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ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT
MBA-PROGRAMME-MANAGEMENT

THE EFFECT OF EMOTIONAL BRANDING ON BRAND LOYALTY. THE
MEDIATING ROLE OF CUSTOMER SATISFACTION IN THE CASE OF ARADA
BEVERAGE BRAND.

BY:

FIREHIWOT WORKU

A THESIS SUBMITTED IN PARTIAL FULLFILLMENT OF THE REQUIRMENTS FOR
THE MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE

ADVISOR:

DR. LAKEW ALEMU, PHD

MAY 2023

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STATEMENT OF DECLARATION

I, the undersigned, declare that this study entitled “Effect of Emotional Branding on Brand Loyalty. The Mediating Role of Customer satisfaction in the case of Arada Beverage Brand” is my original work and the whole thesis has been done through the guidance and support of my DR. Lakew Alemu (PhD). I can guarantee that this paper has not been submitted to this or any other universities for consideration for a degree or postgraduate program.

Name: Firehiwot Worku

Signature: _____

Date: _____

STATEMENT OF CERTIFICATION

Written by Firehiwot Worku, this thesis entitled “Effect of Emotional Branding on Brand Loyalty. The Mediating Role of Customer satisfaction in the case of Arada Beverage Brand” and submitted in partial fulfillment of the requirements for the Degree of Master in Business Administration Department of Managment and meets the accepted standards with respect to originality and quality and complies with the regulation of the University.

Advisor: DR. Lakew Alemu (PHD)

Signature: _____

Date: _____

Addis Ababa University

College of Business and Economics

This is to certify that the research entitled, “Effect of Emotional Branding on Brand Loyalty. The Mediating Role of Customer satisfaction in the case of Arada Beverage Brand” was carried out by **Firehiwot Worku** under the supervision of **DR. Lakew Alemu (PhD)** submitted in partial fulfillment of the requirements for the degree of Master of Business Administration fulfills with the regulations of the University.

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ABSTRACT

In order to determine the influence of emotional branding on brand loyalty through the mediating role of customer satisfaction, the study concentrated on Ethiopia's Arada beverage brand. This study used a survey research technique, a quantitative approach, and an explanatory research design as its research methodology. 371 consumer questionnaires were then gathered using a time-location sampling method. Explanatory analyses were used throughout the investigation to discover patterns and trends in the data and to demonstrate a cause-and-effect relationship. The data that was gathered was examined using SPSS. The measurement satisfies the criteria for construct validity and reliability. Pearson's correlation test was used to examine the relationship between the dependent and independent variables. Through the mediating effect of customer satisfaction, Baron and Kenny's regression as well as Sobolev analysis were employed to assess the effect of emotional branding on brand loyalty. The empirical results of the study showed that brand loyalty is mediated by customer satisfaction by emotional branding. which led to the conclusion that customer satisfaction acts as a mediator in the relationship and that brand loyalty is in fact explained by emotional branding. The study recommended that gearing marketing towards emotional branding by emphasizing the relationship connection to consumers can prove successful to beverage companies in Ethiopia.

Key words: emotional branding, customer satisfaction, brand loyalty

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Acronyms

BA-Brand Association

BL-Brand Loyalty

BP-Brand Personality

CBE-Consumer Brand Engagement

CF-Customer satisfaction

EB-Emotional Branding

PQ-Perceived Quality

SEM- Structural Equation Model

TLS-Time Location Sampling

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The right strategy for brand management is important for modern companies, sales and profit generation is impossible if the buyers do not have the company's product on their characteristics and advantages (Seturi et al.,2018). Branding can strengthen reputation, increase loyalty, maintain the perception of a greater value (Healey, 2008).

Brand is not a new concept, however, it has evolved significantly over the last century (Kotler 2012), for instance the phenomenon of emotional branding emerged in the second half of the twenty century (Maller, 2011). A brand is a set of tangible and intangible characteristics created to increase recognition and identification as well as to build the reputation of a good or service, personality, location, or company (Tanya, 2015). Features, benefits and services can be encompassed in a brand (Kotler, 2012). According to Neumeier (2003) a brand is not what a company claims it is, but rather how customers perceive a brand.

