



A STUDY ON THE ROLE OF EMOTIONAL BRANDING IN CUSTOMER RETENTION

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ABSTRACT

This exploratory study examines how emotional branding builds brand identity. Finnish Generation Y female consumers are the focus of the study. Traditional, practical branding has given way to emotional branding as global and regional marketplaces become more competitive. This research examines how emotional branding affects consumer happiness and loyalty, using customer satisfaction as a mediating variable. The quantitative study included 250 Indonesian customers who have interacted with emotional branding businesses. Emotional branding improves consumer happiness and loyalty. Consumer pleasure also strongly mediates emotional branding and consumer loyalty. The findings imply that emotional branding increases pleasure and loyalty, making it stronger and more sustainable. The research validates these correlations in Indonesia's rising market, adding to emotional branding literature. To maximize loyalty, companies must enhance emotional involvement with gratifying consumer experiences, according to management insights.

Keyword: Emotional Branding, Customer Satisfaction, Customer Loyalty,

1. INTRODUCTION

In today's fast-paced, consumption-driven economy, firms must engage with customers in innovative ways to prosper. Successful brands generate value for consumers and companies, giving them significant competitive advantages. As customers make more purchases based on emotional requirements, wants, and desires, only great companies remain competitive by



appealing to people emotionally. Marketers compete for customer attention, but a brand is superior to others only when it builds a deep, meaningful, and long-lasting connection with consumers. Brands must evoke emotions about their products and services and the whole consumer experience to achieve this.

Discusses differentiation challenges when growing competition makes typical business choices insufficient. Companies now see mental images and their methodical formation as important to success. Strong brand identities are becoming more important as businesses overwhelm the market. Thus, companies should humanize themselves to emotionally connect with consumers and boost their competitiveness via several advantages. Evoking emotions is difficult for marketers, but there are methods to use 9 emotional branding tactics to build brand personality. The intangibility of emotions makes the job harder. Personal style and fashion have long been used to express oneself.

Fashion is emotionally charged, thus many firms might benefit from a brand personality shoppers can relate to. Small market size and hefty labour costs plague the Finnish fashion business. According to some, Finnish fashion struggles to distinguish itself from Nordic fashion despite inventive designs and cuts. Even with brand exposure from TV and cinema product placement, exporting challenges remain. Brand personality thinking is highly popular among fashion and retail brands. Due to seasonal and trend changes and tough competition, these organisations have had to establish strong, adaptable brand personas that can meet customers' cultural and personal goals. This makes these firms suitable for analysing brand personality.

This thesis aims to be theoretical and managerial. The research will address brand perception, particularly brand personality, and emotional branding to expand understanding and contribute to Generation Y literature. The research examines how emotional branding affects customer perceptions and brand personality. This fashion and retail study seeks to understand how fashion brands exploit this connection. This thesis' normative contribution is emotional branding's practicality. 10.



Due to its strong position and iconic prominence in its native market, Marimekko, a renowned Finnish fashion and design firm, will be utilised as a case study on brand personality. The example will be investigated from a customer viewpoint to understand how emotional branding shapes Generation Y brand personality. While the primary goal is to comprehend the phenomena and examine the link between the two ideas, this study may help businesses create or enhance their market position.

2. LITERATURE REVIEW

Hiep et al (2024) used in metropolitan area networks, wide area networks, and local area networks. Changes to the network architecture are required to minimise the number of hops and the wavelength needed in order to maximise performance in such networks. By directly linking terminal nodes with an index difference, a linear array network with T terminal nodes is enhanced in this research. This is also known as a linear array with length extension. By clustering non-overlapping connections on the same wavelength, this enhanced linear array is examined to determine the minimum number of wavelengths needed to create all-to-all broadcast. According to the findings, the Augmented Linear Array reduces the wavelength needs by around 10% to 24% when compared to a linear array with a two-length extension. It also reduces the number of hops by 50%. However, compared to a linear array with a three-length extension, it uses 10% more wavelength, but it gives a 20% decrease in hop count.

