The Influence of Brand Equity on Brand Loyalty of Adidas Shoes Mediated by Customer Satisfaction

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Abstract
Pupose: This study aims to analyse the influence of brand equity on brand loyalty of Adidas shoes mediated by customer satisfaction. The data used was collected through google form. The researcher collected 180 respondents which domiciled in Indonesia, 17 – 50 years old, and has the experience of minimum 6 – 12 months using Adidas. The data will then processed using Smart PLS 3.0 under the method of SEM (Structural Equation Model Method).

Method: The sampling method used is purposive sampling and non-probability sampling technique. The purpose of this technique is not to provide equal opportunities for members of the population to be selected as samples. Meanwhile, purposive sampling is a sampling method through consideration of selecting the most profitable research subjects to provide the required information. The sample criteria used by the author in this study are as follows: 1. Domiciled in Indonesia 2. Minimum age 17 – 50 years old 3. Have the experience of using Adidas Shoes (minimal 6 months – 1 year). The data that has been collected will be processed into information using the SEM - PLS (Structural Equation Modelling - Partial Least Square) method. This method aims to develop concepts in exploration. This method emphasizes understanding the variance of a dependent variable when examining the research model.

Result: Researcher found that physical quality and brand identification do not have significant influence on customer satisfaction. While trust and environment have significant influence on customer satisfaction. Lastly, customer satisfaction has significant influence on brand loyalty.

INTRODUCTION
The development of the fashion world is a very interesting topic to be discussed. Especially, about the development of fashion clothing, accessories, shoes, and many others. In this case, people's
preferences for fashion also differ from one another. In addition, the perspective or views held by the community also have an influence on the development of trends. These diverse perspectives and preferences increase the pace of fashion development in a certain period. As a result, fashion can be categorized as one of the disruptive fields. The term disruptive refers to something that changes rapidly and massively. Given, most people have been more concerned about their appearance. We can observe this concretely in Indonesian society. The citizens like to innovate and combine different fashion styles on various occasions. So, Indonesia can be considered as a location for the development of fashion industry.

These days, Indonesian people are not only focused on the development of clothing and accessories. But also focuses or follows the development of shoe trends. This is because shoes are valued as a support or complement to one's appearance. So, it is important for them to choose and use the proper yet fashionable footwear. As time goes by, more people are starting to show their fondness for shoes or sneakers. Not only that, they also began to have a sensitivity to the quality of the products (shoes) used and build their own standards of satisfaction. Through their sensitivity and standards, customers will be able to get the right product. In this context, the right product is the one which has high quality, safe, fashionable, and affordable price. These things should be used as the basis for the creation and development of products (shoes). Thus, the resulting product is in accordance with the expectations of customers.

However, the product developer must also consider the dynamics of the ongoing fashion trend in that period. Not only that, developers also need to identify and understand the potential that exists in the marketing area. These actions are taken to find the right business strategy and maximize product output. These products will be able to compete and survive in the market. When it comes to its potential, Indonesia is the fourth largest producer of footwear in the world. Indonesia is in fourth place after China, India and Vietnam. Specifically, Indonesia contributes 4.6% of the total shoe production in the world (Kementrian Perindustrian Republik Indonesia, 2019). Footwear industry also makes a major contribution to the national income (in the manufacturing sector). Based on published data, in 2017 the contribution made was 2.22% and 9.24% in 2018 (Kementrian Perindustrian Republik Indonesia, 2019).

Regarding to the trend development, shoe business and industry have positive prospects in the future. Based on the statement from the CEO of USS Networks, the trend of shoes or sneakers in Indonesia was initially influenced by the R n B and Hip - Hop music genres (CNN Indonesia, 2018). As a result, various types of shoes appeared. For example, the Adidas Yeezy shoe which is currently becoming trending (CNN Indonesia, 2018). The creations, colours, and shapes of sneakers are now very diverse. Sneakers or shoe models can be classified into New Generation and Timeless Classic. Timeless classic is a type of sneakers that will not experiencing changes. It is because the form itself is patented, it is just that a series of manufacturers are rolling out new types with different colours. One type of new generation shoe is Air Jordan (CNN Indonesia, 2018). Along with the changes that have occurred, sneaker products that were originally only used for sports have been transformed into multifunctional shoes. These are the things that make Indonesia’s shoe industry become very promising. There were 18,687 local business actors in this field, which include 18,091 small-scale business units, then 441 medium-scale business units, and 155 large-scale business units (Kementrian Perindustrian Republik Indonesia, 2019). On the other hand, well-known sneakers manufacturer brands such as Vans, Puma, Adidas, and Nike also enliven the country's industry (Kementrian Perindustrian Republik Indonesia, 2019).

