

# The Effect of Brand Equity on Brand Loyalty, Mediated by Customer Satisfaction

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## ABSTRACT

The globalization of information technology has changed product marketing in the hijab fashion industry in Indonesia. Consumers seek personal pride and satisfaction in addition to product functionality. Companies need a strong strategy as a market leader. Means-End Chain (MEC) analysis helps understand the relationship between products and consumer goals such as satisfaction and loyalty. Brand equity, brand loyalty, and customer satisfaction are important in building consumer loyalty. The results showed a positive and significant influence of brand equity and customer satisfaction on brand loyalty. The study also reviews the success of Linda Anggreaningsih, a hijab fashion entrepreneur with the Buttonsarves brand in Indonesia. Further research can explore her success factors in local and international markets. By understanding the relationship between brand equity, customer satisfaction, and brand loyalty, companies can compete more effectively in the hijab fashion industry.

**Keywords:** 1. Brand Equity; Customer Satisfaction; Brand Loyalty

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## 1. Introduction

The globalization of information technology has changed the product marketing map, especially in the fashion industry in Indonesia, such as hijab. Consumers not only buy brands for necessity, but also to feel personal pride and satisfaction. Therefore, companies need to have a strong marketing strategy to survive as a market leader.

The Means-End Chain (MEC) analysis approach can be used to explain the market position of a product as a market leader. This model helps to understand how product selection affects the achievement of desired end states by consumers, such as feelings of pride, satisfaction and hedonics. This explains why consumers choose certain products even at premium prices (Kataria & Saini, 2020).

The growth of diverse fashion brands makes consumers faced with many choices. In this high competition, brand loyalty is key to increasing consumer spending and maintaining profitability. Brand Equity is an important factor in building brand loyalty, because it creates added value that is seen by consumers. Consumer trust and perceptions of a brand are closely related to brand loyalty.

Brands are not only important to attract consumers but also as valuable intangible assets for companies. Brand Equity creates added value through consumer perceptions about a particular product. This trust translates into brand loyalty and the premium price paid by consumers. Brand Equity is a broader concept than brand loyalty, as it includes brand image and brand familiarity (Amatulli & Guido, 2011).

Customer Satisfaction is also an important element in understanding brand loyalty. Customer satisfaction affects business sustainability and profitability. In the context of hijab fashion, the Buttons scarves brand stands out for its premium quality and unique designs. Further studies need to be conducted to understand the relationship between Brand Equity, Brand Loyalty, and Customer Satisfaction (Yang & Lau, 2015).

Linda Anggreaningsih is an example of a successful entrepreneur in the hijab fashion industry in Indonesia. Her brand, Buttons scarves, has established its position in the market with quality and innovative products. Further research could explore the marketing strategies and factors that have led Linda Anggreaningsih and her brand to success in local and international markets (Jung et al., 2014).

## **2. Literature Review**

### *2.1. Consumers (brand) loyalty*

Kim (2019) found a significant effect of customer value (functional, social, emotional, and perceived sacrifice) on brand loyalty through satisfaction. Monetary value, emotional value, and social value were shown to influence loyalty. Thus, consumer loyalty is all dimensions of customer value in buying sustainable products (Kim et al., 2019). Supported by Assaker's (2020) findings that consumer loyalty is defined as a statement to engage in recurring purchasing behavior (Assaker, 2020).

### *2.2 Purchase intention*

Purchase intention refers to consumer purchasing decisions and intentions are used to predict whether or not someone will engage in purchasing behavior. Intention is defined as an individual's strong tendency or desire to perform certain behaviors (Sumarwan, 2011). Intention is expressed as the extent to which an individual desires to realize something; in other words, the stronger the desire, the more likely behavior is realized. Before making a purchase, potential customers gather a variety of information so that their purchase intention is based on a variety of factors (Pavlou, 2003). Purchase intention, according to Khan et al. (2021), is a person's intention to buy a specific brand that they have chosen for themselves after evaluating it.

H1 = Brand Equity Positively Affects Customer Satisfaction

## 2.2 Brand Equity

According to Garanti (2019) brand equity is all intangible brand assets such as image, association, awareness, and perceived quality (Garanti & Kissi, 2019). Therefore Bhattacharya (2003) states that Brand Equity is a driver of future cash flow because Brand Equity creates loyal customers who pay a premium price for a product or service (Bhattacharya & Sen, 2003). Therefore, Lei (2015) distinguishes Brand Equity from brand loyalty. That Brand Equity is a broader concept than brand loyalty because it requires brand familiarity and brand image (i.e. perceptions of quality) (Lei & Chu, 2015).

