



Emotional Brand Attachment: A Factor Enhancing Customer-Bank Relationships

Yulihardi*¹, Muharti², Rizqa Anita³, Adi Rahmat⁴, Nor Balkish Zakaria⁵

¹Department of Management, Sekolah Tinggi Ilmu Ekonomi Riau, Indonesia.

²Department of Management, Sekolah Tinggi Ilmu Ekonomi Purna Graha, Indonesia.

³Faculty of Economics and Social Science, Universitas Islam Negeri Sultan Syarif Kasim, Indonesia.

⁴Faculty of Economics, Universitas Lancang Kuning, Indonesia.

⁵Accounting Research Institute, Universiti Teknologi MARA, Malaysia.

*Corresponding Email: rizqa.anita@gmail.com

Abstract

The rapid development of business, forcing the banking sector to be able to compete by generating competitive advantage. One way to maintain the existence of a company is to create an emotional attachment with their customers. With these attachments will have an impact on loyalty so as to generate profits for the company. The purpose of this paper is to analyze the effect of trust and involvement toward emotional attachment and bank loyalty. The research was conducted quantitatively with causal and descriptive research design. The amounts of sample are 240 participants. The data analysis technique used is the analysis of Partial Least Square (PLS). The results showed that all dimensions of trust and involvement affect significantly positive toward emotional attachment and bank loyalty.

Keywords: Customer trust, involvement, emotional attachment, customer loyalty.

1. Introduction

Free trade competition in the world economy that began in this century will obviously lead to opportunities, namely the opening of both domestic and international markets for domestic products, especially those with comparative and competitive advantages. However, it may also pose a threat to foreign product entry into the local market. To anticipate that competition, the company as an organization is demanded its ability to always be oriented to the market by adjusting the development of science and technology faster and better than its competitors.

No exception in the development of the banking sector, currently none of the banks that can circumvent the competition. Competition is not just a struggle for credit customers, but customers of savers and other bank service users. Each bank will try to win the competition, because if not the preservation of the bank's life would be uncertain.

Maintaining customer loyalty becomes a powerful way to cultivate low-cost funds. Some banks offer high interest rates that are sometimes almost equivalent to deposit rates. In addition to interest rate competition, the bank also held various promotional strategies by giving gifts and freeing the costs of customer banking transactions such as monthly administration fees, ATM fees, and so forth. No wonder the banks annually spend billions of dollars to create customer loyalty.

Furthermore, the increasingly high level of competition, to anticipate this, the company needs to continue to always create a special emotional relationship with their customers. By improving it is expected customer loyalty will be created which will ultimately lead to an increase in corporate profits.

A basic assumption of this research is that, at its most fundamental level, a bank's customer base can be thought to

comprise two groups of customers: customers who have switched from other service providers (whom we refer to as "switchers") and those who have not (the first time adapters whom we refer to as "stayers"). An understanding of how these customer groups differ in their attitude and behavior toward the bank might provide crucial insight for designing and implementing effective customer acquisition and retention strategies. Customer retention can occur without attitudinal loyalty, if for example, the customers are indifferent, or there are no other viable choices in the market.

This study aims to investigate the effect of trust and involvement toward emotional attachment and bank loyalty. The further study aims to explore the mediation role of emotional attachment on the effects trust and involvement toward loyalty of bank customer, especially, in Pekanbaru, Riau, Indonesia.

2. Literature review

The concept of customer loyalty has been extensively discussed in previous marketing literature (Day, 1969; Oliver, 1999; Srinivasan et al., 2002; Shankar et al., 2003; Floh and Treiblmaier, 2006). Customer loyalty has been defined as a deeply held commitment to repeat purchasing of a particular product or service (Oliver 1999; Rundle, 2005). Loyal customers have favorable attitudes towards the service provider (Srinivasan et al., 2002) and are also more inclined to recommend a favored service provider to other customers (Heskett et al., 1994; Cristopher et al., 2002). Thus, it is recognized that basically we are dealing with the concept of a customer's favorable attitude, repeat purchase behavior, and recommendation to others.