Chahal et al (2017) obtained by means of a random sampling of 500 customers from the five nationalized banks located in Jammu City, North India: State Bank of India, Punjab National Bank, Industrial Credit and Investment Corporation of India, Housing Development Finance Corporation, and Jammu and Kashmir Bank. Using structural equation modelling, the study's hypotheses were examined. According to the study's findings, content marketing, a politeness system, a customer feedback survey, special treatment awards, loyalty and affinity programs, and loyalty and affinity programs all contribute significantly to retention equity. Brand value, loyalty, association, and awareness are all favourably impacted by retention equality, according to the study. This study contributes to the existing literature by creating and validating a customer



retention equity scale in Indian banking from the perspective of consumers. In order to demonstrate the impact of customer retention equity on brand value and its components, the study combines retention equity research with brand value. Future research should expand its scope to include measuring relational quality, customer equity, and customer loyalty in addition to customer retention equity and the relationship between brand value and customer loyalty.

Bing et al (2024) aspected of brand loyalty and customer retention in consumer durables. The report acknowledges evolving consumer tastes and a more knowledgeable and discriminating client base in this new age. Market trends, digitalisation, and smart technology in consumer durables are used to examine brand loyalty and client retention. To explore how brand loyalty affects customers' devotion to durable product brands, the study uses qualitative methods including interviews and data analytics. The research sheds light on modern brand loyalty characteristics. It also examines how brand loyalty affects customer retention indicators, including product quality, brand reputation, customer experience, and online platforms. The study's findings seek to help consumer durable firms modify their marketing and customer interaction strategies to create brand loyalty in the changing environment and improve customer retention in this new consumer preferences era.

Desai et al (1998) interested in and knowledgeable about the nuanced emotional drivers of consumption than academics. This article's emphasis is on the use of emotional persuasion strategy to assist companies in achieving their strategic goals of attracting, keeping, and growing their client base. This thesis is supported by a review of the body of existing literature and real-world instances. Following that, a series of propositions are put forth based on. These propositions not only look at the circumstances in which employing an affect-versus-cognition-based persuasion strategy aids brands in achieving the three strategic objectives mentioned above, but they also outline the impact of doing so on different outcome measures associated with each of the three strategic objectives.



3. METHODOLOGY

This quantitative, causal study examines emotional branding, consumer happiness, and loyalty. The study tests four based on emotional branding and consumer behaviour ideas from prior literature. In this research, Indonesian consumers have engaged with emotionally positioned companies. Customers of lifestyle and FMCG businesses who actively employ emotional branding techniques via narrative, social media campaigns, brand personalities, or cause-related marketing are studied to assure relevance and contextual validity. Respondents who emotionally interacted with a brand in the past six months were selected using purposive sampling. Indonesian cities including Jakarta, Bandung, Surabaya, and Yogyakarta provided data to improve generalizability. A model with three latent variables and several indicators requires a sample size of at least 10 times the maximum number of structural routes aimed at each construct, according to. For robustness, the research gathered data from 235 respondents, above the minimal threshold. Online Google Forms and social media surveys acquired primary data. Based on verified investigations, the questionnaire was created. Thompson's emotional branding scale examined emotional connection, brand narrative, and personal relevance. Overall rating and expectation fulfilment were used to quantify customer satisfaction. Attitudinal and behavioural intention were used to assess customer loyalty. All items were rated on a Likert scale from 1 (strongly disagree) to 5 (strongly agree). Data was verified for completeness, outliers, and normalcy before analysis. Descriptive statistics profiled responders. Construction dependability was assessed using Cronbach's alpha and composite reliability, with 0.70 or higher values acceptable. AVE was used to measure convergent validity at 0.50. The structural model and assumptions were tested using PLS-SEM. It's intricate and predictive. A latent concept model (Hair et al., 2019). Mediation research examined how emotional branding indirectly affects consumer loyalty via satisfaction. University research ethics committee approved this project. The study's goal was disclosed to participants, who provided anonymous replies for academic use. Individual responders' personal data was not gathered. This methodology is projected to provide accurate and valid insights into emotional branding and its effects on consumer happiness and loyalty in Indonesia, enriching theory and providing brand managers with practical advice.

4. RESULT AND DISCUSSION

Table 1 presents the demographic characteristics of the 235 respondents who participated in the study.