Emotional branding is more than branding as it gives emphasis to the human connection. Brand inspires a feeling, an emotion (Neumeier, 2003) and emotion creates attitude which eventually forms behavior (Elliott et al., 2015). According to Marc emotional branding can be successfully made when a brand; considers their customers as people and provide a product that not only covers a basic need but also fulfills customers' expectations, shape a relationship of trust and loyalty and communicate well with their audience to build a strong bond (Gobe, 2010).

In terms of consumer behavior and customer appeal, emotional branding helps businesses improve their marketing tactics. This technique also helps marketers position their brands in a way that will appeal to the emotions of their most valuable customers (Castillo, 2018). In order to reduce the number of perceived substitutes in the market, increase price elasticity, and increase profitability, branding strategy aims to create brands that stand out from the competitors (Tanya, 2015). According to a study by Roberts (2015), as marketing moves to an integrated approach, businesses are improving to behave like individuals to be more intimate and act like humans.

A Brand is a construct that consumers remember and reflects their perceptions (Keller, 2015). Emotional intervention has been shown to be more effective than non-emotional commercials by more than 50%; This emotional aspect of advertising and marketing can be achieved by evaluating each of these needs and developing solutions to meet them (Rockcontent, 2021). Brand should be a notion to consumer's emotions and behaviors; thus, a company must understand those emotional characteristics in order to reach them (Ho, 2017)

In an era when firms struggle to make their brands stand out, the ultimate solution appears to be the creation of sensuous and emotional consumer-brand connections. In this way, marketers hope to create stronger, longer-lasting brand bonds among customers (Sonntag, 2012). Customer appeal spans the range from childhood to status, and these businesses share a strong emotional bond with their clients (Vijayakanthan et al., 2020). All brands have a functional component some brands compete on their functional element but for this strategy to work the demand must be exceeding the supply by a greater amount, thus generating an emotional response is needed from most brands (Elliott et al., 2015).

Businesses now recognize the significance of customer retention over acquiring new ones, and they also understand the advantages of brand loyalty (Moolla, 2010). One of the most crucial factors taken into account to explain why consumers choose certain brands is the idea of brand loyalty (Jensen et al, 2006). Recurring clients are more profitable than new consumers, according to the original theory underpinning brand loyalty (Roberts, 2015). One of the most crucial factors for managers to take into account is brand loyalty in order to increase client retention, which will have a beneficial effect on the profit margin (Abubakar, 2014).

Another factor that is vital and determines a business's success is customer satisfaction (Khadka et al., 2017). According to Oliver (2010) the idea of customer satisfaction can be described as a consumer fulfilment reaction in which consumers are satisfied with the product or service that they have purchased. Grigoroudis et al. (2009) states that under modern business philosophy business should be customer focused and the implementation of the key principles of continuous improvement, justifies the need for assessing and measuring customer satisfaction.

This study was conducted Komari beverage PLC on the Arada brand, it is the first hard seltzer drink in Ethiopia. Komari entered the Ethiopian beverage sector with its debut Arada drinks with Lime, Apple and Pineapple flavors.

1.2 Statement of the Problem

According to a world bank group (2019) report Ethiopia has made progress towards the path of development and that the country remains an ideal destination for foreign direct investment. Ethiopia represents a large untapped consumer market as the country is the second most populous country in Africa and in light of this substantial investments have been made in the beverage industry (Gqebhra, 2016); also states that there are now over 16 beer brands competing in the market, offering a growing variety of beers and non-alcoholic malt drinks, thus building brand loyalty through emotional branding might provide a competitive advantage in a competitive business with similar products.

According to Access Capital report (2010) with the rapid rise in population beer demand is yet to increase. International beverage companies now dominate the Ethiopian market and this firms are changing the industry for the better in various ways including how they communicate to customers (Habtamu, 2021).

