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## Customer Loyalty in The Restaurant Business Sector: Analyzed Through Multidimensional Customer Equity

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### Abstract

This study examines the effects of Value Equity, Brand Equity, Relationship Equity, and Financial Equity as a novel extension of the customer equity framework on Customer Loyalty in the restaurant sector in Garut Regency. The study employs a quantitative survey-based approach using Structural Equation Model Partial Least Square, with data collected from 100 restaurant customers selected through purposive sampling. The findings reveal that Brand Equity and Relationship Equity have a positive and significant influence on Customer Loyalty, whereas Value Equity and Financial Equity show positive but insignificant effects. The insignificance of Value and Financial Equity may reflect contextual factors, such as relational-oriented consumer behavior and limited sensitivity to financial considerations in local restaurant choices. The results confirm the multidimensional nature of Customer Equity and highlight the dominant role of Brand and Relationship Equity in fostering loyalty. The inclusion of Financial Equity provides a theoretical contribution by extending the customer equity model in the context of MSMEs in a developing region.

### KEYWORDS

customer equity; value equity; brand equity; relationship equity; financial equity; customer loyalty.

### Introduction

In today's increasingly competitive business landscape, a company's performance is determined not only by its ability to attract new customers but also by how successfully it sustains relationships with existing ones. A key concept in contemporary marketing is customer equity, which represents the total value generated throughout the entire customer-company relationship over time (Rust et al., 2000). This concept reflects a long-term strategic asset formed from customer value, brand strength, relationship quality, and the financial contributions customers provide (Financial Equity). For service-oriented industries, where customer satisfaction and loyalty play pivotal roles, building strong customer equity has become an essential indicator of business resilience (Nam et al., 2011). Within the restaurant industry, this becomes even more important, as dining choices are shaped not only by price or flavor but also by perceived quality, emotional experiences, and the personal connections customers build with a brand (Kwon & Ahn, 2022). Thus, understanding the underlying components of customer equity is crucial for maintaining competitive differentiation and ensuring long-term profitability.

Garut Regency has experienced rapid growth in its culinary sector, encompassing traditional eateries, thematic cafés, and modern restaurants. However, this expansion has been accompanied by increasingly intense competition and unstable customer loyalty. In practice, many restaurants in Garut rely heavily on short-term tactical strategies, such as price discounts, limited-time promotions, and trend-driven menu innovations, to attract customers. These practices are particularly evident among small and medium-sized restaurants that operate with limited marketing planning and financial control. As a result, customer switching behavior is common, driven by promotional intensity, emerging culinary trends, and inconsistent service quality across outlets.

Moreover, many restaurant operators in Garut have yet to adopt strategic financial,

marketing management, especially in evaluating the long-term returns of investments in promotions, loyalty programs, and digital engagement. Marketing expenditures are often treated as operational costs rather than strategic investments, leading to unclear performance measurement and weak customer retention outcomes. Consequently, Financial Equity and Relationship Equity remain underdeveloped, despite their critical role in sustaining customer value over time (Kim et al., 2008). This context underscores the need for empirical research to identify the key dimensions of customer equity in the Garut restaurant sector, enabling business actors to shift from short-term orientation toward more sustainable, customer value-based strategies.

A range of previous studies has examined customer equity in different sectors. Rust et al. (2004), for example, emphasized the critical role of value equity, brand equity, and relationship equity in fostering customer loyalty within financial services. Lemon et al. (2001) similarly noted that brand trust and relationship marketing play a substantial role in enhancing customer equity (Akbar et al., 2024). However, much of the existing research has been carried out in developed countries or in large-scale industries such as banking and telecommunications. Very few studies have focused on micro, small, and medium-sized enterprises (MSMEs), especially in developing regions like Garut's restaurant sector. This creates a gap in empirical evidence, as insights derived from large organizations cannot be directly applied to small-scale businesses facing different customer behaviors, resource limitations, and marketing practices.

