

Determinant of Brand Equity on Customer Satisfaction and Loyalty: a Case Study of Kopi Kenangan, Ngagel Surabaya

Savi Nadine A. A¹, Sri Tjondro Winarno^{2*}, Mubarokah³

^{1,2*,3} Universitas Pembangunan Nasional "Veteran" Jawa Timur, Surabaya

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Email Correspondence:

sritjondro_w@upnjatim.ac.id

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ABSTRACT

This study examines the impact of brand equity on customer satisfaction and loyalty in Kopi Kenangan, Ngagel, Surabaya. This study used quantitative method to collect data from 50 respondents and analysed using SEM WarpPLS. The results of the study show that brand equity has a significant positive impact on customer satisfaction and loyalty, indicating that a strong brand can enhance customer experience and increase long-term loyalty. The study highlights the importance of brand equity as a key factor in customer retention and emphasises the contribution of brand image, perceived quality and brand awareness to satisfaction. These insights provide useful recommendations for coffee shop businesses to strengthen their brands and improve their relationships with customers, especially in a highly competitive market. By investing in brand equity, businesses can improve service quality, increase customer engagement and retain a loyal customer base. Overall, the study highlights the important role of brand equity in enhancing customer satisfaction and long-term business success.

ABSTRAK

Penelitian ini menguji dampak ekuitas merek terhadap kepuasan dan loyalitas pelanggan di Kopi Kenangan, Ngagel, Surabaya. Penelitian ini menggunakan metode kuantitatif dengan mengumpulkan data dari 50 responden dan dianalisis menggunakan SEM WarpPLS. Hasil penelitian menunjukkan bahwa ekuitas merek memiliki dampak positif yang signifikan terhadap kepuasan dan loyalitas pelanggan, yang menunjukkan bahwa merek yang kuat dapat meningkatkan pengalaman pelanggan dan meningkatkan loyalitas jangka panjang. Studi ini menyoroti pentingnya ekuitas merek sebagai faktor kunci dalam retensi pelanggan dan menekankan kontribusi citra merek, kualitas yang dirasakan, dan kesadaran merek terhadap kepuasan. Wawasan ini memberikan rekomendasi yang berguna bagi bisnis kedai kopi untuk memperkuat merek mereka dan meningkatkan hubungan mereka dengan pelanggan, terutama di pasar yang sangat kompetitif. Dengan berinvestasi pada ekuitas merek, bisnis dapat meningkatkan kualitas layanan, meningkatkan keterlibatan pelanggan, dan mempertahankan basis pelanggan yang loyal. Secara keseluruhan, penelitian ini menyoroti peran penting ekuitas merek dalam meningkatkan kepuasan pelanggan dan kesuksesan bisnis jangka panjang.



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INTRODUCTION

The increasing competition in the coffee shop industry in Surabaya has an impact on the development of the types of businesses that are increasingly developing. Currently, the marketing world has a level of competition that is increasingly selective and competitive with various products offered in the market, in addition to the products having various qualities and innovations. In addition to having various qualities and innovations, companies are required to be able to create an innovative product that is different from

existing products in order to create a unique taste to arouse consumer interest in the products produced (Pradana & Achmad, 2023).

The results of a survey by the East Java Association of Indonesian Cafe and Restaurant Entrepreneurs (Apkrindo) show that the growth trend of coffee-based cafes has increased by 16% - 18% annually since 2019 in line with the modern lifestyle of urban communities. (Desfitriana et al., 2019) In Surabaya City, we can find many coffee shops. This indicates that the coffee shop business is quite in demand and has quite tight competition. Efforts that can be done from a coffee shop are to produce quality products that can create good brand equity to compete with the market so that consumers get satisfaction and get loyalty from their choice of coffee shop.

Brand Equity is a widely discussed topic because customers view the company's brand better than competitors, meaning that customers are willing to pay more so that the company has greater profit potential. At this time, the brand becomes a high-value asset for the company and can be a strong competitive advantage. So far, it has been found that brand equity plays an important role as a mediator of brand trust, brand loyalty, brand awareness and brand association with Word of Mouth (Hamza and Rahul, 2017). According to Putra et al., (2021) the stronger the brand equity of a product, the more satisfied customers will be and the stronger their attraction to consume the product will be, which will then lead customers to make repeat purchases, so that they will become loyal customers and generate profits for the company.