Studies on brand loyalty have been carried out in Ethiopia. Ibrahim (2014) used Ethiopian Airlines as a case study in a study to assess the impact of brand image on customer satisfaction and loyalty. The study's objectives were to determine the extent to which brand image affects customer loyalty and the role of customer satisfaction as a mediating element. The findings demonstrate that brand image benefits, such as practical, symbolic, and experiential benefits, have a beneficial impact on consumer perception, which in turn influences customer satisfaction and loyalty. Customer pleasure appears to mitigate the relationship between the benefits of a strong brand image and client loyalty. Another study by G/Selassie (2018) looked at how branding influenced visitors' preferences for several hotel chains in Hawassa. It discovered that brand experience has a considerable impact on customer preference.

According to Al-Msallam (2015) customer satisfaction and brand loyalty have become key topics in marketing, and both consumers and organizations can gain significant advantages from brand loyalty. Customer happiness has grown in importance as a measure of a company's performance as well as a factor in determining how well new goods can solve problems (Loyaltyb, 2013). Customer loyalty and satisfaction therefore form a crucial relationship. It has been discovered from

prior study that brand loyalty increases customer satisfaction. For instance, Sharma, A. et al. (2020) discovered that a customer's satisfaction increases as a result of brand loyalty. Increased sales and profitability result from happy clients. Customer satisfaction and brand loyalty have a positive and significant association, claim Ahmed et al. (2014). Another experiment produced results that were comparable. The influence of emotional bands on brand loyalty through the establishment of customer satisfaction connections has, however, received little research.

As previously stated, few attempts have been made to explore the effect of emotional branding on brand loyalty and customer satisfaction as a mediating factor. The current study was driven by the necessity to address this knowledge gap and the desire to test hypotheses and studies to improve researchers' understanding of the relationship between the two factors. Moreover, the majority of studies on brand loyalty have been undertaken by western country researchers and only a few studies have been conducted on the topic of emotional branding and brand loyalty, with a focus on brewing startup companies in Ethiopia. In addition, to the gap stated above most of the research done is in a middle or high-income country. The relationship of emotional branding and brand loyalty should be studied in low-income economies such as Ethiopia to apply different emotional marketing tools and theories. Furthermore, this research used a situational factor, customer satisfaction, as a mediator to study the relationship of emotional branding and band loyalty.

As a result, it is necessary to close the knowledge gap. From the above-identified research problem, the following research objectives are put forth.

1.3 The Objective of the Study

1.3.1 General Objective

- To determine the effect of emotional branding on brand loyalty with customer satisfaction as a mediating variable

1.3.1 Specific Objectives

- To determine emotional branding dimensions that makes a customer loyal to a brand
- To identify the relationship between emotional branding and brand loyalty

1.4 Research Questions

The research tried to address the following questions

- What is the effect of emotional branding on brand loyalty with customer satisfaction as a mediating variable?
- What are the main emotional branding dimensions that make a customer loyal to a brand?
- What is the relationship between emotional branding and brand loyalty?

1.5 Significance of the Study

The findings of the previous studies suggested a need and recommendation for further research in the area of study. As very few attempts have been made to explore the effect of emotional branding on brand loyalty and customer satisfaction as a mediating factor. The research hopes to create more understanding of the relationship between emotional branding and brand loyalty through the mediator variable. Moreover, the research data that was collected will be reliable, thus the findings was used to fill out gaps in the organization as well as other organizations in other sectors.

1.6 Scope of the Study

The covered the brand Arada and the survey included customers in the capital city of Addis Ababa. The study was conducted during events for the brands customers by the beverage companies. The study investigated the effect of emotional branding on brand loyalty and also the mediating effect of customer satisfaction on the relationship between emotional branding and brand loyalty.

CHAPTER TWO

LITERATURE REVIEW

INTRODUCTION

The literature review is a critical component of research that provides a comprehensive overview of existing literature related to a particular research topic. It serves as a foundation for the research by identifying gaps in the literature and informing the research questions. The review of literature is essential for providing context to the research and demonstrating the significance of the study. By examining existing research and identifying areas that have not been explored, the literature review can help researchers develop a clear understanding of the research problem and formulate hypotheses that can be tested through empirical research. In this way, the literature review is an integral part of the research process, informing the methodology, analysis, and interpretation of results.

