

# The Effect of Green Marketing, Corporate Social Responsibility on Brand Equity and Customer Loyalty

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## Abstract

The aim of this study is to analyze the influence of green marketing on brand equity, corporate social responsibility on brand equity, green marketing on customer loyalty, corporate social responsibility on customer loyalty, and then green marketing and corporate social responsibility towards customer loyalty through brand equity. Research on green marketing became very interesting because many people give more attention to product that support sustainability living and green products. Sample in this study were taken used purposive sampling. Number of samples that used were 160 respondents. Data obtained analyzed using Structural Equation Models. The results showed that green marketing have a positive effect on brand equity, corporate social responsibility have a positive significant effect on brand equity, then green marketing and corporate social responsibility have a significant positive effect on customer loyalty through brand equity.

**Keywords:** green marketing, corporate social responsibility, customer loyalty, brand equity

## 1. Backgrounds

Public awareness of the environment started increase after seeing environmental damage that occurred lately . This case triggered an increasing awareness of the environmental catastrophe that threatens not only health, even to the survival of mankind. Another reason that makes consumers more aware to environment is the problem of global warming that makes people worry (Friedman, 2007). Green is now mainstream (Berta, 2011), marketers must give more attention of environmental conditions and begin to produce a products that more responsible to the environment.

Green marketing refers to the needs, desires, and, customer desires in relation to the maintenance and preservation of the environment. Shrum et al (1995 ) argued that consumers had been confused and do not believe the claims and marketing company stating that they are using green marketing. One of the factors that spurred the company to make green marketing is the motivation of ecological responsibility and environmental damage usually is a media focus (Lampe and Gazda, 1995).

Corporate Social Responsibility is a dynamic issue, expansive and touches the interests of various parties (CEBC in Hartono, 2012). Corporate Social Responsibility is one of concern for the environment of the company derived from the company's awareness of the surrounding environment growing. Corporate Social Responsibility has a positive influence on brand equity (Tuan, 2012; Hsu, 2012; Lai, et al, 2010; Taleghani, et al , 2012; Raman, et al , 2012). It means that Corporate Social Responsibility is carried out by companies to increase brand equity to add value for companies, but Papisolomou-Doukakis and Krambia-Kapardis (2005) in his study stated that most companies prefer to perform its obligations under with the existing regulations to consumers than do corporate social responsibility, as well as stating that corporate social responsibility is not attractive as brand building for small companies.

Kotler and Armstrong (2012:243) defines "Brand equity is the positive differential effect that knowing the brand name has on customer response to the product or service". Customer loyalty is a deep commitment to customer survive re-subscribe or re-purchase the product / service consistently in the future . Customer loyalty is an important role for the company as one of the objectives of marketing ( Garcia , 2009). Companies that have loyal consumers has several advantages , among others, consumers tend to buy back in the future, the company's business forward, consumers will make a positive word of mouth marketing (Yuen and Chan, 2010). Brand equity has a significant influence on customer loyalty (Taylor, et al , 2004; Alghofari, et al , 2009; Raman, et al , 2012). It means that the increase in brand equity is owned by the company will increase the customer loyalty.

The Body Shop is a well-known brand names of cosmetics founded by Anita Lucia Perilli, with little name Anita Roddick. The Body Shop was first opened on March 27, 1976 in Kensington Garden , Brighton UK, and until recently The Body Shop operates in 55 countries, serving 77 million customers in 27 languages. The Body Shop choosen as an object of research is due to the implementation of corporate social responsibility undertaken by the company. Corporate social responsibility applied where corporate social responsibility is carried out by The Body Shop is a corporate social responsibility based on environment.

### 1.1 Problem Formulation

Based on the background that has been described previously, the problem formulation in this study are:

1. Does green marketing has an influence on brand equity?
2. Does corporate social responsibility has an influence on brand equity?

3. Does green marketing has an influence on customer loyalty?
4. Does corporate social responsibility have an influence on customer loyalty?
5. Does brand equity has an influence on customer loyalty?
6. Does green marketing has indirect influence on customer loyalty through brand equity?
7. Does corporate social responsibility has indirect effect on customer loyalty through brand equity?

## 1.2 Research Objectives

Based on the problem formulation, research objectives to be achieved through this research are :

- 1 Analyze the effect of green marketing on brand equity.
- 2 Analyze the effect of corporate social responsibility on brand equity.
- 3 Analyze the effect of green marketing on customer loyalty.
- 4 Analyze the effect of corporate social responsibility on customer loyalty.
- 5 Analyze the effect of brand equity on customer loyalty.
- 6 Analyze the effect of green marketing is not directly to the customer loyalty through brand equity.
- 7 Analyze the effect of corporate social responsibility indirectly to customer loyalty through brand equity.