Table 1 *Top Brand Index 2021-2024*

Brand	Year			
	2021	2022	2023	2024
Coffee Memories	36.7%	42.6%	39.7%	39%
Promise of the Soul	39.5%	38.3%	39.5%	44.8%
Kulo	12.4%	10.2%	6.3%	5.4%
Fore	6.4%	6.5%	7.5%	6.9%

Source: Top Brand Index, 2024

Top Brand Index (TBI) shows how much a brand is a top brand in the eyes of customers. TBI is the result of measuring 3 parameters, namely top of mind share, market share, and commitment share. Brands that receive the top brand predicate are brands that have an index of at least 10% and occupy the top three positions. Based on the survey results, the brands that received the top brand predicate in 2021-2022 in the coffee shop category were Kopi Kenangan, Janji Jiwa, and Kulo. While in 2023 the brands that received the top brand predicate were Kopi Kenangan and Janji Jiwa. When compared, the difference in the 2021 brand index of Janji Jiwa brand coffee shops with Kopi Kenangan was 2.8%, Kopi Kenangan with Kulo was 24.3%. In 2022, the Kopi Kenangan brand coffee shop with Janji Jiwa was 4.3%. Meanwhile, with other competitors, the gap index reached 32.4% with the Kulo brand and reached 36.1% with the Fore brand. In 2023, when compared to the brand index of Kopi Kenangan and Janji Jiwa, the gap is slightly different by 0.2%. While in 2024, Janji Jiwa is

5.8% ahead of Kopi Kenangan. From the data above, it can be concluded that there is currently tight competition in the coffee industry.

Kopi Kenangan Ruko Ngagel Surabaya is currently facing several issues related to facilities that can disrupt the comfort of visitors. One of the main issues is the broken and unrepaired AC, making the atmosphere hot and uncomfortable, especially during peak hours. In addition, the sometimes dirty toilets create an unpleasant experience for customers. The limited parking space and paid Rp. 3,000 for motorbikes and Rp. 6,000 for cars is an obstacle, where this additional cost may make some customers reluctant to come.

Poor facilities can significantly impact customer satisfaction and their loyalty to a brand.(Smith, 2020). The study showed that clean and comfortable facilities contribute to customers' positive perceptions of a place, which in turn impacts their decision to return. The quality of facilities, including cleanliness and comfort, greatly influences customer satisfaction. Customers tend to choose places with better facilities even though the price is slightly higher. In addition, limited dine-in space can cause crowding that reduces customer satisfaction. Thus, improving facilities at Kopi Kenangan Ruko Ngagel is essential to attract and retain customers, as well as improve brand reputation in a competitive market.

According to research(2021), many companies build their brands on a factual basis, which is what drives marketing to new limits. In terms of retail, there are many ways to get customers, one way is by providing knowledge and information about the brand to consumers, increasing customer satisfaction so as to gain brand trust from consumers, building good memories for consumers about products and brands, so that consumers get satisfaction, commitment, and loyalty in consuming coffee at coffee shops.

According to Kotler and Keller (2009), brand equity is the added value given to products and services. This value can be reflected in the way consumers think, feel, and act towards the brand, price, market share, and profitability owned by the company. Equity is an important intangible asset, which has psychological and financial value to the company.

Developing a brand equity engagement strategy requires steps such as, in this first step, brand development aims to create "brand salience", or awareness, in other words it is important to ensure that the brand stands out and customers recognize and acknowledge it. Brand identity and awareness, but brand perception must be right at key stages in the buying process. This process begins with knowing who the target customer is. The second step aims to identify and communicate what the brand stands for where the focus is on performance and image. Performance determines how well the product meets the needs of customers. Image refers to how well our brand can meet the needs of customers on a social and psychological level.

Third, customer responses to brands are divided into two categories of assessment and feelings and the fourth is brand loyalty. Brands are a company's long-term investment which if managed optimally will provide great benefits to the company that controls it. Global brands that have survived for decades, some of which have now become the most expensive brands because they are based on successful brand management planning. According to(Kusuma Putra et al., 2021)with the stronger brand equity of a product, the

customer will feel satisfied and the stronger the attraction to consume the product which will then lead the customer to make repeated purchases, so that they will become loyal customers and generate profits for the company. According to (Radansyah et al., 2021) Customer satisfaction is the most important thing in a business because the stronger the brand, the more satisfied the customer will be and of course will invite other customers to visit. Of course, to create customer loyalty, you must make customers feel satisfied first. Based on the results of the study (Anggraini & Budiarti, 2020), loyalty arises because of customer satisfaction with a particular brand that certainly meets the desired criteria and the customer will make purchases continuously. Customers can be said to be loyal if the customer makes purchases regularly and at least the customer buys at least twice in a certain time interval. According to (Bambang Suwarno, 2021) Customer satisfaction must be managed in order to attract new customers to buy coffee products offered by the coffee shop.

