

# **CHAPTER I PRELIMINARY**

## **1.1 Background**

The cryptocurrency market has experienced rapid growth and transformation in recent years, evolving from a niche digital asset to a globally recognized financial instrument. Despite its increasing popularity, cryptocurrency remains a complex and high-risk investment, attracting investors seeking high returns while being wary of its volatility and uncertain regulatory landscape. These challenges create significant barriers for potential users, making it difficult for cryptocurrency platforms to build trust and persuade consumers to engage with their offerings

One marketing approach that has gained traction in the cryptocurrency industry is the use of celebrity endorsements. Celebrity endorsers have been a popular tool for influencing consumer behavior in various sectors, and the cryptocurrency market is no exception. By associating a well-known and respected figure with a brand, companies hope to transfer the celebrity's attributes such as trustworthiness, expertise, and attractiveness to the product. For instance, the endorsement of a cryptocurrency platform by a tech-savvy influencer or a respected business figure can significantly reduce the perceived risk for potential users, making them more likely to explore the platform. Moreover, in the cryptocurrency industry, where users are often young, digitally savvy, and active on social media, celebrity endorsements can have a profound impact. Younger audiences, in particular, are more likely to be influenced by celebrities and social media

personalities, making them a prime target for this marketing strategy. For platforms like Reku, leveraging celebrity endorsements can be an effective way to differentiate their brand, attract new users, and create a buzz around their services. Reku, as one of Indonesia's leading cryptocurrency trading platforms, has sought to establish a strong brand presence through targeted marketing efforts, including celebrity endorsements. However, the effectiveness of this strategy in actually influencing purchasing decisions and driving platform adoption among users has not been thoroughly explored in academic research.

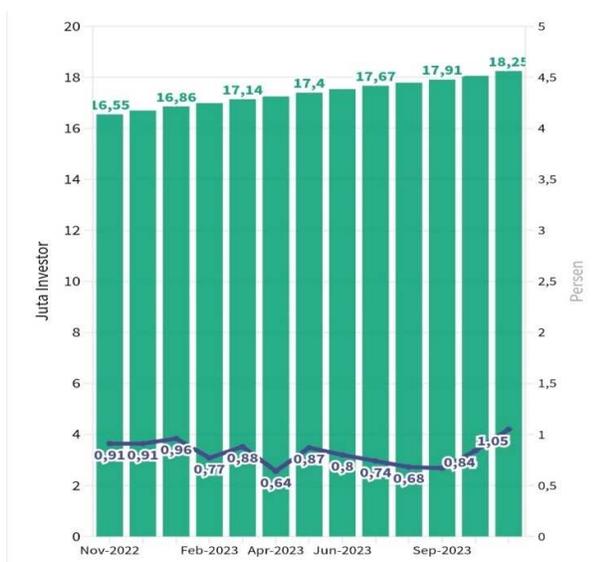


Figure 1.1 Indonesia Cryptocurrency Volume Transaction by BAPPEBTI

Source : BAPPEBTI , 2023

Based on data from the Badan Pengawas Perdagangan Berjangka Komoditi (Bappebti), the total number of crypto investors in Indonesia reached 18.06 million people as of October 2023. This number increased by 15,000 people or an increase of 0.84% compared to September 2023 which was 17.91 million people. When

compared to a year ago, the number of crypto investors has increased by around 1.66 million people or 10.1%. Previously, the number of crypto investors was 16.4 million people in October 2022. Although it continues to grow, the growth of crypto investors in the country tends to slow down. From October 2022 to October 2023, the increase in the number of crypto investors has never exceeded 1%. Furthermore, BAPPEBTI reported that the value of crypto transactions in Indonesia amounted to IDR 10.5 trillion in October 2023. This amount increased by 31.9% compared to September 2023 which amounted to IDR 7.96 trillion. However, the value of crypto transactions in the country decreased by 19% compared to the previous year. In October 2022, the value of crypto transactions in the country reached IDR 12.96 trillion.



Figure 1.2 Reku Volume Transaction 2022-2024

Source : CoinMarketCap, 2024

Based on the data above we can assume that Reku's transaction volume demonstrates considerable fluctuations due to a confluence of factors, ranging from global market trends and user behaviour to localized influences and platform specific characteristics. This essay delves into the primary reasons behind the fluctuate nature of crypto transaction volumes on Reku, exploring economic, psychological, and external market factors.



Figure 1.3 Reku Volume Transaction August 2025

Source : CoinMarketCap, 2025

Based on this one month data, it's clear that Reku's sales represented here by its trading volume are in active decline. With a total sales volume of just 57.93 million USD over 24 hours and a steep 41.24% drop, interest has all but evaporated.

The complete absence of derivative trading suggests no speculative or future confidence in the product, while the timeline shows volume has collapsed from higher levels over recent weeks toward near zero. This isn't just a slow month it's a warning sign of critically low commercial activity, pointing to a stark lack of customer engagement, loss of market trust, or fundamentally unsuccessful positioning. Without significant intervention, these sales trends indicate a product heading toward irrelevance.

### **1. The Volatility of Cryptocurrency Markets (Gupta & Chaudhary, 2022)**

Cryptocurrencies are inherently volatile assets, and this volatility directly impacts trading activity. Cryptocurrencies exhibit extreme price volatility compared to traditional financial assets, This volatility is influenced by factors such as speculative trading, lack of regulation, and market immaturity (Gupta & Chaudhary, 2022)

#### **Price Swings and Speculative Behaviour:**

Cryptocurrencies like Bitcoin (BTC) and Ethereum (ETH) often experience rapid price movements within short timeframes. For instance, a sudden surge in Bitcoin's price might prompt users on Reku to buy in anticipation of further gains, increasing transaction volumes. Conversely, a sharp drop can trigger panic selling as users try to minimize losses. This behaviour amplifies trading activity, leading to noticeable fluctuations in daily volumes. Cryptocurrencies operate in markets where liquidity defined as the ease with which an asset can be bought or sold varies. When liquidity is high, it supports consistent trading volumes. However, during

periods of uncertainty or reduced participation (e.g., weekends or holidays), liquidity decreases, causing erratic changes in trading volumes.

## **2. Impact of Market Sentiment (Chen et al, 2020)**

Market sentiment, shaped by news, events, and global developments, significantly influences trading behaviour (Chen et al, 2020) on platforms like Reku. Announcements of institutional adoption (e.g., a major company accepting Bitcoin) or the launch of innovative blockchain projects can spark optimism in the market. This often leads to a surge in transaction volumes, as users rush to capitalize on perceived opportunities. The psychological phenomenon of FOMO further exacerbates this trend, driving more users to trade. Conversely, negative events, such as regulatory crackdowns or market crashes, can create fear and uncertainty. Users may sell their assets en masse, increasing volumes temporarily before the market stabilizes. For example, global concerns about cryptocurrency bans in major economies like China or the U.S. often lead to temporary spikes in trading activity.

## **3. Localized Factors in Indonesia (Otoritas Jasa Keuangan, 2024)**

Reku operates within the Indonesian market, where unique regional dynamics play a role in transaction volume fluctuations.

### **Government Regulation:**

Indonesia's regulatory stance on cryptocurrencies has been relatively progressive, with clear rules allowing crypto-assets to be traded as commodities. However, announcements of new tax policies or regulatory adjustments on 2025 can lead to sudden shifts in user behaviour. For example, if the government

introduces a lower tax rate on crypto transactions, trading volumes on Reku may increase as users take advantage of the favourable policy.

#### **Marketing Campaigns and Influencer Endorsements:**

Reku's collaboration with Maudy Ayunda, a well-known Indonesian celebrity, exemplifies the influence of marketing on trading activity. Celebrity endorsements and promotional campaigns often drive increased user engagement and trading activity during specific periods, leading to temporary spikes in volumes.

#### **4. Global Market Events (Kayani and Hasan, 2024)**

As part of the global cryptocurrency ecosystem, market events, such as policy changes and innovations like Central Bank Digital Currencies (CBDCs), shape cryptocurrency purchasing trends by affecting consumer trust and perceived stability (Kayani and Hasan, 2024). Reku's trading volumes are also influenced by major international developments. Events like Bitcoin halving (which reduces the mining reward and impacts supply dynamics) or significant updates to blockchain networks often create global ripples, affecting trading volumes on exchanges like Reku. Significant price movements in global markets directly impact user activity on Reku. For example, if a major cryptocurrency exchange suffers a hack or a popular cryptocurrency like Solana experiences downtime, it can cause shifts in user confidence, resulting in fluctuating transaction volumes.

## **5. User Behaviour and Trading Patterns (Springer Open, 2024)**

Social media has a powerful influence on cryptocurrency trading behavior, often fueling speculative trading and increasing market volatility (Springer Open,2024) .The behaviour of Reku users, particularly those engaging in speculative trading, contributes to volume fluctuations. Many users in cryptocurrency markets engage in short-term trades to take advantage of price volatility. Such behaviour often results in high volumes during periods of significant price changes and lower volumes during stable market conditions. User behaviour is heavily influenced by psychological factors such as greed and fear. A sudden rally in cryptocurrency prices might prompt users to buy excessively, while a steep decline could lead to hasty selling decisions, both of which contribute to volume volatility.