## 2. Literature Review and Hypothesis

### 2.1 Green marketing

Green marketing is the process of planning and implementation of the marketing mix to facilitate consumption, production, distribution, promotion, packaging, and reclamation of products in a manner that is sensitive or responsive to ecological problems (Robert Dahlstrom, 2011). Green marketing is becoming a new movement of the producers or companies that are committed to developing environmentally conscious marketing (green marketing) to environmental responsibility approach products environmentally friendly (go green). Green marketing refers to the satisfaction of the needs, desires, and, the desire of customers in relation to the maintenance and preservation of the environment. Therefore, dipakailah concept of green marketing as a strategy in marketing the company's products. Not only the market but also to participate in protecting and improving the environment. Green marketing has a significant impact on brand equity (Namkunga and Jang, 2012; Atmoko and Setiawan, 2008; Chang and Fong, 2010; Park et al, 2012; Chen, 2009).

H1: The increased implementation of green marketing by The Body Shop, the brand equity will also increase.

### 2.2 Corporate social responsibility

Corporate social responsibility (CSR) is the commitment of business to contribute to sustainable economic, working with the employees of the company, the employee's family, the following local communities (local) and society as a whole in order to improve the quality of life. (The World Business Council for Sustainable Development in Rahman, 2009: 10)

Corporate social responsibility (CSR) or Corporate Social Responsibility is the commitment of business to contribute to sustainable economic development, working with employees of the company, the employee's family, following the local community and society as a whole, in order to improve the quality of life. This can be done by doing and generate business based on sincere intention to provide the most positive contribution to the community (stakeholders). Corporate social responsibility has a positive influence on brand equity (Tuan, 2012; Hsu, 2012; Lai, et al, 2010; Taleghani, et al, 2012; Raman, et al, 2012).

H2: The increased implementation of corporate social responsibility conducted by The Body Shop, the brand equity will also increase.

### 2.3 Brand equity

According to Aaker (1997: 22), brand equity is a set of brand assets and liabilities associated with a brand, name and symbol, that add to or diminish the value provided by a goods or services to the company or the company's customers.

### 2.4 Customer loyalty

According Gremler and Brown (1997) that customer loyalty is customer not only buy remanufactured goods and services, but also have a commitment and a positive attitude towards service company, for example by recommending others to buy. This definition puts a commitment of loyalty as a result in four possible attitudes of loyalty, that loyalty, loyalty fake or pretend, hidden loyal and disloyal.

Customer loyalty is one of the ultimate goal of marketing, where loyal customers will provide benefits for the company. Loyal customers are likely going to do word of mouth is positive for the company and provide references to friends and colleagues who will have a direct impact on the company's marketing. Based on the research of Chang and Fong (2010), found that green marketing has a significant and positive influence. This is

the underlying hypothesis of three (3) of this study.

H3: The increased implementation of green marketing by The Body Shop, it will also increase customer loyalty.

Corporate Social Responsibility is an act or concept carried out by the company as a form of their responsibilities towards the social environment or the environment in which they operate. Based on a review of previous empirical Raman, et al (2012) found that corporate social responsibility has a significant and positive effect on customer loyalty, but the study of Naidoo (2006) shows that corporate social investments as part of its corporate social responsibility has no influence on customer loyalty. This is the underlying hypothesis 4 (four) that exist in this study.

H4 The increased implementation of green marketing by The Body Shop, it will also increase customer loyalty.

Kotler and Armstrong (2012: 243) defines "Brand equity is the positive differential effect that knowing the brand name has on customer response to the product or service". This means that brand equity is a positive differentiation effect that can be seen from the response of consumers to the goods or services. So brand equity is the power of a brand which can increase or decrease the value of the brand itself is known of the response of consumers to the goods or services sold. Customer loyalty is the last in-depth customer commitment to re-subscribe or re-purchase a product / service consistently selected in the future. Brand equity has a significant influence on customer loyalty (Taylor, et al, 2004; Alghofari, et al, 2009; Raman, et al, 2012).

H5: The higher brand equity, which is owned by The Body Shop, it will also increase customer loyalty.

In a review of previous empirical, researchers did not find a previous study that examined the relationship between Green Marketing and Customer loyalty with brand equity as a mediating variable, so it is a freshness in this study. However, researchers found the results of the study of Li and Green (2004) which shows the relationship between the marketing mix mediation of customer loyalty with perceived service quality as a mediating variable. Researchers also found a link to a separate green marketing brand equity and customer loyalty to the brand equity, namely:

- a. Based on the research of Namkunga and Jang (2012) and Atmoko and Setiawan (2008), Chang and Fong (2010), Park et al (2012), Chen (2009),), a significant difference between green marketing on brand equity.
- b. Based on the research of Taylor, et al (2004), Alghofari, et al, (2009), Raman, et al, (2012), brand equity has a significant influence on customer loyalty.