Related to the problem, the researcher wants to know how brand equity and customer satisfaction actually affect customer loyalty at the Kopi Kenangan Ruko Ngagel Surabaya Coffee Shop. Therefore, the researcher wants to conduct further research and discussion. The researcher sets the research title "The Influence of Brand Equity on Customer Satisfaction and Loyalty at the Kopi Kenangan Ruko Ngagel Surabaya Coffee Shop". The objectives of this study are (1) to analyze the influence of brand equity on customer satisfaction at the Kopi Kenangan Ruko Ngagel Surabaya Coffee Shop; (2) to analyze the influence of brand equity on customer loyalty at the Kopi Kenangan Ruko Ngagel Surabaya Coffee Shop; (3) to analyze the influence of customer satisfaction on customer loyalty at the Kopi Kenangan Ruko Ngagel Surabaya Coffee Shop.

RESEARCH METHOD

Based on the type of data, this study falls under quantitative research. The object of this study includes all customers who have purchased products from Kopi Kenangan, Ruko Ngagel Surabaya. The observed phenomenon suggests that Kopi Kenangan's brand equity may influence customer satisfaction and loyalty. The study employs a Likert scale for measurement. The sampling technique used in this research is the *non-probability sampling method*, in which samples are selected without equal opportunities. However, each consumer chosen as a sample is selected randomly. The sample size for this study is set at 50 respondents. For data analysis, SEM WarpPLS is utilized. This method is employed to model latent variables while accounting for various measurement errors, making it particularly useful for research in marketing. SEM is commonly applied to examine unobservable phenomena such as consumer attitudes, perceptions, and intentions, providing valuable insights into customer behavior.

RESULT and DISCUSSION

Evaluation of Measurement Model

Based on the processed data, it can be seen that the measurement model includes convergent validity tests, discriminant validity tests, and reliability tests.

Convergent Validity Test

Loading Factor

The loading factor value shows the correlation between the indicator and its construct. If the indicator shows a low value, then it can be said that the indicator is not working. In the convergent validity test with reflective indicators, it is assessed based on the loading factor, with the loading factor value must be > 0.7 . (Ghozali, 2014).

Table 2 Loading Factor Value

Variables	Indicator	Loading Factor	Information
Brand Equity (X)	X1	(0.746)	Valid
	X2	(0.854)	
	X3	(0.842)	
	X4	(0.839)	
Satisfaction (Y1)	Y1.1	(0.866)	Valid
	Y1.2	(0.844)	
	Y1.3	(0.936)	
	Y1.4	(0.912)	
	Y1.5	(0.785)	
Loyalty (Y2)	Y2.1	(0.845)	Valid
	Y2.2	(0.739)	
	Y2.3	(0.866)	
	Y2.4	(0.773)	
	Y2.5	(0.728)	

Source: Primary Data processed, 2024

The results of the convergent validity test are that the loading factor value on the brand equity variable on each indicator is more than 0.7, so it can be concluded that the tested variable is said to be valid. The customer satisfaction variable is also said to be valid because the loading factor value is greater than 0.7. And also on the customer loyalty variable, the loading factor value on each indicator is greater than 0.7, so it is said to be valid.

Average Variance Extracted (AVE)

The value of AVE must be greater than 0.50, so that this value describes adequate convergent validity and means that one of the latent variables is able to explain more than half of the variance of its indicators on average (Ghozali, 2016).

Table 3 Average Variances Extracted (AVE) Value

Variables	AVE Value	Information
Brand Equity (X)	0.705	Valid
Customer Satisfaction (Y1)	0.737	
Customer Loyalty (Y2)	0.812	

Source: Primary Data processed, 2024

The results of the Average Variances Extracted (AVE) value on the brand equity variable are 0.705 on the customer satisfaction variable of 0.737, and on the customer loyalty variable of 0.812. So it can be concluded that the AVE value in this study is said to be valid or good because it is worth more than 0.5. Good validity on all these variables also means that the research model can be relied on to explain the influence between brand equity, customer satisfaction, and customer loyalty.