From a theoretical standpoint, earlier studies predominantly focused on value equity, brand equity, and relationship equity as proposed by Rust et al. (2000). However, in contemporary business environments, financial-related marketing outcomes—such as customer profitability, marketing investment efficiency, and long-term retention value—have increasingly been recognized as critical determinants of sustainable customer equity. Despite this development, only a limited number of studies have explicitly conceptualized Financial Equity as a standalone dimension, even though empirical evidence suggests that firms' abilities to allocate marketing budgets effectively, evaluate customer lifetime value, and manage financial returns from loyalty programs significantly shape overall customer equity. By incorporating Financial Equity as an additional variable, this study addresses an important theoretical gap by extending the customer equity framework within the restaurant industry context, particularly in small and medium-sized enterprises where financial decision-making directly affects the sustainability of customer relationships.

Based on observed conditions and prior studies, three major research gaps motivate this study. First, there is a lack of research that holistically integrates value, brand, relationship, and financial components when analyzing customer equity in local restaurant businesses. Second, most prior studies focus on large corporations, while this research provides insights tailored to MSME restaurant owners in Garut Regency, whose customer dynamics differ greatly from larger enterprises. Third, empirical findings on how these four dimensions collectively influence customer loyalty and business sustainability remain limited. Thus, the present study aims to contribute theoretically by broadening the customer equity framework and practically by guiding restaurant businesses in developing more customer-oriented marketing strategies (Aravindakshan et al., 2004).

Value Equity concerns customers' perceptions of the benefits they receive relative to the price, quality, and convenience offered. Rust et al. (2000) explain that perceived value arises from comparing the advantages gained with the sacrifices made. Perceived quality reflects customers'

evaluations of service performance and professionalism in meeting expectations. Perceived fairness assesses whether prices align with product or service quality and how they compare to competitors. Service convenience involves the accessibility and ease of the dining experience. Higher levels of perceived quality, fairness, and convenience strengthen the customer's sense of value, ultimately enhancing customer equity.

Brand Equity captures the added value a product or service receives from its brand strength. Scholars such as Aaker (1991) and Keller (2003) describe brand equity through brand awareness, brand image, and brand trust. Brand awareness reflects how easily customers recognize or recall the brand. Brand image captures customers' perceptions, associations, and evaluations formed through experience or communication. Brand trust indicates customers' confidence in the brand's reliability and ability to fulfill its promises. These elements collectively shape favorable attitudes, deepen customer relationships, and elevate customer equity.

Financial Equity relates to the financial aspects of marketing that create long-term customer value. Rust et al. (2004) define it as the interplay between marketing investments, retention rates, and customer profitability. Marketing investment evaluates how effectively financial resources are allocated to promotional activities. Customer retention measures the likelihood of continued patronage, signaling loyalty. Customer profitability reflects the financial returns generated relative to the costs of serving the customer. Effective financial management reinforces relationships and supports sustainable business growth.

Relationship Equity reflects the value generated from long-term customer relationships rooted in satisfaction, trust, commitment, and well-designed loyalty programs. Lemon, Rust, and Zeithaml (2001) argue that strong relationships create emotional bonds that go beyond transactional interactions. Customer satisfaction measures how well expectations are met or exceeded. Trust captures confidence in a business's integrity and reliability. Relationship marketing focuses on ongoing communication and sustained engagement. Customer commitment reflects emotional attachment and willingness to maintain the relationship. Loyalty program effectiveness assesses how reward initiatives encourage repeat patronage. When these relational elements are strong, their combined impact significantly enhances customer equity.

Customer loyalty represents customers' willingness to remain aligned with a brand through repeat purchases, retention, referrals, emotional bonds, and resistance to switching. Oliver (1999) describes loyalty as a psychological process that develops from satisfaction and trust to long-term commitment. Repurchase intention reflects consistency in future buying behavior. Retention indicates a company's ability to maintain customers despite competitors' offers. Referrals reflect customers' willingness to recommend the restaurant to others. Emotional attachment reflects the bond customers feel toward the brand, and switching resistance measures their reluctance to move to competitors. Strong loyalty results from value, brand, relational, and financial benefits working together, ultimately shaping higher customer equity.