Emotional attachment and customer loyalty

One of the things that motivate customers to choose and connect to a certain product or service is emotions. The emotional connection between a company and its customers is formed gradually. We live in an emotional world, where feelings influence our decisions (Berry, 2000). For this reason, marketers often try to create an emotional connection between their brands and their customers. The possibility that customers can develop emotional connections to brands is suggested and supported in the academic literature (Berry, 2000; Thomson et al., 2005). This approach is based on Ganesh et al (1968) attachment theory, which suggests that the degree of emotional attachment to an object predicts the nature of the individual's interaction with that object (Thomson et al., 2005). Although attachment theory focuses on human relationships, previous research studies indicate that consumers may attribute human characteristics to brands, and may have a relationship with brands, just as they do with people (Aaker, 1997; Fournier, 1998).

Trust

Trust refers to the expectation that the trustee will behave in the best interests of the trustor (Yousafzai et al., 2003). In the service industry context, trust relates to customers' expectations and beliefs that their service provider will carry out actions as promised. This has been conceptualized as the consumer's confidence in a company's reliability and integrity (Morgan and Hunt, 1994), and hence its trustworthiness. Customers' trust is subject to their experience and evaluation of company actions (Moorman et al., 1993). Trust is significantly influenced by customer satisfaction (Moorman et al., 1993; Singh and Sirdeshmukh, 2000), and also has an effect on customer loyalty (Morgan and Hunt, 1994; Singh and Sirdeshmukh, 2000).

Involvement

Involvement was added as an exogenous variable, since emotions are related to a customer's involvement level (Thomson et al., 2005). In order to experience emotion, people must be involved; indifferent people don't love or hate. The concept of involvement refers to a consumer's subjective feeling of personal relevance (Celsi and Olson, 1988), and accounts for the extrinsic effect of customers' interest (Thomson et al., 2005).

Based on the preceding research observations, the following hypotheses were formulated:

H1: Customers' trust will positively correlate with customers' bank loyalty.

H2: Involvement will positively correlate with customers' bank loyalty.

H3: Customers' emotional attachment will positively correlate with customers' bank loyalty.

H4: Customers' trust will positively correlate with customers' emotional attachment to their bank.

H5: Involvement will positively correlate with customers' emotional attachment to their bank.

H6: Emotional attachment mediates the effect of customer trust on bank customer loyalty.

H7: Emotional attachment mediates the effect of involvement on bank customer loyalty.

3. Methodology

Data Collection

This research was conducted in Indonesia with population, bank customers who have been in contact with banks for more than 1 year. The amounts of sample are 240 participants. The research was conducted quantitatively with causal and descriptive research design. Through this research, researchers want to know how much relationship or influence between a variable with other variables. This study used quantitative research design that done once in a single period (single cross-sectional design). In this type of research, the activity of collecting data or information obtained from one sample type of respondent for one moment/time.

Measures

The measurement scale used is Likert scale. Techniques of collecting research data are to use the following methods of questionnaires to collect primary data needed. Scale items for variables (customer trust, involvement, emotional attachment, and bank loyalty) were developed from Levy (2016).

Data Analysis

The method used for hypothesis testing is path analysis with Partial Least Square (PLS) approach using WarpPLS 5.0 software application. PLS is a powerful tool for testing prediction models because it has the advantage of not based on assumptions, can be used to predict models with weak theoretical basis, can be used on data that have problems with classical assumptions (such as non-distributed data, multicollinearity and Autocorrelation problems), can be used for small sample sizes and can be used for formative and reflective constructs.

PLS is an analysis of variance-based structural equations that can simultaneously test the measurement model (outer model) as well as testing the structural model (inner model). The measurement model is used to test the validity and reliability through the algorithm iteration process so that the parameters of the measurement model, including the value of R^2 as the prediction model accuracy. While the structural model is used to predict the causality relationship between latent variables through the bootstrapping process that produces t-statistical test parameters to predict a causality relationship.