Table 1. Respondent Profile

Category	Subcategory	Frequency	Percentage (%)
Gender	Male	110	46.8%
	Female	125	53.1%
Age	21-30	76	32.3%
	31-40	80	34.0%
	Above 40 years	79	33.6%
Education Level	High School	81	34.4%
	Bachelor's Degree	74	31.4%
	Master's Degree	80	34.0%

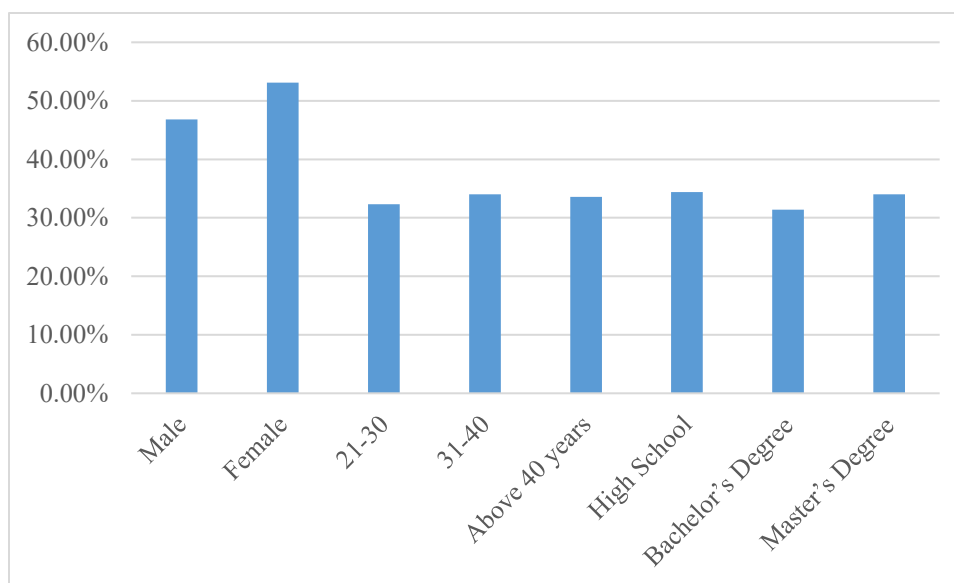


Fig.1 represent the percentage of Respondent Profile



Most respondents (53.1%) were female, showing that emotional branding methods may resonate more with women customers, keeping with earlier research demonstrating that women create deeper emotional attachments with businesses. The age distribution is young, with 32.3% of respondents aged 21–30, which is frequently more susceptible to emotional and experiential branding methods, particularly online. The data shows that 31.4% of respondents had bachelor's degrees and 34.0% had master's degrees. This relatively high educational attainment may affect how respondents understand emotional appeals, making them more skeptical or appreciative of brand narrative, social reasons, and brand personality characteristics. Managers must understand the demographic profile to contextualize the data and identify the client categories most sensitive to emotional branding.

Table 2. Construct Reliability and Validity

Construct	Composite Reliability (CR)	Average Variance Extracted (AVE)
Emotional Branding	0.93	0.74
Customer Satisfaction	0.90	0.70
Customer Loyalty	0.94	0.77