2.1 Theoretical Literature Review

2.1.1 Emotional Branding

Emotional branding is described as customers developing a deep, long-term, intimate emotional connection with a brand that goes beyond benefit-based satisfaction and results in a particular trust-based relationship that allows for the development of a comprehensive emotional experience (Morrison et al., 2007). Emotional brand connections, or strong psychological links with brands, are clearly linked to greater levels of firm performance and competitive advantage (Malar et al., 2011). Furthermore, Key et al. (2008) discovered that the human brain has a target (or object or stimulus) and blueprint that aids in the recognition and anticipation of following emotional cues and reactions. As stated by Kim et al. (2014) consumers' motivations for purchasing specific brands or shopping trips have moved from obtaining high-quality products at lower prices to getting emotional rewards from their consumer experiences.

According to Jamwal et al. (2014) consumer responses are not always cognitive and reasonable; they can also be emotional and trigger a variety of emotions, a consumer may feel proud, excited, or confident after using a brand or product. An advertising can make you feel amused, disgusted, or amazed. Emotions are intense, relatively uncontrollable feelings that influence our actions. Emotions have a significant impact on customer behavior, emotion is a term that is regularly and

commonly used to refer to feelings for example, an individual who is overjoyed may opt to buy a chocolate for himself and a friend. When consumers are depressed, they frequently indulge in excessive shopping.

In the late 1990s, emotional branding surfaced as a self-proclaimed remedy for the flaws of the traditional benefit-driven approach to branding as Gobe (2001) stated. Brand loyalty is described as a long-term, committed, and affect-burdened alliance used to describe consumer-brand ties, and emotional branding establishes itself as a crucial factor in fostering this bond (Fournier, 1998). According to Thompson et al. (2006) the emotional branding perspective, groups must recognition on constructing strong and big emotional relationships with clients which will actively enhance their lives and come to be a part of their recollections and social networks.

Businesses employ emotional branding to entice customers by appealing to their desires, aspirations, dreams, and egos (Acharya, 2019). Maintaining emotional branding strategies and developing emotional brand experiences (Morrison et al., 2007) argued, necessitates an integrated strategy.

According to a recent scale devised by Singla et al. (2019) emotional branding can be measured through the following three dimensions

2.1.2 Perceived Quality

According to Zeithaml (1988), perceived quality is the customer's assessment of a product's superiority, and Dodds et al. (1991), perceived first-class is the customer's evaluation of a product's superiority. Perceived first-class is a purchaser's evaluation of a emblem's average excellence primarily based totally on each intrinsic (overall performance and durability) and extrinsic (purchaser feedback). Garvin (1984) proposed five quality definition approaches: transcendence, product-based, user-based, manufacturing-based, and value-based, the transcendent approach is philosophic in character, proposing that, quality cannot be accurately be defined; Quality is a measurable variable in the product-based approach in other words the user-centered approach represents a very subjective and idiosyncratic notion of quality.

The most subjective characteristics of quality, according to Garvin (1984), are aesthetics and perceived quality. According to Baker and Fesenmaier (1997), perceived service quality is one of

the most important criteria for firms to achieve long-term competitive advantages. Furthermore, Anderson et al. (1994) state that perceived quality can be thought of as a consumer's assessment of the company's present performance, and that this action has a favorable impact on their attitudes and behavior intentions toward the supplier.

The perceived quality of a product has a direct impact on purchasing intent. Customers have preconceived notions about the product's quality, price, and style before purchasing it. Because it has direct relationships that affect each other, buying intention increases as well as lowers after utilizing the product. When the quality is great, the customer's desire to buy is also high (Saleem et al., 2015). According to Baltas et al. (2007), as well as Bao et al. (2011), perceived quality is one of the most important elements in explaining store brand tendency and purchase intention. The quality of a product is determined by how well it meets the needs of users, which may include a variety of features, and how well it improves the product's performance (Dunk, 2002). Snój et al. (2004) perceived quality consequences from the contrast of purchaser expectancies with the real overall performance of a brand or product.

