Customer Equity as Mediator of Customer Experience and Loyalty Relationship

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Received: 04.07.2021

Accepted: 21.10.2021

Published: 03.12.2021

DOI: 10.47750/QAS/22.185.05

Abstract

The phenomenon of intense competition becomes a strong basis for seeing disloyalty or not achieving full Loyalty to the industry. This study aims to test the Customer Experience of Loyalty with Customer Equity as a mediator. This research is a study with a quantitative approach, which uses the SmartPLS-3 statistical test tool. The number of samples used in this study was 300 samples. The results showed that Customer Equity was successful in mediating the relationship between Customer Experience and Loyalty. On the other hand, Customer Experience cannot directly influence Loyalty. in the concept of customer equity, companies must utilize the resources of consumers to create shared value, or this concept is also known as the theory of Service-Dominant Logic (SD Logic). The SD logic is relationship equity as the tendency or intention of consumers to go beyond the objective or subjective assessment of a brand and maintain a good relationship with a brand. Thus, it takes cost and effort to maintain the equity of a good relationship to contribute to consumer loyalty.

Keywords: Loyalty, Customer Equity, Customer Experience

Introduction

Economic and technological developments in the past three decades have made rapid changes in the global market and the level of business competition. Nowadays, with the development of technology, consumers find information about products and services very easy to find. This condition makes consumers more selective in choosing goods and services. The selection of the highest class smartphone as the object of research is based on the phenomenon of competition that has occurred in the last ten years to fight for the market share of the highest class smartphone has been so tight, and almost none of the highest class smartphone manufacturers can consistently maintain its position. In recent years, Apple's popular brand has dominated the highest-class smartphone market share and cannot avoid the effects of this increasingly fierce competition (Gartner.com). 2020 has been a difficult year for Apple and its flagship product, the iPhone, where its competitors have always beaten iPhone sales. The phenomenon of intense competition in the highest class smartphone class that occurs is a strong basis for seeing disloyalty or not achieving full Loyalty to the highest class smartphone class. The behavioral perspective explains that Loyalty is a way of behaving; repeated purchases indicate that. The attitudinal perspective explains that Loyalty is a personal attitude and emotion towards a product or service. The attitudinal approach also states that although consumers do not make repeat purchases, they will still recommend and inform other consumers about the products and services they have used (Baloglu, 2002).

In addition to the behavioral and attitudinal approaches, a composite loyalty approach simultaneously combines the

behavioral and attitudinal Loyalty approaches (Jacoby & Chestnut, 1978). Day (1976) suggests that to be truly loyal, a consumer must buy a brand while having positive attitudes and emotions towards the brand. This composite approach has been used several times in the context of leisure (Backman & Crompton, 1991; Pritchard & Howard, 1997). Oliver (1999) further explains the definition of Loyalty as a consumer's commitment to stay consciously to re-subscribe or repurchase a product or service consistently in the future, even though situational influences and marketing efforts have the potential to cause behavior change. This study uses a composite loyalty concept approach as a combination of behavioral concepts in the form of purchase intentions and attitudinal to clarify the construction of Loyalty to the fullest (Chaudhuri & Holbrook, 2001). Several previous studies have researched loyalty antecedents, including satisfaction, perceived value, and service quality in retail areas such as supermarkets which resulted in confirmation of several loyalty antecedents such as perceptions of price comparisons, perceptions of price discounts, perceptions of product quality, perceptions of on service quality and customer satisfaction (Noyan & Simsek, 2014). However, previous studies on the factors that affect Loyalty still do not show conclusiveness on the variables that affect Loyalty. The problem of Loyalty is closely related to the existence of intense competition and requires a competitive advantage to bring up superior performance (Barney, 1991; Porter, 1985).

Schmitt (1999) further developed the results of theoretical and empirical studies that support the influence of customer experience on Loyalty by showing several types of customer experience, namely (1) Sensory experiences by attracting the five senses of consumers to create sensory experiences,

through sound, sight, and touch, (2) Affective experiences attract consumers' emotions, and feelings intending to create positive affective experiences for consumers to cause emotions of joy and happiness, (3) Cognitive experiences attract consumers' intellectuals intending to create cognitive experiences and problem-solving experiences that will make consumers creatively connected, (4) Physical & behavioral experiences enrich the consumer experience with the target consumer's physical experience, and (5) Social Identity experiences. Thus, it can be concluded that consumers also need products, communication, and marketing programs that can provide their own experiences, which will ultimately be able to make consumers rationally and emotionally loyal to these products.

