

# THE EFFECT OF BRAND EQUITY ON CUSTOMER PERSPECTIVE PERFORMANCE IN FADKHERA

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## **Abstract**

The aim of this study is to determine the effect of brand equity on customer perspective performance in Fadkhera. This research is included in the comparative causal method with a quantitative approach. The number of samples taken in this study were 100 respondents. Purposive sampling was the sampling technique used in this study. The data collection technique used in this study was an instrument in the form of a questionnaire. This study uses a Partial Least Square data analysis technique model with: (1) Outer model to test the validity using convergent validity and discriminant validity techniques, and reliability testing using the measurement of the value of R Square and Cronbach's alpha. (2) Inner model to test the path coefficient, evaluate the value of R Square, and the stone-geisser test ( $Q^2$ ). (3) Hypotheses testing is carried out using the bootstrapping method. The results of this study indicate that brand equity has a positive and significant effect on customer perspective performance. This is proved by the results of the path coefficient showing the value of the original sample is 0.881. This can prove that brand equity has a positive relationship with customer perspective performance. In the T-statistics test, the value is greater than 1,66, which is 33,505. The R Square results for this study were 0.776.

**Keywords:** Brand Equity, Company Performance, Customer Perspective Performance

## **Abstrak**

*Penelitian ini bertujuan untuk mengetahui pengaruh ekuitas merek terhadap kinerja perspektif pelanggan pada Fadkhera. Penelitian ini termasuk dalam kausal komparatif dengan metode pendekatan kuantitatif. Jumlah sampel yang diambil pada penelitian ini sebanyak 100 responden. Teknik sampling yang digunakan dalam penelitian ini adalah purposive sampling. Teknik pengambilan data dalam penelitian ini menggunakan instrumen berupa kuesioner. Penelitian ini menggunakan model teknik analisis data Partial Least Square dengan: (1) Outer model untuk melakukan uji validitas menggunakan teknik convergent validity dan discriminant validity, serta uji reliabilitas menggunakan pengukuran nilai R Square dan cronbach's alpha. (2) Inner model untuk melakukan pengujian path coefficient, mengevaluasi nilai R Square, dan uji stone-geisser ( $Q^2$ ). (3) Uji hipotesis dilakukan dengan metode bootstrapping. Hasil penelitian ini menunjukkan bahwa ekuitas merek berpengaruh positif dan signifikan terhadap kinerja perspektif pelanggan. Hal ini dibuktikan dengan hasil path coefficient yang menunjukkan nilai dari original sample sebesar 0,881. Hal tersebut dapat membuktikan bahwa ekuitas merek memiliki hubungan positif terhadap kinerja perspektif pelanggan. Pada uji T-statistics menunjukkan nilai di atas 1,66 yaitu sebesar 33,505. Hasil R Square pada penelitian ini sebesar 0,776.*

**Kata Kunci:** Ekuitas Merek, Kinerja Perspektif Pelanggan, Kinerja Perusahaan

## INTRODUCTION

Due to the Covid-19 pandemic, this will be felt quite heavily in the midst of the global economic crisis throughout 2020. One of the sectors affected by the Covid-19 pandemic is Micro, Small and Medium Enterprises (MSMEs). According to the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM), Indonesia has 64.2 million MSMEs. Various businesses that once competed should now work together to restore the state of the nation's economy. On the other hand, Indonesia's population growth rate accelerates year after year. The greater the population growth, the greater the effort to meet basic human needs. As a result, it can be a new challenge for businesses in developing strategy and implementing it, so that many businesses should improve the quality of the company's performance in terms of both financial and non-financial indicators.

The development of increasingly sophisticated technology in the business world requires companies to be able to compete in obtaining consumers so that the company can maximize profit and avoid bankruptcy. In addition, the company should also make improvements in all areas that are considered to be less beneficial for the company, including in the way of

performance measurement management company (Kurniawan, 2017). Measurement of the company's performance becomes the most important factor for the company. In addition to assessing the success of the company, the performance measurement of the company can evaluate the results of the work that has been done, both on the basis of the advantages and disadvantages of the performance achieved.