Based on the description and considerations that have been presented, researcher decided to choose the Adidas shoe as the object of research. Adidas shoes can be considered an interesting object of research. This is because the developer has a positive reputation as one of the second largest sportswear developer brands in the world. Not only that, the quality and good performance of the product has been proven. Regarding to this statement, Adidas shoes or sneakers have become the "Top of Mind" of almost all Indonesian people. Another thing that the researcher find interesting is the
mechanism the company uses to develop and maintain product quality. This has a positive impact on the brand equity of Adidas and customers loyalty. Not only that, the researcher also interested in the methods which Adidas uses to build substantial customer engagement and maintain customer loyalty. Given that Adidas manufacture various model of sneakers.

Another thing that is no less interesting is the unique characteristics of Indonesian market. Given that developing countries have good business prospects. The market characteristics also include customers characteristics (price sensitivity and purchasing power) that differ in each market segmentation. In addition, shoe products are also a favorite of them. In addition, they are also very sensitive to ongoing fashion developments. As a result, they will tend to collect certain edition shoes. As a result, they will tend to collect certain edition shoes. In other words, shoes are not only categorized as secondary needs, but also as tertiary needs. Other supporting evidence is that some people choose to use various types of shoes to support their activities. The types of shoes in this context, are running shoes, futsal shoes, basketball shoes, hiking shoes, and walking shoes. In the end, the Indonesian market can be said to be a prospective business field for Adidas.

This statement can be proven by the Top Brand Index (TBI) of Adidas in 2018. These percentage are described as follows:

![Figure 1. TBI of Favorite Sportswear Developer in 2018](image)

Based on the displayed pie chart, it can be proven that Adidas has successfully became Top Sportswear developer in 2018 at Indonesia. This means Adidas won the competition against its competitors. Also, Indonesian customers have such high preference on Adidas’ sport shoes. As result, they will be thinking several times before switching to other products.

The followings are the comparison of Adidas’s Top Brand Index (TBI) of Adidas in 2019 and 2020. The percentage are described as follows:
Based on the bar charts which have been displayed above, we know that Adidas has constantly maintain its position as Top Sportwear developer in Indonesia. In 2019 its TBI is 37%, while in 2020 is 38.6%. The index of 2019 appeared to be smaller than 2020, because of the decrease in sales. Decreasing sales occurred because of the reduction in customer purchasing power in the era of pandemic.

Despite of the dynamics of Adidas’ TBI, the brand is still the dominating the market of Sportswear in Indonesia. This means, Adidas has good brand loyalty. A good brand loyalty shows that customers have high enthusiasm in purchasing products of Adidas. Actually, the brand offers varied, safe, and high-quality products. Thus, it can fulfill customers’ needs and also increasing their satisfaction and trust.

Based on the description that has been given, the author chose the title "The Influence of Brand Equity on Brand Loyalty of Adidas Shoes Mediated by Customer Satisfaction". This research was conducted to measure customers loyalty of Adidas shoes in terms of brand equity.

Product quality can be interpreted as the nature, function of the product, and the physical condition of the product (Ibnu, 2020a). This is based on the level of quality that has been adjusted to the reliability, durability, and suitability made to ensure customer needs and satisfaction. Quality is not limited to product output, but includes the quality of processes, people, and the environment. In addition, this element is a determining factor for business success. In other words, product quality is a measure of customers interest in the products offered.

In this context, product quality related to durability, reliability, performance, ease of operation, accuracy, and attributes (Riadi, 2020). Not only that, keep in mind that, every customer has a different perception of the quality of a product. These perceptions can be classified into Value based approach, User based approach, Product based approach, Manufacturing based approach, and Transcendental approach (Ibnu, 2020a).

The physical quality of the product is also an attribute that completes a product. This statement was made by Armstrong and Kotler (Riadi, 2020). The physical quality of the product can be improved through the TQM (Total Quality Management) system. This system should be based on decentralised approach which involves all levels of employees to make continuous improvements through their enthusiasm (Guru Ekonomi, 2022).

Brand identification or brand identity can be understood as elements that can be seen in a brand (Junaedi, 2022). These elements in the form of design, colour, and logo that distinguish a brand from others (Tarver, 2020). In order to highlight its uniqueness, a brand must build an identity properly. Therefore, a brand is expected to have a cohesive, consistent, and strong identity. Related to this statement, brand identity is seen as one of the crucial elements.
The identity attached to a brand reflects the values and personality of the brand. This personality will later build public opinion. If a brand succeeds in building a good identity, then customers trust and loyalty to a brand will increase. A strong brand identity provides significant benefits for a product. The benefits received by the company are the ease of obtaining professional references, increasing distribution access, also increasing the number of loyal customers (Highlight Media, 2020).