## **6. Reku's Platform-Specific Dynamics (Reku, 2024)**

The features and functionality of the Reku platform also play a role in driving fluctuate transaction volumes.

### **Limited Product Offerings:**

As primarily a spot trading platform, Reku's transaction volumes are entirely dependent on users buying and selling cryptocurrencies directly. The absence of derivative trading options (such as futures or options) limits opportunities for users to hedge or speculate, which might otherwise stabilize volume fluctuations.

**Promotional Activities:**

Reku frequently introduces promotions, such as fee discounts or referral bonuses, which can temporarily boost trading activity. These campaigns often result in short-term spikes in volume, followed by a return to normal levels once the promotion ends.

**7. Technological and Structural Factors (Reku, 2024)**

The technical infrastructure and operational reliability of the Reku platform also impact transaction volumes.

**System Downtime During High Volumes:**

During periods of extreme market volatility, platforms may experience technical issues due to increased user activity. If Reku's system faces delays or downtime, it could disrupt trading, causing inconsistent volumes.

**Integration of New Features:**

The launch of new features, such as support for additional cryptocurrencies or enhanced trading tools, often leads to increased user engagement and trading activity, causing fluctuations in volumes.

Celebrity endorsements play a pivotal role in shaping consumer behaviour by leveraging the credibility, attractiveness, and familiarity of the endorser. In the case of Maudy Ayunda, her role as the brand ambassador of Reku aims to associate the platform with qualities such as trustworthiness, sophistication, and reliability attributes that are crucial in an industry often perceived as complex and risky.

One of the various marketing strategies carried out by the company is by hooking someone who has the power to attract the attention of famous people or people who have been widely known among the public or better known as celebrity endorsers. Celebrity endorsers are public figures who are appointed to promote a product and can persuade consumers to buy the product (Sujana & Giantari, 2017). According to Shimp (2010) said that celebrity endorsers have a considerable role for a product because a celebrity endorser is someone who plays a role in providing information to consumers as well as a persuasion. Companies must choose celebrity endorsers who are suitable or in accordance with expectations to be able to attract the attention of consumers and in the end the consumer decides to buy the product. Fernandes (2019) said that if a product uses a celebrity endorser who has a positive preset, it will provide a positive memory of the product and be used as a role model in the community. The use of celebrity endorsers must of course go through several considerations, including: whether the celebrity is able to represent the product being advertised. With the use of celebrity endorsers, it is hoped that it can boost product sales. The reason is, in addition to improving attention and memory, the celebrity also represents the personality of the brand they bring and is expected to be able to approach the target consumer well.

However, in reality, even though Maudy Ayunda is known as a good public figure, there is a tendency for inconsistency in the purchase of Reku crypto, some of which are Maudy Ayunda's existence as a brand ambassador of Reku may not significantly affect crypto sales on the platform due to several factors according to

research from Lintang Duta Bramantya & Gusganda Suria Manda (2024) as follows:

**Complexity of Cryptocurrency Products:**

Investing in cryptocurrencies requires a deep understanding of the technology and the risks involved. While celebrities can increase brand awareness, investment decisions are usually based on an individual's financial literacy. Research shows that financial literacy has a significant influence on cryptocurrency investment decisions.

**Credibility in Finance:**

Although Maudy Ayunda has a positive image as an artist and educator, her credibility in finance or investment may be questioned by potential investors. The credibility of the endorser in the relevant field is very important to influence consumer decisions.

**Different Market Segmentation:**

Maudy Ayunda's fans may not fully overlap with the target demographic of cryptocurrency investors. Without a fit between brand ambassadors and target markets, the effectiveness of marketing campaigns can be reduced.

**The Influence of Financial Information and Literacy:**

Investment decisions in cryptocurrencies are influenced more by financial literacy and available information than by celebrity endorsements. Studies show

that financial literacy plays an important role in cryptocurrency investment decision-making.

### **High Risk Perception:**

Cryptocurrencies are often considered high-risk investments. Potential investors may rely more on risk analysis and market information than celebrity promotions in making investment decisions.

And also the other factor that affect purchase decision on Reku even though there is Maudy Ayunda as a Brand Ambassador, namely Based on the negative review below due to the following factors:

1. Product/Service Quality Matters More:

Kotler (2012) emphasizes that a celebrity endorser can help create awareness and attract attention, but if the product or service fails to meet user expectations, celebrity influence becomes less impactful. Users prioritize reliability and functionality over brand image or endorsements. This is reflected in the reviews of the the lack of crypto coins listed traded on Reku.

2. Perceived Trustworthiness of the Platform:

When a platform exhibits technical or operational failures like delays in withdrawal or asset loading, and also the bad apps maintenance, it reduces user trust. In industries like cryptocurrency, trust and reliability are paramount for decision-making.

### 3. Electronic Word of Mouth (eWOM):

Negative user experiences, like this review, can spread quickly through reviews, forums, and social media. Such feedback diminishes the positive influence of celebrity endorsements, as potential users may focus on peer experiences rather than promotional efforts

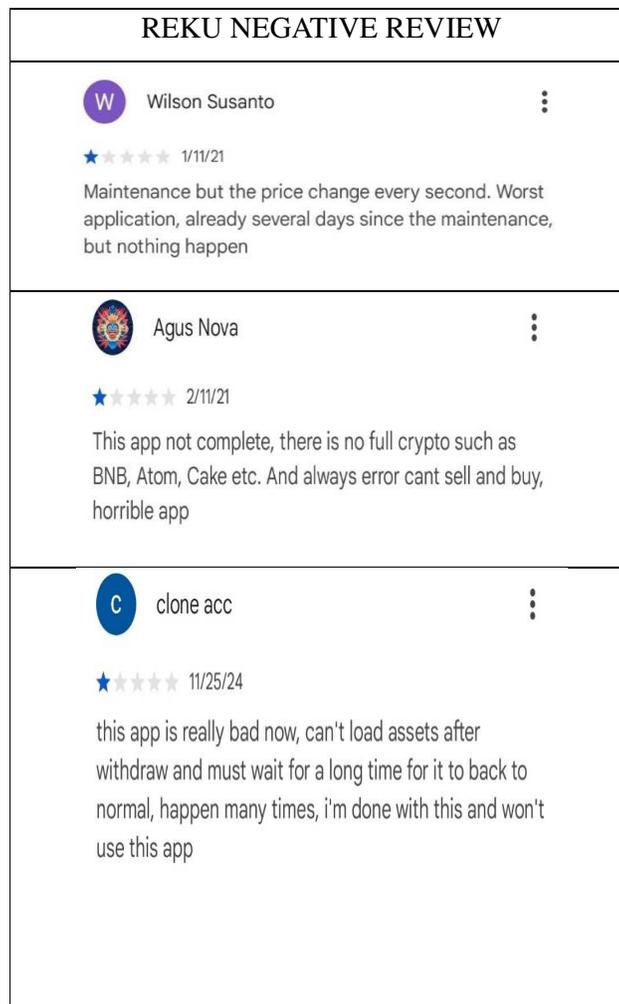


Figure 1.4 Reku Negative Review

Source : Google Review, 2024

Electronic word of mouth (eWOM) is another critical factor influencing purchasing decisions, particularly in the cryptocurrency community. E-WOM provides information about related products and services from people in different geographical areas who have experience with these products or services (Christy, 2010). Jalilvand & Samiei (2012) state that consumers can be influenced to make purchases because of experiences or reviews from other consumers. Currently e-WOM is considered as the dominant factor influencing consumer purchasing decisions (Bataineh, 2015). eWOM encompasses user reviews, social media discussions, and online forums where users share experiences, opinions, and investment strategies. For Reku users, platforms like Twitter, Telegram, and local cryptocurrency communities on social media serve as important sources of information that complement official endorsements. Maudy Ayunda's partnership has generated considerable eWOM, with discussions ranging from excitement about her involvement to skeptics regarding her actual knowledge of cryptocurrency.

Schiffman and Kanuk (2007) stated that purchase decisions are behaviour that consumers show in searching, buying, using, evaluating, and spending a product or service in the hope of providing satisfaction with consumer decisions. According to Philip Kotler and Kevin Lane Keller (2009), a purchase decision is an integration process used in combining knowledge with the aim of evaluating two or more alternative behaviours and choosing one of them. According to Kotler and Keller (2013) a purchase decision is a decision to proceed or not to proceed with the purchase. Consumer purchasing decisions are influenced by several factors,

namely environmental factors consisting of cultural factors, social factors including family groups, roles and status, technological factors including audio visual, internet and smartphones. Meanwhile, the purchase decision is an internal factor, namely from the consumer. The person begins to notice a difference between the present state and the desired state. The needs of each consumer are different because the consumers come from several segments. (Statistics et al., 2021)

The research gap identified in the context of celebrity endorsements in financial markets highlights a lack of focus on digital and high-risk assets like cryptocurrencies. Previous studies mainly target consumer goods, emphasizing emotional appeal and image transfer (McCracken, 1989; Erdogan, 1999). However, limited research has explored if celebrity endorsements can influence consumer behaviour in financial markets. Miciak and Shanklin (1994) emphasized that a successful endorsement depends on the fit between the celebrity and the product. However, it is unclear if this applies to complex investments like cryptocurrencies. This is particularly relevant to Reku, where Maudy Ayunda serves as a trusted figure, raising questions about her credibility's impact in such a volatile market.