Dodds et al. (1991) stated that consumers benefit from perceived quality since it gives them a reason to buy and distinguishes the brand from competitors. Quality can be defined in terms of the moment when the consumer receives information or cues about the characteristics of the product while shopping for or consuming it, as quality can be defined in terms of the moment when the consumer receives information or cues about the characteristics of the product while shopping for or consuming it. It also means that consumers' perceptions of quality vary depending on a variety of factors such as when they buy or consume a product, as well as where they buy or enjoy it. When making a purchase, the consumer's inferred opinion of quality from the brand takes precedence over the price.

2.1.3 Brand Association

According to Jamil et al. (2010), brand association is defined as the strength of the brand's benefits. The information about what is on the customer's mind regarding the brand, whether favorable or negative, is linked to the node of the brain memory (Emari, 2012). Brand association can be used as a broad saying to express a link between two nodes, according to Krishnan (1996). Wright et al. (2007) argued that, because most brand associations are tied to brand attributes, the target

consumer market, and the advantages that customers require, they form the foundation of brand loyalty and purchasing decisions.

The advantages of brand associations are that customers will talk about them and tell others about them (Ismail et al, 2020). The stronger the consumer's brand awareness, the more distinct the consumer's brand association (Homburg et al., 2010). Consumers' brand connections are greater when they have a good memory association with the brand (Aaker, 1991). Free association tests, in which subjects are asked what comes to mind when they think of the brand without any more specific probe or cue than possibly the related product category, are the simplest and frequently most powerful technique to profile brand connections. Biel (1991) stated that brand association variables aid in the development of a brand's image.

Brand associations, according to Chen (2017), maybe the greatest way to communicate product features that may attract customers. According to et al. (2009), in today's corporate climate, customer happiness is extremely crucial. According to research by Boisvert (2016), businesses should use their affiliations, brand association, to their advantage.

2.1.4 Brand Personality

The set of human traits linked with a brand, is how brand personality is properly described by Keller (1993). Aaker (1996) underlined the relevance of the necessity for empirical research, as well as the function of brand personality in establishing brand power. Aaker (1997) established a new assessment scale for gauging brand personality along five dimensions based on her study after identifying the need for further empirical research. Sincerity, enthusiasm, competence, sophistication, and ruggedness were the five dimensions. However, none of the research have looked at how brand personality influences critical marketing characteristics like brand loyalty.

The personality of a brand enables people to see qualities in it that they desire, leading to a desire to engage with it according to Aaker (1996). One of the most frequently discussed aspects of a brand is its personality states De Chernatony, et al. (1998). According to McCracken (1989), the psychological features of people affiliated with the brand are thus immediately transmitted to the brand.

2.1.5 Theories of Emotional Branding

Schmitt's theory and the concept of branding according to Marc Gobe explore what emotional branding is and how it can be an effective marketing tool.

2.1.5.1 Schmitt's Theory

According to Schmitt consumer's sense (sight, sound, touch, taste and smell) can be appealed with sense marketing i.e. this type of marketing appeals to inner feelings and emotions (Schmitt, 2011). Using a variety of means, marketing artists rethink the traditional norms of communication between businesses and customers, focusing on emotion as real and tangible evidence of the veracity of a message. Consumers have the opportunity to try and buy products more consciously and focus more on their desire to own them, thanks to the experiences and emotions they feel in the moment (Rome business school, 2015).

One of the basic concepts of experiential marketing is that when considering value, it is not only in consumer goods but also in the information processing about the product or service as consumption experiences also have value (Schmitt, 2011).

2.1.5.2 Gobe's Ten Commandments of Emotional Branding

Bringing brand into life and infusing it with emotion is well explained by Gobe (Lafferty, 2001). The interaction of music, colors, images, scent and taste creates a memorable and emotional brand that increases brand preference and loyalty (Lafferty, 2001).

Gobé (2001) identified four crucial pillars that make up the emotional branding process and form the framework for a fruitful emotional branding. They are as follows: Relationships entail having a strong bond with and respecting your customers as well as providing them with the desired emotional experience; The goal of sensory experiences is to build an emotional connection with a brand that will lead to brand preference and loyalty; Imagination focuses on individuals and the role that marketers play in improving people's lives through beauty; The key to a brand's long-term success is its vision.