## Methods

### Research Type

This research employs a quantitative method with a survey-based design. The survey approach is particularly suitable for examining customer equity in the restaurant context. The survey method facilitates the collection of primary data directly from respondents using a structured questionnaire constructed from indicators representing each variable. The collected data

are then analyzed to examine the relationships and the magnitude of effects among the dimensions of Multidimensional Customer Equity within the restaurant sector in Garut Regency (Iman et al., 2023).

#### Population and Sample

The population of this study comprises restaurant customers in Garut Regency, specifically individuals who have visited or made purchases at least twice. These customers are assumed to have sufficient experience to evaluate service quality, brand value, and their relationship with the restaurant. A purposive sampling technique was employed, with respondents selected based on the following criteria: (a) having visited the restaurant at least twice within the last six months, (b) being at least 17 years old, and (c) willingness to complete the entire questionnaire. The sample size was determined using Cochran's formula, which is commonly applied when the population size is large or unknown. The calculation was based on a 95% confidence level and a 5% margin of error, ensuring an acceptable level of precision and reliability. Based on these parameters, a minimum sample size of 100 respondents.

#### Research Location

This research was carried out in Garut Regency, a district in West Java recognized for its dynamic culinary scene and the fast-growing number of restaurants and dining venues (Weti & Osorno, 2025). The area was chosen because the intense competition among food businesses makes the topics of customer equity and customer loyalty especially important to examine. Several well-established restaurants, such as Asep Stroberi, Cibiuk, and Sambel Hejo Natuna Garut, were used as reference points in this study.

#### Instrumentation or Tools

The primary research instrument used in this study was a closed-ended questionnaire developed by adapting indicators from prior validated scales in the customer equity and customer loyalty literature, ensuring content validity. The constructs measured include Value Equity, Brand Equity, Financial Equity, Relationship Equity, and Customer Loyalty. All items were assessed using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire underwent validity and reliability testing. Validity testing confirmed that all items adequately represented their respective constructs. Reliability testing was conducted using Cronbach's Alpha, with values exceeding the recommended threshold of 0.70 for all constructs, indicating satisfactory internal consistency.

#### Data Collection Procedures

The data collection process was conducted through

several stages:

- Preparation, which involved developing the questionnaire, conducting instrument testing, and selecting the restaurant locations.
- Distribution, where questionnaires were administered directly to customers at the restaurant sites as well as online through a digital form (Wijayanti & Permadi, 2024).
- Collection and verification, ensuring that all completed questionnaires met the required respondent criteria and were filled out properly.
- Data processing, which included entering the validated responses into statistical software such as SPSS or SmartPLS for further analysis.

#### Data Analysis

The data analysis in this study was carried out through several stages:

- Descriptive analysis, which was used to present respondent profiles and summarize their perceptions of each research variable.
- Validity and reliability testing, to confirm that the measurement instrument met the required standards of data accuracy and consistency.
- Measurement model assessment (outer model), evaluating the convergent and discriminant validity of each construct using Partial Least Squares (PLS).
- Structural model assessment (inner model), conducted to analyze the causal relationships among the independent variables that form Customer Equity and to determine their influence on Customer Loyalty (Wufron et al., 2023).
- Hypothesis testing, performed by examining the t-statistics and p-values to identify the significance of the relationships between variables.

## Result and Discussion

#### Outer Model Review

##### Convergent Validity

*Convergent validity is assessed for each indicator within the construct. An indicator is considered reliable if its loading value exceeds 0.70. In addition, convergent validity at the construct level is evaluated using the Average Variance Extracted (AVE), where a value greater than 0.50 indicates that the construct explains more than half of the variance of its indicators, as recommended by Fornell and Larcker (1981). Based on the results of the outer loading and AVE analyses, the following output was obtained.*