In December 2023, Reku held a virtual "Finance Flash: Invest Right, Invest Wise" bootcamp featuring Maudy alongside notable mentors. It attracted thousands of participants, and 15 received direct mentoring from her—demonstrating her position as a trusted educator in finance

By October 2023, Reku's user demographics showed 48% were Gen Z and Millennials underscoring adoption by her core audience and boosting confidence in her aspirational endorsement

Reku's online educational content has reached more than 20 million people, reaching a very wide audience

*Interpretation:* Maudy, a figure known for being educational, strengthens Reku's educational brand image so that it is effective in attracting the wider community through educational events and content.

Maudy Ayunda's endorsement of Reku as a investment platform represents a strategic alignment between celebrity influence and crypto fintech. This analysis examines her measurable impact using market data, social metrics, and industry reports. The endorsement campaign featuring Maudy Ayunda significantly boosted Reku's user acquisition and platform growth across multiple metrics. According to the App Annie Indonesia Fintech Report 2022, Reku experienced a 30% quarter-on-quarter increase in app downloads during Q3 2022 immediately following the campaign launch. The partnership proved particularly effective in attracting female investors, with Reku's internal data from 2023 showing a 25% higher rate of female user sign-ups compared to pre-campaign baselines. Additionally, the campaign generated substantial direct conversions, with Kompas Tekno reporting in January 2023 that Maudy's personalized promo code drove over 12,000 referral sign-ups within just the first three months of the partnership. These results demonstrate

Maudy's strong pull factor among Reku's target demographics and her ability to drive meaningful user growth for the platform.

The #InvestWithMaudy TikTok campaign emerged as Reku's most successful marketing initiative to date, amassing an impressive 9.7 million views according to TikTok Indonesia's 2023 Marketing Report. This viral campaign significantly outperformed Reku's previous social media efforts, demonstrating Maudy Ayunda's strong appeal among younger, digitally-native investors. Complementing this success, Reku's YouTube explainer video featuring Maudy achieved 3.4 million views while delivering exceptional engagement metrics - maintaining a 2.5x higher engagement rate compared to the platform's average for financial content. These outstanding results highlight Maudy's effectiveness as a digital content creator and her ability to communicate complex investment concepts in an accessible, engaging manner that resonates with Reku's target audience. The combined performance of these video campaigns underscores how celebrity endorsement, when executed through the right digital channels, can dramatically amplify brand messaging and user acquisition efforts in Indonesia's competitive fintech landscape.

Maudy Ayunda's endorsement proved particularly effective in reaching Reku's target demographics, with data showing strong alignment between her fanbase and new platform users. According to Populix Consumer Insights 2023, 72% of new users acquired during the campaign fell within the 22-35 age range, closely matching Maudy's core millennial following. The campaign also made significant strides in engaging female investors, a traditionally underserved

segment in Indonesia's fintech sector. Dailysocial's Fintech Report revealed that female representation in Reku's user base grew substantially from 32% to 41% following the campaign launch. These results demonstrate how Maudy's unique appeal as both a millennial influencer and advocate for women's empowerment enabled Reku to simultaneously attract younger investors while making progress in closing the gender gap in digital investment participation. The demographic data confirms the campaign's success in expanding and diversifying Reku's investor base beyond typical fintech user profiles.

Similarly, the role of eWOM (electronic word of mouth) in cryptocurrency decisions is still underexplored. Studies show that eWOM strongly influences consumer trust and purchase intentions in online markets (Hennig-Thurau et al., 2004). Yet, in financial products like cryptocurrencies, trust dynamics are more intricate due to high perceived risk and market fluctuations (Baur et al., 2015). Despite the importance of credibility in eWOM (Cheung and Thadani, 2012), its role in financial asset purchasing remains largely unaddressed, particularly for Reku users who rely on digital reviews and community feedback.

Moreover, while both celebrity endorsements and eWOM have been widely studied separately, their combined impact is relatively unknown. (Berger and Schwartz,2011) highlighted the strong influence of eWOM, but its interaction with endorsements is not well documented, especially in high-risk investments. (Knoll and Matthes,2017) emphasized the need to explore how traditional marketing and digital discussions interact in specific areas like cryptocurrencies. Reku's case with

Maudy Ayunda presents an opportunity to investigate if her endorsement enhances or moderates the effect of eWOM on consumer trust and decisions

**Research Novelty of** This study explores the combined effects of celebrity endorsers and electronic word of mouth (eWOM) on consumer decisions in the volatile cryptocurrency market, focusing on Reku users. Celebrity endorsements are a widely studied concept in traditional consumer goods and services, but their specific impact on cryptocurrency purchase decisions is relatively unexplored. The research stands out by focusing on the cryptocurrency market, specifically the Reku platform, which has a different set of behavioral and market dynamics compared to other industries. Existing studies such as those by Erdogan (1999) and Lim et al. (2019) have discussed the power of celebrity endorsements in conventional products but have not thoroughly applied these findings to cryptocurrencies, a domain where trust, volatility, and technological understanding are key concerns for consumers.

EWOM's influence on purchase decisions is widely explored in e-commerce, fashion, and technology, as seen in Cheung & Thadani (2012), but its application in cryptocurrencies, especially in niche platforms like Reku, is under-researched. The research fills this gap by exploring how eWOM, via social media, online reviews, and forums, influences cryptocurrency purchase decisions. The interaction between celebrity endorsements and eWOM in the context of digital assets could provide a richer understanding of how these two factors amplify consumer behavior, which Trusov et al. (2009) and Wu (2016) have suggested in

studies on the combined impact of social media and word of mouth in other digital domains.

Previous research has shown that trust and social influence are critical in cryptocurrency adoption (Baur et al., 2018; Yermack, 2017). However, combining celebrity endorsements with eWOM in the specific context of Reku users cryptocurrency purchase decisions presents a novel contribution. This research may reveal whether the positive reinforcement from celebrities coupled with peer opinions and user-generated content leads to increased purchase behavior, helping to shape broader consumer behavior models in digital asset investments.

Overall, this research bridges gaps in literature by focusing on the cryptocurrency sector and exploring the interplay between celebrity endorsements and eWOM.

## **1.2 Problems Formulation**

Based on the description above, the problem formulation is identified as follows:

1. Does Celebrity Endorser have positive effect on Purchase Decision in Reku User?
2. Does Electronic Word of Mouth have positive effect on Purchase Decision in Reku User?
3. Does Celebrity Endorser and Electronic Word of Mouth have positive effect on Purchase Decision in Reku User?

### **1.3 Aims of Research**

This study aims to acquire knowledge in order to solve the formulation above, including:

1. Identifying celebrity endorser that influences purchase decision in Reku user.
2. Identifying electronic word of mouth that influences purchase decision in Reku user.
3. Identifying celebrity endorser and electronic word that influence purchase decision in Reku user

### **1.4 Benefits of Research**

This research is useful for:

1. For Researcher

The results of this study can be beneficial for the researcher as it provides knowledge about an ongoing issue, enabling the researcher to skillfully address issues regarding purchase decision in the Reku user influenced by Celebrity Endorsers and Electronic Word of Mouth in Indonesia. It is hoped that the knowledge gained can be utilized in the workplace when dealing with cases similar to those studied before. The combined effects of celebrity endorsement and electronic word of mouth (eWOM) on cryptocurrency purchasing decisions offer new insights into how non-traditional factors influence users in digital finance. Research in digital markets, especially regarding cryptocurrencies, is still emerging (Baur et al., 2018; Yermack, 2017), and this

study fills this gap by introducing a focus on the role of social influence in cryptocurrency adoption (Cheung & Thadani, 2012; Trusov et al., 2009)

## 2. For Company

The findings of this study can benefit Reku user as a reference while dealing with consumer purchase decision in the Reku user influenced by Celebrity Endorsers and Electronic Word of Mouth in Indonesia . The company is also expected to gain insights into consumer behavior and expectations regarding online learning purchase decisions. With this information, the company can determine appropriate strategies to increase consumer purchasing intention, resulting in an increase in registrations. The findings could be beneficial for businesses and platforms like Reku, as they can refine their marketing strategies to increase engagement and trust among users. By understanding how celebrity endorsements and eWOM contribute to decision-making, Reku and similar platforms can better tailor their advertising, partnerships, and promotional strategies. This is especially important in a rapidly evolving market where trust is a critical barrier to entry for many potential cryptocurrency users (Kim et al., 2019; Hwang & Jeong, 2016).

## 3. For Crypto User

It can benefit For Crypto users, the combination of celebrity endorsement and eWOM offers a powerful tool for making more informed and confident decisions in the cryptocurrency market. This approach not only increases trust and simplifies the purchasing process but also creates a supportive environment

where users can actively engage with the platform and community, fostering long-term investment behaviors (Hwang & Jeong, 2016)

## **1.5 Theoretical Framework**

### **1.5.1 Consumer Behavior**

According to Kotler and Armstrong (2012), marketing is defined as a process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. This definition emphasizes a customer-centric approach, where the primary goal is to understand customer needs, develop products and services that offer value, and foster relationships that lead to customer loyalty and satisfaction.