Referring to the above research, the hypothesis can be formulated as follows:

H6: The increased implementation of green marketing by The Body Shop, it will increase customer loyalty through brand equity.

Based on previous empirical review, the researchers did not find a previous study that examines the relationship between corporate social responsibility and customer loyalty to the brand equity as a mediating variable, so it is a freshness in this study. However, researchers found a link to a separate green marketing brand equity and brand equity to customer loyalty, namely:

- a. Based on the research of Sir (2012), Hsu (2012), Lai, et al, (2010), Taleghani, et al (2012), Raman, et al (2012), Taylor, et al (2004), Alghofari, et al , (2009), Raman, et al, (2012), Corporate social responsibility has a positive influence on brand equity.
- b. Based on the research of Taylor, et al (2004), Alghofari, et al, (2009), Raman, et al, (2012), brand equity has a significant influence on customer loyalty.

Referring to the above research, the hypothesis can be formulated as follows:

H7: The rise of corporate social responsibility implementation performed by The Body Shop, it will increase customer loyalty through brand equity.

### 3. Research Methods

This type of study is exploratory research. Location of the research conducted at The Body Shop in Surabaya Tunjungan Plaza 2nd Floor. Study was conducted in 2013. The population in this study are all The Body Shop customers who have shopped and was shopping at The Body Shop Surabaya. The number of samples in this study set of 160 respondents. Total of 160 respondents was obtained from the total number of indicators research 16 (sixteen) is multiplied ten times ( $16 \times 10 = 160$ ). This research uses non-probability sampling. Types of non-probability sampling used in this study was purposive sampling. Analysis tool used in This study analyzed with structural equation models.

### 4. Result

Data analysis and hypothesis testing in this study using Structural Equation Modelling (SEM), first using Confirmatory Factor Analysis (CFA), second, using full Structural Equation Model (Ferdinand, 2005).

#### 4.1 Confirmatory Factor Analysis (CFA)

Hair et al. (1998) states the terms of an indicator is the dimension of a variable is formed if the loading factor of more than 0.4. Factor loading value of 0.4 is the weakest of an indicator to describe a latent variable. Significant indicator of whether or not a form of latent variables measured by the requirements of  $CR \geq 1,96$ , and a significance level of  $\leq 0:05$ .

##### 4.1.1 Construct Exogenous Factor Analysis

##### 4.1.1.1 Results of Factor Analysis Variables Green Marketing

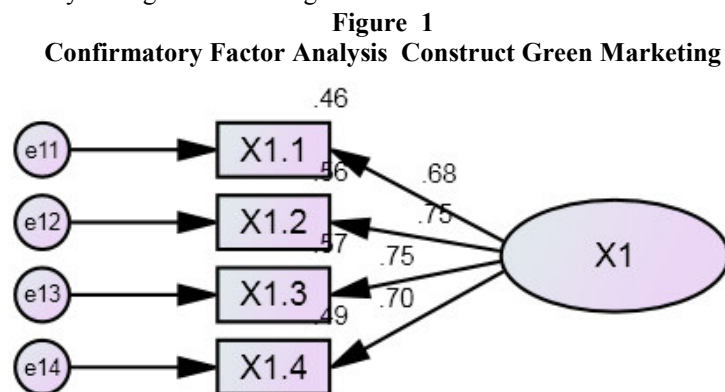
The results of confirmatory factor analysis constructs of green marketing in following Table :

**Table 1**  
**Hasil Confirmatory Factor Analysis Construct Green Marketing**

Indicator	Loading Factor	CR	P	Kesimpulan
X <sub>1,1</sub> Recycleable	0,704	7,549	0,000	Significant
X <sub>1,2</sub> Minimal effect on environmental damage	0,747	7,748	0,000	Significant
X <sub>1,3</sub> Health	0,731	7,819	0,000	Significant
X <sub>1,4</sub> Meet the environmental regulations	0,700	Fixed	Fixed	Significant

Source : Processed Primary data, 2013

Based on the test results presented in Table 1 showed that all indicators on each latent variable has a value of lambda or factor loading  $\geq 0.60$  so that all indicators can be included in subsequent analyzes. The results of confirmatory factor analysis of green marketing constructs is described as follows:



Source : Processed Primary data, 2013

Explanation :