Most companies make financial performance the main measuring tool in measuring company performance. However, companies should also pay attention to non-financial aspects as a complementary measure in evaluating performance developments. It can then improve the control of the company in order to achieve the goals to be achieved by the company. With a vision and a mission, the company will easily be able to set strategic goals. Each measure on these strategic objectives will be a measuring tool in assessing the company's performance later. One method of measuring performance is using the balanced scorecard. Each measure on these strategic objectives will be a measuring tool in assessing the company's performance later. One method of measuring performance is using the balanced scorecard.

The Balanced scorecard is a measurement tool that can work in a balanced

manner in the aspect of both financial and non-financial. The method could be used to explain the mission and long-term strategy and to translate the vision into all the structure of the organization (Bontis, Dragonetti, Jacobsen, and Roos, 1999). The balanced scorecard has four perspectives in measuring the company's performance, namely financial perspective, internal business process perspective, learning and growth perspective, and customer perspective. The customer perspective is a source of the revenue component of financial objectives. According to Hansen & Mowen (2006) there are five objectives in the customer perspective, namely increasing market share, increasing customer retention, increasing customer purchases, increasing customer satisfaction and increasing customer profitability. The objectives in the customer perspective should be measured by five appropriate measures in sequence namely market share, percentage of business growth from existing and returning customers, number of new customers, rate of customer satisfaction surveys and individual and segment profitability. The measure of customer satisfaction has a significant effect on the company. The excellence of the company depends on the uniqueness and quality shown by the company to its customers, so that the customer's perception

of service quality is a comprehensive assessment of the company's excellence.

Hansen & Mowen (2006) stated that the customer perspective is a source of revenue components from financial goals, indicating that the components that provide income for the company's finances come from customers. In other words, customers are one of the main aspects in maintaining business continuity. The company is no longer sufficient to measure its performance from a financial perspective but also through other perspectives, in the form of a customer perspective which will contribute to the company to measure the level of customer satisfaction which is one of the goals from the customer's perspective. This is supported by research conducted by Novirani and Arijanto (2013) stated that there is a relationship between strategic objectives from the customer's perspective which in turn will support the strategic enhancement of the company's image to customers, so that companies can identify things that customers want and can fulfill customer desires. This will then become a supporting factor in measuring company performance in non-financial aspects.

Companies that have developed the following trends are required to maximize all the potential that exists within the company, one of which is the brand. Companies belonging to the MSMEs group are currently

experiencing a competition to build a brand. If it is associated with the growing potential needs of people in Indonesia, there will be many new brands emerging from start-up businesses. Efforts to develop the brand, the company is required to be able to maximize its role in marketing strategy. Good brand quality will certainly have a positive impact on the company. This is because a brand will change the perspective for customers towards the company's brand. In addition, it can provide positive value in the eyes of consumers about the products produced, so that there will be a trust for customers towards the company's brand.

The existence of a brand is crucial to the company. This is indicated by the amount of research that has been done on brands in companies. Companies with good brand equity will also have good customer satisfaction (Bilal et al, 2014). Brand equity concerns a recognized brand name, quality image, strong brand associations and other assets such as patents and trademarks (Asy'ari, 2012). If consumers are not interested in a brand by considering the quality, characteristics, price, convenience of a product, then the probability of brand equity is low. Conversely, if consumers tend to buy a brand even though they are faced with competitors offering superior products, for example in terms of price and practicality,

the brand has high brand equity (Alinegoro et al., 2014). Based on this, a brand can have an effect on increasing the quality of a company's business.