Research conducted by Tsaor et al. (2007) in the zoo context supports the influence of customer experience on Loyalty that customer experience affects the emotional aspect which then this emotional aspect then affects behavioral Loyalty as explained by Baloglu (2002). According to (Lemon & Verhoef, 2016) empirical research shows the same result that customer experience has a positive effect on Loyalty. It is due to the development of consumer multi-touch points that have become potential points for integrating various business functions, including information technology, service operations, logistics, marketing, human resources, and even external partners, to create and provide a positive customer experience. With the increasing number of consumer multi-touch points, the opportunity to create a strong positive experience in the customer journey will result in long-term Loyalty. (Srivastava & Kaul, 2016) explains that in the retail context, customer experience has a positive effect on attitudinal Loyalty and behavioral Loyalty, according to the concept proposed by Baloglu (2002). Recent empirical research conducted by (Tyrvaäinen et al. 2020) strengthen the results of Schmitt's (1999) research that customer experience has a positive effect on Loyalty in the on the retail industry, by providing consumers with a good experience emotionally and cognitively, which will serve as the basis for Loyalty in the form of repeat purchases and word of mouth. The results of the study of (Schlesinger et al. 2020) in the context of tourism explain that customer experience in the form of quality of service experience provides empirical support for a direct influence on Loyalty.

The concept of customer equity itself consists of value equity, brand equity, and relationship equity (Rust et al. 2004). Value equity represents an objective assessment of a brand, namely price, quality, and convenience, brand equity represents a subjective assessment of a brand, namely in terms of brand awareness and behavior towards the brand, and relationship equity is expressing the tendency of consumers to stay in touch with a brand beyond the objective assessment and subjective brand. In the context of the casino industry, the results of Wong (2013) define that service experience equity is part of the emotional and functional aspects of consumers in interacting with service providers. Wong (2013) research explains the relationship between customer experience and customer equity, namely, there are four drivers of service experience: service environment, employee service, service convenience, and hedonic service. This study concludes that brand equity (one of the drivers of customer equity) can mediate service experience, relationship equity, and Loyalty. The results of Wong (2013) research are supported by the experiential marketing concept proposed by Schmitt (1999), which states that consumers can act based on emotions and at the same time be rational. The results of Wong (2013) research also strengthen the concept put forward by Holbrook & Hirschman (1982), which states that a holistic experience will provide rational and emotional aspects to consumers at the same time. Lee & Park (2019) results in the context of upscale hotels support that customer equity acts as a mediator between customer experience and Loyalty. Based on the results of these studies, there is a relationship between

customer experience and customer equity, so that customer equity is predicted as a mediator variable that will affect the relationship between customer experience and Loyalty.

Literature Review

Loyalty is one of the intangible assets of an organization in the form of behavioral Loyalty and or attitudinal Loyalty (Baloglu, 2002). According to Baloglu (2002), the reason behind assessing Loyalty on two dimensions (behavior and attitude) is conceptual and practical. Several studies have shown that Loyalty is a multi-dimensional concept that involves elements of behavior (repeat purchases) and elements of attitudes (commitment). Researchers who have studied the two-dimensional approach suggest that focusing on behavior alone (repeat purchases) cannot capture the reasons behind these purchases. By studying behavior alone, one does not know whether repeat purchases only come from convenience or monetary incentives, or whether consumers actually maintain the Loyalty of the loyalty attitude. The behavioral perspective explains that Loyalty is a way of behaving, which is indicated by repeated purchases. The attitudinal perspective explains that Loyalty is a personal attitude that creates Loyalty in terms of products or services in different emotions. The attitudinal approach also states that even though consumers do not make repeat purchases, they will still recommend the products and services they have used to other consumers (Baloglu, 2002). According to Jarvis & Mayo (1986) stated that a two-dimensional loyalty approach could help identify Loyalty according to segmentation and suggest appropriate marketing strategies to reach that segment. Loyalty is also one of the differentiating variables and a source of the company's competitive advantage (Griffin, 2002). According to Griffin (2002) stated that "loyalty is defined as non-random purchase expressed over time by some decision-making unit". Based on this definition, it can be seen that Loyalty is more directed to a behavior indicated by regular purchases. Loyalty has an important role in a company; maintaining Loyalty means improving company performance; this is the main reason a company builds and maintains Loyalty.