Discriminant Validity Test

Cross Loading

The cross loading value is used to assess whether the construct has adequate discriminant validity, namely by comparing the correlation of the indicators of a construct to other constructs. If the correlation of the construct indicators has a higher value compared to the correlation indicators to other constructs, then it can be said that the construct has high discriminant validity (Irwan, K. Adam, K et al, 2015).

Table 4 Loading and Cross Loading Values

	X	Y1	Y2
X1	(0.746)	0.434	-0.117
X2	(0.854)	-0.235	-0.160
X3	(0.842)	-0.039	0.215
X4	(0.839)	-0.108	0.052
Y1.1	0.130	(0.866)	0.030
Y1.2	-0.080	(0.844)	-0.065
Y1.3	-0.094	(0.936)	-0.105
Y1.4	0.099	(0.912)	0.024
Y1.5	-0.060	(0.785)	0.135
Y2.1	0.134	0.031	(0.845)
Y2.2	-0.277	-0.472	(0.739)
Y2.3	0.083	-0.051	(0.866)
Y2.4	-0.406	0.284	(0.773)
Y2.5	0.457	0.203	(0.728)

Source: Primary Data processed, 2024

The cross loading value results can be seen in brackets on each indicator having a greater value than the cross loading of other indicator items in the same row. For example, the brand equity variable (X) with indicator X1 has a loading factor value of 0.746, this value is greater than the loading factor value for other latent constructs, namely 0.434, and -0.117, meaning that indicator X1 is able to measure the brand equity variable (X) better than measuring other variables. So that the indicators in the research variables have met the criteria for discriminant validity and can be used as a good measure for the variables. In addition to using cross loading, discriminant validity can also be seen through the square root of the AVE of each construct with the correlation value between one construct and another.

Square Root of AVE

By comparing the square root of AVE for each construct with the correlation between the construct and other constructs in the model. The model has sufficient discriminant

validity if the square root of AVE in each construct is greater than the correlation between the construct and other constructs (Irwan, K.Adam, K et al, 2015). The discriminant validity criteria refer to Fornell-Larcker (1981), where the AVE value limit is ≥ 0.5 .

Table 5 AVE Square Root Value

	X	Y1	Y2
X	(0.821)	0.745	0.715
Y1	0.745	(0.870)	0.752
Y2	0.715	0.752	(0.792)

Source: Primary Data processed, 2024

The results of the AVE square root value on the brand equity construct (X) are 0.821, the AVE square root of the customer satisfaction construct (Y1) is 0.870 and the customer loyalty construct (Y2) is 0.792. The AVE square root value on the brand equity, customer satisfaction, and customer loyalty constructs can be said to have good discriminant validity.

Reliability Test

Cronbach's Alpha

Cronbach's alpha is a benchmark to explain the correlation or relationship between the scale created with all existing variable scales. Cronbach's alpha is said to be reliable if its value is > 0.7 (Sugiyono, 2018).

Table 6 Cronbach's Alpha

Variables	Cronbach's Alpha	Information
Brand Equity (X)	0.838	Reliable
Customer Satisfaction (Y1)	0.919	Reliable
Customer Loyalty (Y2)	0.850	Reliable

Source: Primary Data processed, 2024

The results of the Cronbach's Alpha value on the brand equity variable are 0.838, the customer satisfaction variable is 0.919, and the customer loyalty variable is 0.850. It can be concluded that the value of Cronbach's Alpha in this study is said to be reliable or good because it is worth more than 0.7.

Composite Reliability

Composite reliability is said to meet the reliability test, if the combined reliability value must be > 0.7 to have high reliability (Ghozali and Latan, 2015).

Table 7 Composite Reliability

Variables	Composite Reliability	Information
Brand Equity (X)	0.892	Reliable
Customer Satisfaction (Y1)	0.940	Reliable
Customer Loyalty (Y2)	0.893	Reliable

Source: Primary Data processed, 2024

The results of the composite reliability value on the brand equity variable are 0.892, on the customer satisfaction variable is 0.940, on the customer loyalty variable is 0.893. So it can be concluded that the composite reliability value in this study is said to be reliable or good because it is worth more than 0.7.