A brand that has developed in a company certainly cannot be used as a benchmark for measuring company performance. This also applies when measuring company performance using only financial indicators. The method of measuring the performance of each division in a company cannot be equated and cannot only use financial indicators that are averaged (Hayes, 1977). It is also found in the study Madden, Fehle, and Fournier (2006), which discusses the empirical creation of shareholder value through branding, where there is a gap between the researcher marketing and financial. The gap occurs when researchers focusing on the financial aspect only pay attention to the impact of the company's strategy and the decision of the expectations of investors, whereas researchers focusing on marketing and management only pay attention to the reaction of customers to strategy and management and marketing decisions. This gap can be filled by conducting research that combines aspects of finance and management, so that it will provide comprehensive information and make it easier for further research on similar topics.

Several international studies have conducted research that combines various types of non-financial indicators used to measure company performance, such as customer satisfaction and brand on abnormal returns (Ittner & Larcker, 1998). Then, according to Oyeniyi's (2009) research, there is a positive relationship between brand equity and company performance. Research conducted by Smith and Wright (2004) stated that, as a result of increasing the brand image of a company, the number of consumers that use the company's products will increase and consumers will be loyal, so that it will also have an impact on the performance of the company. On the other hand, research by Iwu, Osakwe and Ajayai (2015) shows that brand image has no significant effect on financial performance. This is because the data in this study is based entirely on the perception of the MSMEs members, where the MSMEs does not use the brand as an attempt to improve the company's performance. The results of these studies provide insight that financial performance does not always have an impact on brand image, so that companies also need to pay attention to non-financial aspects as a measure of company performance. Based on the phenomena and limitations of previous research, researchers are interested in examining the effect of brand equity on

customer perspective performance in Fadkhera.

## **LITERATURE REVIEW**

### **Theoretical Review**

#### **A. Brand Equity**

According to Kotler & Keller (2012), brand equity or brand equity is the added value of the product or service, brand equity can be reflected in how consumers think, feel and act in conjunction with the brand, price, market share and profitability of the brand. This statement was added by Aaker (1997), the equity of the brand is a series of assets and liabilities related to the brand, name, symbol, which increase and decrease the value of the product and service provided to the company or consumers of the company. In Aaker's model, brand equity is formulated from a management and corporate strategy perspective, although the main basis is consumer behavior (Abdullah, 2014).

Durianto, et al (2004: 4), the four elements of brand equity, apart from other brand assets, are known as the key elements of brand equity. The fifth element of brand equity will be directly affected by the quality of the four key elements. The four indicators are as follows:

##### **1. Brand Awareness**

Brand awareness is the ability of consumers to recognize or remember that a brand is a member of a certain category

of products (Durianto, et al, 2004: 4). According to Aaker (1997), there are four levels of consumer memory for brands from the lowest level to the highest level, which are as follows:

- a. Unaware brands where consumers are not aware of a brand.
- b. Brand recognition where a brand recognition appears again after being recognized with help.
- c. Brand recall is a reminder back to the brand without giving any assistance.
- d. Top of mind is the brand that is first remembered when consumers are asked about a product category that can be spontaneously recalled without assistance.

The higher the level of awareness of the brand means that the product is in the minds of consumers before other brands (Durianto et al., 2004). Maulidiah, et al (2013) added that brand awareness is a necessary company because, by creating brand awareness, consumers are expected to know or remember a brand and can easily mention a brand when purchasing a brand.

## 2. Perceived Quality

Aaker (1991) defines perceived quality as a consumer's perception of the quality or superiority of the product or service in relation to the goals it wants,

compared to other alternatives. Durianto et al. (2001: 71), explains the dimensions of perceived quality that are divided into 7, among others:

- a. Service performance,
- b. Resistance,
- c. Reliability,
- d. Product characteristics,
- e. Compliance with specifications,

Results.

Perceptions of quality have an important role in building a brand, in many contexts the perception of the quality of a brand can be an important reason for buying and which brands consumers will consider which in turn will influence consumers in deciding which brand to buy.