4. Results and discussion

Measurement Model Evaluation

The measurement model evaluation focused on testing the validity and reliability of variables. The table 1 revealed that the composite reliability for all variables (customer trust, emotional attachment, customer loyalty, and involvement) is above 0.70. This means that each variable has an internal consistency reliability (Hulland, 1999; Hair et al., 2012; Hair et al., 2014). The table 1 also shows that the value of AVE is more than or equal to 0.50. This revealed that each variable passes convergent validity test. Furthermore, Table 1 also shows that all the square roots of the average variance extract (AVE) are greater than the respective correlation between variables. That means that the instruments of the variable have strong related its own variable compared with the others variables and it passes discriminant validity test. Overall, measurement model analysis for testing the validity and reliability is satisfactory.

Structural Model Evaluation

This study aims to analyze the effect of trust and involvement toward emotional attachment and bank loyalty. The results of structural models evaluation are shown in Table 2.

Table 1: Reliability, convergent validity, and correlation

	Composite reliability	AVE	Correlation		
			Customer Trust	Emotional Attachment	Customer Loyalty
Customer Trust	0.965	0.872	0.934		
Emotional Attachment	0.901	0.604	0.564**	0.777	

Customer Loyalty	0.738	0.500	0.539**	0.662**	0.703
Involvement	0.909	0.713	0.618**	0.731**	0.607**

Note: Diagonal elements are the square root of the AVE statistics. Off-diagonal elements are the correlation between the latent variable calculated in the PLS

**Significant at $p < 0.01$.

Table 2: PLS results (path coefficient, p-value, and R^2)

Panel A. Direct Effect Without Mediation		
Variable	Path to	
	Customer Loyalty	
Customer Trust	0.285*	
Involvement	0.448*	
R^2	0.442	
Panel B. Full Model		
Variable	Path to	
	Emotional Attachment	Customer Loyalty
Customer Trust	0.163*	0.174*
Involvement	0.629*	0.199*
Emotional Attachment	0.419*	
R^2	0.558	0.509

* $p < 0.01$

Table 3: Indirect effects for paths with 2 segments

Indirect effects	Path coefficient	Standard errors	p-value
Customer trust → customer loyalty	0.068	0.038	$p < 0.05$
Involvement → customer loyalty	0.264	0.038	$p < 0.01$

Table 2 (see panel A) shows the direct effects of the independent variables, as well as the results of the hypotheses' testing. As has been noted, customer trust has a positive effect on customer loyalty ($\beta=0.285$). This result supports H₁. This also explains that high customer trust tends to make loyalty customer. Conversely, the low customer trust causes customer do not want to use the product again. Furthermore, the result also shows that involvement has a positive effect on customer loyalty ($\beta=0.448$). This result supports H₂. This also explains that highly involvement causes highly customer loyalty. In addition, the table 2 (see panel B) shows that customers' emotional attachment has a positive effect on customer loyalty. This result supports H₃ which explains that highly emotional attachment causes highly customer loyalty ($\beta=0.419$). This results (H₁, H₂ and H₃) consistent with findings from previous studies showing that customer loyalty was caused high trust of a customer to their product (Levy, 2016).

This study further aims to explore the indirect effects of trust and involvement toward the loyalty of bank customer through emotional attachment. Table 2 (see panel B) shows that customer trust has a positive effect on emotional attachment ($\beta=0.163$). This result supports H₄ which explains that high customer trust tends to cause highly emotional attachment. Furthermore, the panel 2 Table 2 also revealed that involvement has a positive effect on emotional attachment ($\beta=0.629$). This result supports H₅ which explains that high involvement causes high emotional attachment. In addition, Table 3 shows that emotional attachment mediates the effect of customer trust on bank customer loyalty ($p < 0.05$). This explains that high trust from customer tends to cause high emotional attachment, and eventually, it causes bank customer loyalty. The table also revealed that emotional attachment mediates the effect of involvement on bank customer loyalty ($p < 0.01$). This explains that high involvement which feels of customer tends to cause bank customer loyalty with high emotional attachment. Conversely, the low trust and involvement causes low emotional attachment, and eventually, it causes customer do not want to use the product again.