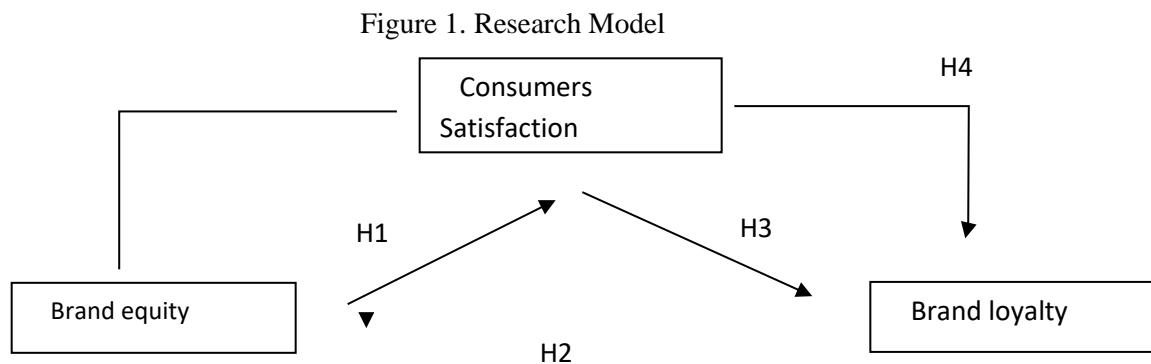
H2 = Brand Equity Positively Affects Brand Loyalty

## 2.3 Consumers Satisfaction

The most widely recognized definition of customer satisfaction in the literature is provided by expectancy disconfirmation theory (Kataria, 2019), where the level of satisfaction is defined as the consequence of the difference between expected and perceived performance (Kataria & Saini, 2020). Customer satisfaction can directly and indirectly affect business sustainability, competitiveness and profitability (Homburg et al., 2009). Satisfied consumers are considered less price conscious and less influenced by rival strategies, resulting in a broad customer base for a brand. H2: Review quantity has a significant and positive impact on purchase intention.

H3 = Customer Satisfaction Positively Affects Brand Loyalty

H4 = Customer Satisfaction Mediates the Relationship between Brand Equity and Brand Loyalty



## 3. Research Methodology

This research is a quantitative study that uses a survey method by distributing questionnaires to relevant respondents. This method allows the collection of valid data to analyze the causal relationship between relevant variables. The object of research is Brand Loyalty which is influenced by perceived value of cost, brand identification, brand trust, and lifestyle congruence, with Customer Satisfaction and perceived culture as mediators. The research subjects were respondents who had purchased the Buttons craves Brand. Primary data was obtained through distributing questionnaires online. The number of samples required is around 200 samples, with purposive sampling method. The data analysis method used is path analysis to analyze the cause-

and-effect relationship between variables. The assumptions of path analysis, such as linearity, error independence, and variable measurement, must be met. This path analysis aims to understand the effect of brand equity on brand loyalty with customer satisfaction as a mediator. In conclusion, this study uses survey methods and path analysis to understand the relationship between relevant variables in the context of brand loyalty in the hijab fashion industry.

## 4. Result

### 4.1 Validity Test

Table 1. Validity Test

No Item	Brang Equity	Brand Royalty	Customer Satisfactio n	Keterangan
1	0,828	0,687	0,830	Valid
2	0,882	0,617	0,786	Valid
3	0,817	0,681	0,800	Valid
4	0,816	0,822	0,776	Valid
5	0,900	0,836	0,830	Valid
6	0,828	0,776		Valid
7		0,862		Valid
8		0,799		Valid
9		0,830		Valid
10		0,821		Valid
11		0,623		Valid
12		0,636		Valid
13		0,786		Valid

Based on the table above, it can be seen that of the 6 statement items of the brand equity variable (X) with n as many as 40 respondents, the rcount value is greater than the rtable 0.312 and has a significance value below 0.05, meaning that all statement items are declared valid. So it can be concluded that all items of the brand equity variable statement (X) are declared feasible to use as research measuring instruments.

Based on the table above, it can be seen that of the 13 statement items of the brand loyalty variable (Y) with n as many as 40 respondents, the rcount value is greater than rtable 0.312 and has a significance value below 0.05, meaning that all statement items are declared valid. So it can be concluded that all items of the brand loyalty variable statement (Y) are declared feasible to use as research measuring instruments.

