The Effect of Brand Equity on Brand Loyalty to Skincare Products Mediated By Customer Satisfaction

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ABSTRACT

Maintaining and increasing brand loyalty is paramount due to a decrease in product differentiation and an increase in product market uncertainty. Therefore, brand loyalty is a measure of a company’s business performance that affects the market share of a product. The purpose of this study is to explore the effect of brand equity and brand loyalty on mediated by customer satisfaction and to confirm the significant dimensions of brand equity. The population of this study are Scarlett skincare users who live in Jakarta and Bekasi whose numbers are unknown. Respondents of this study were 115 respondents with the criteria of Scarlett skincare users aged 17-30 who have bought and used Scarlett Skincare in the last 6 months. The analysis method used is Partial Least Square Structural Equation Modeling. The results stated that perceived quality and perceived cost value can increase customer satisfaction, perceived quality and customer satisfaction have a positive effect on brand loyalty, however, brand identification, brand trust and lifestyle alignment have no effect on customer satisfaction. Perceived quality and perceived cost value on brand
loyalty are mediated by customer satisfaction, while brand identification, brand trust and lifestyle alignment are not proven. Future research is expected to expand the range of regions and add other variables related to brand loyalty such as brand image.

Keywords: Brand Equity, Brand Loyalty, Customer Satisfaction, Skincare.

INTRODUCTION

The desire to have healthy and beautiful skin and live a long life has always been a natural goal of young people in Indonesia, regardless of gender, flawlessly smooth skin is still considered an important part of beauty (Lixandru, 2017). This makes many young Indonesians maintain their appearance and use skincare products every day to increase their self-confidence (Binwani & Ho Yin, 2019). For marketers, maintaining and increasing brand loyalty is the main thing due to a decrease in product differentiation and an increase in product market uncertainty. Therefore, brand loyalty is a measure of a company's business performance that affects the market share of a product (Shirazi et al., 2013). This is because brand loyalty is a picture of customers in buying the desired brand compared to other brands in the same product category (Zehir et al., 2011).

Brand loyalty provides benefits to the company, such as increased market share and sales revenue, increased capacity of the company to react to competitive threats and low customer sensitivity to competitors' marketing efforts that potentially lead customers to specialize into other brand customers (Delgado-Ballester & Luis Munuera-Alemán, 2001; Fauzi & Putra, 2020). Brand loyalty becomes the customer's commitment to make future repurchases that promise consumers will not change their brand loyalty in different situations and still buy the same brand and remain a brand that benefits them (Wisnu & Hermawan, 2011). Customer satisfaction is the most important factor in various business activities. It is based that customer responses to a brand describe how satisfied customers are with the brand. If customers are satisfied with a brand, of course, these customers will always use and become loyal to the brand (Kataria & Saini, 2020). In addition, brand equity represents customer perception and
reaction to a product from the customer's point of view, while brand equity reflects the product in sales and revenue from the marketer's point of view (Kataria & Saini, 2020). Further, customers' perceptions of brand-inherent attributes, such as cost, physical appearance, features, advertising, and brand name, also influence buyers' perceptions of quality. Perceived quality forms brand equity in the minds of customers thus leading to product differentiation (Aaker, 1991).

Reducing the impact of price sensitivity on brands, cost value perception is one of the strategies needed in market competition (Helmig et al., 2006). Customers show their social identity by connecting or consuming certain brands. Customers who identify with a brand are satisfied when brand expectations are met. Therefore, brand identification encourages emotional attachment, symbolic consumption, and brand loyalty (Kataria & Saini, 2020). Furthermore, trust is also an important factor between buyers and sellers (Komunda & Osarenkhoe, 2012). Customers who do not trust, then it is impossible to be loyal to a brand. Then, lifestyle alignment expresses the daily needs and wants of customers so that they exhibit demographic characteristics, attitudes towards life, beliefs, and aspirations and become an integral component of customers' daily lives (Brassington & Pettitt, 2003). Plus, customers develop preferences and buy back certain brands when their consumption helps them express their uniqueness by pursuing a desired lifestyle (Phau et al., 2015).