Table 1. Cross Loading

	Value Equity	Brand Equity	Financial Equity	Relationship Equity	Customer Loyalty
X1.1	0.819	0.465	0.301	0.337	0.423
X1.2	0.709	0.345	0.280	0.271	0.280
X1.3	0.672	0.294	0.359	0.270	0.251
X1.4	0.772	0.384	0.274	0.351	0.340
X1.5	0.709	0.509	0.343	0.290	0.359
X1.6	0.739	0.532	0.441	0.454	0.446
X2.1	0.443	0.651	0.245	0.373	0.339
X2.2	0.370	0.593	0.337	0.372	0.355
X2.3	0.429	0.673	0.360	0.346	0.276
X2.4	0.427	0.782	0.574	0.419	0.539
X2.5	0.406	0.768	0.493	0.429	0.504
X2.6	0.397	0.705	0.505	0.502	0.472
X2.7	0.486	0.785	0.461	0.468	0.476

X3.1	0.274	0.393	0.575	0.327	0.290
X3.2	0.245	0.430	0.763	0.507	0.455
X3.3	0.249	0.316	0.725	0.395	0.376
X3.5	0.386	0.510	0.567	0.383	0.358
X3.6	0.448	0.535	0.857	0.619	0.547
X3.7	0.361	0.504	0.824	0.569	0.437
X4.1	0.297	0.362	0.422	0.674	0.378
X4.2	0.414	0.468	0.521	0.771	0.435
X4.3	0.185	0.341	0.467	0.753	0.384
X4.4	0.282	0.355	0.386	0.706	0.433
X4.5	0.424	0.462	0.539	0.717	0.479
X4.6	0.392	0.478	0.591	0.662	0.479
X4.7	0.381	0.394	0.410	0.636	0.447
X4.8	0.372	0.470	0.514	0.812	0.506
X4.9	0.359	0.495	0.544	0.810	0.546
X4.10	0.341	0.402	0.488	0.791	0.575
X4.11	0.315	0.481	0.486	0.788	0.515
X4.12	0.237	0.438	0.408	0.658	0.527
Y1	0.416	0.447	0.404	0.396	0.677
Y2	0.331	0.372	0.315	0.423	0.663
Y4	0.335	0.355	0.433	0.482	0.592
Y5	0.397	0.586	0.552	0.521	0.734
Y6	0.386	0.395	0.375	0.459	0.766
Y7	0.306	0.380	0.374	0.395	0.651
Y8	0.395	0.515	0.463	0.387	0.768
Y9	0.407	0.453	0.514	0.575	0.809
Y10	0.305	0.486	0.392	0.524	0.812
Y11	0.213	0.371	0.257	0.520	0.677