## 3. Brand Association

Brand Association that everything related to the memory of a brand is closely related to the image of a brand that defines the association of a brand with a specific meaning (Durianto et al., 2001: 69). Brand associations have a certain level of strength and would become stronger as the experience of consumption grows. Brand-associated associations are generally associated with the following: product attributes, intangible attributes, consumer benefits, relative user cost, famous person,

lifestyle, competitor product class, country/geographic region.

Simamora (2003: 82) explains the value of the brand association, among others:

- a. The process of compiling information
- b. Distinction
- c. Reason for buying
- d. Creating a positive attitude or feeling
- e. The foundation or expansion

#### 4. Brand Loyalty

Brand Loyalty reflects the level of consumer attachment to the brand of products (Duriyanto et al., 2001: 126). Mowen (2002: 109) suggests that loyalty can be based on the actual purchase behavior of the product associated with the proportion of purchases. Meanwhile, according to Griffin (2010: 31) customer loyalty or brand loyalty is a more reliable measure to predict sales and financial growth.

Aaker (1997) has divided several levels of brand loyalty, among others:

- a. Switches.
- b. Habitual buyer.
- c. Satisfied buyer.
- d. Likes the brand.
- e. Committed buyer.

Brand loyalty will be more easily identified in the behavior of consumers making repeat purchases on a regular basis, buying between product and service

lines, referring to others, and showing immunity to others.

### **B. Balanced Scorecard**

The Balanced Scorecard is a collection of integrated performance measures derived from the company strategy that support the overall corporate strategy (Tunggal, 2001). Measurement on the Balanced Scorecard not only assesses financial aspects, but also assesses non-financial aspects. Financial performance is due to non-financial performance (Hansen & Mowen, 2009). Balanced Scorecard is a strategic planning and management system that is widely used in both profit-driven and non-profit organizations around the world in business activities to align organizational vision and strategy, improve internal and external communication, and monitor organizational performance in line with corporate strategy objectives (Sumarsan, 2013:219). Nawawi (2006: 219) explains the four perspectives used to measure the balanced scorecard as follows:

#### 1. Financial Perspective

The financial perspective has a relationship with the company's financial performance. Financial performance can be used as an indicator to measure the achievement of the company's strategies, implementations and decisions. There are four phases of the financial performance measurement cycle, as follows:

- a. Growth
- b. Sustain
- c. Harvest

The financial objective must be to maximize cash flow and reduce working capital so that cash flow can return to the company in a short time.

## 2. Customer Perspective

The company is expected to create a market segmentation in the production of goods or services and to set a specific market that can be targeted on the basis of the capabilities, resources and long-term plans of the company (Kaplan & Norton, 2001). According to Lodovicus Lasdi (JWMA, 2002) there are two customer perspective measurement groups in the balanced scorecard, as follows:

### a. Core Consumer Measurement Groups

- 1) Market share.
- 2) Customer retention.
- 3) Customer acquisition.
- 4) Customer satisfaction.
- 5) The level of customer profitability.

### b. Consumer Value Measurement Group

- 1) The attributes of the product or service are a function of the product or service, price and quality.
- 2) Customer relationship.
- 3) Image and reputation.

According Febriyanti (2016), the customer perspective is a measure seen

from the number of customers owned and the level of customer satisfaction. Performance measurement that is assessed from the level of satisfaction and the number of customers as follows:

### a. The level of customer satisfaction

- 1) Intangibles are physical appearances, such as: service places, facilities and infrastructure that can be seen physically by customers.
- 2) Reliability is the ability to provide promised services in a timely and satisfactory manner.
- 3) Responsiveness is the employee's ability to help customers and provide services responsively.
- 4) Assurance is the knowledge and friendliness of employees that can lead to customer confidence in the organization.
- 5) Emphaty is the availability of company employees to care, give personal attention to customers and comfort in making good communication relationships and understanding customer needs.