- X<sub>1</sub> : Green marketing
- X<sub>1,1</sub> : Recycleable
- X<sub>1,2</sub> : Minimal effect on environmental damage
- X<sub>1,3</sub> : Health
- X<sub>1,4</sub> : Meet the environmental regulations

##### 4.1.1.2 Confirmatory Factor Analysis Corporate Social Responsibility

**Table 2**  
**Confirmatory Factor Analysis Construct Corporate Social Responsibility**

Indicator	Loading Factor	CR	P	Kesimpulan
X <sub>2,1</sub> The Body Shop memiliki reputasi social responsibility	0,722	7,951	0,000	Significant
X <sub>2,2</sub> The Body Shop peduli terhadap perlindungan lingkungan	0,717	7,612	0,000	Significant
X <sub>2,3</sub> The Body Shop peduli terhadap keuntungan pelanggan	0,731	7,722	0,000	Significant
X <sub>2,4</sub> The Body Shop peduli terhadap lingkungan sosial	0,706	Fixed	Fixed	Significant

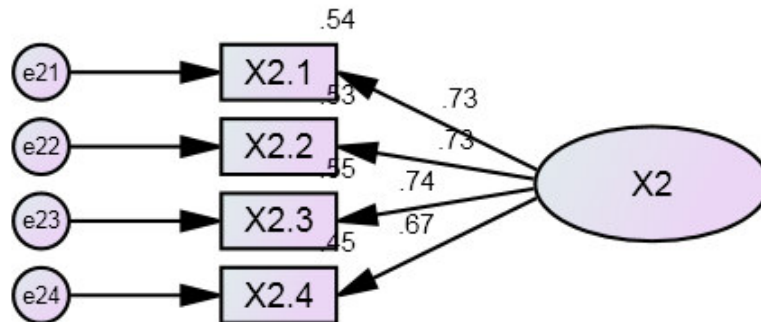
Source : Processed Primary data, 2013

Based on the test results presented in Table 2 shows that all indicators on each latent variable has a value of lambda or factor loading  $\geq 0.60$ . Based on the results of the confirmatory factor analysis are presented in Table 5:20 shows that the four indicators have  $CR \geq 1,96$  values and significance levels significantly  $\leq 0,05$  meaning of these indicators is the dimension of corporate social responsibility.

The results of confirmatory factor analysis construct of corporate social responsibility is described as

follows:

**Figure 2 Confirmatory Factor Analysis Corporate Social Responsibility**



Source : Processed Primary data, 2013

Explanation :

- $X_2$  : Corporate social responsibility
- $X_{2.1}$  : Corporate social responsibility Reputation
- $X_{2.2}$  : Concern about the environment protection
- $X_{2.3}$  : Concern for the benefit of customers
- $X_{2.4}$  : Concerned about the social environment

**4.1.2. Confirmatory Analysis of Endogenous Constructs**

**4.1.2.1. Construct Confirmatory Factor Analysis of Brand Equity**

The results of confirmatory factor analysis constructs of brand equity are presented in Table 5:21 below:

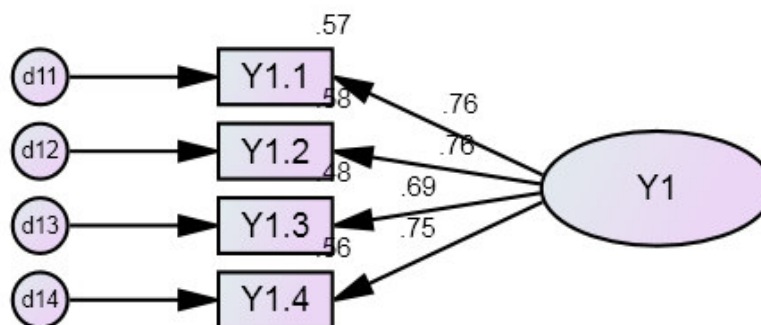
**Table 3 Confirmatory Factor Analysis Brand Equity**

Indicator	Loading Factor	CR	P	Kesimpulan
Y <sub>1.1</sub> Brand awareness	0,712	8,490	0,000	Significant
Y <sub>1.2</sub> Brand association	0,708	8,765	0,000	Significant
Y <sub>1.3</sub> Perceived quality	0,713	8,447	0,000	Significant
Y <sub>1.4</sub> Other proprietary assets	0,703	Fixed	Fixed	Significant

Source : Processed Primary data, 2013

Based on the test results presented in Table 3 shows that all indicators on each latent variable has a value of lambda or factor loading  $\geq 0.60$ . Based on that then all the indicators can be included in subsequent analyzes. Based on the results of the confirmatory factor analysis are presented in Table 5:18 shows that the four indicators have value and significance level  $\leq 0,05$   $CR \geq 1,96$ , which means significant indicators are the dimensions of brand equity variables.