Source: Researcher Data Processing Results, 2025

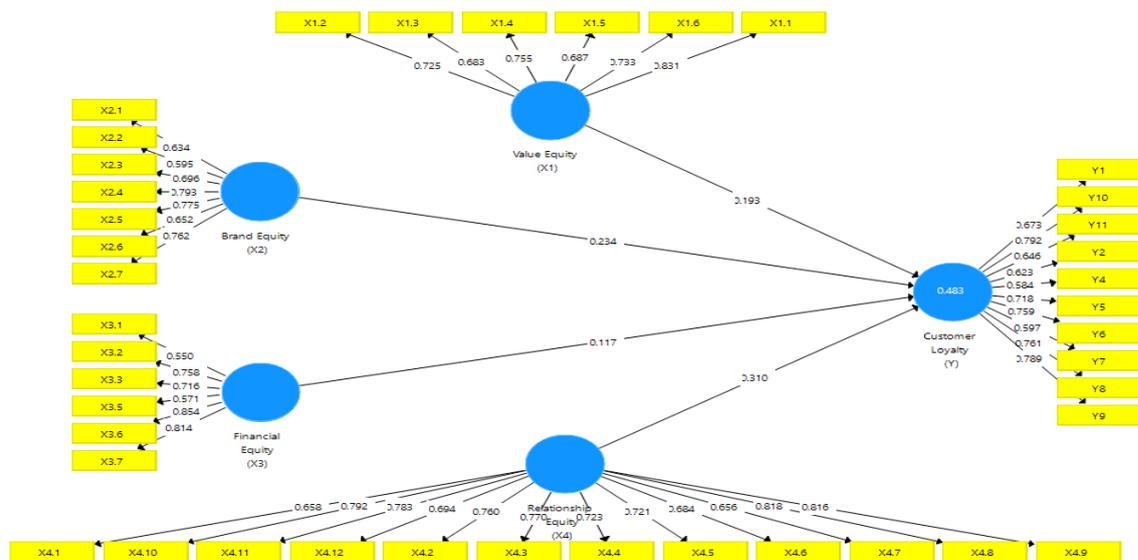


Figure 1. Convergen Validity Re-Estimate

As shown in Table 1, the cross-loading results indicate that each indicator demonstrates its strongest association with the latent construct it is designed to measure, rather than with other constructs in the model. This finding confirms that the measurement indicators are empirically distinct and capable of capturing the conceptual boundaries of their respective variables, thereby satisfying the criteria for discriminant validity. The indicators measuring Value Equity consistently reflect customers' perceptions of functional value, service quality, and fairness, although some overlap with Brand and Relationship Equity is observed. This overlap is theoretically acceptable, as customers' value perceptions in the restaurant context are often shaped by brand reputation and relational experiences. Nevertheless, the indicators remain more strongly aligned with Value Equity, indicating that the construct is clearly differentiated.

For Brand Equity, the indicators effectively capture brand-related attributes such as brand recognition, credibility, and image. The results suggest that brand perceptions are clearly distinguishable from financial and relational considerations, even though these dimensions are naturally interconnected in shaping overall customer evaluations. The Financial Equity indicators show clear alignment with their intended construct, supporting its conceptualization as a distinct dimension within the customer equity framework (Hyun & Kim, 2011). This finding reinforces the argument that customers are able to differentiate financial-related benefits, such as perceived returns from loyalty programs or promotional incentives, from other forms of value and relationship-based assessments.

Similarly, the indicators associated with Relationship Equity demonstrate strong construct specificity, reflecting aspects of trust, emotional attachment, and interpersonal

interaction. While these indicators show some association with Brand and Financial Equity, they remain conceptually and empirically distinguishable. Finally, the Customer Loyalty indicators are clearly differentiated from the antecedent constructs, capturing customers' intentions to repurchase, recommend, and maintain long-term relationships with the restaurant. Overall, the results confirm that the constructs in this study are empirically distinct despite their theoretical interconnectedness, thereby providing strong support for the discriminant validity of the measurement model.

#### Average Variance Extracted

The resulting AVE value is an average value that shows how much a latent variable or construct can explain the variance of each of the indicators that make it up. The following are the Average Variance Extracted values presented in table 2:

Table 2. Nilai Average Variance Extracted

	Average Variance Extracted (AVE)
Brand Equity	0.506
Customer Loyalty	0.516
Financial Equity	0.529
Relationship Equity	0.539
Value Equity	0.545

Source: Researcher Data Processing Results, 2025

Average Variance Extracted (AVE) is considered adequate if each indicator contributes a value greater than 0.50. As shown in Table 2, all variables have AVE values above this threshold, indicating that the constructs demonstrate sufficient convergent validity and that the model under study does not present any validity issues.

#### Composite Reliability

Composite Reliability is used to evaluate the internal consistency of indicators within each construct. Unlike Cronbach's Alpha, which assumes equal indicator loadings, Composite Reliability is more appropriate for SEM-based analysis as it accounts for the actual outer loadings of each indicator. A construct is considered reliable when its Composite Reliability value exceeds 0.70. Reliability is also reinforced by examining the Cronbach's Alpha coefficient, where a value above 0.60 indicates that the construct is

reliable. The results of the Composite Reliability and Cronbach's Alpha analysis generated through SmartPLS are presented in the table below.

Based on table 3, it is known that the values of Composite Reliability and Cronbach Alpha are more than 0.7 and 0.6 so that it can be concluded that all variables are reliable.

#### Outer Weight

For the formative measurement model, the calculated value was statistically significant ( $P < 0.05$ ). This level of importance is determined by the bootstrapping technique. If the outer weight is not significant, then check the outer loading with the criterion if it is 0.5 then it remains in the model (Joseph et al., 2021). The following results of outer weight are presented in table 4.