Generally, branding (identity formation process) involves 2 parties. The parties involved are producers and customers (Darisman, 2020). Manufacturers play a role in creating and shaping brand identity in the market. Then, performing the preparation of marketing strategies that will facilitate product identification. Meanwhile, different things are found through the customers' perspective. Customers' feelings and perceptions determine the popularity of a brand among the public.

Customers trust is all customers knowledge related to a number of attributes possessed by a product and the benefits contained therein (Riadi, 2021). Mowen and Minor put forward customers trust as the overall knowledge and conclusions of customers about products, attributes, and inherent use values. The characteristics of customers trust can be divided into Trusting Intention and Trusting Belief. The statement was made by MCKnight (Riadi, 2021).

Customers trust is one of the determining factors for the success of a business. Where, the trust given by customers must be interpreted appropriately. Meanwhile, a business needs to build long-term relationships with relevant stakeholders. With the trust given, the company will be able to build long-term relationships with customers. In order to build long-term relationships, a company must pay attention to several things. First, companies must have an open attitude towards customers (Morrow, 2020). That is, the company is open about detailed product information and the impacts that may arise.

Business environment is a combination of institutions, individuals, human resources, natural resources, and various other components (Ibnu, 2020b). More specifically, the elements that make up this environment are customers, competitors, government, technology, economic conditions, and market conditions. These components have a significant influence on the running of a business. Therefore, business people need to have an understanding of the dynamics of the environment. This is done so that the company is able to take advantage of existing opportunities and respond to emerging changes.

Through sensitivity to the environment, a business will be able to adapt to changes that occur. In the sense that the company is able to adapt its operational strategy to its environmental conditions. In addition, companies will also have the ability to design effective and efficient plans and policies. As a result, the company is able to run its business sustainably. Since the environment has a big role in running a business. The intended environmental conditions include the competitive climate in it.

In addition to business competition factors, there are still many other potential external and internal factors. Factors have to be taken into account in the environment analysis of a business (LinovHr, 2020). These factors are mainly threats and weaknesses that can harm the company externally and internally. If not handled immediately, this can hamper the running of a company's business. The delay in the company's business cycle will automatically reduce product quality.

According to Brown, customers satisfaction is defined as a situation where the needs, desires, and expectations of customers are met for a product (Ratih, 2020). This satisfaction is described in more detail in “The Expectancy Disconfirmation Model”. This theory involves a comparison between expectations Customers satisfaction itself is influenced by several factors. These factors include communication, convenience, customer expectations, perceived quality, perceived product value, and complaint handling (Patel, 2020). The influence given by each element depends on the characteristics of the market segment to be served. Given that each market segment has its own peculiarities. As a result, the approaches taken cannot be equated.

Customer satisfaction is also an important element in business activities. This is a determinant of the business activity cycle. If customers are not satisfied with the products offered, the company is obliged to make the necessary adjustments and vice versa. Companies must be able to understand
customers, be open to customers opinions and suggestions, act proactively, carry out operational activities honestly, develop products creatively, and improve product quality. Not only that, this can also be done through customers satisfaction surveys, lost customer analysis, and accommodating customers complaints. Through these steps, the company is able to know more concrete customer needs. Customers will be satisfied if they get quality, unique products, following trends, and having affordable prices.

Brand loyalty is a pattern of customers behaviour that shows their commitment to a product or brand (Avriana, 2021). The commitment in this context is shown through repeated or continuous product purchases. This loyalty is motivated by customers confidence in certain brands. High level of brand loyalty brings significant benefits to a brand. The higher the brand loyalty, customers will continue to make purchases without being affected by the increase in product prices. This is due to customers thinking that other brands do not have better quality.

Thus, loyalty to a brand must be increased. Efforts that can be made are to increase brand engagement, introduce brand values, and maintain brand consistency. Brand engagement can be increased through intense promotions carried out by brand developers. Brand Loyalty provides several benefits for the development of the company. For example, attracting new customers, increasing sales, reducing marketing costs, and as a means of responding to competitor threats (Ibnu, 2021).

According to the problem formulation, research objectives, and theoretical basis which have already given, we can identify set of variables used in this research. Brand equity can be broken down into physical quality, brand identification, trust, and environment. These variables can be classified as independent variable. On the other hand, brand loyalty is the dependent variable. Both independent and dependent variable are being mediated by customer satisfaction.