The study of consumer behaviour is crucial for understanding and predicting how consumers will respond to marketing strategies and changes in their environment.

Key reasons why consumer behaviour matters include:

1. **Understanding Customer Needs:** It helps companies understand what customers need and want, allowing them to tailor their products and services accordingly.
2. **Effective Marketing Strategies:** By understanding consumer behaviour, marketers can create effective campaigns, segment the market better, and communicate value propositions effectively.
3. **Improving Customer Experience:** Insights into consumer behaviour help businesses design better customer experiences and foster loyalty.

4. Predicting Market Trends: It provides clues on how consumers react to trends, endorsements, promotions, or product innovations, enabling firms to anticipate market changes.

Kotler & Armstrong (2012) identify several factors that influence how consumers make purchasing decisions. These are:

1. Cultural Factors: Culture, subculture, and social class significantly impact consumer preferences and behaviour.
2. Social Factors: Groups (such as family and reference groups), social networks, roles, and status also play a key role in shaping consumer choices.
3. Personal Factors: Individual characteristics such as age, lifecycle stage, occupation, economic situation, lifestyle, and personality affect consumer decisions.
4. Psychological Factors: Motivation, perception, learning, beliefs, and attitudes are psychological elements that influence consumer behaviour.

## Model of consumers behavior

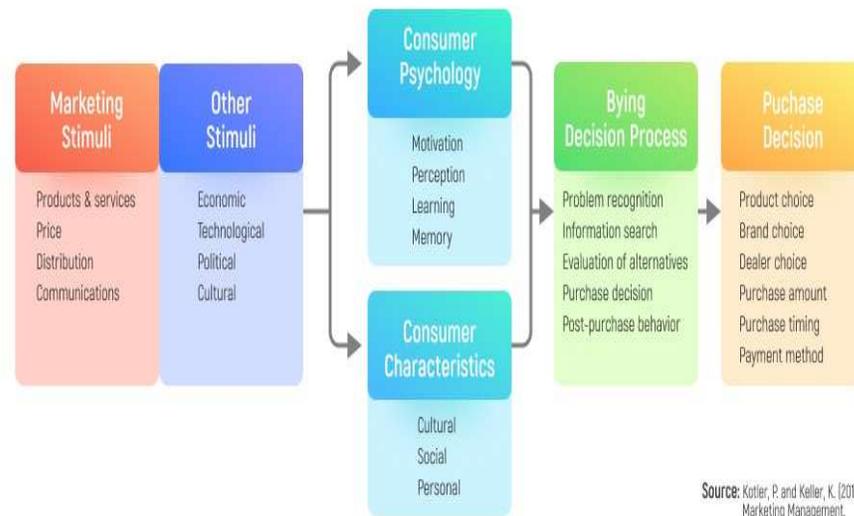


Figure 1.5 Kotler & Armstrong (2012) Consumer Behaviour Model

Source : Kotler. P and Keller. K (2014) Marketing Management

### 1. Marketing Stimuli

Marketing stimuli, controlled by businesses, are designed to influence consumer behaviour. These stimuli encompass the **4Ps**:

**Product:** The goods or services offered to meet consumer needs or wants. For instance, a car manufacturer emphasizes unique features like fuel efficiency to appeal to target customers.

**Price:** The monetary value assigned to the product. Competitive pricing strategies, such as discounts, can directly influence purchase decisions.

**Place:** The distribution channels through which the product is made available to the consumer, such as physical stores or e-commerce platforms.

**Promotion:** The communication strategies used to inform, persuade, and remind consumers about the product, including advertising, public relations, and sales promotions.

Marketing stimuli are deliberate efforts by companies to attract attention, generate interest, and drive conversions.

## **2. Other Stimuli**

While marketing stimuli are controlled by businesses, other external stimuli come from the broader environment:

**Economic Factors:** Factors like income levels, employment rates, and inflation significantly affect consumer purchasing power. For example, during a recession, consumers may prioritize essential goods over luxury items.

**Technological Factors:** Innovations can create new product categories or enhance existing ones, shaping consumer preferences. For instance, advancements in smartphone technology have driven rapid adoption of newer models.

**Political and Legal Factors:** Regulatory policies, such as environmental laws or trade restrictions, can influence product availability and consumer choices.

**Cultural Factors:** Shared values, beliefs, and norms within a society dictate what is acceptable or desirable, significantly influencing consumer behaviour. For example, in collectivist cultures, family-oriented advertising often resonates more strongly.

These stimuli interact with marketing efforts to shape the environment in which consumers operates.

### **3. Consumer's Black Box**

The **Black Box** is the internal cognitive and emotional space where external stimuli are processed. It includes two key components:

#### **a. Consumer Psychology**

**Motivation:** Based on Maslow's hierarchy of needs, motivation drives consumers to fulfilling their needs, from basic survival to self-actualization.

**Perception:** Consumers interpret marketing messages based on their understanding and experiences. Selective attention, distortion, and retention play a role in shaping perception.

**Learning:** Previous experiences inform future purchasing decisions. For example, positive experiences with a brand build loyalty.

**Beliefs and Attitudes:** Long-held beliefs and attitudes toward products, brands, or industries significantly impact decisions. For example, a consumer's eco-friendly attitude may drive the purchase of sustainable products.

#### **b. Consumer Characteristics**

**Cultural:** Factors like cultural values, subcultures, and social class play a foundational role in shaping preferences and buying habits.

**Social:** Peer groups, family, and roles within society influence consumer choices. For instance, a teenager may choose products based on peer recommendations.

**Personal:** Individual characteristics such as age, gender, occupation, lifestyle, and economic status affect preferences.

**Psychological:** Personality traits and mental states, such as extroversion or risk aversion, impact decision making.

The Black Box explains the “why” behind consumer decisions, offering insights into deeper motivations and preferences.

#### **4. Buyer Decision Process**

Kotler and Armstrong describe the Buyer Decision Process as a step-by-step journey:

1. **Need Recognition:** The consumer identifies a problem or need, such as hunger or the desire for a new smartphone.

2. **Information Search:** The consumer seeks information about potential solutions, using sources like advertisements, online reviews, and personal recommendations.
3. **Evaluation of Alternatives:** Consumers compare products based on attributes such as quality, price, and brand reputation.
4. **Purchase Decision:** A decision is made to purchase the product that best satisfies the need.
5. **Post-Purchase Behaviour:** After the purchase, the consumer evaluates satisfaction, which can influence future loyalty and word-of-mouth recommendations.

## **5. Purchase Decision**

The purchase decision is the culmination of all the preceding steps. It reflects the consumer's final choice based on:

1. **What to Buy:** The specific product or service chosen.
2. **When to Buy:** Timing is influenced by factors like promotions, urgency, or convenience.
3. **Where to Buy:** Decisions on the retailer or channel example online or instore
4. **How Much to Buy:** The quantity purchased based on needs and budget.

This decision is influenced not only by the evaluation of alternatives but also by situational factors such as stock availability or last-minute promotions.

### 1.5.2 Cryptocurrency

Cryptocurrency is a type of digital or virtual currency that uses cryptography for security and operates on decentralized technology, typically a blockchain. This decentralized nature allows cryptocurrencies to function without a central authority or intermediary, making transactions transparent, secure, and resistant to fraud. Cryptocurrencies enable peer-to-peer exchanges and are often designed to serve various purposes, such as a medium of exchange, a store of value, or a means of raising funds through Initial Coin Offerings (ICOs). Examples include Bitcoin, Ethereum, and Ripple, each with unique features and use cases within the financial ecosystem (Narayanan et al., 2016; Catalini & Gans, 2016).

Studies in the *Journal of Behavioral and Experimental Finance* reveal that investors are driven by emotions, such as fear of missing out (FOMO), and herd behavior, where they mimic market trends. Bitcoin's price surges, for instance, often result from a combination of speculative interest and psychological factors like overconfidence bias (Sharma & Tiwari, 2021).

Cryptocurrency platforms like Binance and Coinbase integrate user-friendly interfaces and educational resources to enhance Perceive Ease Of Use, while their functionality as investment tools increases Perceive Usefulness. Studies show that individuals who find these platforms easier to use and valuable are more likely to engage in trading and investing (Kamble et al. 2021).

Studies in *Journal of Risk and Financial Management* (Zhao et al., 2020) reveal that building trust in blockchain technology, emphasizing transparency, and

ensuring compliance with regulations can mitigate risks. Platforms that adopt robust security measures and regulatory frameworks inspire greater confidence among potential adopters.

Research in *Computers in Human Behavior* (Nguyen et al., 2022) shows that a positive attitude toward cryptocurrency, shaped by its perceived benefits (example decentralization, financial independence), drives purchase intentions. Subjective norms, such as social pressure from peers or influencers, and perceived behavioral control, like ease of access to trading platforms, further influence the decision-making process.

### **1.5.3 Celebrity Endorser**

Kotler (2009) Philip Kotler defines marketing as "the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals." This definition emphasizes the strategic aspects of marketing and its role in creating value for both the customer and the organization.

Here's why celebrity endorsers are significant according to Kotler's framework:

#### **1. Creating Credibility and Trust**

Celebrity endorsers add credibility to a brand or product. Consumers are likely to trust a product endorsed by someone they admire or view as an expert. Kotler highlights how trustworthiness, expertise, and attractiveness contribute to an endorser's effectiveness. By associating with credible celebrities, brands can enhance their perceived reliability and quality.