One of the stimuli of Loyalty to a product is customer experience or consumer experience in using the product (Schmitt, 1999). It makes customer experience very important during local and even global competition for the highest-class smartphones. Customer experience is a giver of physical identity and an intangible value that can affect consumers towards a product (Hwang and Seo, 2016).

In the field of services, Cohen (1979) introduced the term tourist experience that can be used to increase Loyalty. Then Schmitt (1999) also compares traditional marketing with a new marketing approach called Experiential Marketing and provides a strategic framework for the concept. The concept of experiential marketing is a concept that is different from the traditional marketing concept, which views consumers as rational and makes decisions based on functional features and benefits. Instead, the concept of experiential marketing views that consumers are rational and emotional human beings who care about a pleasant experience. Another hand, Quality is an important factor that can stimulate the desire to reuse or even use more. In addition, loyalty can encourage customers to recommend the experience to others. Loyalty can be formed when the customer is satisfied with the services provided. Finally, the image can affect loyalty by building stability in financial institutions, which is manifested by an advantage that can withstand changes in future economic conditions with a positive image and good name of the company in customers' minds (Jayawarsa et al, 2021).

Using the conceptual theory of S-D Logic, this study analyzes several factors that are the propositions of this S-D logic concept, namely experience and perception. S-D logic is based

on an understanding of the interrelationships between individuals and organizations, united into networks and societies, who specialize in and exchange the competencies they need for their own well-being. Logically and philosophically, it is based on a commitment to collaborative processes with consumers, partners, and employees (Vargo & Lusch, 2008). In S-D logic theory, consumers are co-creators of the value offered in the form of essential experience and perception (Vargo & Lusch, 2004). This concept also explains that companies must understand that each customer is unique and requires integration between experiences and services, and assumes that technology is an operant resource that will facilitate the integration between experiences and services in the entire value-creation network (Vargo & Lusch, 2004). This experience proposition will then be analyzed to become one of the loyalty stimuli, namely customer experience in using the product. To strengthen the rationality of customer experience apart from the S-D Logic theory, the selection of customer experience variables is because customer experience is not just a physical identity giver but also an intangible value that can affect consumers towards a product (Hwang & Seo, 2016). Schmitt (1999) also compares traditional marketing with a new marketing approach called Experiential Marketing, which is different from the traditional marketing concept, which views consumers as rational and makes decisions based on functional features and benefits. Thus, consumers need products, communications, and marketing programs that can touch emotions and stimulate the minds of consumers. Consumers also need products that are accompanied by communication and marketing programs that are attractive and able to blend with the consumer's lifestyle.

Research by Tsaur et al. (2007) in the zoo context supports that customer experience affects the emotional aspect, which then this emotional aspect then affects behavioral Loyalty as explained by Baloglu (2002). Furthermore, empirical research by Lemon & Verhoef (2016) shows the same result that customer experience has a positive effect on Loyalty due to the development of consumer multi-touch points which are potential points for integrating various business functions. Furthermore, Srivastava and Kaul's (2016) explains that in the context of retail, customer experience has a positive effect on attitudinal and behavioral Loyalty according to the concept proposed by Baloglu (2002). This study also strengthens previous studies regarding the importance of the influence of attitudinal Loyalty and behavioral Loyalty. Finally, Tyrväinen et al. (2020) strengthen the results of Schmitt (1999) research that customer experience has a positive effect on Loyalty in the on retail industry by providing consumers with a good emotional and cognitive experience, which will serve as the basis for taking Loyalty in the form of repeat purchases and word of mouth.

H1: customer experience affects Loyalty

The Customer Equity approach to marketing has become one of the most recent research topics across the business industry, leading to a significant awareness of the customization of goods and services (Benedetto & Kim, 2016; Martin, 2015; Wiesel et al. 2008). According to (Karat et al. 2004) defined customer equity as the total discounted lifetime value of all current and potential future customers of a company and argued that this approach allows companies to focus on individual consumers. Customer equity has become important because customer equity results from a strong intermediary that contributes to sustainable business growth (Matsuno et al., 2014). Ultimately, firm assets come from consumers' assessments of intangible features and the net present value of all consumers (Rust et al., 2004; Hansotia, 2004). As used (Kahre et al. 2014), the customer equity approach can estimate the Customer Life Value (CLV) by increasing the availability of consumer transaction data and the real value of each consumer segment. This approach attempts to estimate CLV based on information about marketing programs, acquire and retain consumers, recognize consumer buying patterns, and predict

future buying behavior (Gupta et al. 2006).