Structural Model Evaluation

R Square

R Square is a value that shows the size of the variance of an endogenous variable caused by all exogenous variables connected to it.

Table 8 R Square

Variables	R Square (R^2)	R Square Adjusted
Satisfaction (Y1)	0.569	0.560
Loyalty (Y2)	0.628	0.612

Source: Primary Data processed, 2024

The result of the R Square value (R^2) on the satisfaction variable is 0.569 which means that 56.9% of the customer satisfaction variable can be explained by the variables contained in this study and the remaining 43.1% is explained by variables outside the study. On the loyalty variable, the R Square value results are obtained (R^2) of 0.628 which means that 62.8% of the loyalty variable can be explained by the variables contained in this study and the remaining 37.2% is explained by variables outside the study. And for the Adjusted R Square value on the customer satisfaction variable is 0.560 is said to be moderate because the adjusted value ≥ 0.50 . While the Adjusted R Square value on the customer loyalty variable is 0.612 is said to be moderate because the adjusted value ≥ 0.50 (Hair et al., 2011).

Q Square

The Q Square value is used to measure how good the observation values produced by the model and also its parameter estimates are.

Table 9 Q-Square

Variables	Q Square
Customer Satisfaction (Y1)	0.578
Customer Loyalty (Y2)	0.643

Source: Primary Data processed, 2024

The result of Q Square value or predictive relevance on customer satisfaction variable is 0.578 which means that 57.8% of endogenous variable variation can be explained by exogenous variables in the model. And on customer loyalty variable is 0.643 which means that 64.3% of endogenous variable variation can be explained by exogenous variables in the model. The model used can explain the information in the research data, so it can be concluded that this research has good observation value because Q square value > 0 . While if Q-Square value is less than 0 (zero), then the model lacks or does not have predictive relevance (Chin, 1998).

Model Fit Index

Table 10 Model Fit Value

Index	Fit criteria	Output Value	Results
Average path coefficient (APC)	$P < 0.05$	0.534, $P < 0.001$	Fit
Average R-squared (ARS)	$P < 0.05$	0.598, $P < 0.001$	Fit

<i>Average adjusted Rsquared(AARS)</i>	P < 0.05	0.586, P < 0.001	<i>Fit</i>
<i>Average blockVIF (AVIF)</i>	<i>acceptable if</i> ≤ 5 ideally ≤ 3.3	2,222	<i>Fit</i>
<i>Average full collinearityVIF (AFVIF)</i>	<i>acceptable if</i> ≤ 5 ideally ≤ 3.3	2,693	<i>Fit</i>
<i>TenenhausGoF (GoF)</i>	<i>small</i> ≥ 0.1 medium ≥ 0.25 large ≥ 0.36	0.641	<i>Fit</i>
<i>Sympson's paradox ratio(SPR)</i>	<i>acceptable if</i> ≥ 0.7 ideally= 1	1,000	<i>Fit</i>
<i>R-squared contribution ratio (RSCR)</i>	<i>acceptable if</i> ≥ 0.9 ideally= 1	1,000	<i>Fit</i>
<i>Statistics suppression ratio (SSR)</i>	<i>acceptable if</i> ≥ 0.7	1,000	<i>Fit</i>
<i>Bivariate nonlinearity causality direction ratio(NLBCDR)</i>	<i>acceptable if</i> ≥ 0.7	1,000	<i>Fit</i>

Source: Primary Data processed, 2024

The model fit index is used to assess the quality of the model. The results indicate that the APC, ARS, and AARS values are acceptable. The Average Block VIF (AVIF) result of 2.222 is considered ideal since it is ≤ 3.3. Similarly, the Average Full Collinearity VIF (AFVIF) result of 2.693 is also deemed ideal as it falls within the ≤ 3.3 threshold. The Tenenhaus GoF (GoF) result of 0.641 is categorized as large because it meets the criteria of ≥ 0.36. Furthermore, the Simpson's Paradox Ratio (SPR) result of 1 is considered ideal as it equals 1, while the R-Squared Contribution Ratio (RSCR) result of 1 is also ideal since it equals 1. The Statistical Suppression Ratio (SSR) result of 1 is accepted as it is ≥ 0.7, and the Nonlinear Bivariate Causality Direction Ratio (NLBCDR) result of 1 is also accepted as it meets the ≥ 0.7 threshold. Based on these results, it can be concluded that the SEM model developed is valid (fit).