## 2. Increasing Awareness and Brand Recall

One of the main goals in marketing, according to Kotler, is to increase brand awareness and recall. Celebrity endorsers, due to their popularity and media presence, can help capture consumer attention. The visibility of celebrities enhances the likelihood that consumers will remember the brand when making purchasing decisions, especially if the endorsement is repeated across various platforms.

## 3. Transferring Meaning and Values

Kotler explains that celebrities carry certain meanings or associations (e.g., elegance, athleticism, intelligence) in the minds of consumers. When they endorse a brand, these associations can be transferred to the brand, influencing consumer perceptions. This aligns with the Meaning Transfer Model proposed by McCracken (1989), which Kotler refers to, suggesting that the values embodied by celebrities become associated with the endorsed product.

## 4. Establishing Emotional Connections

Celebrities often evoke strong emotions in fans and followers. Kotler notes that endorsements tap into emotional appeals, connecting with consumers on a deeper level. By leveraging celebrities that resonate with the target market, brands can create emotional bonds and make their messages more memorable.

## 5. Enhancing Brand Positioning

Kotler emphasizes the importance of positioning a brand in the consumer's mind. Celebrity endorsements are a powerful tool for positioning a brand as

luxurious, youthful, innovative, or reliable, depending on the chosen endorser. The match between the celebrity's image and the brand's intended positioning plays a crucial role in shaping consumer perceptions.

#### 6. Influencing Consumer Attitudes and Purchase Intentions

Kotler & Keller (2012) mention how celebrity endorsements can shift consumer attitudes, encouraging them to develop favorable views towards the brand. A well-known celebrity can help reduce perceived risk and motivate consumers to purchase. The halo effect where positive perceptions of a celebrity spill over to the product can lead to increased purchase intentions.

#### 7. Differentiating the Brand from Competitors

In competitive markets, Kotler highlights the importance of differentiation. A strong celebrity endorser can set a brand apart from its competitors by creating a unique association and appeal that other brands lack. This differentiation can be particularly effective in industries with homogeneous products.

Shimp (2003) Shimp focuses on consumer behavior and the role of communication in marketing. He emphasizes that marketing communications are crucial in shaping consumer perceptions and attitudes. Shimp highlights the importance of understanding psychological factors that influence consumer decisions and how marketers can leverage these insights to craft effective messages.

#### **1.5.4 Electronic Word of Mouth**

Hennig-Thurau et al. (2014) In their research, focus on the importance of eWOM in shaping consumer trust and purchase intentions. They discuss how

eWOM can serve as a form of social validation, particularly in the context of online shopping, where consumers often rely on reviews and recommendations from peers. Their findings suggest that eWOM significantly impacts brand loyalty and consumer engagement.

The concept of electronic word-of-mouth (eWOM) as discussed by Heniq and Thureau is particularly significant in influencing cryptocurrency purchasing decisions for several compelling reasons.

### 1. Trust and Credibility in a Volatile Market

**Building Trust:** Cryptocurrencies are often seen as high-risk investments due to their volatility and the prevalence of scams. eWOM serves as a critical source of information that can help build trust among potential investors. When consumers hear positive feedback from peers or influencers they respect, they are more likely to consider investing.

**Peer Validation:** Consumers often look for validation from their social networks before making significant financial decisions. Positive eWOM acts as social proof, reassuring potential investors about the legitimacy and potential success of a cryptocurrency.

### 2. Information Dissemination and Decision-Making

**Access to Real-Time Information:** In the fast-paced cryptocurrency market, timely information is crucial. eWOM provides a platform for sharing real-time updates, news, and opinions that can influence consumer decisions almost instantaneously.

**Reduction of Information Asymmetry:** Cryptocurrencies can be complex and opaque. eWOM helps reduce the information gap by providing insights from actual users, allowing potential investors to make more informed decisions based on real experiences rather than just marketing claims.

### 3. Influence of Community Dynamics

**Engagement in Online Communities:** Cryptocurrency discussions often take place in online forums and social media groups. eWOM is integral to these interactions, fostering a sense of community and shared knowledge among users. The collective sentiment can heavily influence individual purchasing decisions.

**Herd Behavior:** The nature of eWOM can lead to herd behavior, where individuals are swayed by the opinions of influential community members. If a prominent figure or many users endorse a specific cryptocurrency, it can lead to a rush of purchases.

### 4. Emotional Connection and Purchase Intentions

**Attitude Shifts:** Positive eWOM can create favorable attitudes toward specific cryptocurrencies, making potential investors more likely to make a purchase. Conversely, negative eWOM can evoke skepticism and fear, leading to reluctance to invest.

**Storytelling and Relatability:** Personal stories shared through eWOM can resonate with potential investors, making the decision to invest feel more relatable and justified. Emotional engagement can significantly enhance the motivation to purchase.

## 5. Crisis Management and Brand Reputation

**Response to Negative Events:** In the event of market downturns or negative news, eWOM can help brands manage their reputation. Positive reviews and experiences shared online can counteract negative sentiments and restore consumer confidence.

**Active Brand Engagement:** Brands that actively engage with eWOM can respond to consumer concerns, clarify misinformation, and enhance their reputation in the eyes of potential investors.

## 6. Market Trends and Predictive Insights

**Sentiment Analysis:** Monitoring eWOM allows brands and investors to gauge public sentiment towards specific cryptocurrencies, helping to identify emerging trends and consumer preferences.

**Forecasting Market Movements:** The volume and valence of eWOM can provide predictive insights into potential price movements, enabling informed investment strategies.

**Cheung and Thadani (2010):** Cheung and Thadani examine the role of eWOM in the context of online shopping. They highlight the credibility of eWOM as a major factor influencing consumer decision-making. Their research shows that the perceived trustworthiness of online reviews can significantly affect consumers' purchase intentions, as individuals often seek reassurance from others before making financial commitments.

The concept of electronic word-of-mouth (eWOM) as articulated by Cheung and Thadani (2010) is particularly significant in understanding the effects on cryptocurrency purchasing decisions for several reasons.

### 1. Trust and Credibility

**High Stakes in Investment:** Cryptocurrency is often viewed as a high-risk investment due to its volatility. Consumers look for credible information and trustworthy sources before making purchasing decisions. eWOM from peers or influencers they trust can significantly shape their perceptions of the market and specific cryptocurrencies.

**Peer Validation:** In a landscape filled with misinformation and hype, endorsements and positive feedback from peers can provide reassurance. Consumers are more likely to invest when they see others in their network having positive experiences.

### 2. Influence of Social Networks

**Community Dynamics:** Cryptocurrency investors often rely on social media platforms and online communities for insights and advice. eWOM plays a crucial role in these communities, as discussions about cryptocurrencies can create a sense of belonging and influence investment decisions.

**Viral Nature of Information:** Positive or negative news about a cryptocurrency can spread rapidly through social networks, impacting consumer perceptions and decisions. This can lead to herd behavior, where individuals follow the crowd based on what they see online.

### 3. Reduction of Information Asymmetry

**Consumer Education:** eWOM helps to educate consumers about cryptocurrencies, reducing the information gap between knowledgeable insiders and potential investors. User-generated content, such as reviews and discussions, can provide valuable insights into the benefits and risks associated with specific cryptocurrencies.

**Real Experiences:** Unlike traditional advertising, eWOM reflects real experiences and opinions, making it more relatable and credible for potential investors. This can significantly affect how consumers view the potential of different cryptocurrencies.

### 4. Emotional Engagement

**Influence on Attitudes:** eWOM can evoke strong emotional responses, influencing consumer attitudes towards a cryptocurrency. Positive stories about successful investments or experiences shared by peers can create enthusiasm and encourage purchases, while negative eWOM can instill fear and hesitation.

**Brand Loyalty and Community Trust:** Positive eWOM can foster loyalty not only to specific cryptocurrencies but also to platforms like Reku, where users feel supported by community knowledge and engagement.

### 5. Market Trends and Sentiment Analysis

**Real-Time Feedback:** Cryptocurrency markets can be highly reactive to news and trends. Analyzing eWOM allows marketers and investors to gauge market

sentiment in real-time, providing insights into potential price movements and consumer intentions.

Predictive Insights: Tracking eWOM patterns can help predict trends in cryptocurrency popularity, guiding investment decisions and marketing strategies.

## 6. Counteracting Negative Perceptions

Crisis Management: In the event of negative news or market downturns, positive eWOM can help counteract damaging narratives. Effective management of eWOM can help brands and cryptocurrencies maintain consumer confidence and loyalty.

### **1.5.5 Purchase Decision**

Kotler (2005) Philip Kotler defines marketing as the art and science of choosing target markets and building profitable relationships with them. He emphasizes that marketing involves understanding consumer needs, creating value through products and services, and managing relationships with customers to achieve organizational goals. Kotler also highlights the importance of the marketing mix (product, price, place, promotion) in developing effective marketing strategies.

Tjiptono (2002) Tjiptono focuses on the importance of service quality and customer satisfaction in marketing. He defines marketing as a process that not only aims to create and deliver value but also emphasizes the need for businesses to maintain a competitive advantage through high-quality service delivery. Tjiptono highlights that customer satisfaction is pivotal for retaining customers and fostering loyalty in the marketplace.