The customer equity approach proposed by Rust et al. (2004) was one of the first to use a method to measure consumers as market-based assets and relate them to the company performance by calculating returns on marketing investments. Several other conceptual models have also been proposed in the existing literature in the same direction; for example, Bolton et al. (2004) link marketing inputs with consumer perceptions, consumer behavior, and financial performance. Reinartz & Kumar (2000) propose a different model by using CLV to measure the financial performance of companies. Verhoef (2003) relates the relationship between consumer perceptions and marketing instruments related to consumer behavior. The research results of (Vogel et al. 2008) show that the firm's customer equity drivers positively affect loyalty intentions. Customer equity is a combination of the current value and potential of a company's consumer assets (Hogan et al. 2002). Customer equity identifies customer value for the company's sales and focuses on obtaining positive customer time value (Blattberg & Deighton, 1996). Customer equity has been seen as the basis of a new strategic framework for building more robust and consumer-centered marketing programs (Rust et al., 2004).

Based on the relationship between the results of previous empirical research between customer experience and Loyalty to achieve Loyalty, the customer experience variable shows various results. With the inconsistency of the results of the empirical relationship as a research gap, this research will provide a mediating variable, namely customer equity, to test the research model framework that will be used to answer the problem formulation. The concept of customer equity itself consists of value equity, brand equity, and relationship equity (Rust et al., 2004). Value equity represents an objective assessment of a brand, namely price, quality, and convenience, brand equity represents a subjective assessment of a brand, namely in terms of brand awareness and behavior towards the brand, and relationship equity is expressing the tendency of consumers to stay in touch with a brand beyond the objective assessment and subjective brand. The results of Wong (2013) in the context of the casino industry define that service experience equity is part of the emotional and functional aspects of consumers in interacting with service providers. Wong's (2013) research explains the relationship between customer experience and customer equity is that there are 4 (four) drivers of service experience, namely service environment, employee service, service convenience, and hedonic service. This study concludes that brand equity (one of the drivers of customer equity) can mediate service experience, relationship equity, and Loyalty. The results of Wong (2013) research are supported by the experiential marketing concept proposed by Schmitt (1999), which states that consumers can act based on emotions and at the same time be rational. The results of Wong (2013) research also strengthen the concept put forward by Holbrook & Hirschman (1982), which states that a holistic experience will try to provide rational and emotional aspects to consumers at the same time. Overall, the findings show that the model provides an analysis of the relationship between loyalty and customer satisfaction and three components of customer equity: service experience, relationship equity, and brand equity.

H2: customer experience affects customer equity.

To explain the relationship between customer equity and loyalty, the research results of Bolton & Drew (1991) developed a longitudinal model of the effect of service changes on consumer attitudes towards service quality. The study results indicate that service changes have a strong influence on consumers' evaluations of service quality which are formed from consumer perceptions of service performance received by consumers, which will then determine Loyalty in the present and in the future. The results of Blattberg & Deighton (1996) research state that customer equity is the value that results from

maintaining long-term relationships with consumers with the basic concept of time where the lifetime of consumers is added to the present time, which means that when customer equity is maintained with good, it means that during that time loyalty will also be built. The results of the study (Johnson et al. 2006) and are consistent with (Taylor et al. 2006), that the drivers of Loyalty are complex and dynamic, changing and evolving over time. The results of their research explain that the marketing model tries to explain the evolution of Loyalty by paying attention to cognitive aspects and affective aspects.

H3. customer equity affects Loyalty.

The results of Wong (2013) in the context of the casino industry define that service experience equity is part of the emotional and functional aspects of consumers in interacting with service providers. This study concludes that brand equity (one of the drivers of customer equity) can mediate service experience, relationship equity, and Loyalty. Lee & Park's (2019) results in the context of upscale hotels support that customer equity acts as a mediator between customer experience and Loyalty.

H4. customer experience affects Loyalty with customer equity as a mediator.

Methodology

The approach used in this research is quantitative. This study tries to provide a causal explanation or relationship between variables through hypothesis testing either directly, namely CEX against LTS, or indirectly mediated by the CEQ variable. This research will be conducted on buyers and owners of the highest-class smartphone in Indonesia. The sampling will be in the Special Capital Region (DKI) Jakarta with a minimum ownership period of one year. The population in this study is limited to consumers who have owned the highest class smartphone for a period of 1 year in Indonesia with the highest class smartphone brands and generations, which have been determined as follows:

1. iPhone 11 or iPhone 11 Max and later generations
2. Samsung Galaxy Note 10 and later
3. Xiaomi Mi 10 Pro and later generations
4. OPPO X2 Pro and later generations
5. OnePlus 8 Pro and later
6. Huawei P40 Pro and later

The sample calculation that will be used in this study based on the above formula is 300 samples. The statistical testing tool for this research is SmartPLS 3.