**Figure 3 Confirmatory Factor Analysis Construct Brand Equity**



Source : Processed Primary data, 2013

Explanation

- $Y_1$  : Brand equity
- $Y_{1.1}$  : Brand awareness
- $Y_{1.2}$  : Brand association
- $Y_{1.3}$  : Perceived quality
- $Y_{1.4}$  : Other proprietary asset

#### 4.1.2.2. Confirmatory Factor Analysis Construct Customer Loyalty

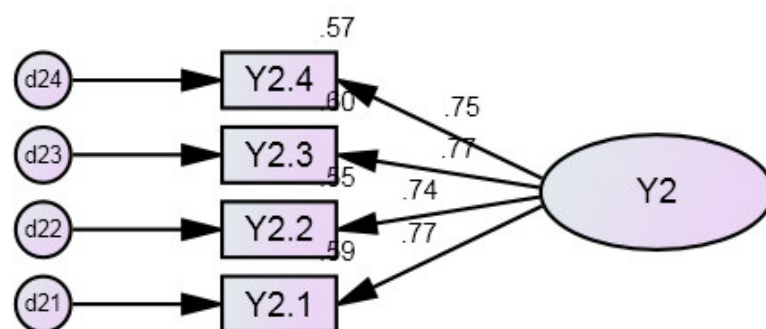
**Table 4 Confirmatory Factor Analysis Construct Customer Loyalty**

Indicator	Loading Factor	C.R.	P	Kesimpulan
Y <sub>2.1</sub> Positive Word of mouth	0,723	Fixed	Fixed	Significant
Y <sub>2.2</sub> Refusal to switch to other brands	0,706	9,460	0,000	Significant
Y <sub>2.3</sub> Not paying attention to competing brands	0,708	9,627	0,000	Significant
Y <sub>2.4</sub> Had desire to buy The Body Shop products in the future	0,719	9,687	0,000	Significant

Source : Processed Primary data, 2013

Based on the test results presented in Table 4 shows that all indicators on each latent variable has a value of lambda or factor loading  $\geq 0.60$ . Based on confirmatory factor analysis are presented in Table 4 shows that the four indicators have value and significance level  $\leq 0,05$   $CR \geq 1,96$ , which means significantly these indicators is the dimension of the variable customer loyalty.

**Figure 4 Confirmatory Factor Analysis Construct Customer**



**Loyalty**

Source : Processed Primary data, 2013

Explanation

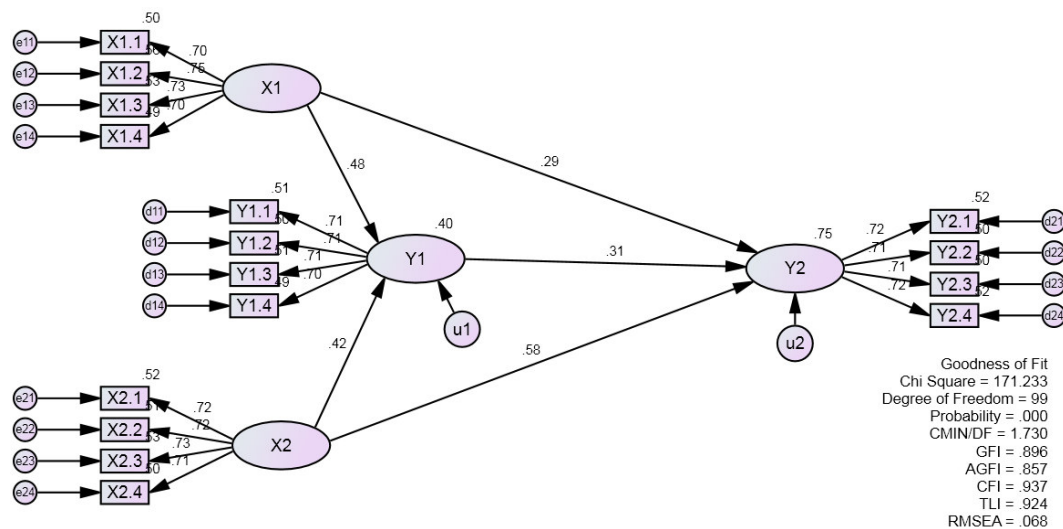
- Y<sub>2</sub> : Customer loyalty
- Y<sub>2.1</sub> : Positive Word of mouth
- Y<sub>2.2</sub> : Refusal to switch to other brands
- Y<sub>2.3</sub> : Not paying attention to competing brands
- Y<sub>2.4</sub> : Had desire to buy The Body Shop products in the future