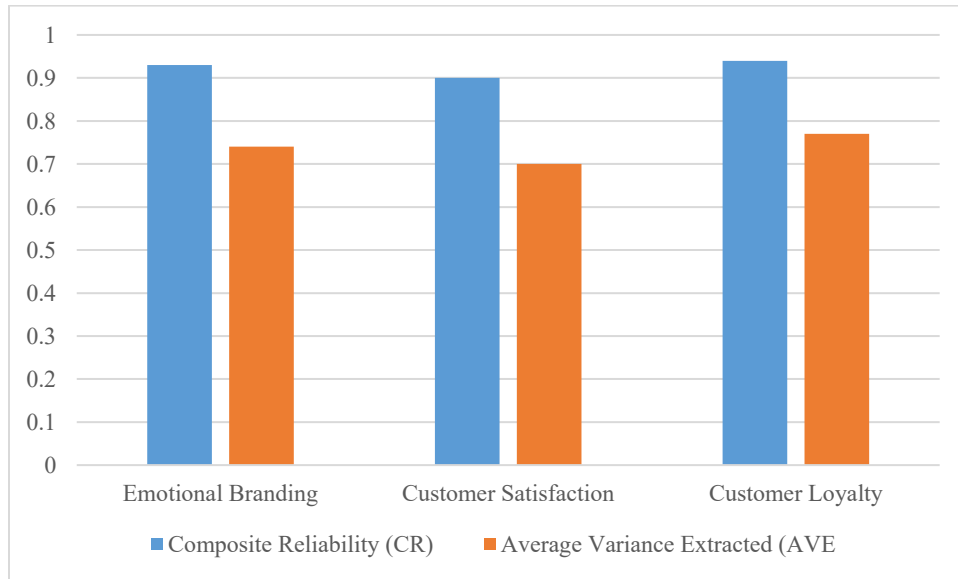


Fig.2 represent the Construct Reliability and Validity

Table 2 shows measurement model reliability and convergent validity outcomes. All constructions had composite reliability (CR) values between 0.90 and 0.94, above the acceptable 0.72. This shows that emotional branding, customer happiness, and customer loyalty indicators are dependable and internally coherent. More variation in the items is explained by their latent constructs than by measurement error. The high AVE value for customer loyalty (0.77) shows a high degree of shared variation across its measures, boosting trust in loyalty assessment. These findings demonstrate the study's instruments' reliability and validity.

Table 3. Discriminant Validity (Fornell-Larcker Criterion)

Construct	Emotional Branding	Customer Satisfaction	Customer Loyalty
Emotional Branding	0.87		
Customer Satisfaction	0.64	0.84	
Customer Loyalty	0.60	0.69	0.88

Table 3 shows Fornell-Larcker discriminant validity findings. Discriminant validity is verified when the square root of each construct's AVE (diagonal values) is greater than the construct correlations. The square roots of AVE for emotional branding (0.87), customer satisfaction (0.84), and customer loyalty (0.88) exceeded their inter-construct correlations in this research. This shows that each notion is empirically unique, making structural model interactions more confidently interpreted. It suggests that respondents could clearly distinguish between emotional involvement, satisfaction, and loyalty intentions, proving the measuring model's robustness.

Table 4. R-Square (R²) Values

Endogenous Variable	R ² Value
Customer Satisfaction	0.41
Customer Loyalty	0.58

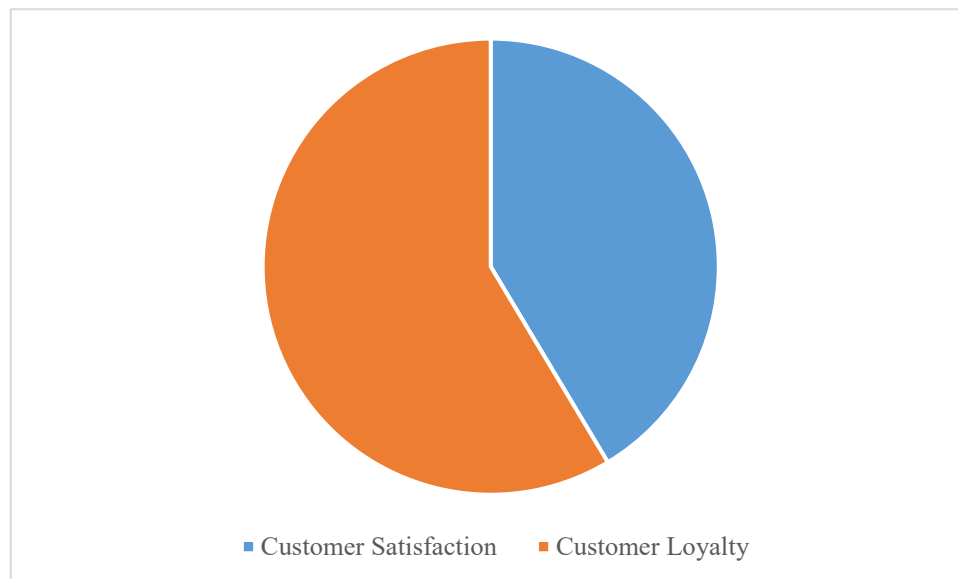


Fig.3 represent the R-Square (R²) Values

Table 4 shows the R² values for customer satisfaction and loyalty. An R² value of 0.41 indicates that emotional branding explains consumer satisfaction variation. The R² value of 0.58 for

consumer loyalty indicates that emotional branding and satisfaction jointly explain the variation in loyalty. The model has moderate to large explanatory power, as shown by the R² values. This degree of explanatory power is appropriate for behavioral sciences research and shows that the suggested model may explain a significant amount of customer behavior linked to emotional branding, satisfaction, and loyalty.