To show the new aspects of emotional branding from that of the traditional concepts Gobe tried to explain using ten commandments for a brand to become preferred; 'from consumers to people' and 'from product to experience' are the first two commandments and focus on product and connections between buyer and consumers. And then branding goes on building trust, as it is one

of the most vital elements in branding which paves its way to consumer's preference. The next commandment according to Gobe is a brand being aspirational and then the brand enables consumers to feel and have a deeper emotional connection. From ubiquity to presence commandment stage a permeant connection to a brand is crated as the presence of the product or service is creating an impact on users. A two-way conversation with consumers or a dialogue is encouraged and then the last stage forging a relationship with consumers and having loyal users is established (Gobe et al., 2010)

2.1.2 Customer Satisfaction

Nick (2004) stated that, in marketing theory and practice, the concept of customer satisfaction plays a critical role. Satisfaction is a key outcome of marketing efforts because it connects the processes that lead to purchase and consumption with post-purchase phenomena including attitude shifts, repeat purchases, and brand loyalty. The concept's importance is demonstrated by its inclusion in the marketing concept that profits are made by satisfying customer demands and wants. Individual expectations have a big impact on customer satisfaction. Some definitions are based on the observation that customer pleasure or discontent is the result of individual expectations about a service or product being confirmed or disproven. Experts say that rather than asking if consumers are satisfied, they encourage businesses to figure out how customers hold them accountable.

Customer happiness has a substantial impact on a company's financial performance Bolton et al. (2004). Customer happiness is becoming more popular among managers as a metric for assessing quality. Customer satisfaction is usually regarded as the best predictor of a company's future profitability. In addition, Kotler (1991) Satisfaction is defined as a post-purchase assessment of product quality based on pre-purchase expectations.

Repetitive investment cannot be guaranteed by customer satisfaction. Happy customers change ships every day, and the reason is not necessarily customer dissatisfaction, some customers are lost due to indifference resulting from total negligence (Michael et al., 2008). On the other hand, Fornell (1992) this customer satisfaction can also reduce the cost of warranty, complaints, defective products, and field service.

2.1.3 Brand Loyalty

A deeply held commitment to re-buy or discontinue a preferred product/service consistently in the future, resulting in repetitive same-brand or same-brand set purchasing despite situational influences and marketing efforts has the potential to cause switching behavior, according to the definition of brand loyalty (Oliver, 1997). A consumer's preference for a particular brand in a product category is known as brand loyalty. It happens when customers believe a brand has the correct product features, images, or quality level at the right price. This perception may lead to repeat purchases and, as a result, loyalty. As a result, brand loyalty is linked to a customer's preference for and connection to a certain brand. Ishak et al. (2013) suggested that, brand loyalty could happen as a result of a long history of utilizing a product and the trust that has formed as a result of that experience.

The dimension of brand loyalty is made up of two parts: attitudinal and behavioral (Dick et al, 1994). Furthermore, Aaker (1991) views brand loyalty as a five-tiered pyramid. The bottom symbolizes non-loyal customers who are unconcerned about the brand and believe that any brand will suffice, with the brand name having little influence on purchasing decisions. Those who are satisfied with the product or are not dissatisfied make up the second level. The happy buyers with switching costs, those who do not want to chance changing products, are the next level, and are referred to as habitual buyers. The next level is comprised of committed customers who regard the brand as a friend. The dedicated buyer, or individuals who are particularly faithful to a brand, is the fifth stage.

There are four categories of client brand loyalty, according to Rowley (2005) captive, convenience-seekers, contented, and committed. Because there are few options, captive customers choose to buy the same product, service, and brand over and over again. Convenience-seekers may not respect the brand, but they do value the convenience it provides. Consumers that are satisfied with a brand have a positive opinion toward it, but they will not want to increase their usage. The ideal person is one that is dedicated and active in both attitude and behavior.