#### 4.2 Structural Equation Modeling (SEM)

##### 4.2.1. Full Model SEM Analysis

The results of the analysis of the early stages SEM full model in Figure 5 below:

**Figure 5**  
**Full Model SEM**



Source : Processed Primary data, 2013

Explanation :

- X<sub>1</sub> : Green marketing
- X<sub>1.1</sub> : Recycleable
- X<sub>1.2</sub> : Minimal effect on environmental damage
- X<sub>1.3</sub> : Health
- X<sub>1.4</sub> : Meet the environmental regulations
- X<sub>2.2</sub> : Concern about the environment protection
- X<sub>2.3</sub> : Concern for the benefit of customers
- X<sub>2.4</sub> : Concerned about the social environment
- Y<sub>1</sub> : Brand equity
- Y<sub>1.1</sub> : Brand awareness
- Y<sub>1.2</sub> : Brand association
- Y<sub>1.3</sub> : Perceived quality
- Y<sub>1.4</sub> : Other proprietary asset
- Y<sub>2</sub> : Customer loyalty
- Y<sub>2.1</sub> : Positive Word of mouth
- Y<sub>2.2</sub> : Refusal to switch to other brands
- Y<sub>2.3</sub> : Not paying attention to competing brands
- Y<sub>2.4</sub> : Had desire to buy The Body Shop products in the future

Results of testing the feasibility of the model is presented in Table 5.23 below:

**Table 5 Result of Full Model Testing**

Goodness of Fit Index	Cut off Value	Result	Evaluation Model
Chi-Square	$\leq 123,23$	171,233	Marjinal fit
Probability	$\geq 0,05$	0,000	Marjinal fit
RMSEA	$\leq 0,08$	0,068	Good fit
GFI	$\geq 0,90$	0,896	Marjinal fit
AGFI	$\geq 0,90$	0,857	Marjinal fit
CMIN/DF	$\leq 2,00$	1,730	Good fit
TLI	$\geq 0,90$	0,924	Good fit
CFI	$\geq 0,95$	0,937	Marjinal fit

Source : Processed Primary data, 2013

Results Table 5 shows chi-square 171.233 which is bigger than cut off value (123.23) were still included in the marginal range. Probability value below the cut-off value of 0.05 is equal to 0.000. TLI values greater than the cut-off value of  $\geq 0.90$  is equal to 0.924. CFI has a smaller value than the cut-off value of  $\geq 0.95$  is equal to 0.937. CMIN / DF has a smaller value than the cut off value  $\leq 2.00$  is equal to 1.730. RMSEA has a value smaller than the cut-off value of  $\leq 0.08$  is equal to 0.068 entered in both categories and meet the requirements so that it can be said that the model used in accordance with the data and does not require modification of the model.

#### 4.2.2. Reliability Construct and Variance Extract Test

The reliability testing using two tests, namely the construct reliability and variance extracted. The results of the calculations and conclusions on the construct reliability and variance extracted can be seen in Table 6 below:

**Table 6 Reliability Construct dan Variance Extract**

Variable	Reliability Construct	Variance Extracted	Explanation
Green Marketing	0,955	0,842	Good
Corporate Social Responsibility	0,954	0,838	Good
Brand Equity	0,964	0,870	Good
Customer Loyalty	0,959	0,852	Good

Source : Processed Primary data, 2013

From the results of testing the construct reliability and variance extracted, showing the results of the construct reliability values  $> 0.7$  and variance extracted  $> 0.5$ , which means that all the indicators of each latent variable in both categories and can be accepted as forming a construct / latent variable there.

#### 4.2.3 Testing Statistical Assumptions

##### 4.2.3.1. Normality Testing

Maximum Likelihood Estimation with variables observed wills must meet the assumption of multivariate normality. Evaluation of the normality of the data is done by looking at the Critical Ratio (CR) skewness (skewness) and kurtosis distribution of answers / data on each indicator variable. The cut-off value that is commonly used is  $\pm 2:58$ , which is the value of cr at the 0.01 level (1%). As for multivariate normality seen in the assessment of normality line down the right, and has a limit value  $\pm 2:58$ .

Evaluation results of univariate normality in our model it is concluded that some of the existing data on the indicators that research has a CR value is not in the range of -2.58 to + 2:58. it can be said that there is data that does not meet the assumption of univariate normality. Furthermore, for the value of the critical ratio (CR) shows the results of multivariate 5.431, which means that the distribution of the data, the data are not multivariate normal distribution.