The path coefficient is used to determine the significance of the influence of each construct variable. The path coefficient ranges from -1 to 1. If the value falls between 0 and 1, it is considered positive, whereas if it is between -1 and 0, it is considered negative (Ghozali, 2016).

Table 11 Path Coefficient and P-Value Results

Variables	Path Coefficient	P-Value	Results
Brand Equity (X) - Customer Satisfaction (Y1)	0.754 Positive	< 0.001 Less than 0.05	There is sufficient evidence that brand equity is positively and significantly related to customer satisfaction.

Brand Equity (X) – Customer Loyalty (Y2)	0.0352 Positive	0.003 Less than 0.05	There is sufficient evidence that brand equity is positively and significantly related to customer loyalty.
Customer Satisfaction (Y1) – Customer Loyalty (Y2)	0.495 Positive	< 0.001 Less than 0.05	There is sufficient evidence that customer satisfaction is positively and significantly related to customer loyalty.

Source: Primary Data processed, 2024

The results on brand equity are positively and significantly related to customer satisfaction. From the results of this study, the results were 0.754 and significant (p-value <0.001). On the brand equity variable, it is positively and significantly related to customer loyalty. From the results of this study, the results were 0.352 and significant (p-value = 0.003). On the customer satisfaction variable, it is positively and significantly related to customer loyalty. From the results of this study, the results were 0.495 and significant (p-value <0.001). Thus, the results of the hypothesis test in this study on the brand equity variable (X) on customer satisfaction (Y1) were accepted, namely brand equity has a positive and significant effect on customer satisfaction. On the brand equity variable (X) it has a positive and significant effect on customer loyalty (Y2). And on the customer satisfaction variable (Y1) it has a positive and significant effect on customer loyalty (Y2) at Kopi Kenangan Ruko Ngagel Surabaya.

The results of data processing processed using the WarpPLS8.0 application with brand equity variables as variables (X) and customer satisfaction with customer loyalty variables (Y) to produce a path diagram:

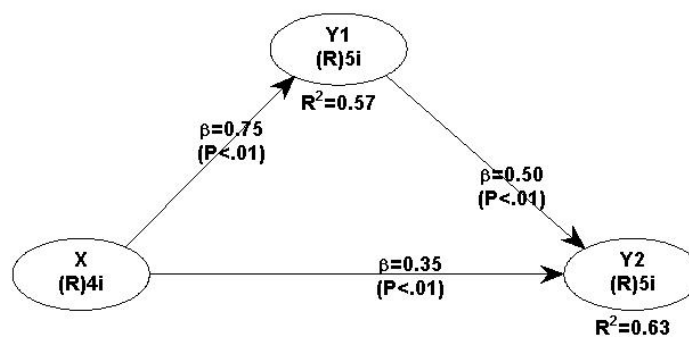


Figure1 Research Path Diagram
Source: WarpPLS 8.0 Output

T-test

The t-test is used to test the significance of each variable X against the variable Y. The t-test is done by comparing the t-count value with the t-table. If the t-count is greater than the t-table, the hypothesis is accepted and vice versa. With the confidence level used, which is 95%, the inaccuracy limit (α) = 5% = 0.05 with a t-table value of 1.96, so if the t-count value is smaller than the t-table value, H0 is accepted and Ha is rejected. And if the t-count

value is greater than or equal to the t-table, H0 is rejected and Ha is accepted (Irwan, K.Adam, K et al, 2015). The t-test in this study can be known through the T-ratios for path coefficients value.

Table 12 *T-Test Value*

Variables	T-ratios for path coefficients	t-table
Brand Equity (X) -Customer Satisfaction (Y1)	7,128	>1.96
Brand Equity (X) - Customer Loyalty (Y2)	2,846	>1.96
Customer Satisfaction - Customer Loyalty (Y2)	4,239	>1.96

Source: Primary Data processed, 2024

The results of the hypothesis test in this study on the brand equity variable (X) towards customer satisfaction (Y1) are said to be accepted because the t-count value is greater than the t-table value (1.96). On the brand equity variable (X) towards customer loyalty (Y1) it is said to be accepted because the t-count value is greater than the t-table value. And on the customer satisfaction variable (Y1) towards customer loyalty (Y2) it is said to be accepted because the t-count value is greater than the t-table value.