Previous research supports empirically that quality perception affects customer satisfaction (Darsono & Junaidi, 2006; Olsen, 2002). In addition, as customers' views of perceived cost value increase, their satisfaction also increases (McDougall & Levesque, 2000; Vandermerwe, 2003). Brand identification affects customer satisfaction (Arnett et al., 2003; Bhattacharya et al., 1995; Kim et al., 2001). Brand trust also has an impact on customer satisfaction, leading to increased loyalty (Chaudhuri & Holbrook, 2001; Chiou et al., 2002; Singh & Sirdeshmukh, 2000). According to Solomon (2010) the more suitable customer loyalty with customer lifestyle, the higher customer satisfaction with the brand. In addition, customer satisfaction has a positive impact on brand loyalty (Brakus et al., 2009; Kataria & Saini, 2020). Quality perception also directly has a positive impact on brand loyalty (Eliasari & Sukaatmadja, 2017). Then, there is a
relationship between quality perception, cost value perception, brand identification, brand trust, lifestyle alignment to brand loyalty mediated by customer satisfaction (Lei & Chu, 2015; Murray & Howat, 2002).

Previous research has focused on introducing brand equity, including consideration of customer satisfaction on brand equity (Nam et al., 2011) and using brand equity dimensions. In addition, in the research of Kataria et al. (2020) which focuses on researching the dental care sector which dominates the oral care market in India, however, perceived quality reflects customer perceptions of the overall quality or superiority of a brand so that consumers will like and become loyal to products with high perceived quality. Perceptions of quality will encourage customers to choose certain brands over other competing brands and if the perception of brand quality can be accepted by consumers, it will increase brand loyalty (Dipura, 2018). Therefore, perceived quality also has a positive impact on brand loyalty Angriawan, (2011); Dib & Alhaddad, (2014); Dipura, (2018); Eliasari & Sukaatmadja, (2017) where perceived quality is a very important concept in marketing strategy because if customers feel that the quality possessed by the product meets expectations, customers will feel satisfied and lead to brand loyalty (Halim & Putra, 2023; Kurniawan, 2017). In addition, this study focuses on the object of research in the skincare industry which is a differentiator from previous studies.

Based on this explanation, the purpose of this study is to explore the effect of brand equity on brand loyalty in skincare products mediated by customer satisfaction and confirm significant dimensions of brand equity so as to provide a more comprehensive understanding for companies to increase their brand loyalty.

RESEARCH METHOD

This study uses a causal research design with a deductive approach in which there are exogenous variables in the form of perceived quality, perceived cost value, brand identification, brand trust, and lifestyle congruence, mediating variables in the form of customer satisfaction, and endogenous variables in the form of brand loyalty. Measurement of perceived quality variables in this study was adapted from Yoo et al.
(2000) totaling 3 statements, the perceived cost value variable is taken from the results of research by Walsh et al., (2014) with 2 statements, brand identification variables obtained from Mael & Ashforth, (1992) totaling 3 statements, brand trust variables used from Chaudhuri & Holbrook, (2001) with 3 statements, the lifestyle congruence variable is adapted from the study of Johnson et al., (2006) as many as 3 statements. Furthermore, the customer satisfaction variable is adapted from Spreng et al., (1996) with 4 statements and brand loyalty variables taken from Chaudhuri & Holbrook, (2001) totaling 5 statements. Thus, the total number of questionnaires used in this study amounted to 23 statements.

The population of this study are Scarlett skincare customers who live in Jakarta and Bekasi, whose numbers are unknown. The sample determination uses a non-probability sampling method with the sampling technique using purposive sampling method. The advantage of using this method is that it is relatively easy to conduct very difficult investigations and is useful for quickly understanding certain trends (Given, 2012). Therefore, the sample criteria in this study are buyers and users of Scarlett skincare aged 17-30 who have used and made purchases in the last 6 months. The number of samples needed in this study is based on Hair et al., (2014), where n x 5 so that 23 statements are multiplied by 5. Thus, the respondents in this study were 115. The selection of this brand as the object of research is because the Scarlett brand is able to generate revenue through Rp.40.9 M in the April - June 2022 period and is a favorite among the public (compas.co.id, 2022).

