. (2019), posts made on Facebook have a favorable effect on user-generated content and customer interaction, both of which are components of Social Media Performance.

H3: Social Media-based Customer Engagement has a positive and significant impact on Social Media Performance.

### 3. Method

The purpose of this investigation is to examine theories on the ways in which one variable influences another. In other words, this is an investigation into the causes of anything. In order to construct and validate the research model, a hypothetical method was adopted. The subjects of this study are micro, small, and medium-sized enterprises (MSME) owners of food and beverage businesses in the cities of Solo, Semarang, Kudus, and Jepara. In order to carry out this research, both primary and secondary sources of information were utilized.

The focus of this study is on medium and small food and beverage businesses in Central Java. This study used a sample population of 265 micro, small, and medium-sized enterprises (MSMEs) operating in the cities of Solo, Semarang, Kudus, and Jepara. The survey approach was used to gather the primary data for this investigation. This method seeks to collect information via the use of a questionnaire that is comprised of a list of questions and is delivered directly to the respondents. Along with the AMOS data processing application, the structural equation modeling (SEM) technique was utilized in this investigation.

The use of questionnaires as a means of data collection and the verification of hypotheses. In this study, a Likert scale with ten different answer alternatives was utilized.

#### 4. Result and Discussion

Two parts of the study will be presented: descriptive analysis and inferential analysis. Descriptive analysis was conducted with index values, while inferential analysis was conducted using the structural equation modeling (SEM) method.



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Table 1. Measurement Items

| Variables Indicator<br>Name                  |      | Indicator  | Source  |  |
|--|------|--|---|--|
| Social Media<br>Marketing Strategy           | SMM1 | The business's social media provides a means for customers to share content                    | Adapted from<br>Tarsakoo &<br>Charoensukmongkol<br>(2019) |  |
|  | SMM2 | The business's social media regularly interacts with customers and other users                 |   |  |
|  | SMM6 | We use this business's social media to introduce new products quickly                          |   |  |
|  | SMM7 | We use this business social media to develop our business brand                                |   |  |
| Social Media based<br>Customer<br>Engagement | CE1  | I think that more and more users visit this business's social media.                           | Adapted from Garg et al. (2020)                           |  |
|  | CE2  | I consider that more and more users often visit this business's social media.                  |   |  |
|  | CE3  | I consider that more and more users like this business's posts on social media                 |   |  |
|  | CE4  | I consider that more and more users comment on this business's posts on social media           |   |  |
| Social Media<br>Performance                  | SMP2 | I think that more and more users are contacting this business through social media.            | Adapted from<br>Tafesse & Wien<br>(2018)                  |  |
|  | SMP3 | I think the more customers this business gets through social media                             |   |  |
|  | SMP4 | I see that there are more and more customers that this business can serve through social media |   |  |

Two parts of the study will be presented: descriptive analysis and inferential analysis. Descriptive analysis was conducted with index values, while inferential analysis was conducted using the structural equation modeling (SEM) method.

#### **5.1. Descriptive Analysis**

To answer respondents' questions about the following variables: social media marketing strategy, social media-based customer engagement and social media achievement, the index value approach was used. The following are the results of the index calculation for each variable:

Table 2. Tendencies of Respondents' Answers to Research Variables

| Constructs                             | Index | Remark |
|--|-------|--------|
| Social Media Marketing Strategy        | 77.5  | High   |
| Social Media Bases Customer Engagement | 73.9  | High   |
| Social Media Performance               | 76.3  | High   |

As a result of the calculation of the index values mentioned above, it can be concluded that, for each research variable, there is a high tendency for respondents to provide answers.

#### **5.2. Inferential Analysis**

Structural Equation Modeling (SEM) was used to conduct inferential analysis to evaluate the research model and the influence between variables.



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#### a. Confirmatory Analysis

Confirmatory analysis is conducted to verify whether the observed variables are represented by the indicators used as measures. For confirmatory analysis, the required criteria are a standardized estimation value of more than 0.5; a CR value of more than 1.98 (at  $\alpha = 5\%$ ), and a significance value of less than 0.05.

| Table 3. Results of Research Model Analysis |      |          |      |        |  |
|---|------|----------|------|--------|--|
|   |      | Estimate | S.E. | C.R.   |  |
| SMMS7 <                                     | SMMS | ,581     | ,072 | 8,015  |  |
| SMMS6 <                                     | SMMS | 871      | 072  | 12 116 |  |

\*\*\* SMMS6 SMMS2 <---**SMMS** ,940 ,076 12,369 \*\*\* SMMS1 <---**SMMS** 1,000 SMP4 **SMP** 1,353 <---,069 19,606 SMP3 <--- SMP 1,367 ,068 20,003 \*\*\* SMP2 <--- SMP 1,000 1,655 CE4 <--- SMBCE ,128 12,958 \*\*\* CE3 <--- SMBCE 1,306 ,111 11,768 13,100 \*\*\* CE2 **SMBCE** 1,415 ,108

The results of the above research allow the conclusion that indicators can serve as a representation of the observed variables.

1,000

**SMBCE** 

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#### b. SEM Assumptions

CE1

A multivariate  $\overline{CR}$  score within the range of  $\pm 2.58$  was indicated by univariate normality, while multivariate normality showed a score of 6.501. The multivariate normality score still exceeds the recommended cutoff value, but the score is still below the threshold of 8.0, which means the analysis can still be continued. Ferdinand (2014). Therefore, it can be concluded that the data used in this analysis has met the assumption of sufficient data normality, and the analysis can proceed to the next stage.