![Figure 3. Research Framework](Fouzia Ali, Salma Muqadas (2015))

**RESEARCH METHODS**

The research conducted by the author is causal research. Through this research, the writer examines the causal relationship between the variables being studied (Mas Akrom, 2020). The relation meant in this case is the relation (relationship) between the dependent variable, mediating variable, and independent variable. This reciprocal relationship can be found through the process of observing the data that has been provided. The independent variables used are physical quality, brand identification, environment, and trust. Meanwhile, the dependent variable used is brand loyalty. This independent and dependent variable is mediated by customer satisfaction (intervening variable).
In this study, the authors used primary data sources. Primary data are obtained directly from the source. This primary data can be obtained through the process of field research (Prabandari, 2020). In this context, the role of primary data appears in solving the problem formulation in the research or research being conducted. In addition, primary data can also be used as a reference for planning and evaluation sources.

The sampling method used is purposive sampling and non-probability sampling technique. The sample criteria used by the author in this study are as follows: (a) domiciled in Indonesia, (b) minimum age 17 – 50 years old, and (c) have the experience of using Adidas Shoes (minimal 6 months – 1 year). Researcher collected the data needed through Google form. The data will then be processed by utilising Smart PLS 4.0, under the method of SEM (Structural Equation Model).

RESULTS & DISCUSSION

According to the hypothesis test, physical quality does not give significant influence towards customer satisfaction. A total of 27.6% customers has neutral perception of Adidas’ competitiveness in terms of quality. Only 25.4% customers stated that Adidas has high competitiveness in terms of quality. On the other hand, a total of 34.8% of customers stated that Adidas’ has a very varied design. Referring to the statements, it can be observed that some customers make purchases because of satisfaction with products’ variation. Moreover, based on the data gathered, Adidas’ level of serviceability is relatively low. This level indicates that Adidas' shoes are quite hard to repair. As a result, quality does not have significant effect on customer satisfaction.

<table>
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<th>Path</th>
<th>Path Coefficient</th>
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<th>Cut off</th>
<th>P – Statistics</th>
<th>Result</th>
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<td>0.683</td>
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Brand identification does not give significant influence towards customer satisfaction. This statement is in line the research of Sudjuti Widia Kurnianingsih and Sri Vandyuli Riorini (2021). Previous research stated that brand identification does not have a positive effect on customers’ satisfaction. Meaning, a strong brand identification will not be the guarantee of high customers’ satisfaction. It can be assumed that Adidas' branding strategy is not too optimal. As result, the image and messages which are conveyed have not fully succeed influencing customers’ perception. Thus, there are still many people who only know the brand, but without having strong positive perception towards the brand and offered products. This phenomenon allows customers to start making
consideration of using another brand. Concretely, customers tend to consider using other brands in the same class.

Trust gives significant influence towards customer satisfaction. The statement is in line with the one from the research of Fouzia Ali and Salma Muqadas (2015). Previous research stated that trust has a relationship with customer satisfaction. Through the current research, it is known that there is high level of customers' trust. Customers believe that Adidas' shoes products have undergone thorough continuous improvement. Basically, continuous improvement seen as essential creative action in establishing credible product. Whereas, it can support its customers' daily activities. Product credibility which becomes the focus is including product safety. Referring to the statement, product safety is considered as dominant influencing factor of trust. High level of trust will increase customers' satisfaction.

Customer satisfaction gives significant influence towards brand loyalty. Fouzia Ali and Salma Muqadas (2015) stated that customer satisfaction has a relationship with brand loyalty. Based on the collected data, it is known that there is high level of brand loyalty. Adidas' customers are becoming loyal because of their satisfaction towards the products. Customers' expectation is not only about products' quality and features attached. It is also about accessibility, responsiveness, and of course Adidas' capacity of convincing customers that its offered products are reliable.

Moreover, by actualizing these principles Adidas has already achieve its success of attaining good customer relationship. It brings some benefits for the brand. Customers are willing to give positive word of mouth, recommending Adidas' shoes to their colleagues, and performing repeat purchase. This certainly will bring out more potential customers and the loyal ones. Meaning, it is not difficult for Adidas to find loyal customers and this action will certainly lower the possibility of customers switching to other brands.

In the context of mediating role, customer satisfaction does not mediate the relationship between physical quality and brand loyalty. This happens because Adidas shoe products have a relative low level of serviceability. As result, the repairing activity becomes costly. This weakness then becomes the trigger of decreasing customers' satisfaction which followed by the decrease of brand loyalty.