This research uses a questionnaire survey using a tool in the form of a google form where the data collected is in the form of scores from respondents. The survey method can facilitate data collection from large groups of respondents, requires minimum investment, can be easily used to make generalizations and allows many variables to be studied (Zikmund et al., 2019). The measurement of this study uses a Likert scale with a scale of 1 - 4 where scale 1 for disagree and scale 4 for strongly agree. In addition, this study has conducted a pretest where the results are valid so that the statements in previous journals can still be used. Data analysis conducted in this study used Structural Equation Modeling (SEM) with Partial Least Square (PLS) approach.
which was assisted using statistics software to determine the significant level and relationship between each variable. In addition, PLS - SEM aims to find the effect of these various variables on an object simultaneously. At this stage, it will evaluate both the outer model and the inner model.

RESULTS & DISCUSSION

Result

Based on the results of distributing 115 questionnaires, it was found that female respondents dominated by 75 people (65%) compared to male respondents by 40 people (35%). Furthermore, the majority of respondents are aged 17-25 years with 85 people (74%) followed by 26-30 years with 30 people (26%) who live in Bekasi with 65 people (57%) and Jakarta with 50 people (43%). In addition, the majority of respondents had jobs as students (65 people (57%), private / state employees as many as 35 people (30%) and as many as 15 people (13%) were entrepreneurs. Data from the complete demographic analysis of respondents can be seen in Appendix 4.

Validity and reliability tests were carried out in this study. According to Hair et al. (2019), outer loading is declared insignificant when it has a value of less than 0.50 so that an outer loading value above 0.60 is an adequate value and can be used in further research. The results found show that all outer loading values on the variables show significant results and can be accepted with a value (0.737 – 0.961) above 0.60. Then, the reliability test is measured by looking at the value of Cronbach's Alpha and Composite Reliability, where the recommended value is not less than 0.60 or close to 1 (Hair et al., 2019). The results of the research in Table 8 of Appendix 5 show that the coefficient value of Cronbach's Alpha for each variable is not less than 0.60. The value of Cronbach's Alpha found in the variable perceived quality is 0.831, perceived cost value is 0.804, brand identification is 0.806, brand trust is 0.815, lifestyle alignment is 0.927, customer satisfaction is 0.900, brand loyalty is 0.898, while the Composite Reliability value is found in the variable perceived quality is 0.899, perceived value cost 0910, brand identification 0883, brand trust 0890, lifestyle alignment 0954, customer satisfaction 0931, brand loyalty 0925.
The next stage measures the Average Variance Extracted (AVE) value with a criterion value of more than 0.50 (Hair et al., 2019). The results of data processing which shows that the value of perceived quality is 0.749, perceived cost value is 0.836, brand identification is 0.717, trust is 0.730, lifestyle alignment is 0.873, customer satisfaction is 0.771, brand loyalty is 0.713. From these data shows the results of a good value on the validity of each variable. After the value on the Outer model meets the standard, then look at the value of R Square adjusted with a guideline of 0.67 indicating that the model is "good", 0.33 indicates that the model is "moderate", and 0.19 indicates that the model is "weak" (Ghozali, 2009; Hair et al., 2014). From the research results, it was found that the R Square value of adjusted brand loyalty was 0.755. This shows that perceived quality and customer satisfaction have an influence of 75.50% on brand loyalty, while other variables of 24.50% are explained outside of this study. Then, the R Square adjusted value of customer satisfaction is 0.786 which indicates that perceived quality, perceived cost value, brand identification, trust and lifestyle alignment have an influence of 78.60% on customer satisfaction, while 21.40% is influenced by other variables not examined in this study.

Inner models is a structural model to predict the causality relationship between latent variables. In other words, If the test results on the inner model are significant, it can be interpreted that there is a significant effect of the latent variable on other latent variables.