Peter and Olson (2013) Peter and Olson discuss consumer behavior and the psychological factors influencing it. They define consumer behavior as the process by which individuals select, purchase, use, and dispose of products and services. Their work emphasizes the role of perception, motivation, attitudes, and social influences in shaping consumer decisions, providing insights into how marketers can effectively reach and engage their target audiences.

Kotler & Armstrong (2016) In their updated definition, Kotler and Armstrong describe marketing as the process of creating value for customers and building strong customer relationships in order to capture value from customers in return. They stress the importance of understanding customer needs and preferences, developing effective marketing strategies, and implementing the marketing mix to achieve organizational objectives. Their approach remains customer-centric, emphasizing the dynamic relationship between businesses and their consumers.

### **1.5.6 Effect of Celebrity Endorser on Purchase Decision**

Kotler & Keller (2012) defines celebrity endorsers as attractive and popular messengers to get attention and high memory from consumers for products. Using celebrities as endorsers is because celebrities tend to be effective in dissonifying or explaining products.

Research by Erlango & Suryakumar (2022) celebrity endorsements have an influence on purchase decisions. Celebrities and advertising have an impact on customers' purchasing decisions. Marketers' marketing and branding approaches

using celebrity endorsers have proven to be the most effective for increasing brand purchases or expanding market share.

Supported by research by Hutagaol & Safrin (2022), it shows that the better the ability of celebrity endorsers to influence consumers and the more famous the celebrity endorser is, the more interested consumers will be in making purchase decisions about the products being promoted

Additional supporting also shows that from Sidharta (2014), a research says that a person is more confident in the goods and services advertised by celebrities compared to more conventional forms of advertising (Rashid, Nallamuthu & Sidin, 2002). The more liked, admired, and supported by many people, of course, the credibility and trust of 29 celebrities also increase. The more likely it is that their audience is confident to buy a certain brand or product. Thus, celebrity endorsers have an effect on the purchasing behavior of their followers.

H1: *Celebrity Endorser* has positive effect on *Purchase Decision*

### **1.5.7 Effect of Electronic Word of Mouth on Purchase Decision**

In making online purchases, consumers will be in a condition where they cannot see the product directly. Therefore, it is necessary to search for information related to the products needed before making an online purchase. Information related to these products can be obtained times through Electronic Word of Mouth (e-WOM), where e-WOM provides various information in the form of reviews from consumers who have completed their purchases so that it can help other consumers in forming purchase decisions.

Kamtarin (2012), explained that the dissemination of information through eWOM is carried out through online media or the internet which can cause interaction between consumers and other consumers, with the existence of online social communication can help consumers to share experiences about the products or services they have obtained in the process of deciding to buy. The more positive the information provided, the more confident other consumers will be to make a purchase decision. According to Sari et al (2017) in Amil (2021) stated that one of the things that can affect consumer purchase decisions is positive or negative information on electronic media about a product. Adeliyasari et al (2014) in Amil (2021) stated that the elements in Electronic Word of Mouth (e-WOM), namely Intensity, Valence of Opinion and Content, also play a role in the purchase decisions made by consumers. The results of research conducted by Kartika (2019) entitled "Analysis of E-Wom, Online Shopping Experience and Trust on Purchase Decisions and Shopee E-Commerce Consumer Satisfaction in Postgraduate Students of the University of Riau" show that the e-WOM variable has a significant effect on purchase decisions.

H2: *Electronic word of mouth* has positive effect on *Purchase Decision*

### **1.5.8 Effect of Celebrity Endorser and Electronic Word of Mouth on Purchase Decision**

The purchase decision according to Kotler & Keller (2016) is the stage where consumers form preferences among brands in the available choices and choose the preferred brand. At the purchase decision, the consumer actually buys the product. Consumers recognize product choices, of course, based on the

promotions they see. The promotions carried out create motivation and encouragement for consumers to make purchases. Celebrity endorser is a form of marketing to promote products so that products can be known by the public. The use of celebrity endorsers is also believed to get more attention than using ordinary people. Celebrity endorsers convey messages with high appeal and credibility so that they can be easily remembered by consumers. Research by Hutagaol & Safrin (2022) shows that the better the ability of Celebrity endorsers to influence consumers and the more famous the Celebrity endorser, the more interested consumers will be in making purchase decisions about the products being promoted. In addition to the existence of Celebrity endorsers, consumers also tend to have a high buying interest when they feel that the positive influence through the other customer online review which is part of the Electronic Word of Mouth. This is evidenced by the to Sari et al (2017) in Amil (2021) stated that one of the things that can affect consumer purchase decisions is positive or negative information on electronic media about a product. This shows that Electronic Word of Mouth is an important variable to encourage consumers to buy products immediately because they are encouraged by emotional feelings that have been well built. By looking at these two aspects of the variables, it can be concluded that between Celebrity Endorsers and Electronic Word of Mouth have a positive effect on purchase decisions.

*H3: Celebrity Endorser and Electronic Word of Mouth have positive effect on Purchase Decision*

### 1.5.9 Previous Research

No.	Researcher	Title	Methods	Results
1	I Made Chandra Mandira (2024)	Pengaruh Viral Maketing, Celebrity Endorsement, Dan Brand Image Terhadap Keputusan Pembelian Reksadana Pada Aplikasi Bibit	A purposive sampling technique targeting young investors using the Bibit investment applications who have seen celebrity endorsements on social media and reside in Kuta	The study found that both viral marketing and celebrity endorsement significantly influence purchasing decisions
2	Dafriyal Tri Putra (2024)	Pengaruh celebrity endorser, brand image dan kepercayaan konsumen terhadap keputusan pembelian	Descriptive research methods used in the study Quantitative data analysis used for approach	Celebrity endorsement significantly influences purchasing decisions. Brand image and consumer trust also significantly affect purchasing decisions.
3	Fajar Fakhrur Fiqri (2023)	Social Media, Brand Image, and Price: Influencing Cryptocurrency Purchasing on Tokocrypto	Data collection utilized Likert scale questionnaires to measure attitudes and perceptions.	Social media, brand image, and price positively and significantly influence

No.	Researcher	Title	Methods	Results
				purchasing decisions.
4	Knoll & Matthes (2017)	The Impact of Celebrity Endorsements and eWOM on Consumer Behavior	Mixed-methods approach combining quantitative surveys and qualitative interviews to assess the interaction effects of celebrity endorsements and eWOM on consumer behavior.	The study found that celebrity endorsements combined with positive eWOM can amplify consumer trust and increase purchase intentions, especially in high-risk investment scenarios. This interaction highlights the importance of integrating traditional and digital marketing strategies.
5	Lintang Duta Bramantya & Gusganda Suria Manda (2024)	Faktor yang Mempengaruhi Keputusan Investasi Cryptocurrency Ditinjau dari Pengaruh Influencer dan Literasi Keuangan: Literature Review	The research adopts a qualitative approach, for exploring the influences of financial literacy and influencers on investment decisions.	The results of the study show that both influencers and financial literacy have a significant impact on cryptocurrency investment decisions.

**Table 1.1 Previous Research**

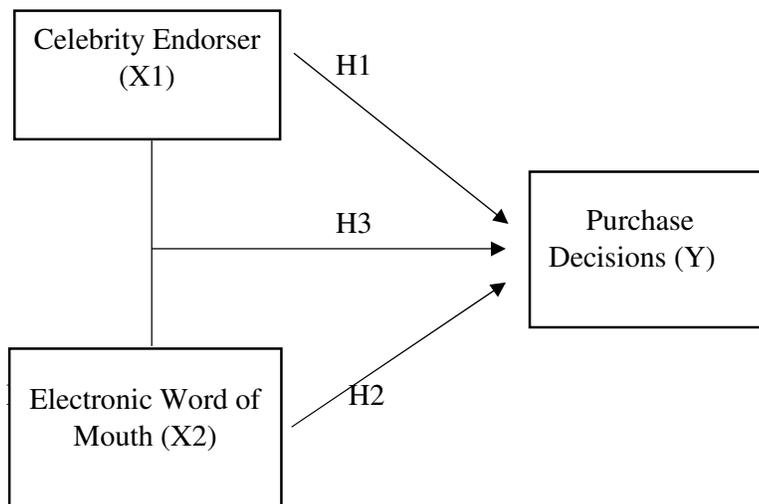
## 1.6 Hypothesis

Hypothesis is a tentative answer drawn from the relationship between two or more variables as a temporary solution to address the research question. This answer is still temporary or not final and needs further testing. Hypotheses serve as temporary answers to the formulation of research problems, expressed in sentences (Sugiyono, 2018). They are referred to as temporary answers because the data collection is not yet based on empirical facts to obtain them, but rather on relevant theories. Hypotheses can be seen as theoretical answers regarding the formulation of research problems, rather than empirical answers. Based on this explanation, it can be concluded that hypotheses are statements of the relationship between two or more variables and are temporary in nature. The hypotheses in this study are:

H1: *Celebrity endorser* has positive effect on *Purchase Decision*

H2: *Electronic word of Mouth* has positive effect on *Purchase Decision*

H3: *Celebrity Endorser and Electronic Word of Mouth* have positive effect on *Purchase Decision*



## **Figure 1.6 Hypothesis Model**

### **1.7 Concept Definition**

The concept definitions for this study are as follows:

#### **1.7.1 Celebrity Endorser**

Kotler (2009) Philip Kotler defines marketing as "the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals." This definition emphasizes the strategic aspects of marketing and its role in creating value for both the customer and the organization.