Table 3. Construct Reliability Score

	Cronbach's Alpha	Composite Reliability (rho_A)	Composite Reliability (rho_C)
Brand Equity	0.838	0.853	0.877
Customer Loyalty	0.894	0.899	0.913
Financial Equity	0.816	0.845	0.868
Relationship Equity	0.921	0.925	0.933
Value Equity	0.834	0.849	0.877

Source: Researcher Data Processing Results, 2025

Based on the table above, it shows that all measurement items that have an effect from the Customer Loyalty variable, all items have a significant value, which can be seen from the P-value of 0.000, which means less than 0.005.

#### Outer VIF

To ensure that the formative indicators within a variable block are not excessively correlated with one another, a multicollinearity check is required. This assessment is carried out using the Variance Inflation Factor (VIF) for each indicator.

Table 4. Outer Weight Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Y1 <- Customer Loyalty_(Y)	0.133	0.132	0.015	8.675	0.000
Y10 <- Customer Loyalty_(Y)	0.149	0.150	0.014	10.725	0.000
Y11 <- Customer Loyalty_(Y)	0.127	0.128	0.020	6.328	0.000
Y2 <- Customer Loyalty_(Y)	0.122	0.122	0.018	6.713	0.000
Y4 <- Customer Loyalty_(Y)	0.134	0.133	0.023	5.732	0.000
Y5 <- Customer Loyalty_(Y)	0.169	0.165	0.021	7.899	0.000
Y6 <- Customer Loyalty_(Y)	0.134	0.135	0.014	9.570	0.000
Y7 <- Customer Loyalty_(Y)	0.120	0.121	0.019	6.203	0.000
Y8 <- Customer Loyalty_(Y)	0.139	0.138	0.014	9.794	0.000
Y9 <- Customer Loyalty_(Y)	0.163	0.163	0.014	11.375	0.000

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
<b>X1.1 &lt;- Value Equity (X1)</b>	0.271	0.270	0.044	6.134	0.000

Source: Researcher Data Processing Results, 2025

According to Joseph et al. (2021), VIF values below the 3–5 range suggest that multicollinearity is not a concern. The VIF results for this study are presented in Table 5.

Table 5. Outer VIF Values

	BRIGHT
<b>Y1</b>	1.977
<b>Y10</b>	3.205
<b>Y11</b>	2.416
<b>Y2</b>	2.111
<b>Y4</b>	1.491
<b>Y5</b>	2.193
<b>Y6</b>	2.180
<b>Y7</b>	1.611
<b>Y8</b>	2.677
<b>Y9</b>	2.464

Source: Researcher Data Processing Results, 2025

In table 5 above, it shows that the majority of the Customer Loyalty variables do not have a VIF < 3-5, so there is no multicollinearity between the measurement items.

Inner Model Analysis

The structural model (inner model) analysis is conducted to examine the relationships between the constructs in the research model. This analysis includes testing the significance of path coefficients, as well as evaluating R-square values, F-square values, and the overall model fit.

R-Square

R-Square is used to indicate the level of determination between exogenous and endogenous variables, essentially showing how much of the variance in the endogenous latent variables can be explained by the exogenous latent variables. The R-Square results for this study are presented as follows:

Table 6. R-Square Values

	R Square	R Square Adjusted
<b>Customer Loyalty</b>	0.528	0.508

Source: Researcher Data Processing Results, 2025

Based on the data presented in Table 6, the R-Square value is 0.528. This indicates that Value Equity, Brand Equity, Financial Equity, and Relationship Equity together explain 52.8% of the variation in Customer Loyalty, while the remaining 47.2% is influenced by other factors not included in this study.