### b. Number of customers

- 1) Customer retention.
- 2) Customer acquisition.



### 3. Internal Business Process Perspective

Every activity carried out within the company carried out by each element to create a product will provide customers and shareholders with certain satisfaction. According to Kaplan and Norton (1996: 96), the internal business processes are divided into three processes as follows:

- a. The innovation process is a process of value creation in which the company first discovers and develops new markets.
- b. The operation process is a process of value creation.
- c. After-sales process, including collection, storage and distribution of products or services.

### 4. Learning and Growth Perspective

In this perspective, it provides the infrastructure for the achievement of the three previous perspectives. This process is based on three categories (Kaplan & Norton, 1996: 109) as follows:

- a. Employee capability.
- b. System and information capabilities.
- c. Motivation.

The balanced scorecard has many roles for the company to achieve its goals in the future. Kaplan and Norton (2000: 17) suggest some of the benefits of a balanced scorecard, as follows:

- a. Clarify and produce a strategy consensus.

- b. Communicate the strategy across the company.
- c. To align the different departmental and personal objectives with the strategy of the company.
- d. Associate a wide range of strategic objectives with long-term objectives and annual budgets.
- e. Identify and align strategic initiatives.
- f. Conduct a periodic and systematic review of the strategy.
- g. Get the feedback needed to learn about and improve strategy.

### C. Performance Measurement

Fahmi (2010: 2) argues that performance is the result achieved by a profit-driven and non-profit-driven organization that is produced within a certain period of time. Meanwhile, according to Mahsun (2013: 25), performance is a description of the level of achievement of the implementation of the policy activity/program in achieving the goals, objectives, mission and vision of the organization as set out in the organization's strategy.

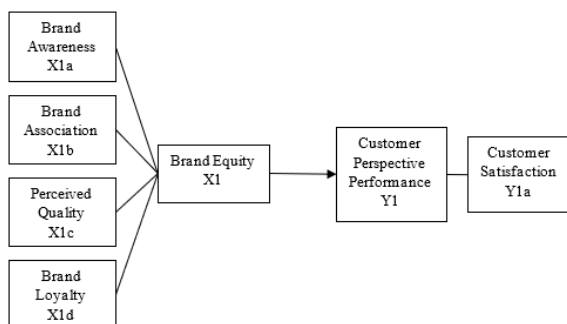
According to Mardiasmo (2003: 9), performance measurement is a management tool designed to improve the quality of decision-making and accountability. Meanwhile, according to Mahmudi (2007: 6), performance measurement is used as the

basis for assessing performance, namely to assess the success or failure of an organization in implementing programs or activities. Prayitno (2010: 9) explains that the performance assessment will provide benefits to the company as follows:

- a. Managing the operations of the organization effectively and efficiently by maximizing employee motivation.
- b. Assist in decision making employment related, such as promotions, transfers and dismissals.
- c. Identify the training and development needs of employees and provide criteria for the promotion and evaluation of employee training programmes.
- d. Provide feedback to employees on how to assess the performance of employees.
- e. Provide a basis for the distribution of awards.

### Research Paradigm

Figure 1. Research Paradigm



Source: Result of Data Analysis

### Research Hypotheses

H1 : There is an effect of brand equity on the performance of the customer perspective.

### RESEARCH METHODS

#### Research Design

This research is a comparative causal study, which is a type of research with problematic characteristics in the form of a causal relationship between two or more variables. Researchers can identify facts or events as variables that are influenced (dependent) and investigate variables that affect (independent) these variables (Indriantoro and Supomo, 2011: 27). The type of data used in this research is quantitative data. The data are then analyzed and processed in the form of a statistical analysis to test hypotheses that explain the relationship between the variables used. The data source used in this study is primary data by the distribution of questionnaires to Fadkhera customers.

#### Place and Time Research

This research was conducted with the aim of researching the Fadkhera Muslim clothing business in the Yogyakarta and was conducted in October 2020-February 2021.