Based on the table above, it can be seen that of the 4 statement items of the customer satisfaction variable (Z) with n as many as 40 respondents, the rcount value is greater than rtable 0.312 and has a significance value below 0.05, meaning that all statement items are declared valid. So it can

be concluded that all statement items of the customer satisfaction variable (Z) are declared feasible to use as research measuring instruments.

#### 4.2 Reliability Test

Table 2 Reliability Test

<i>Conrbach's alpha</i>			
<i>Variable</i>	<b>BE (X)</b>	<b>Nilai Kritis</b>	<b>Keteranga n</b>
<i>Brand Equity</i>	0,915	0,60	Reliabel
<i>Brand Royalty</i>	0,935	0,60	Reliabel
<i>Customer Satisfaction</i>	0,808	0,60	Reliabel

Based on the table above, it can be seen that the brand equity variable (X) has a Cronbach's Alpha and Cronbach's alpha if item deleted value greater than 0.60 so it can be concluded that the brand equity variable (X) is included in the reliable category.

Based on the table above, it can be seen that the brand loyalty variable (Y) has a Cronbach's Alpha and Cronbach's alpha if item deleted value greater than 0.60 so it can be concluded that the brand loyalty variable (Y) is included in the reliable category.

Based on the table above, it can be seen that the Customer Satisfaction (Z) variable has a Cronbach's Alpha and Cronbach's alpha if item deleted value greater than 0.60 so it can be concluded that the Customer Satisfaction (Z) variable is included in the reliable category.

#### 4.3 Normality Test

Table 3 K-S Test

<b>One-Sample Kolmogorov-Smirnov Test</b>		
		Unstandardized Residual
N		40
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	5,61134438
Most Extreme Differences	Absolute	,061
	Positive	,061
	Negative	-,049
Asymp. Sig. (2-tailed)		,200 <sup>c,d</sup>

Based on the table above, it can be seen that the Asymp. Sig. (2-tailed) to be obtained is 0.200. In this case, this value has an Asymp. Sig. (2-tailed)  $\geq 0.05$ . So it can be concluded that the residual value is normally distributed so that there is no data deviation.

#### 4.4 Multikolinearitas Test

Table 4 *Multikolinearitas Test*

<b>Coefficients<sup>a</sup></b>		
		Collinearity Statistics
Model	Tolerance	VIF

1 (Constant)		
Brand Equity (X)	,860	1,163
Customer Satisfaction (Z)	,860	1,163
a. Dependent Variable: Brand Loyalty (Y)		

Based on the table above, it can be seen that each variable has a Tolerance value of 0.860, where  $0.860 > 0.10$  and a VIF value of 1.163, where  $1.163 < 10$ . So it can be concluded that in this study there is no multicollinearity between the independent variables in the regression model.

#### 4.5 Heteroscedasticity Test

*Table 5 Heteroskedastisitas Test*

Coefficients <sup>a</sup>		
Model	t	Sig.
1 (Constant)	1,300	,201
Brand Equity (X)	,557	,581
Customer Satisfaction (Z)	-,156	,877
a. Dependent Variable: Abs_RES1		

Based on the table above, it can be seen that the Glejser test results show that each variable has a significance value greater than 0.05. So it can be concluded that in this study there is no heteroscedasticity in the regression model.

#### 4.6 Path Analysis Regression Results

*Table 6 Path Analysis Regression Results*

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2,999	4,512		,665	,510
Brand Equity (X)	1,241	,208	,641	5,964	,000
Customer Satisfaction (Z)	,875	,325	,289	2,688	,011
a. Dependent Variable: Brand Loyalty (Y)					

Based on the table above, it can be seen that the Standardized Coefficients ( $\beta$ ) value of the brand equity variable is obtained at 0.641 which is the path value. For the tcount value of 5.964 and a significance value of 0.000. To determine the ttable value with a significance level of 5% and degrees of freedom  $df = n - k = 40 - 3 = 37$  so that the ttable is obtained at 2.026. The value of  $tcount > ttable$ , namely  $5.964 > 2.026$  and a significance value of  $0.000 < 0.05$ , indicates a significant influence of the brand equity variable on brand loyalty. The positive direction shown by the regression coefficient ( $\beta$ ) value of 1.241 indicates a positive influence between the brand equity variable on brand loyalty, meaning that  $H_0$  is rejected and  $H_1$  is accepted. In this case, the higher the brand equity, the higher the brand loyalty. So it can be concluded that brand equity has a positive and significant effect on brand loyalty, so hypothesis 2 is accepted.