2.1.4 Brand Loyalty Vs Customer Loyalty

Brand loyalty, as defined by Ishak et al. (2013), is the preference of a consumer to purchase a specific brand within a product or service category. It takes place when customers believe that a brand gives the ideal product attributes, images, or degree of quality at the ideal cost. This impression could lead to loyalty and repeat purchases. Therefore, a customer's preference for and connection to a brand are tied to brand loyalty. It might happen as a result of a long history of utilizing a product and the trust that has grown through time. On the other hand, consumer loyalty is a strongly held commitment to regularly repurchase or patronize a chosen good or service in the future despite external factors and marketing initiatives having the potential to change behavior leading to switching (Oliver, 1999).

According to Yoo, et al. (2015), high levels of customer satisfaction are the foundation of customer loyalty. Customers are more likely to make subsequent purchases if they are happy with the company's services (Nyadzayo et al., 2016). When a customer has a positive view of a certain brand and is motivated to frequently purchase this brand because they are certain that the product or service will live up to their expectations, this is known as brand loyalty (Fullerton, 2003). Brand loyalty, customer identification with your brand on a personal level includes attitude components in addition to behavioral ones (Jacoby et al., 1973).

The primary distinction between these two forms of loyalty is that whereas brand loyalty is primarily based on consumer perception, customer loyalty is primarily based on consumer spending. Having cheaper rates than competitors or superior discounts and incentive programs can help businesses build customer loyalty (Adroll, 2020). Customer loyalty is defined as the desire of the purchasers to make repeat purchases in order to maintain a relationship with the business (Dick et al., 1994; Fornell, 1992). Because of the increasingly fierce competition in most industries, maintaining customer loyalty is increasingly important and difficult for most businesses (Michael et al., 2008).

2.3 Empirical Literature Review

Nam et al. (2011) conducted research to evaluate the mediating impacts of consumer satisfaction on the relationship between consumer-based brand equity and brand loyalty in the hotel and

restaurant business. The five elements of brand equity-physical quality, staff behavior, ideal self-congruence, brand identification, and lifestyle-congruence-are proven to have positive effects on consumer satisfaction based on a sample of 378 customers using a structural equation modeling technique. Consumer satisfaction appears to partially mediate the impacts of staff behavior, ideal self-congruence, and brand identification on brand loyalty, according to the study's findings. Consumer pleasure fully mediates the effects of physical quality and lifestyle congruence on brand loyalty.

On Honda motorbike products, Kustini (2011) attempted to study experiential marketing, emotional branding, and brand trust toward loyalty. Experiential Marketing, Emotional Branding, and Brand Trust are the independent factors in this study, whereas Brand Loyalty is the dependent variable. This study used the Semantic Differential Scale with interval as the measurement scale to measure these characteristics. SEM (Structural Equation Modeling) was used as the data analysis approach, and 120 Honda motorcycle users were chosen as a sample of the population of Honda motorbike users in Surabaya. On the one hand, the results of the SEM investigation demonstrated that experiential marketing and brand trust have a favorable and considerable impact on product loyalty. The analysis, on the other hand, did not prove the significant nor positive influence of emotional branding towards loyalty.

Theng et al. (2013) to capture the impact of corporate branding on customer emotional attachment and brand loyalty. 282 customers who purchased luxury brands provided cross-sectional data. The hypotheses of the framework proposed for the study were tested using structural equation modeling. The findings revealed that corporate branding had a limited impact on customer emotional attachment and brand loyalty. Only corporate association, practical advantages, and symbolic benefits were found to have a substantial impact on emotional attachment among the six corporate branding variables studied. Furthermore, the impact of corporate branding on brand loyalty was only visible through functional benefits and corporate links. This study adds to the growing body of evidence that corporate branding initiatives can help foster customer emotional attachment and loyalty to premium companies, albeit in a limited way. As a result, the findings of this study can be used by managers as a reference for managing their branding initiatives in order to build client emotional attachment and brand loyalty in the most cost-effective way possible. This is the first study in the luxury apparel industry to look at the relationship between corporate

branding, emotional attachment, and brand loyalty. The study of the diverse effects of corporate branding characteristics on emotional attachment and loyalty has aided in a better understanding of the mechanism that underpins the operation of a successful corporate branding strategy.