F-Square

F-Square is used to measure how much influence an exogenous latent variable has on endogenous latent variables. The following are the output results of the F-Square in this researcher:

Table 7. F-Square Values

	Customer Loyalty
<b>Value Equity</b>	0.018
<b>Brand Equity</b>	0.062
<b>Financial Equity</b>	0.016
<b>Relationship Equity</b>	0.152

Source: Researcher Data Processing Results, 2025

The f-square analysis shows that Relationship Equity has a moderate influence on Customer Loyalty (0.152), indicating that strong customer connections play a major role in building loyalty. Brand Equity has a small effect (0.062), while Financial Equity (0.016) and Value Equity (0.018) contribute only minimally. Overall, table 7 these results suggest that in the restaurant industry of Garut Regency, customer loyalty is driven more by the quality of the relationship than by brand image, perceived value, or financial benefits.

Model Fit

The Fit model is used to measure the suitability of a model on a comparative basis against the base line or 0. Based on the SRMR (Standardized Root Mean Square) value, the value is < 0.1. The following are the output results of the Fit Model in this researcher:

Table 8. SRMR Values

	Saturated Model	Estimated Model
<b>SRMR</b>	0.087	0.087

Source: Researcher Data Processing Results, 2025

An table 8 SRMR value of 0.087 is marginally above the conventional cutoff of 0.08, indicating a minor limitation in model fit. However, this value remains acceptable for PLS-SEM analysis, particularly given the exploratory nature of the study, the moderate sample size, and the model's complexity, allowing the analysis to proceed.

Hypothesis or Significance Test (Bootstrapping)

Bootstrapping was employed to test the acceptance or rejection of hypotheses by examining the significance of relationships between constructs using t-statistics and p-values. The analysis was conducted using 5,000 bootstrap resamples, which is commonly recommended in PLS-SEM to ensure robust significance testing. A hypothesis was accepted when the p-value was less than 0.05 and the t-statistic exceeded 1.96. The following hypotheses are proposed:  
 H0 :  $\rho = 0$ , Value Equity has no effect on Customer Loyalty.  
 H1 :  $\rho \neq 0$ , Value Equity affects Customer Loyalty.  
 H0 :  $\rho = 0$ , Brand Equity has no effect on Customer Loyalty.  
 H2 :  $\rho \neq 0$ , Brand Equity affects Customer Loyalty.  
 H0 :  $\rho = 0$ , Financial Equity has no effect on Customer Loyalty.  
 H3 :  $\rho \neq 0$ , Financial Equity affects Customer Loyalty.  
 H0 :  $\rho = 0$ , Relationship Equity has no effect on Customer Loyalty.  
 H4 :  $\rho \neq 0$ , Relationship Equity has an effect on Customer Loyalty.

From the results of this hypothesis test (bootstrapping) shown in table 9, they are as follows:

Table 9. Path Coefficient

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Brand Equity -> Customer Loyalty	0.249	0.253	0.091	2.720	0.007
Financial Equity -> Customer Loyalty	0.123	0.132	0.105	1.172	0.242
Relationship Equity -> Customer Loyalty	0.377	0.375	0.125	3.011	0.003
Value Equity -> Customer Loyalty	0.115	0.120	0.111	1.041	0.298

Source: Researcher Data Processing Results, 2025

Value Equity has a positive but not significant effect on Customer Loyalty.

Brand Equity has a positive and significant effect on Customer Loyalty.

Financial Equity has a positive but not significant effect on Customer Loyalty.

Relationship Equity has a positive and significant effect on Customer Loyalty (Suprpto, 2015).

#### Interpretation of Key Findings

The results of this study show that among the four examined factors—Value Equity, Brand Equity, Financial Equity, and Relationship Equity—only Brand Equity and Relationship Equity significantly and positively influence Customer Loyalty in the restaurant industry of Garut Regency (Sari, 2025). This indicates that a strong brand presence and high-quality customer–company relationships are the main contributors to customer loyalty. While Value Equity and Financial Equity also display positive effects, these influences are not statistically significant, suggesting that perceived service value and financial benefits alone are not enough to directly strengthen loyalty (Ou et al., 2017). Consequently, strategies aimed at enhancing brand appeal and nurturing long-term emotional bonds with customers are crucial for maintaining loyalty in this sector.