#### **1.7.2 Electronic Word of Mouth**

Cheung and Thadani (2010) Cheung and Thadani examine the role of eWOM in the context of online shopping. They highlight the credibility of eWOM as a major factor influencing consumer decision-making. Their research shows that the perceived trustworthiness of online reviews can significantly affect consumers' purchase intentions, as individuals often seek reassurance from others before making financial commitments.

#### **1.7.3 Purchase Decision**

Kotler & Armstrong (2016) In their updated definition, Kotler and Armstrong describe marketing as the process of creating value for customers and building strong customer relationships in order to capture value from customers in return. They stress the importance of understanding customer needs and

preferences, developing effective marketing strategies, and implementing the marketing mix to achieve organizational objectives. Their approach remains customer-centric, emphasizing the dynamic relationship between businesses and their consumers.

### 1.8 Operational Definition

Variable	Indicator	Items	Reference
<b>Celebrity Endorser (X)</b>	Recognition	<ol style="list-style-type: none"> <li>1. Social media following (e.g., number of followers on Instagram, Twitter)</li> <li>2. Media appearances (e.g., frequency of mentions in news articles)</li> <li>3. Endorsement history (e.g., previous brands or products endorsed)</li> </ol>	<b>(Kotler, P. 2009).</b>
	Credibility	<ol style="list-style-type: none"> <li>1. Perceived expertise in financial matters (e.g., ratings on a scale of 1 to 5)</li> <li>2. Trust ratings from consumers regarding the celebrity's endorsements</li> <li>3. Authenticity of the endorsement (e.g., whether the endorser genuinely uses the product)</li> </ol>	
	Emotional Appeal	<ol style="list-style-type: none"> <li>1. The ability of the celebrity to evoke positive feelings towards Reku (e.g., using a Likert scale to rate emotional response)</li> <li>2. Associations between the celebrity's image and the brand's values (e.g., matching values like trustworthiness, innovation)</li> </ol>	

Variable	Indicator	Items	Reference
<b>Electronic Word of Mouth (X)</b>	<p>Volume of eWOM</p> <p>The sentiment</p> <p>Credibility</p>	<ol style="list-style-type: none"> <li>1. Number of reviews and ratings on social media and review platforms.</li> <li>2. Frequency of mentions of Reku in forums and discussion boards.</li> <li>3. Volume of comments and interactions on posts related to Reku on social media.</li> </ol> <ol style="list-style-type: none"> <li>1. Ratio of positive to negative comments or reviews (sentiment analysis).</li> <li>2. Average rating score from user reviews (e.g., 1 to 5 stars).</li> <li>3. Analysis of emotional tone in user-generated content (e.g., positive, neutral, negative).</li> </ol> <ol style="list-style-type: none"> <li>1. Users' ratings of the credibility of reviews (e.g., scale of 1 to 5).</li> <li>2. Trustworthiness of the sources (e.g., well-known reviewers vs. anonymous users).</li> <li>3. Influence of eWOM sources on consumer trust in Reku (e.g., whether reviews from verified users are more trusted).</li> </ol>	<b>(Cheung &amp; Thadani 2010)</b>
<b>Purchase Decision (Y)</b>	Purchase Intention	<ol style="list-style-type: none"> <li>1. Self-reported likelihood of purchasing on a scale from 1 (not likely) to 5 (very likely).</li> <li>2. Changes in purchase intention after exposure to celebrity endorsements and eWOM.</li> </ol>	<b>(Kotler &amp; Armstrong, 2016)</b>

Variable	Indicator	Items	Reference
	Actual Purchase Behavior	<ol style="list-style-type: none"> <li>1. Number of users who completed a transaction on Reku after exposure to endorsements or eWOM.</li> <li>2. Amount of cryptocurrency purchased within a specific timeframe.</li> <li>3. Tracking purchase data through Reku's transaction records to correlate with marketing efforts.</li> </ol>	
	Consumer Trust	<ol style="list-style-type: none"> <li>1. Trust ratings based on a survey (scale of 1 to 5).</li> <li>2. Analysis of the impact of celebrity endorsements and eWOM on perceived trustworthiness of Reku.</li> <li>3. Qualitative feedback on factors that influence trust in the purchasing decision (e.g., transparency, user reviews).</li> </ol>	
	Post-Purchase Evaluation	<ol style="list-style-type: none"> <li>1. Customer satisfaction ratings on a scale from 1 (very dissatisfied) to 5 (very satisfied).</li> <li>2. Follow-up surveys to measure the perceived value of the purchase.</li> <li>3. Willingness to recommend Reku to others based on the purchase experience.</li> </ol>	

**Table 1.2 Operational Definition Table**

## **1.9 Research Methodology**

### **1.9.1 Research Type**

The quantitative approach in this study is the explanatory type. Sugiyono (2018) explains explanatory research as a study aimed at clarifying the relationship between variables to be examined and used to formulate hypotheses. The purpose of this research is to explain the relationship between variables. With explanatory research, the researcher must formulate hypotheses as the first step to explain the relationship between the variables to be studied. These variables consist of independent variable, which is Celebrity Endorser(X1), Electronic word of mouth (X2), and the dependent variable, which is purchase decision(Y).

### **1.9.2 Population and Sample**

#### **1.9.2.1 Population**

According to Sugiyono (2018), population refers to the object or subject of study characterized by the researcher, enabling them to decide whether to study or draw conclusions. This study includes the entire population of Reku users in Indonesia.

#### **1.9.2.2 Sample**

A sample represents the size and characteristics of the population. By using a sample, researchers can efficiently manage the use of funds, time, and energy if the population under study is too large. The sample obtained from the population

needs to be representative because its conclusions are applied to the population (Sugiyono, 2018). Since the exact population size is unknown, this study takes a sample of 100. The exact population size cannot be determined because it comprises all Reku user who live in Indonesia According to Cooper (2006), when determining a sample size for an unclear population, a direct sample of 100 will suffice. In this study, the sample size used is 100 individuals.

### **1.9.3 Sample Gathering Technique**

Through sampling in the study, nonprobability sampling techniques can be used as a method without providing equal opportunity for each population member to be selected as a sample. This study utilizes purposive sampling method, as explained by Sugiyono (2018), which is a technique in determining samples based on certain criteria. The study employs purposive sampling, selecting only those who meet the criteria to be research subjects

The data collection process will involve distributing questionnaires directly online t

The characteristics of the selected participants are as follows:

1. Have using Reku application at least from the last 6 months.
2. Are at least 21 years old
3. Reside permanently or temporarily in Indonesia
4. Already known Maudy Ayunda as a Public Figure
5. Often open reviews about Reku on Social Media

6. Are willing to fill out the questionnaire related to conducted research

#### **1.9.4 Data Type and Source**

##### **1. Data Type**

This study employs quantitative data, which takes the form of numerical data, and its analysis is conducted statistically (Sugiyono, 2018). Quantitative data is obtained by distributing questionnaires to participants who fit the characteristics.

##### **2. Data Sources**

###### **A. Primary Data**

Sugiyono (2018) defines primary data as data collected directly from participants or data sources. Primary data can take the form of questionnaires filled out directly by participants.

###### **B. Secondary Data**

According to Sugiyono (2018), secondary data refers to data collected indirectly. Secondary data is obtained through reading, understanding, and studying from other appropriate media sources such as references, books, or documents. In this study, secondary data is gathered from books, journals, articles, and previous studies containing relevant data for the research.

#### **1.10 Measurement Scale**

The measurement scale is an agreement as a guideline for establishing the measurement instrument intervals to produce quantitative data. If using the

measurement scale, the variable value can be measured through a specific instrument in the form of numbers with the aim of obtaining accurate, communicative, and efficient results (Sugiyono, 2018).

The Likert scale was chosen as the measurement in this study. Data were obtained through the completion of questionnaires consisting of questions or statements from the respondents, which were then measured using the Likert scale. Sugiyono (2018) mentioned that with the use of the Likert scale, the measured variables are further clarified as variable indicators. These indicators are then used as references to create instruments in the form of questions or statements. Responses to the instruments have levels, ranging from strongly agree to strongly disagree. Each response from the respondents is given a score as follows.

<b>Answer</b>	<b>Score</b>
Strongly agree	5
Agree	4
Neutral	3
Disagree	2
Strongly disagree	1

**Table 1.3 Likert Scale Measurement**

### **1.11 Data Collecting Technique**

#### **1. Questionnaire**

According to Sugiyono (2018), a questionnaire is a method used to gather data through the presentation of statements or written questions for participants to answer. Participants' answers are believed to be the most accurate as they know themselves best. The questionnaire can be distributed directly to respondents in person or created online, The respondents are Reku user.

### **1.12 Data Processing Technique**

Data processing is carried out after successfully obtaining and collecting data, including:

#### **1. Editing**

Editing is done after the data has been collected with the aim of ensuring that the questionnaire has been correctly filled out by the respondents. This is used to obtain quality answers so that correct conclusions can be drawn from the collected responses.