5. Conclusion and limitations.

This research suggested a conceptual and empirical framework examined the mediation role of customer emotional attachment with their bank in the effects trust and involvement toward bank customer loyalty. This study found that emotional attachment plays a critical role in the effects customer trust and involvement

toward bank customer loyalty. The high customer trust would make the customer's feel strong emotional attachment between them and their bank. In this condition, they more trust to uses services that given by the bank. Moreover, the customer involvement to the bank providing accurate information and the ability to respond to problems occurring relating to customers will be directly able to make strong emotional attachment between the customer and their bank. Eventually, the strong customer emotional attachment tends to cause them reuse bank services.

This study raises some practical implications for the manager at banking industries of enhances understanding antecedents of bank customer loyalty. The findings provide implies the need for bank companies to focus on high customer loyalty. If the emotional attachment is below expectations then the customer will not be loyal. Customer loyalty would achieve if the affective or emotional processes formed from trust and involvement of the bank to its customers are met.

This study has some limitations related to the generalization of finding. First, the data collection in the present study comes from the customer of banking industries in Pekanbaru, Riau, Indonesia. Second, the present study focused on selected antecedents of customer bank loyalty such as trust, involvement, and emotional attachment. The future study also is interesting to explore antecedents of the customer loyalty.

References

- [1] Aaker, Jennifer L., 1997. Dimensions of brand personality. *JMR, Journal of Marketing Research*. Pg 347
- [2] Aldlaigan, A., & Buttle Francis., 2005. Beyond satisfaction: customer attachment to retail banks. *The International Journal of Bank Marketing*.
- [3] Berry, Leonard L., 2000. Cultivating Service Brand Equity. *Academy of Marketing Science Journal*. Pg 128
- [4] Buttner, Oliver B & Anja, S. Goritz., 2008. Perceived trustworthiness of online shops. *Journal of Consumer Behavior*.
- [5] Christopher, Martin, Payne A, & Ballantyne David., 2002. *Relationship Marketing, Creating Stakeholder Value*. Butterworth Heinemann.
- [6] Day, George S., 1969. A Two-Dimensional Concept Of Brand Loyalty. *Journal of Advertising Research* Vol 9 No.3
- [7] Flavian, Carlos. & Guinaliu Miguel., 2006. Consumer trust, perceived security and privacy policy, Three basic elements of loyalty to a web site. *Industrial Management & Data Systems* Vol. 106 No.5