Table 6. Mediation Analysis Results

Path	Indirect Effect (β)	t-Statistic	p-Value	Mediation Type
Emotional Branding → Customer Loyalty	0.38	7.23	0.002	Partial

Table 6 presents mediation analysis findings. Statistics show that emotional branding indirectly increases client loyalty via satisfaction. Since both direct and indirect pathways are relevant, partial mediation is likely. While emotional branding directly affects loyalty, consumer happiness mediates a large part of its impact. In practice, brand managers should concentrate on emotional connection and guarantee that emotional branding leads to pleasant experiences. Only by doing so can emotional branding activities maximize loyalty results.

5. DISCUSSION

In Indonesia, emotional branding was examined to determine its impact on customer happiness and loyalty. Customers' contentment and loyalty are favorably influenced by emotional branding, with customer satisfaction functioning as a partial mediator. These findings have considerable management and theoretical significance. According to earlier research on customer evaluations' emotional aspects, emotional branding improves customer satisfaction. Theorized that emotional branding targets customers' values, goals, and emotions to deepen their psychological connection.



Higher brand pleasure is linked to emotional connection. A strong path coefficient between emotional branding and customer satisfaction confirms these in the present research, showing that businesses that engage emotionally are more likely to please consumers. The favorable but lesser direct influence of emotional branding on consumer loyalty shows that fulfilling brand experiences are needed to maintain loyalty.

Cognitive-affective paradigm, which holds that loyalty is built via recurrent satisfaction rather than initial pleasant affect. Thus, brands must complement their emotive storytelling with a good consumer experience. Much study has shown that customer pleasure directly affects consumer loyalty. Satisfaction is essential to loyalty. Even emotionally attractive brands could lose client loyalty if they don't satisfy expectations. Important management implications: Organizational excellence and service performance should be combined with emotional branding to maximize satisfaction and loyalty.

The study shows that customer pleasure somewhat mediates the emotional branding-customer loyalty link ($\beta = 0.38$). This shows that emotional branding increases commitment by boosting enjoyment. This research clarifies the emotional branding process by emphasizing contentment as a key tool for converting emotional ties into loyal customers. As said, emotions without fulfilment may stimulate early interest but not long-term commitment. This research validates consumer happiness as a mediator in the branding-loyalty connection, adding to emotional branding literature. It presents findings from Indonesia, a developing market environment under-represented in Western-focused emotional branding research. The results support emotional branding theories across cultures due to cultural variances in emotional expression and brand perception.

The results show that brand managers should not depend primarily on emotional storytelling and identification appeals. They must keep emotional branding tied to product or service satisfaction. Monitor consumer satisfaction to uncover discrepancies between emotional promises and real experiences. To build loyalty and emotional ties, emotional branding tactics should reflect local cultural values. In conclusion, emotional branding is a powerful driver of satisfaction and loyalty,



but it works best when supported by consistent, satisfying brand experiences. Future research could examine how consumer characteristics like emotional intelligence and brand involvement moderate the psychological branding-satisfaction-loyalty chain.

6. CONCLUSION

Emotional branding improves client pleasure and loyalty, according to Indonesian consumer statistics. Emotional branding directly affects consumer satisfaction, proving the theory that emotional appeals may boost brand perception. Furthermore, emotional branding significantly affected client loyalty, but less so than satisfaction. These findings demonstrate that emotional ties are important, but they work best with regular satisfaction.

As expected, customer satisfaction predicted customer loyalty, supporting loyalty models that see satisfaction as a key factor in long-term loyalty. The mediation research showed that customer pleasure partly mediates emotional branding and customer loyalty. This partial mediation shows that emotional branding works best when it connects emotionally and offers experiences that surpass consumer expectations. This study validates the emotional branding paradigm in Indonesia, adding a cross-cultural dimension to Western-focused research.

The report advises brand managers that emotional branding must be combined with exceptional service and real consumer experiences to build loyalty. This study emphasizes emotional branding's strategic value in consumer connection development. Brands that make emotional connections and satisfy customers are better positioned to build long-term loyalty in competitive marketplaces.

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