## Population and Sample Research

The population of this study is customers who have made online and offline transactions at Fadkhera outlets. The sample in this study was measured by Rao Purba formula. From the calculations, it is known that the number of samples to be taken is 96. Because there is a rounding element and to facilitate data processing, the researchers took a sample of 100 respondents.

## Research Instruments

### A. Brand Equity Instruments

Table 1. Brand Equity Instrument Grid

Indicator	Item Question
Ability to remember brands [top level of mind]	1, 2, 3
Ability to recognize brands	
The ability of consumers to recall brands	
The ability of consumers to remember brand characteristics	4, 5, 6
The ability to differentiate from other brands	
Easy to recognize brands	
Product quality that consumers need	7, 8, 9, 10
Product quality that consumers expect	
Product quality Knowing consistent product performance and better than other brands	
Satisfaction of the brand	11, 12,
The habits of choosing brands	13
Bigotry to brands	

Source: Saputro (2015)

### B. Customer Perspective Instruments

Table 2. Customer Perspective Instrument Grid

Indicator	Item Question
Guarantee	14, 15, 16
Responsiveness	17, 18, 19
Empathy	20, 21
Reliability	22, 23
Direct evidence	24, 25

Source: Lestari (2016)

### Data Analysis Technique

Data analysis techniques are used to respond to problem formulations or test hypotheses that have been formulated (Sugiyono, 2013). In this study, the SmartPLS 3 data processing software was used because the latent variables in this study included constructs that had many indicators.

**RESEARCH RESULTS AND DISCUSSION**

**Description of Research Data**

Table 3. Description of Variable Brand Equity

Indicator	Mean	Standard Deviation
BE1	4,120	0,920
BE2	4,690	0,560
BE3	3,770	1,103
BE4	4,700	0,520
BE5	4,620	0,596
BE6	4,550	0,712
BE7	4,470	0,714
BE8	4,450	0,726
BE9	4,650	0,606
BE10	4,280	0,801
BE11	4,170	0,895
BE12	4,470	0,741
BE13	3,490	1,072

Source: Result of Data Analysis

Based on the above table, it can be seen that the brand equity variable has a maximum value of 5 and a minimum value of 1. In addition, the mean value of the total brand equity indicator is 4,340769231 and the standard deviation value of the total brand equity is 0,766615385. This shows that the mean value is higher than the standard deviation value. It can be concluded that the level of the brand equity variable is shown to be of good value as a data representation.

Table 4. Description of Variable Customer Satisfaction

Indicator	Mean	Standard Deviation
CS1	4,480	0,655
CS2	4,460	0,699
CS3	4,310	0,796
CS4	4,560	0,653
CS5	4,380	0,745
CS6	4,620	0,613
CS7	4,290	0,840
CS8	4,290	0,828
CS9	4,570	0,604
CS10	4,480	0,685
CS11	4,560	0,668
CS12	4,650	0,572

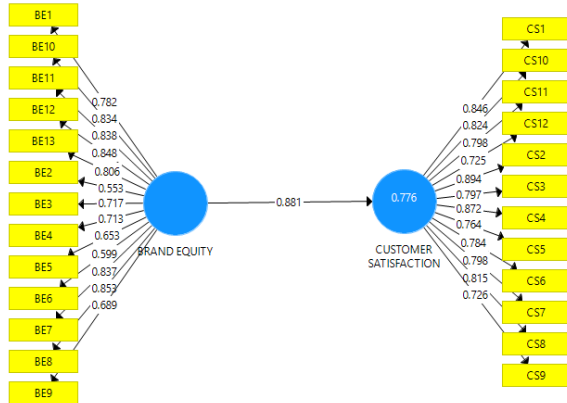
Source: Result of Data Analysis

Based on the above table, it can be seen that the customer satisfaction variable has a maximum value of 5 and a minimum value of 1. In addition, the mean value of the total customer satisfaction indicator can be calculated, namely 4,4708333 and the standard deviation value for the total customer satisfaction is 0,6965. This shows that the mean value is greater than the standard deviation value, it can be concluded that the level of the customer satisfaction variable is demonstrated by a good value as a data representation.