In addition, based on the table above, it can be seen that the Standardized Coefficients ( $\beta$ ) value of the customer satisfaction variable is obtained at 0.289 which is the path value. For the tcount value

of 2.688 and a significance value of 0.011. To determine the ttable value with a significance level of 5% and degrees of freedom  $df = n - k = 40 - 3 = 37$  so that the ttable is obtained at 2.026. The value of  $t_{count} > t_{table}$ , namely  $2.688 > 2.026$  and a significance value of  $0.011 < 0.05$ , indicates a significant effect of the customer satisfaction variable on brand loyalty. The positive direction shown by the regression coefficient ( $\beta$ ) value of 0.875 indicates a positive influence between the customer satisfaction variable on brand loyalty, meaning that  $H_0$  is rejected and  $H_1$  is accepted. In this case, the higher the customer satisfaction, the higher the brand loyalty. So it can be concluded that customer satisfaction has a positive and significant effect on brand loyalty, so hypothesis 3 is accepted.

## **5. Discussion**

In the validity analysis, the results show that all statement items from the brand equity, brand loyalty, and customer satisfaction variables are valid, because the significance value is lower than 0.05. This indicates that the statements used in this study are reliable and in accordance with the constructs to be measured. This indicates that the statements used in this study are reliable and in accordance with the constructs to be measured.

Furthermore, the reliability test shows that the brand equity, brand loyalty, and customer satisfaction variables have a high level of reliability. This means that the instruments used to measure these variables provide consistent and reliable results.

The normality test results show that the residual data is normally distributed, which means that the basic assumptions of regression analysis are met. There are no significant data deviations, so the analysis results can be interpreted correctly.

The multicollinearity test shows that there is no multicollinearity between the independent variables (brand equity and customer satisfaction). This shows that each independent variable makes a unique contribution to the dependent variable (brand loyalty) in the regression model.

The heteroscedasticity test shows no heteroscedasticity, which means that the residual variance is constant and does not change throughout the range of predicted values. This is important because heteroscedasticity can affect the validity of the regression analysis results.

The results of the path analysis show that both brand equity and customer satisfaction have a positive and significant influence on brand loyalty. In other words, the higher the brand equity and customer satisfaction, the higher the level of brand loyalty. This finding is consistent with the theory that consumers who are satisfied with the brand and have a positive perception of the brand tend to be more loyal to the brand. The implication is that companies in the hijab fashion industry in Indonesia need to focus on developing brand equity and increasing customer satisfaction to maintain and increase their customer loyalty.

In the context of this study, the results of the analysis also support the proposed hypothesis. Hypothesis 2, which states that brand equity has a positive effect on brand loyalty, is accepted. Likewise, hypothesis 3, which states that customer satisfaction has a positive effect on brand loyalty, is also accepted.

In addition, the results of this analysis provide a basis for companies in the hijab fashion industry to develop marketing strategies that focus on improving brand equity and customer satisfaction as a way to maintain and increase their customer loyalty. With a better understanding of the

relationship between brand equity, customer satisfaction, and brand loyalty, companies can take more effective steps in winning the competition in the hijab fashion industry in Indonesia.

## **6. Conclusion**

In the validity test analysis, all statement items for the Brand Equity (X), Brand Loyalty (Y), and Customer Satisfaction (Z) variables have been declared valid for use as research measuring instruments. This is evident from the rCount value which is greater than rTable and has a significance value below 0.05.

Furthermore, in the reliability test, the three variables have also been declared reliable. This is supported by the Cronbach's Alpha value which is greater than 0.60, indicating the consistency and reliability of the research measuring instrument.

The path analysis results show that Brand Equity (X) has a positive and significant effect on Brand Loyalty (Y), with a regression coefficient ( $\beta$ ) of 1.241. In addition, Customer Satisfaction (Z) also has a positive and significant effect on Brand Loyalty (Y), with a regression coefficient value ( $\beta$ ) of 0.875. These results indicate that the higher the Brand Equity and Customer Satisfaction, the higher the Brand Loyalty. Therefore, hypotheses 2 and 3 can be accepted.

Overall, this study has proven that Brand Equity and Customer Satisfaction have a significant role in shaping Brand Loyalty among consumers. This has important implications for companies in an effort to build and maintain their customer loyalty in the hijab fashion industry.

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