Customer satisfaction does not mediate the relationship between brand identification and brand loyalty. Based on the data that has been collected, the implementation of Adidas' branding strategy is not optimal. Due to the unoptimized strategy, Adidas does not have the capability to attain full customer (public) engagement. Moreover, ineffective branding strategy resulting in customers' low interest of digging deeper about the brand. Prior to it, level of customers' satisfaction will be low. Customers will consider to use other brands which are in the same class. This phenomenon is also caused by customers' perception on the competitive advantage of numerous brands. As result, someone will not only use Adidas shoes, but also others simultaneously. Finally, brand loyalty towards Adidas becomes low.

Customer satisfaction mediates the relationship between trust and brand loyalty. This means the eighth hypothesis is accepted. This is in line with the previous research of Fouzia Ali and Salma Muqadas (2015). Previous research stated that trust has an impact on brand loyalty with the mediating effect of customer satisfaction. Based on the collected data, Adidas has successfully attained high level of customers' trust, customers' satisfaction, and brand loyalty. If customers are satisfied with offered product, they will automatically put their trust to the brand. It is due to the efforts of continuous improvement, convincing customers, and establishing good customer relationship. Customers will not take a lot of consideration in trying other products which are developed by Adidas. They believe that other products which are developed by Adidas will also become credible. Another proof is they are still willing to purchase Adidas shoes despite the price increase.

Customer satisfaction mediates the relationship between environment and brand loyalty. This is in line with the previous research of Fouzia Ali and Salma Muqadas (2015). Previous research stated that environment has an impact on brand loyalty with the mediating effect of customer satisfaction.
Adidas capability of choosing such good business environment will allow it to satisfy the customers and finally making them loyal. Good business environment makes it easier for Adidas to establish the right shoe product. Furthermore, Adidas’ volume of sales will keep on growing positively. Positive growth of sales will then influence customers’ purchasing intention and preferences on a brand. Through the progress, their satisfaction will also be increased. Moreover, Adidas must maintain its products’ accessibility. In other words, the brand has to make sure that its products can be accessed easily by customers. Otherwise, they will be switching to other products that considered to be more economical. Based on the collected data, Adidas has high level of accessibility. Those things allow Adidas to be successful in transforming the customers becoming the loyal.

CONCLUSION

Physical quality has no significant impact on customer satisfaction. According to the findings, there are still several customers who are buying Adidas shoes just because of the variations of design. Thus, they are not considering about the overall product quality. Less significant influence also caused by the low level of serviceability of Adidas shoes.

Brand identification has no significant impact on customer satisfaction. In addition, Adidas is still does not have the capability of highlighting its essential value. As result, public feels that they are not connected with the brand.

Trust has a significant impact on customer satisfaction. In this case, customers are satisfied because Adidas is very concerned about product safety. Moreover, product safety is a dominant factor which affect the level of customers’ trust.

Environment has a significant impact on customer satisfaction. A positive business environment is capable of increasing customer satisfaction. Choosing the right environment make it easier for Adidas to adjust its marketing mix. Through the proper marketing mix, Adidas will experience positive growth and followed by good prospects.

Customer satisfaction has a significant impact on brand loyalty. Loyalty will arise if customers are satisfied with products offered by Adidas. In addition, it is essential for a brand to meet customers’ expectations. Responsive service and good customer relationship are part of meeting their expectation. Then, customers will show their loyalty by not turning to other brands.

Customers satisfaction does not mediate the relationship between physical quality and brand loyalty. This is due to the low level of customer satisfaction toward Adidas’ shoe product. The resulting shoes have a low level of serviceability. A low level of customer satisfaction is being followed by low level of brand loyalty.

Customer satisfaction does not mediate the relationship between brand identification and brand loyalty. Low brand identification will be followed by low customer satisfaction. This is because of messages and values owned by Adidas are not successfully conveyed. As a result, Adidas is not succeeded in attaining public engagement. Finally, the level of brand loyalty is becoming low.

Customer satisfaction mediates the relationship between trust and brand loyalty. If the customers are satisfied with Adidas’ shoe, then they will put their trust into the developing brand. They will not be hesitate to try the other products developed by Adidas. It because they believe that other products of Adidas are also credible. At the end, brand loyalty will be increased.

Customer satisfaction mediates the relationship between environment and brand loyalty. Choosing the right business environment make it easier for Adidas to obtain loyal customers. This is because the right environment allows Adidas to establish proper products and business strategies. So that customers satisfaction will be increased. It is indicated by positive growth of
sales which affects customers’ brand preference and purchasing intention. High level of customer satisfaction will increase brand loyalty.

REFERENCES