These results are consistent with the findings of Supardi et al. (2020), who found that Value Equity, Relationship Equity, and Affective Commitment positively affect Loyalty Intentions among Go-Jek users in Indonesia. Their survey of 91 university students in Bandung revealed that young consumers tend to stay loyal when they perceive meaningful value, feel emotionally connected to the brand, and experience stable relationship quality. This underscores the importance of emotional and relational aspects in building sustained customer loyalty.

Similarly, Fadilah et al. (2023) highlighted that for Dunkin' Donuts, Customer Equity—strengthened through social media-based digital marketing—plays a vital role in maintaining customer engagement and supporting long-term profitability. Their study showed that digital marketing effectively boosts perceived value, enhances brand image, and reinforces customer relationships in the Indonesian market (Febrian et al., 2024).

This study also supports the framework proposed by Hyun (2009), who developed the Customer Equity Model for chain restaurant brands and demonstrated that Value Equity, Brand Equity, and Relationship Equity significantly contribute to Customer Equity, influencing both financial performance and shareholder value (Polyorat & Sophonsiri, 2010; Trijayati & Heikal, 2023). Among these components, Brand Equity was identified as the strongest driver in building Customer Equity within the restaurant industry (Çifci et al., 2016).

Taken together, these studies affirm that Brand Equity and Relationship Equity are essential determinants of Customer Loyalty across both traditional and digital service environments. For restaurants in Garut Regency, this implies that reinforcing brand identity, cultivating meaningful

customer relationships, and utilizing digital platforms are key strategies for sustaining growth, improving customer loyalty, and maintaining a competitive edge.

#### Comparison with Previous Studies

These results are consistent with the work of Lemon, Rust, and Zeithaml (2001), who argue that Brand Equity and Relationship Equity are the core foundations of Customer Equity and play a vital role in shaping customer loyalty. The findings also echo the views of Chaudhuri and Holbrook (2001), who stressed that trust and satisfaction are central drivers of brand loyalty. In contrast, however, this study differs from earlier research such as Rust et al. (2004), which found Value Equity to have a strong influence. In the context of this research, value and financial considerations were not shown to be significant factors. A possible explanation is that restaurant customers in Garut Regency tend to place greater importance on emotional experiences and brand impressions rather than on rational elements like pricing or financial benefits.

#### Limitations and Cautions

This study is subject to several limitations. To begin with, its cross-sectional design makes it difficult to explore long-term causal effects (Rienetta et al., 2017). Additionally, the research focuses solely on restaurant customers in Garut Regency, which limits the extent to which the findings can be applied to other industries or geographic areas. Another limitation is the use of self-reported questionnaires, which may introduce perceptual bias, especially when assessing emotional factors and loyalty. Future studies are encouraged to employ a longitudinal approach and include a more diverse sample to strengthen the external validity and broader applicability of the results.

#### Recommendations for Future Research

Building on the study's results—which show that Brand Equity and Relationship Equity have a significant impact on Customer Loyalty, (Calder, 2025) while Value Equity and Financial Equity do not—the following suggestions are offered for future research:

- Adopt a longitudinal approach to observe how shifts in brand perception and customer relationships influence loyalty over time.
- Broaden the research setting to include other regions or industries—such as hotels, cafés, or online food services—to determine whether the same patterns apply in different contexts.
- Introduce potential mediators or moderators, such as Customer Experience, Digital Engagement, or Perceived Value, to gain deeper insight into how Brand Equity and Relationship Equity shape Customer Loyalty (Uli et al., 2025).
- Use mixed-method designs, including qualitative techniques like in-depth interviews, to explore customers' emotional responses, brand experiences, and interactions that help foster loyalty within the restaurant industry

(Wong, 2013).

## Conclusion

The results of this study reveal that, among the four dimensions of Customer Equity—Value Equity, Brand Equity, Relationship Equity, and Financial Equity—only Brand Equity and Relationship Equity significantly and positively influence Customer Loyalty in Garut Regency's restaurant sector (Al Wafa, 2024). While Value Equity and Financial Equity also show positive effects, these are not statistically significant, indicating that service value and financial considerations are not the main drivers of loyalty (Vogel et al., 2008). These findings underscore the importance of strong brand identity and high-quality customer relationships in cultivating loyalty.

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