Based on the Central Limit Theorem, essentially in the use of the normality assumption is not too critical path analysis if the observed data up to 100 or more. From the large sample statistics can be generated samples approaching normal distribution (Solimun, 2002).

##### 4.2.3.2 Outlier Testing

###### a) Univariate Outliers

Testing whether there is a univariate outliers by analyzing the standardized values (Z-score) of research data. If there is a Z-score  $\geq 3.0$  were in the range, it will be categorized as univariate outliers. For large samples ( $> 80$  observations), guidelines for the evaluation threshold values of Z-score in the range of 3 to 4 (Hair et al in Ferdinand, 2005). Therefore, in the study using a threshold value outliers when the Z-score  $\geq 4.0$ . karena this study has 100 number of observations ( $> 80$ ).

Based on existing data (Appendix 4), it can be seen that the maximum value of Z-score is 2.779 (less 4.0). While the minimum value of Z-score was -0.051 (greater than -4.0). So it can be concluded that the data in this study there were no univariate outliers.

###### b) Multivariate Outliers

Test Mahalanobis distance (Mahalanobis Distance) was used to see whether there are multivariate outliers. To



calculate the Mahalanobis Distance based on chi-square value at 57 degrees of freedom (number of indicators) at the level of  $p < 0.001$  was  $\chi^2(57, 0,001) = 95.751$  (based on the  $\chi^2$  distribution Table ). This means that all cases had Mahalanobis distance greater than 95.751 are multivariate outliers. In the observation of Mahalanobis d-squared Mahalanobis distance is known that all observations lie below the 95.751 so it can be said that no observations were included in the multivariate outliers.

### 4.3. Hypothesis Testing

**Table 7**  
**Hypothesis Testing**

Variables	Std. Coeff	S.E.	CR	P-Value	Explanation
Green Marketing → Brand Equity	0,475	0,119	3,983	0,000	Significant
Cosporate Social Responsibility → Brand Equity	0,421	0,117	3,700	0,000	Significant
Green Marketing → Customer Loyalty	0,293	0,105	2,779	0,005	Significant
Cosporate Social Responsibility → Customer Loyalty	0,577	0,104	5,200	0,000	Significant
Brand Equity → Customer Loyalty	0,310	0,107	2,895	0,004	Significant
Green Marketing → Brand Equity → Customer Loyalty	0,147	-	-	-	Significant
Cosporate Social Responsibility → Brand Equity → Customer Loyalty	0,131	-	-	-	Significant

Source : Processed Primary data, 2013

Based on the test results in Table 7 can be seen that of 7 (seven) this hypothesis, there are 7 (seven) accepted hypothesis and variables have a significant relationship. Results are visible from the t value and p-value / probability. T value at the output AMOS looks at the value of Critical Ratio (CR) with a cut-off value of  $CR \geq 1,96$  or p-value / probability  $\leq 0.05$  (with a degree of confidence values of  $\alpha = 5\%$ ), to conclude that a relationship causality proved significant or insignificant.

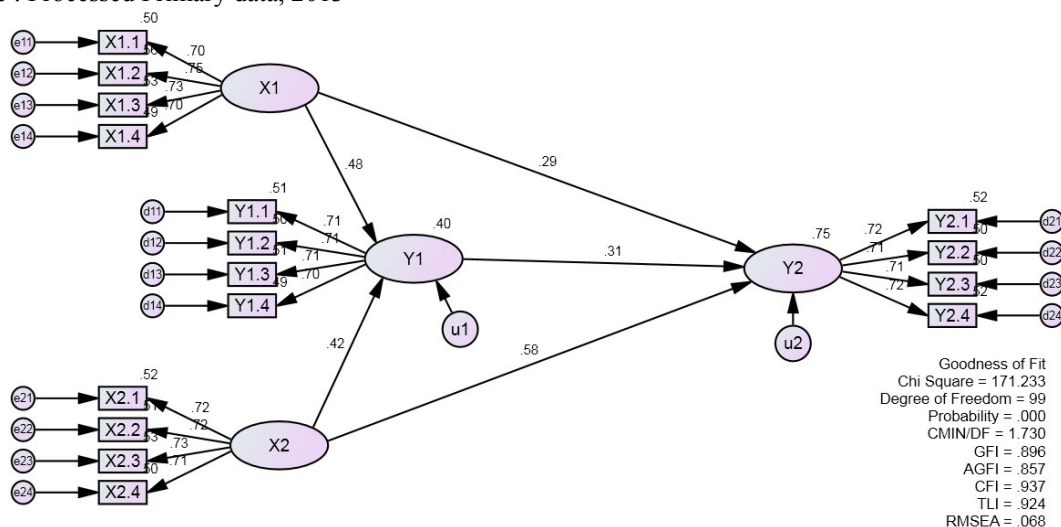
### 5.6 Direct, Indirect, and Total Effect Analysis