DISCUSSION

The Influence of Brand Equity on Customer Satisfaction

Based on the hypothesis testing analysis, the path coefficient value of 0.754 is positive, as it falls within the range of 0 to 1. This indicates that brand equity has a positive effect on customer satisfaction, meaning 75.4% of brand equity is influenced by customer satisfaction. With a p-value of <0.001, which is less than 0.05, the test results confirm a significant relationship between brand equity and customer satisfaction. Furthermore, with a t-test value of 7.128 > 1.96, it can be concluded that H0 is rejected and H1 is accepted. Therefore, the findings support that brand equity has a positive and significant effect on customer satisfaction at Kopi Kenangan, Ruko Ngagel Surabaya. This study is consistent with previous research by Febrian and Ahluwalia (2020), which found that higher brand equity leads to greater customer satisfaction in e-commerce. Customer satisfaction in this context is derived from trust built through repeated purchase experiences at Kopi Kenangan, leading to a sense of fulfillment among customers.

The Influence of Brand Equity on Customer Loyalty

The hypothesis testing analysis results show that the path coefficient value is 0.352, which is positive as it falls within the range of 0 to 1. This indicates that brand equity has a positive influence on customer loyalty, meaning 35.2% of brand equity is influenced by customer loyalty. The p-value of 0.003, which is less than 0.05, confirms a significant relationship between brand equity and customer loyalty, leading to the acceptance of H1. Additionally, the t-test value of 2.846 > 1.96 indicates that H0 is rejected. Thus, the study concludes that brand equity has a positive and significant impact on customer loyalty at Kopi Kenangan, Ruko Ngagel Surabaya. These findings align with the research conducted by Ayuda et al. (2023), which demonstrated that brand equity significantly affects customer

loyalty in Denso Car AC Spare Parts. A strong brand equity fosters stronger customer loyalty. This conclusion is further supported by Tjiptonno (2010), who stated that consumers loyal to a particular brand tend to remain "attached" to it and continue purchasing the same product, even when numerous alternatives are available.

The Influence of Customer Satisfaction on Customer Loyalty

The hypothesis testing results indicate that the path coefficient value is 0.495, which is positive as it falls within the range of 0 to 1. This means that customer satisfaction has a positive influence on customer loyalty, with 49.5% of customer satisfaction being influenced by customer loyalty. The p-value of <0.001 , which is less than 0.05, confirms a significant relationship between customer satisfaction and customer loyalty, leading to the acceptance of H1. Additionally, the t-test value of $4.239 > 1.96$ indicates that H0 is rejected. Thus, the study concludes that customer satisfaction has a positive and significant impact on customer loyalty at Kopi Kenangan, Ruko Ngagel Surabaya. This result is consistent with research by Oktavia et al. (2022), which found that customer satisfaction positively influences customer loyalty at PT. Gita Rifa Express services. The findings are further supported by Kotler and Keller (2012), who stated that customer satisfaction occurs when expectations are met. Therefore, maintaining and enhancing customer satisfaction is crucial to fostering long-term customer loyalty.

CONCLUSIONS

Based on the results of the analysis in the previous chapter, several conclusions can be drawn. First, there is a positive and significant influence of brand equity on customer satisfaction at Kopi Kenangan, Ruko Ngagel Surabaya. This indicates that customers perceive trust and quality in Kopi Kenangan, leading to greater satisfaction as the brand meets or even exceeds their expectations. Second, there is a positive and significant influence of brand equity on customer loyalty, meaning that a strong and positive perception of the brand encourages customers to remain loyal, make repeat purchases, and even recommend Kopi Kenangan to others. Third, the study finds a positive and significant influence of customer satisfaction on customer loyalty, showing that satisfied customers are more likely to return for repeat purchases and recommend Kopi Kenangan to others. This highlights the critical role of customer satisfaction in building long-term loyalty.

Based on these findings, several recommendations can be made. Future researchers are encouraged to explore additional variables, such as the influence of social media, competitor strategies, or pricing factors. Additionally, conducting research in different locations could provide comparative insights and a broader perspective on customer behavior. Lastly, future studies could examine other aspects of customer behavior changes, offering deeper insights into evolving market trends and consumer preferences.

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