Variable	Indicators	Items	Scale	Sources
Customer Experience (CEX)	Sensory Experience	1. Products can make a strong impression of quality through the sense of sight. 2. Products can make a strong impression of quality through touch	Likert 1-5	Schmitt, B. (1999); Srivastava, M., & Kaul, D. (2016); Schlesinger, W., Cervera-Taulet, A., & Pérez-Cabañero, C. (2020)
	Affective Sensor	1. The product can increase pride for those who use it 2. The product can increase positive thoughts	Likert 1-5	Schmitt, B. (1999); Srivastava, M., & Kaul, D. (2016); Schlesinger, W., Cervera-Taulet, A., & Pérez-Cabañero, C. (2020)
	Cognitive Experience	1. Products provide a different new experience. 2. Products can arouse curiosity and explore functions and benefits	Likert 1-5	Schmitt, B. (1999); Srivastava, M., & Kaul, D. (2016); Schlesinger, W., Cervera-Taulet, A., & Pérez-Cabañero, C. (2020)
	Physical and behavioral experiences	1. Products use the latest technology 2. Products can help to provide better processes	Likert 1-5	Schmitt, B. (1999); Srivastava, M., & Kaul, D. (2016); Schlesinger, W., Cervera-Taulet, A., & Pérez-Cabañero, C. (2020)
	Social identity experience	3. The product can meet the need to be part of a social group 4. The product can provide an exclusive self-image 5. The product can attract people's attention; the product shows personality	Likert 1-5	Schmitt, B. (1999); Srivastava, M., & Kaul, D. (2016); Schlesinger, W., Cervera-Taulet, A., & Pérez-Cabañero, C. (2020)
Customer Equity (CEQ)	The price and quality of the product is very good	1. Product quality far exceeds the given price 2. The price of the product is quite competitive 3. The product provides comfort when using	Likert 1-5	Rust et al. 2001; Vogel et al. 2008; Verhoef & Lemon (2013)
	The product has a strong brand.	1. Brands can be recognized from brands that have a good reputation 2. The brand has a different image from other products 3. Brands have the ability to deliver what they promise; the brand has a good reputation	Likert 1-5	Rust et al. 2001; Vogel et al. 2008; Verhoef & Lemon (2013); Rodríguez-Molina et al. 2019
	The product provides a strong bond.	1. Products can arouse enthusiasm. 2. Products are bought because consumers want to be like other	Likert 1-5	Rust et al. 2001; Vogel et al. 2008; Verhoef & Lemon (2013); Vargo dan Lusch, 2008

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		people who have the same product. 3. The product can provide an emotional bond		
Loyalty (LTS)	Repeat purchase	1. Keep buying products from the same brand if there is a new generation 2. Will still buy even though the price of the product has increased	Likert 1-5	Baloglu, 2002; Oliver (1999); Jarvis dan Mayo (1986)
	Recommendation	1. Recommend products to family (husband/wife, children, siblings) 2. Provide information about the product to family (husband/wife, children, relatives)	Likert 1-5	Baloglu, 2002; Oliver (1999); Jarvis dan Mayo (1986)

Table 1: Research Variable and Indicators

Results And Discussion

The validity test results in this study showed that both the convergent validity test and the discriminant validity test were

proven to be valid. Convergent validity is indicated by AVE and Communnality values > 0.5 and outer loadings > 0.7. The AVE and Communnality CEQ, CEX, LTS values are 0.775; 0.714; 0.616. While the value of Outer loadings in this study is shown in Table 2 below:

	CEQ	CEX	LTS
CEQ1	0,766		
CEQ10	0,889		
CEQ2	0,822		
CEQ3	0,823		
CEQ4	0,912		
CEQ5	0,908		
CEQ6	0,838		
CEQ7	0,965		
CEQ8	0,923		
CEQ9	0,938		
CEX1		0,770	
CEX10		0,847	
CEX11		0,926	
CEX12		0,936	
CEX13		0,897	
CEX2		0,879	
CEX3		0,886	
CEX4		0,822	
CEX5		0,811	
CEX6		0,762	
CEX7		0,779	
CEX8		0,816	
CEX9		0,833	
LTS1			0,819
LTS2			0,765
LTS3			0,807
LTS4			0,746

Table 2: Outer Loadings

Source: data processed 2021

In addition, the results of the discriminant validity test were seen based on the value of the AV root and cross loadings from the study. Therefore, both of these conditions have been met in this study.