Multicollinearity and singularity are used to determine how closely the exogenous variables are related to each other. However, since the model has only one exogenous variable, these assumptions are not discussed in this study.

Residual analysis is used to identify errors caused by testing the research model and to determine whether model modifications are necessary. There is no residual problem as the model calculations did not result in a residual value of more than 2.58. The Construct Reliability value should be more than 0.5 and the Extraction Variance should be more than 0.5. The calculation results for these two values are shown here.

**Table 4. Construct Reliability and Variance Extracted** 

| Variable                                  | Construct<br>Reliability | Variance<br>Extracted |
|---|--------------------------|-----------------------|
| Social Media Marketing Strategy           | 0.544                    | 0.587                 |
| Social Media Based Customer<br>Engagement | 0.654                    | 0.782                 |
| Social Media Performance                  | 0.720                    | 0.869                 |

#### c. Goodness of Fit Model

This research model describes the social media marketing strategy on social media performance. SEM analysis techniques will be used to evaluate this strategy. This is the first step in testing the research model.



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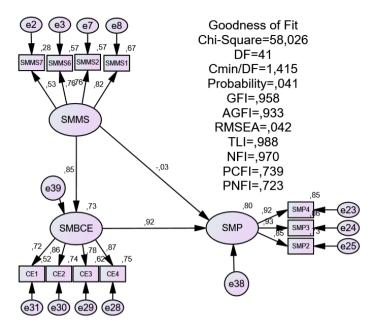


Figure 1: Goodness of Fit Result Model

Goodness of fit results for this model are presented in the following table:

Table 5. Result of Goodness of Fit Test

| Goodness of Fit Index | Cut off Value | Result | Model<br>Evaluation |
|-----------------------|---------------|--------|---------------------|
| Chi-Square (df = 147) | < 51,201      | 58.026 | Marginal            |
| Probability           | ≥ 0.05        | 0.041  | Marginal            |
| CMIN/DF               | ≤ 2.00        | 1.415  | Good                |
| GFI                   | ≥ 0.90        | 0.958  | Good                |
| AGFI                  | ≥ 0.90        | 0.933  | Good                |
| TLI                   | ≥ 0.95        | 0.988  | Good                |
| CFI                   | $\geq$ 0.95   | 0.991  | Good                |
| RMSEA                 | ≤ 0.08        | 0.042  | Good                |

The calculated CMIN/DF value (1,415) < the cut of value (2.00) and the GFI, AGFI, TLI, CFI, above the cut of value values, it can be concluded that the model can explain the population estimate.

#### **5.3.** Hypothesis Testing

Hypothesis testing is done by analyzing the probability value with the criterion <0.05.

**Table 6. Hypothesis Test Results** 

|                  | Hypothesis Testing Results |   | Estimate | S.E.  | C.R. | P      |      |
|------------------|----------------------------|---|----------|-------|------|--------|------|
| $\overline{H_1}$ | SMBCE                      | < | SMMS     | ,680  | ,065 | 10,383 | ***  |
| $H_2$            | SMP                        | < | SMMS     | -,034 | ,114 | -,297  | ,767 |
| $H_3$            | SMP                        | < | SMBCE    | 1,183 | ,166 | 7,117  | ***  |



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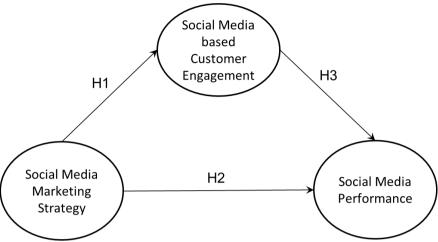


Figure 2: Hypothesis Result

Social Media Marketing Strategy has a positive and significant impact on Social Media Based Customer Engagement. The effect of Social Media Marketing Strategy on Social Media Performance is not significant. Social Media Based Customer Engagement has a significant positive impact on Social Media Performance.

#### 5. Conclusions

This research aims to investigate the impact of Social Media Marketing Strategy on the performance of Micro, Small, and Medium-sized Enterprises (MSMEs). The study found that direct application of Social Media Marketing Strategy does not lead to an improvement in Social Media Performance, as indicated by the negative but non-significant result in H2. However, if Social Media Marketing Strategy is reinforced by means of Social Media Based Customer Engagement, as indicated in H1 and H3, it can have a significant positive impact on Social Media Performance.

The theoretical implication of this research is to provide empirical evidence of the relationship between Social Media Marketing Strategy and Social Media Performance. This study confirms the results of previous research by Marchand et al. (2021), which says that directly, Social Media Marketing Strategy does not have a significant impact on Social Media Performance. In contrast to previous research conducted by Tafesse & Wien (2018), which found that Social Media Marketing Strategy has a significant positive effect on Social Media Performance.

The study suggests that a Social Media Marketing Strategy can have a more significant and positive impact when utilizing Social Media Based Customer Engagement as a mediating variable on Social Media Performance. The findings of this research are particularly relevant to small and medium-sized enterprises (SMEs) in the food and beverage industry, who can leverage social media marketing strategies to enhance their business growth. To achieve this, SMEs should implement multiple marketing strategies on social media, encourage customers to share content, interact with customers and other users regularly, use social media to introduce new products, and develop the company's brand through social media.

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