## Data Analysis

### A. Measurement Model (Outer Model)

Figure 2. Results of the Outer Model SmartPLS Algorithm



Source: Result of Data Analysis

#### 1. Convergent Validity

##### a. Loading Factor Value

Table 5. Outer Loading Value

Variable	Indicator	Outer Loading
<b>Brand Equity</b>	BE1	0.782
	BE2	0.553
	BE3	0.717
	BE4	0.713
	BE5	0.653
	BE6	0.599
	BE7	0.837
	BE8	0.853
	BE9	0.689
	BE10	0.834
	BE11	0.838
	BE12	0.848
	BE13	0.806
<b>Customer Satisfaction</b>	CS1	0.846
	CS2	0.894
	CS3	0.797
	CS4	0.872
	CS5	0.764
	CS6	0.784
	CS7	0.798
	CS8	0.815
	CS9	0.726
	CS10	0.824

Variable	Indicator	Outer Loading
	CS11	0.798
	CS12	0.725

Source: Result of Data Analysis

The table above shows that the loading factor value obtained after testing above the predetermined value limit is  $\geq 0,5$ . The smallest loading factor value obtained is 0,553 on the BE2 indicator. This means that the indicators used in this study are valid or have met the convergent validity, so that all indicators can be used for further analysis.

##### b. Average Variance Extracted (AVE) Value

Table 6. Average Variance Extracted (AVE) Value

Variable	AVE
<b>Brand Equity</b>	0,569
<b>Customer Satisfaction</b>	0,648

Source: Result of Data Analysis

The table above explains the value of the AVE from the measurement above which has a value of  $\geq 0,5$ , i.e. brand equity of 0,569 and customer satisfaction of 0,648. This shows that each of these constructs has a good value of validity for each dimension. The lowest AVE value above is 0,569 in brand equity.

#### 2. Discriminant Validity

Table 7. Measurement Results of Discriminant Validity (Cross Loading)

	Brand Equity	Customer Satisfaction
<b>BE1</b>	0,782	0,587

	<b>Brand Equity</b>	<b>Customer Satisfaction</b>
<b>BE2</b>	0,553	0,481
<b>BE3</b>	0,717	0,605
<b>BE4</b>	0,713	0,629
<b>BE5</b>	0,653	0,597
<b>BE6</b>	0,599	0,533
<b>BE7</b>	0,837	0,727
<b>BE8</b>	0,853	0,784
<b>BE9</b>	0,689	0,682
<b>BE10</b>	0,834	0,770
<b>BE11</b>	0,838	0,684
<b>BE12</b>	0,848	0,759
<b>BE13</b>	0,806	0,703
<b>CS1</b>	0,736	0,846
<b>CS2</b>	0,776	0,894
<b>CS3</b>	0,705	0,797
<b>CS4</b>	0,738	0,872
<b>CS5</b>	0,636	0,764
<b>CS6</b>	0,716	0,784
<b>CS7</b>	0,749	0,798
<b>CS8</b>	0,718	0,815
<b>CS9</b>	0,632	0,726
<b>CS10</b>	0,678	0,824
<b>CS11</b>	0,783	0,798
<b>CS12</b>	0,608	0,725

Source: Result of Data Analysis

The table above shows that each loading factor value on the indicator for each latent variable has a value that is not greater than the loading value when associated with other latent variables. This means that each latent variable can predict indicators in its block better than indicators in other blocks.