**Figure 2. Hypothesis Testing**
Source: Results of data processing by researchers, 2023
T-statistics is a value that is used to see the significant level of hypothesis testing by looking at the T-statistics value using the bootstrapping method. Hypothesis testing was carried out using the 1-tailed significance criterion. The size of the significance of support for the hypothesis can be detected by using a comparison between T-statistics and T-table. If the T-statistics value is higher than the T-table value, it means that the hypothesis is supported. As for the T-table value > 1.65 at a 95% confidence level (Ghozali, 2018).

Table 1. Hypothesis Testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Original Sample (O)</th>
<th>T-Statistics</th>
<th>P-Value</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Perceived quality positively influences customer satisfaction</td>
<td>0.452</td>
<td>4,028</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Perceived cost value positively influences customer satisfaction</td>
<td>0.420</td>
<td>4,414</td>
<td>0.000</td>
</tr>
<tr>
<td>H2</td>
<td>Brand identification positively affects customer satisfaction</td>
<td>0.124</td>
<td>1,083</td>
<td>0.279</td>
</tr>
<tr>
<td>H3</td>
<td>Brand Trust positively influences Customer satisfaction</td>
<td>0.125</td>
<td>1,414</td>
<td>0.0914</td>
</tr>
<tr>
<td>H4</td>
<td>Lifestyle alignment positively influences customer satisfaction</td>
<td>-0.111</td>
<td>0914</td>
<td>0.361</td>
</tr>
<tr>
<td>H5</td>
<td>Perceived quality positively influences Customer satisfaction</td>
<td>0.125</td>
<td>1,141</td>
<td>0.254</td>
</tr>
<tr>
<td>H6</td>
<td>Brand Loyalty Customer satisfaction</td>
<td>0.441</td>
<td>4,483</td>
<td>0.000</td>
</tr>
<tr>
<td>H7</td>
<td>Customer Satisfaction</td>
<td>0.500</td>
<td>4,893</td>
<td>0.000</td>
</tr>
<tr>
<td>H8a</td>
<td>Customer Satisfaction mediates Perceived Quality on Brand Loyalty Customer Satisfaction</td>
<td>0.226</td>
<td>3,490</td>
<td>0.000</td>
</tr>
<tr>
<td>H8b</td>
<td>Customer Satisfaction mediates Perceived Cost Value of Brand Loyalty</td>
<td>0.210</td>
<td>2,655</td>
<td>0.008</td>
</tr>
</tbody>
</table>
In table 1, the first hypothesis (H1) perceived quality has a positive influence on customer satisfaction in the test results obtained that the T-statistics value is greater than 1.65 with a value of 4.028 and the P-value is smaller than 0.05, namely at 0.000 so that it can be stated that the hypothesis first received. The second hypothesis (H2) the perceived cost value has a positive effect on customer satisfaction. The test results show that the T-statistics value is greater than 1.65 with a value of 4.414 and the P-value is less than 0.05, namely at 0.000 so that it can be stated that the second hypothesis is accepted. The third hypothesis (H3) brand identification has no positive effect on customer satisfaction. The test results show that the T-statistic value is less than 1.65 with a value of 1.083 and a P-value greater than 0.05, namely 0.279, so it can be stated that the third hypothesis cannot be accepted.

Furthermore, the fourth hypothesis (H4) brand trust does not have a positive effect on customer satisfaction. The test results show that the T-statistics value is less than 1.65 with a value of 0.914 and the P-value is greater than 0.05, namely at 0.361 so that it can be stated that the fourth hypothesis cannot be accepted. The fifth hypothesis (H5) lifestyle alignment has no positive effect on customer satisfaction. The test results show that the T-statistics value is less than 1.65 with a value of 1.141 and the P-value is greater than 0.05, namely at 0.254 so that it can be stated that the third hypothesis cannot be accepted. The sixth hypothesis (H6) perceived quality has a positive effect on brand loyalty. The test results obtained a statistical value greater than 1.65 with a
value of 4.483 and the P-values are smaller than 0.05, namely at 0.000 so that it can be stated that the sixth hypothesis is accepted. The seventh hypothesis (H7) customer satisfaction has a positive effect on loyalty. The test results show that the T-statistics value is greater than 1.65 with a value of 4.893 and the P-value is less than 0.05, namely at 0.000 so that it can be stated that the seventh hypothesis is accepted. From the results of the mediation test calculations that have been carried out in table 1 it can be seen that Perceived quality of brand loyalty mediated by satisfaction is acceptable because the test results show that the T-statistics value is greater than 1.65 with a value of 3.490 and the P-value is less than 0.05, which is 0.000. On the perceived cost value of brand loyalty mediated by customer satisfaction, it is acceptable because the test results show that the T-statistic value is greater than 1.65 with a value of 2.655 and the P-value is less than 0.05, namely at 0.008.