- [8] Floh, A. & Treiblmaier, H., 2006. What Keeps The E-Banking Customer Loyal? A Multigroup Analysis of the Moderating Role of Consumer Characteristics on E-Loyalty in the Financial Service Industri. *Journal of Electronic Commerce Research* Vol 7, No. 2.
- [9] Fournier, S., 1998. Consumers and Their Brands: Developing Relationship Theory in Consumer Research. *Journal of Consumer Research, Inc.* Vol 24.
- [10] Ganesh, J. Arnold, Mark J. & Reynolds, Kristy E., 1968. Understanding the Customer Base of Service Providers: An Examination of the Differences Between Swithers and Stayers. *Journal of Marketing*, Vol 64: 65-87.
- [11] Garbarino, E. & Johnson, Mark S., 1999. The Different Roles of Satisfaction, Trust, and Commitment in Customer Relationships. *Journal of Marketing*, Vol 63: 70-87.
- [12] Grisafe, Douglas B. & Nguyen, Hieu P., 2011. Antecedents of emotional attachment to brands. *Journal of Business Research*.
- [13] Hair, J. F., Sarstedt, M, Ringle, C. M., and Mena, J. A., (2012). An assessment of the use off partial least squares structural equation modeling in marketing research. *Journal of the Academy of Marketing Science*, 40(1), 414-433.
- [14] Hair, Joe, F., Marko, S., Lucas, H., and Volker, G., (2014). Partial least squares structural equation modeling (PLS-SEM): an emerging tool in business research. *European Business Review*, 26 (2), 106-121.
- [15] Haskett, James L. Jones, Thomas O, Loveman, Gary W, Earl, W Sasser Jr, & Sclesinger, Leonard A., 1994. Putting the Service-Profit Chain to Work. *Harvard Business Review*.
- [16] Kassim, Norizan M. & Nor Asiah Abdullah., 2008. Customer Loyalty in e-Commerce Settings: An Empirical Study. *Electronic Markets*, Vol 18 No.3.
- [17] Lam, Shun Y, Shankar, V. Erramilli, Krishna M. & Murthy B., 2004. Customer Value, Satiisfaction, Loyalty, and Switching Costs: An Illustration From a Business-to-Business Service Context. *Journal of the Academy of Marketing Science*, Vol 32 No.3: 293-311.
- [18] Levy, S., 2016. Emotional brand attachment: a factor in customer-bank relationships. *International Journal of Bank Marketing*, Vol 34.
- [19] Malar, L. Krohmer, H. Hoyer, Wayne D. & Nyffenegger, B., 2011. Emotional Brand Attachment and Brand Personality: The Relative Importance of the Actual and the Ideal Self. *Journal of Marketing*, Vol 75: 35-52.
- [20] Marinkovic, V. & Obradovic, V., 2014. Customers' emotional reactions in the banking industry. *Journal of Marketing*, Vol 75: 35-52.
- [21] Moorman, C. Deshpande, R. & Zaltman, G., 1993. Factors Affecting Trust in Market Research Relationships. *Journal of Marketing*, Vol 57: 81-101.
- [22] Morgan, Robert M. & Hunt, Shelby D., 1994. The Commitment-Trust Theory of Relationship Marketing. *Journal of Marketing*, Vol 58: 20-38.
- [23] Oliver, Richard L., 1999. Whence Consumer Loyalty?. *Journal of Marketing*, Vol 63: 33-44.
- [24] Park, C Whan. MacInnis, Deborah J. Priester, J. Eisingerich, Andreas B. & Lacobucci, D., 2010. Brand Attachment and Brand Attitude Strength: Conceptual and Empirical Differentiation of Two Critical Brand Equity Drivers. *Journal of Marketing*, Vol 74: 1-17.
- [25] Pham, Michel T. Cohen, Joel B. Pracejus, John W. & Hughes, David G., 2001. Affect Monitoring and the Primacy of Feelings in Judgment. *Journal of Consumer Research, Inc*, Vol 28.
- [26] Rundle, S., 2005. Exploring loyal qualities: assessing survey-based loyalty measures. *The Journal of Service Marketing*.
- [27] Shankar, V. Smith, Amy K. & Rangaswamy, A., 2003. Customer satisfaction and loyalty in online and offline environments. *International Journal of Research in Marketing*.
- [28] Singh, J. & Sirdeshmukh, D., 2000. Agency and Trust Mechanisms in Consumer Satisfaction and Loyalty Judgments. *Journal of the Academy of Marketing Science*, Vol 28 No.1: 150-167.
- [29] Srinivasan, S. S. Anderson, R & Ponnayolu, K., 2002. Customer loyalty in e-commerce: an exploration of its antecedents and consequences. *Journal of Retailing*.
- [30] Sukoco, B M. & Hartawan, R A., 2011. Pengaruh Pengalaman dan Keterikatan Emosional pada Merk Terhadap Loyalitas Konsumen. *Jurnal Manajemen Teori dan Terapan* 4 No.3.
- [31] Szymanski, David M. & Henard, David H., 2001. Customer Satisfaction A Meta-Analysis of the Empirical Evidence. *Journal of the Academy of Marketing Science*, Vol 29 No.1: 16-35.
- [32] Thomson, M. MacInnis, Deborah J & Park, C Whan., 2005. The Ties That Bind: Measuring the Strength of Consumers' Emotional Attachments to Brands. *Journal of Consumer Psychology*.
- [33] Vlachos, Pavlos A. Theotokis, A. Pramataris, K & Vrechopoulos, A., 2010. Consumer-retailer emotional attachment. *European Journal of Marketing*, Vol 44 No.9/10.
- [34] Yousafzai, S Y. Pallister, J G. & Foxall, G R., 2003. A proposed model of e-trust for electronic banking. *Technovation* 23, 847-860.
- [35] Yu, Yi-Ting. & Dean, Alison., 2001. The contribution of emotional satisfaction to consumer loyalty. *International Journal of Service Industry Management*.