The following Table 8 present direct effect (direct effect), the indirect effect (indirect effect) and total effect (total effect) a causal relationship between green marketing, cosporate social responsibility, brand equity and customer loyalty:

**Table 8 Standardized Direct Effect, Indirect Effect, and Total Effect**

The Influence Independet to Dependent Variables	Direct Effect	Indirect Effect	Total Effect
Green marketing to brand equity	0,475	-	0,475
Corporate Social Responsibility to brand equity	0,421	-	0,421
Green marketing to customer loyalty	0,293	0,147	0,440
Corporate Social Responsibility to customer loyalty	0,577	0,131	0,708
Brand equity to customer loyalty	0,310	-	0,310

Source : Processed Primary data, 2013



The results showed a large chi-square is 171.233 greater than the cut off value of 123.23 ( $\chi^2$ Table with db: 101 and p: 5%) were still included in the marginal range. Probability value below the cut-off value of 0.05 is equal to 0.000. TLI values greater than the cut-off value of  $\geq 0.90$  is equal to 0.924. CFI has a smaller value than the cut-off value of  $\geq 0.95$  is equal to 0.937. CMIN / DF has a smaller value than the cut off value  $\leq 2.00$  is equal to 1.730. RMSEA has a value smaller than the cut-off value of  $\leq 0.08$  is equal to 0.068 entered in both categories and meet the requirements so that it can be said that the model used in accordance with the data and does not require modification of the model. The results showed the H1, H2, H3, H4, H5 and H7 received while H6 is rejected.

## 5. Conclusion

Based on data analysis and hypothesis testing, it can be argued conclusion of the study as follows:

1. Green marketing has a positive influence on brand equity. The results of this study indicate that each green marketing activities have an influence in shaping the brand equity of The Body Shop.
2. Corporate social responsibility has a positive influence on brand equity. The results of this study indicate that any corporate social responsibility have an influence in shaping the brand equity of The Body Shop.
3. Green marketing has a positive effect on customer loyalty. The results of this study indicate that each green marketing activities have an influence in shaping customer loyalty of customers of The Body Shop.
4. Corporate social responsibility has a positive effect on customer loyalty. The results of this study indicate that each kegian corporate social responsibility will increase customer loyalty of customers of The Body Shop.
5. Brand equity has a positive effect on customer loyalty. These results indicate that the positive brand equity will increase customer loyalty of consumers The Body Shop
6. Green marketing does not have a positive effect on customer loyalty to the brand equity as a mediating variable. The results of this study indicate that each green marketing activities conducted by The Body Shop and in mediation by the variables of brand equity will increase customer loyalty of customers of The Body Shop.
7. Corporate social responsibility has no positive effect on customer loyalty to the brand equity as a mediating variable. The results of this study indicate that any corporate social responsibility activities undertaken by The Body Shop and in mediation by the variables of brand equity will increase customer loyalty of customers of The Body Shop.

## 6. Implication

The results provide important implications for The Body Shop in its efforts to build customer loyalty, which is believed to be as effective and efficient way to increase the volume of business and expand market share in the competitive world of business conditions is increasingly sharply . Green Marketing shown to have a role on brand equity owned by The Body Shop and customer loyalty of consumers The Body Shop , so when The Body Shop plans to increase brand equity and customer loyalty can increase the green marketing activities undertaken by the company The Body Shop . Corporate social responsibility has proven the role of brand equity is owned by The Body Shop and customer loyalty of consumers The Body Shop , so when The Body Shop plans to increase brand equity and customer loyalty that can improve corporate social responsibility activities undertaken by the company body Shop .

## 7. Limitations of Research

Limitations of research in this study are as follows :

1. On average respondents is 3.82 this means that the majority of respondents tend neutral in providing answers and can not be said to fully agree or strongly agree on their perceptions of green marketing practices , corporate social responsibility , brand equity and customer loyalty at The Body Shop Surabaya .
2. This research was only conducted on consumers The Body Shop in the city of Surabaya . In the future research can be done by researching on consumers in other companies in the city of Surabaya or by expanding research areas such as in Indonesia's East Java or .
3. Variables used in this study is limited to the variables of green marketing , corporate social responsibility , brand equity and customer loyalty . For future research may add other variables not examined in this study were also affected customerl such loyalty and customer satisfaction, customer relationship marketing ( CRM ) .

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