Furthermore, brand identification on brand loyalty is not mediated by customer satisfaction because the test results show that the T-statistic value is less than 1.65 with a value of 1.049 and the P-value is greater than 0.05, which is 0.294. Brand trust in loyalty is not mediated by customer satisfaction because the test results show that the T-statistic value is less than 1.65 with a value of 0.909 and the P-value is greater than 0.05, which is 0.363. Lifestyle alignment with brand loyalty is not mediated by customer satisfaction because the T-statistic value is less than 1.65 with a value of 1.146 and the P-value is greater than 0.05, which is 0.252.

**Discussion**

The findings show that perceived quality positively influences customer satisfaction. That is, customers feel that the Scarlett brand has good quality and is always consistent so that customers feel satisfied. In addition, customers feel that the brand is able to fulfill their skin care so that this brand has benefits that match the needs of the customer's skin. This is in line with previous research which has shown that perceived quality can increase customer satisfaction (Olsen, 2002).

This research can also prove that perceived cost value positively influences satisfaction. This is based on when customers compare the same product with different
brands, the price given by this brand is in accordance with what is expected by the customer and makes the customer interested so that they finally feel that the price paid is commensurate with the quality provided by the brand in the market. Plus, most users of this skincare are students who tend to look at prices first before buying a brand, and this Scarlett skincare has a cost value that students can afford. This is reinforced by previous research which also states that when customer perceptions of cost value increase, their satisfaction will increase (Vandermerwe, 2003).

The results of subsequent studies have not succeeded in showing that brand identification positively influences customer satisfaction. When someone criticizes the brand, the customer feels that this is not a criticism for him personally, even when there are people on social media who comment obliquely about this brand, the customer does not feel disturbed. Therefore, customers will continue to provide information about the brand if someone asks what brand they use. This is the opposite (Kim et al., 2001) which reveals that brand identification has an effect on customer satisfaction, while this research is in line with research (Kataria & Saini, 2020) states that brand identification has no effect on customer satisfaction. The findings in this study have not succeeded in proving brand trust positively affects customer satisfaction. Then, the customers in this study were on average 17-25 years old, at this age customers still often change skincare brands to fulfill their curiosity about a brand, so that customers feel that even though the brand is safe to use and much in demand by customers others do not rule out customers feeling distrustful of the product. Therefore, trust is not one of the main reasons customers are satisfied. This is in line with research (Mawey et al., 2018) states that brand trust has no significant effect on customer satisfaction, meaning that customer satisfaction is not affected by changes in customer trust.

Researchers have not been able to prove if lifestyle alignment positively affects customer satisfaction. In this study, customers felt that their lifestyle was not determined by which skincare brand they used. Therefore, customers also feel that this skincare brand is not in line with the customer's lifestyle so that the brand does not reflect their lifestyle. This study is contrary to the results of the study (Kataria & Saini,
who found that lifestyle alignment affects customer satisfaction, but this research is in agreement with (Ferina & Aidnilla Sinambela, 2022) who found that lifestyle alignment has no effect on customer satisfaction.