### 3. Reliability Test

#### a. Composite Reliability

Table 8. Composite Reliability Value

<b>Variable</b>	<b>Composite Reliability</b>
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<b>Brand Equity</b>	0,944
<b>Customer Satisfaction</b>	0,957

Source: Result of Analysis Data

It can be seen in the table that each construct has a value above 0,7. Based on the above table, the output of the brand equity variable is 0,944 and the customer satisfaction variable is 0,957. This indicates that the model met the composite reliability in this study.

#### b. Cronbach's Alpha

Table 9. Cronbach's Alpha Value

<b>Variabel</b>	<b>Cronbach's Alpha</b>
<b>Brand Equity</b>	0,935
<b>Customer Satisfaction</b>	0,950

Source: Result of Data Analysis

The Cronbach alpha value in the table above shows that all buildings have a value above 0,6, namely brand equity at 0,935 and customer satisfaction at 0,950. It is shown from these two measurements that the model in this study is reliable.

## B. Structural Model (Inner Model)

### 1. Path Coefficient

Table 10. Path Coefficient Measurement Results

	<b>Original Sample (O)</b>	<b>T-Statistics ( O/STDEV )</b>	<b>P Values</b>
<b>BE -&gt; CS</b>	0,881	33,505	0,000

Source: Result of Data Analysis

The path coefficient test shows that the results obtained from the P-Values are 0,000. This shows that the two variables have an influence on one another. the value of the original sample is 0,881. This may prove that brand equity has a positive relationship with customer satisfaction. The T-Statistics test shows a value above 1,66, that is equal to 33,505. This shows that the positive impact of brand equity on customer satisfaction has a significant relationship.

## 2. R Square Value

Table 11. R Square Value

Variable	R Square
Customer Satisfaction	0,776

Source: Result of Data Analysis

The value of R Square is 0.776 for the customer satisfaction variable. This shows that brand equity can affect the customer satisfaction by 77%. Meanwhile, the remaining 23% may be affected by several parameters other than brand equity.

## 3. Stone-Geisser Test (Q<sup>2</sup>)

Table 12. Q<sup>2</sup> Value

Variable	Q <sup>2</sup>
Brand Equity	
Customer Satisfaction	0,492

Source: Result of Data Analysis

The table above shows that the predictive relevance value is greater than 0 is 0,492. This shows that this research has a predictive relevance.

## C. Hypotheses Test Result

Hypotheses testing was performed using the path coefficient test. The P-Values table shows a value of 0,000. This figure is less than the limit value in this study which is 0,05 so that the variables have an influence on one another. Then the T-Statistics test is 33,505 where the value is greater than 1,66. This shows that the effects of brand equity on customer satisfaction has a significant relationship. In addition, the original sample value was 0,881, which is a positive value. Thus, the H1 hypotheses in this study indicates that an effect of brand equity on customer perspective performance in Fadkhera is proven / acceptable.

## CONCLUSION

Based on the results of the analysis and discussion that have been explained, the conclusion of this study is that brand equity has a positive and significant effect on performance of the customer perspective. Where the customer's performance perspective is measured by the customer satisfaction index. This conclusion is obtained by looking at the Path Coefficient value of 0,881, which states that the brand equity variable has a positive effect on customer satisfaction. The T-Statistics value is 33,505 which indicates that brand equity has a significant effect on customer

satisfaction. In this study, the value of R Square is 0.776, which means that the brand equity variable affects the customer satisfaction variable by 77%, so that the remaining 23% can be affected by variables other than brand equity.

## SUGGESTIONS

Based on the research results and conclusions above, the suggestions that can be given are as follows:

1. For the Company
 

Companies should maintain and continue to improve the Brand Equity that has been formed, so that the performance of the company with a customer perspective continues to increase and the mission of the Company can be easily achieved.
2. For Further Researchers
  - a. Further researchers should be able to conduct research with similar topics, but by selecting different variables or by selecting data processing software other than SmartPLS.
  - b. The next researcher should be able to deepen the criteria for the research sample to be targeted and increase the number of research samples, so that the research carried out can produce good quality samples.

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