#### **2. Coding**

The coding process is carried out to simplify the responses from the respondents, making it easier for the writer to analyze and process in SPSS. Coding is done by assigning codes to the answers that participants fill out in the questionnaire in order to divide them into similar categories.

### 3. Scoring

Scoring is carried out by assigning scores to each answer to the questionnaire that has been filled out by the respondents.

### 4. Tabulating

Tabulating involves organizing answers neatly and systematically, then calculating to create useful tables.

## **1.13 Research Instruments**

According to Sugiyono (2018) a research instrument is a tool used to measure observed natural and social phenomena. The instrument or measuring instrument in this study was a questionnaire containing questions to be responded to by the research subjects. The preparation of the questionnaire is based on the theoretical constructs that have been prepared previously. Then on this theoretical basis it was developed into indicators and then developed into question items where scoring was given using a Likert scale.

## **1.14 Analysis Techniques**

The analysis technique used in this study is a quantitative analysis technique. Quantitative analysis is an analytical method with numbers that can be counted or measured. Quantitative analysis is intended to quantitatively estimate the magnitude of the effect of changes in one or several other events by using statistical analysis tools.

Quantitative analysis is data analysis using a quantitative data approach in which measurements state the numbers that have been arranged in tables and the

calculations use statistical tests SPSS. SPSS 26 provides an intuitive interface for building models that involve mediators, allowing the researcher to test both direct and indirect relationships between variables. With built-in features for bootstrapping and hypothesis testing, it enables accurate estimation of mediation effects, giving insights into how mediators influence the relationship between independent and dependent variables.

#### **1.14.1 Normality Test**

The data normality test is used to determine whether the data that has been collected and will be used is normally distributed or not. The provisions are as follows:

- a. If the significant value is greater than 0.05, it means that the research data is normally distributed
- b. If the significant value is smaller than 0.05, it means that the research data is not normally distributed

#### **1.14.2 Heteroscedasticity Test**

The heteroscedasticity test is used to determine the data that has been collected and will be used where there is a mismatch between one observation and another. A good model is one that does not occur heteroscedasticity. The basis for decision making is as follows:

- a. The data points spread above and below
- b. The spread of data points does not form a certain pattern

### 1.14.3 Multicollinearity test

Multicollinearity test is used to determine existence of high correlation between variables in a multiple regression model. If there is a high correlation between the independent variables, then relation between them of the dependent variable will be disrupted. Multicollinearity testing can be done by looking at value of Variance Inflation Factors (VIF) and Tolerance.

### 1.14.4 Validity Test

Indicators that have been translated into a questionnaire require a validity test. This test is carried out to measure whether or not the questionnaire is valid. This study's indicators come from Celebrity Endorser , Electronic Word of Mouth, and purchasing decisions. If this variable can be measured, the questionnaire can be declared valid. However, if the questionnaire is invalid, it will not be easy to measure what will be measured. This validity test was carried out using a one-sided test with a significance level of 5%.

The following indications of the validity of a questionnaire, according to Ghozali (2013) are:

- $r_{\text{test}}$  is greater than  $r_{\text{table}}$  ( $r_{\text{test}} > r_{\text{table}}$ ), then the questionnaire is declared valid
- $r_{\text{test}}$  is smaller than the  $r_{\text{table}}$  ( $r_{\text{test}} < r_{\text{table}}$ ), then the questionnaire is declared invalid

### 1.14.5 Reliability Test

A reliability test is intended to test whether an instrument can be trusted or not. Reliable instruments will produce reliable data as well. If the data is indeed under reality, no matter how many times it is taken, it will still be the same.

Cronbach's Alpha formula calculates reliability:

$$r_t = \frac{k}{k-1} \left\{ 1 - \frac{\sum S_i^2}{St^2} \right\}$$

$k$  = Mean Square between subjects

$\sum S_i^2$  = Mean square of the error

$St^2$  = Total Variance

A construct or variable is said to be reliable if it gives a Cronbach Alpha value > 0.60.

### 1.14.6 Correlation Coefficient Test

The correlation coefficient test is intended to show the strength of the relationship between two variables and can be known based on the r-value of the correlation analysis results. To provide an interpretation of the value of the correlation coefficient, a guideline is used. According to Sugiyono (2009) to determine the closeness of the relationship/correlation coefficient between these variables, guidelines are given:

**Table 1.4 Guidelines for Determining the Closeness Between Variables**

<b>R Value Interval</b>	<b>Interpretation</b>
0,00-0,199	Very low correlation
0,20-0,399	Low correlation
0,40-0,599	Strong enough correlation
0,60-0,799	High correlation
0,80-1,000	Very high correlation

Sources : Sugiyono (2009)

#### **1.14.7 Linear Regression Test**

Regression analysis is a study to determine the quality relationship between several independent variables and the dependent variable (Ghozali, 2013). There are two types of regression analysis, namely simple linear regression and multiple linear regression, which are distinguished based on the number of independent variables. The results obtained are in the form of a coefficient for each independent variable which can later be concluded that there is an influence or not in this study.

#### **1.14.8 Coefficient Of Determination**

The coefficient of determination ( $R^2$ ) measures how far the ability of the model to explain the variation of the dependent variable. The value of the coefficient of determination is between zero and one. The small value of 2 shows that the independent variable's ability to explain the variable's variation is minimal. A value close to one means that the independent variables provide almost all the information needed to predict the variation of the dependent variable. However, the use of the

coefficient of determination has a weakness, namely that there is a bias towards the number of independent variables included in the model. In order to avoid this bias, the adjusted two value is used, where the adjusted two value can increase or decrease if one independent variable is added (Ghozali, 2018).

### **A. Ordinary Least Square**

Simple linear regression analysis is useful for analyzing the relationship between two variables in research. This relationship is partial by only looking at the relationship between one independent and dependent variable (Sugiyono, 2017).

The following is a simple linear regression equation:

$$Y = \alpha + bx$$

Meaning:

Y = Purchase Decision

X = Celebrity Endorsers / Electronic Word of Mouth

$\alpha$  = Constant, the value of Y if X = 0

b = Regression Coefficient

### **B. Multiple Regression**

#### **1.14.9 Significant Test**

Multiple linear regression analyzes the relationship or attachment of more than one independent variable with the dependent variable (Sugiyono, 2017). So multiple regression functions to see how much influence the independent variables have together or simultaneously. Brand image and price variables are simultaneously tested on purchasing decisions. Below is the general equation for multiple regression:

$$Y = \alpha + bX$$

Namely:

Y = Purchase Decision

X = Celebrity Endorsers / Electronic Word of Mouth

$\alpha$  = Constant, the value of Y if X = 0

b = Regression Coefficient

#### **1.14.9.1 T-test**

The t-test is used in quantitative research to test whether the independent variable (X) affects the dependent variable (Y) individually. Each Celebrity Endorser and Electronic Word of Mouth variable is tested against purchasing decisions to see whether it has an effect. The t-test measurement uses the formula:

$$\frac{\sqrt{(n-2)}}{\sqrt{1-r^2}}$$

**t =**

t = t-test

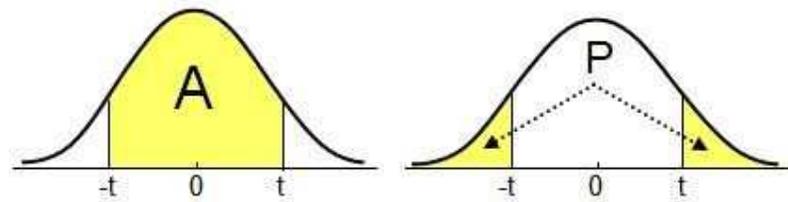
n = number of sample respondents

r = magnitude of correlation

(note: t-table for 5% error rate and N=100)

The t value calculation are used to determine the results, but the null hypothesis and alternative hypotheses are determined first, namely:

- Null Hypothesis or  $H_0: \beta = 0$  means that there is no influence between Celebrity Endorser (X1), and Electronic Word of Mouth (X2) partially on the Purchase Decision Variable(Y).
- Alternative Hypothesis or  $H_a: \beta \neq 0$  means that there is an influence between Celebrity Endorser (X1), and Electronic Word of Mouth (X2) partially on the Purchase Decision Variable(Y).



**Figure 1.7 T- test Result Curve (two tailed)**

### 1.14.9.2 F Test

The F test is conducted to see the significant effect of independent variables together on the dependent variable. The hypothesis for the F test is as follows:

- Null hypothesis ( $H_0$ ): there is no influence between Celebrity Endorser and Electronic Word of Mouth on purchasing decisions for the Reku brand.
- Alternative hypothesis ( $H_a$ ): there is an influence between Celebrity Endorser and Electronic Word of Mouth on purchasing decisions for the Reku brand.

Determine the feasibility of the model, which can be done by comparing the calculated F value with the F table value at a significance level of 5%. The criteria are as follows:

- If  $F_{\text{test}} > F_{\text{table}}$ , then  $H_0$  is rejected, meaning that each independent variable significantly influences the dependent variable.

If  $F_{\text{test}} < F_{\text{table}}$ , then  $H_0$  is accepted. It means that each independent variable together does not have a significant influence on the dependent variable.