Perceived quality positively influences brand loyalty. That is, customers who buy the brand will then buy again and continue to buy this brand because customers believe the brand has superior quality so that customers are willing to buy at the right price. Finally, customers will recommend the brand they use to their friends or relatives. This is the same as the research conducted by (Eliasari & Sukaatmadja, 2017) which states that perceived quality has a positive impact on brand loyalty so that it can be said that an increase in perceived quality will also increase brand loyalty. In this study customer satisfaction positively influences brand loyalty. Customers feel that the brand is in accordance with their expectations so that customers feel satisfied. This is because customers feel that this brand is able to fulfill their skin care, which means that this brand has benefits that suit their skin needs so that customers believe that this brand has superior quality compared to other brands which ultimately makes them loyal. The results of this study are strengthened by previous studies stating that satisfaction increases brand loyalty which results in an increase in market share indirectly (Jones & Suh, 2000; Rundle-Thiele & Maio Mackay, 2001).

Finally, the results of the study show that customer satisfaction mediates the relationship between perceived quality and perceived cost value and brand loyalty. However, customer satisfaction does not mediate the relationship between brand identification, brand trust and lifestyle alignment on brand loyalty. This is thought to occur because customers feel that the quality of this product has benefits that match customer needs and when compared to other products that have the same benefits, this brand offers prices that are appropriate and commensurate with the quality possessed by the brand, causing customers to satisfaction and customer loyalty is increasing. In line with previous research that there is a mediating impact of satisfaction on the correlation between perceived quality and loyalty ((Helmig et al., 2006; Murray & Howat, 2002). But on the other hand, customers feel that having good or bad criticism about the skincare brand does not make customers feel disturbed and
customers still feel satisfied when using this brand, but that does not mean that this increases brand loyalty. In addition, customers do not agree that this skincare brand reflects their lifestyle so that even though many customers have an interest in this brand, it does not immediately make customers feel satisfied and loyal to the brand. This is reinforced by previous research which states that customer satisfaction is not successful in mediating the relationship between brand identification and brand loyalty (Kataria & Saini, 2020).

CONCLUSION

This study explores the effect of brand equity on brand loyalty in skincare products mediated by customer satisfaction and confirms the significant dimensions of brand equity. Therefore, the conclusion that can be drawn from this research is that perceived quality and perceived cost value can increase customer satisfaction, while brand identification, brand trust and lifestyle alignment do not significantly influence customer satisfaction. Furthermore, when perceived quality and customer satisfaction increase, brand loyalty also increases. Then, the results of this study also show that customer satisfaction does not mediate the relationship between brand identification, brand trust and lifestyle alignment with brand loyalty. However, customer satisfaction manages to mediate the relationship between perceived quality and perceived cost value with brand loyalty. In addition, in this study the majority of respondents were women as much as 65%, with an age range of 17-25 years (74%) who mostly lived in Bekasi (57%) and the majority worked as students (57%).

This study has limitations so that future researchers are expected to improve the results of further research. In this study, researchers only involved respondents who live in the Jakarta and Bekasi areas and only used one brand, which caused these findings to not be able to describe all customers in the skincare industry. Therefore, further research is suggested to expand the reach of the research area or conduct research in places that have not been studied by previous researchers and add other skincare brands. In addition, the researcher also suggests adding other variables
related to brand loyalty such as brand image, brand awareness, and brand credibility which are not yet in this study so that further research can be even better. The results of this study can provide several managerial implications for companies engaged in the beauty sector in increasing customer satisfaction which results in customer loyalty to a brand. One of the factors that determine brand loyalty is customer satisfaction, perceived quality and perceived cost value so as to increase brand loyalty, companies can make products that suit the skin needs of customers. Then, make customers feel that their skin care is fulfilled and satisfied with this skincare brand. In addition, customers still do not understand and assume that the brand has good quality. That is, the quality perceptions held by customers regarding this brand are still low. Therefore, companies can carry out more intensive campaigns regarding the quality and benefits of the brand specifically to increase the quality perception of the brand so that later customers will be more satisfied and loyal to the brand. Companies also have to pay more attention to the brand in terms of perceived cost value. This is because in terms of perceived cost value, customers feel they have not purchased this product at an affordable price so that the company can provide attractive offers such as cashback vouchers or price discounts. This is expected to make customers feel satisfied which ultimately makes them willing to repurchase the brand. In other words, they will be more loyal and not switch to other brands.

REFERENCES