	AVE	CEQ	CEX	LTS
CEQ	0,775	0,881		
CEX	0,714	0,858	0,845	
LTS	0,616	0,743	0,676	0,785

Table 3: AVE Roots

Source: data processed 2021

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Meanwhile, the cross-loadings data is appropriate and shows the value that has been determined by the requirements, namely > 0.7 . The reliability test was analyzed based on the Cronbach's Alpha and Composite Reliability values. For Cronbach's Alpha, CEQ, CEX and LTS are 0.967; 0.966; 0.793. While the

Composite Reliability CEQ, CEX and LTS values are 0.972; 0.970; 0.865. So that the reliability value has met the requirements > 0.7 . While the value of R2 is shown in the table4 below:

	R Square	R Square Adjusted
CEQ	0,740	0,738
LTS	0,667	0,664

Table 4: R-square

Source: data processed 2021

The results of the influence test from this study are described in table 5 below:

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	Description
CEX -> LTS (H1)	-0,051	-0,057	0,086	0,595	Not Accepted
CEX -> CEQ (H2)	0,815	0,816	0,023	35,319	Accepted
CEQ -> LTS (H3)	0,546	0,553	0,090	6,090	Accepted
CEX -> CEQ -> LTS (H4)	0,445	0,451	0,077	5,758	Accepted

Table 5: Hypotheses Testing

Source: data processed 2021

The results of this study indicate that Customer Experience does not affect Loyalty. This uninfluenced result actually strengthens the results of hypothesis 4, which shows that the relationship between Customer Experience and Loyalty is mediated by Customer Equity. These results actually prove that Customer Experience cannot contribute to consumer loyalty, but Customer equity enables consumer experience to increase their Loyalty. The emergence of customer experience and the recent focus on the consumer decision journey suggests that companies are expanding their thinking about marketing and considering ways to design and manage the entire process that consumers go through. It is done by developing consumer multi-touch points that become potential points for integrating various business functions, including information technology, service operations, logistics, marketing, human resources, and even external partners, to create and provide a positive customer experience. With the increasing number of consumer multi-touch points, the opportunity to create a strong positive experience in the customer journey will result in long-term Loyalty.

In the concept of customer equity, companies must utilize the resources of consumers to create shared value, or this concept is also known as the theory of Service-Dominant Logic (S-D Logic) (Vargo & Lusch, 2008). Therefore, relationship equity as Customer Equity can offer added value to the company's brand. Kim & Ko (2012) add that the values considered by consumers for brand companies are not limited to the economic benefits of each transaction but include the overall value outside the transaction that consumers may contribute during the period of their relationship with the company's brand. Rust et al. (2001) defines relationship equity as the tendency or intention of consumers to go beyond the objective or subjective assessment of a brand and maintain a good relationship with a brand. Thus, it takes cost and effort to maintain the equity of a good relationship (Rust et al. 2001) to contribute to consumer loyalty.

Conclusion

Based on the results of statistical testing, this study shows

that hypothesis 1 is rejected. These results actually prove that Customer Experience cannot contribute to consumer loyalty, but Customer equity enables consumer experience to increase their loyalty. The emergence of customer experience and the recent focus on consumer decisions suggest that companies are expanding their thinking about marketing and considering ways to design and manage the entire process that consumers go through. This uninfluenced result actually strengthens the results of hypothesis 4, which shows that the relationship between Customer Experience and Loyalty is mediated by Customer Equity. In the concept of customer equity, companies must utilize the resources of consumers to create shared value, or this concept is also known as the theory of Service-Dominant Logic (SD Logic). The SD logic, is relationship equity as the tendency or intention of consumers to go beyond the objective or subjective assessment of a brand and maintain a good relationship with a brand. Thus, it takes cost and effort to maintain the equity of a good relationship to contribute to consumer loyalty. In testing, these hypotheses were accepted. Customer experience has become important because customer experience results from a powerful intermediary that contributes to the growth of customer equity. In testing, Hypothesis 3 is accepted. When customer equity is well maintained, it means that during that time, loyalty will also be built. In testing, Hypothesis 4 is accepted. These results prove that brand equity (one of customer equity drivers) can mediate service experience, relationship equity, and loyalty.

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