Fernandes et al. (2019) conducted a study to better understand distinctions in consumer brand engagement (CBE) based on the functional or emotional nature of consumer-brand connections, as well as the direct and/or indirect impact on brand loyalty (BL). The study will also evaluate CBE and Satisfaction as predictors of BL, taking into account the two types of consumer-brand connections. Two separate samples were subjected to a cross-sectional survey. One sample's respondents were asked to recollect a functional relationship with a brand, whereas the other sample's respondents were asked to consider an emotional relationship with a brand. A causal model was constructed using SEM to assess research ideas. The findings support CBE as a three-dimensional entity, with emotional effects outweighing functional brand relationships and demonstrates its significant direct and indirect impact on BL. The impacts of CBE on BL, either directly or indirectly through Satisfaction, are stronger for emotional ties, while Satisfaction is a stronger direct predictor of BL for functional brand relationships, according to findings from a comparative analysis.

This study provides a clearer understanding of the moderating role of functional and emotional relationships on CBE, in response to recommendations to focus on the impact of certain brand categories on engagement. By establishing the mediating role of Satisfaction and comparing the contributions of CBE and Satisfaction to BL according to the nature of consumer-brand connections, this study adds to the current body of information. Overall, our findings add to our understanding of how customers interact with companies and grow loyal to them, with major consequences for brand managers (Fernandes et al., 2019).

With the goal of investigating the impact of brand experience on brand loyalty with the mediation effect of emotional brand attachment dimensions, specifically brand passion, self-brand connection, and brand affection Mostafa et al. conducted research in 2021. A total of 278 smartphone users in Lebanon were used in the investigation. Data was collected via a questionnaire, and the hypothesized associations were tested using a mediation analysis. Experimental brands increase long-term brand loyalty by cultivating brand passion, self-brand

connection, and brand devotion, according to the studies. Experiential marketing tactics activate deep emotional associations and build strong emotional bonds with customers, therefore marketing managers should enhance and augment them to achieve a long-term brand consumer relationship. In comparison to previous research on brand experience and loyalty, this study adds to the body of knowledge by elaborating on the impact of emotions from the perspective of emotional brand attachment, specifically brand passion, brand affection, and self-brand connection, and posits and later as mediators to the link between brand experience and brand loyalty in the smartphone industry.

A study by Meron Negash in 2018 was conducted to objectively evaluate how customer choice for Ethiopian Airlines is influenced by brand equity. This study attempts to solve research issues or concerns that the airline industry's primary challenge is the problem of enhancing its brand's perception of quality, brand association, brand loyalty, and brand awareness. It utilizes a quantitative approach, a descriptive and an explanatory research design, and research issues. 340 closed-ended questions were thus given to by means of rigorous sampling, Ethiopian Airlines passengers in Addis Ababa dispersed questioning method and practical sampling methodology. Of these, 323 for analysis, questioners were employed. The results demonstrated that the four independent variables (i.e. perceived excellence Statistics show that brand associations and brand loyalty are significant determinants of customer preference in the Airlines industry.

Debela's study from 2020 attempted to look into the variables that influence brand preference in the context of the beer market. The study sought to determine how eight decisive factors affected beer buyers' brand preferences. This study used a deductive research approach in conjunction with an explanatory research design. Beer drinkers from the town made up the study's population. Techniques such as convenience sampling and purposeful sampling were employed to locate the final respondents. Using a standardized questionnaire using a five-point Likert scale, information was gathered from 351 respondents. According to the results of the association study, the explanatory factors in Nekemte town were statistically significant and related to consumers' brand preferences for beer goods.

2.2 Conceptual Framework

The conceptual framework for the study is as follows:

1. The relationship between emotional branding and brand loyalty
2. The relationship between customer satisfaction and brand loyalty
3. The relationship between emotional branding and customer satisfaction
4. The mediating effect of customer satisfaction on the relationship between emotional branding and brand loyalty

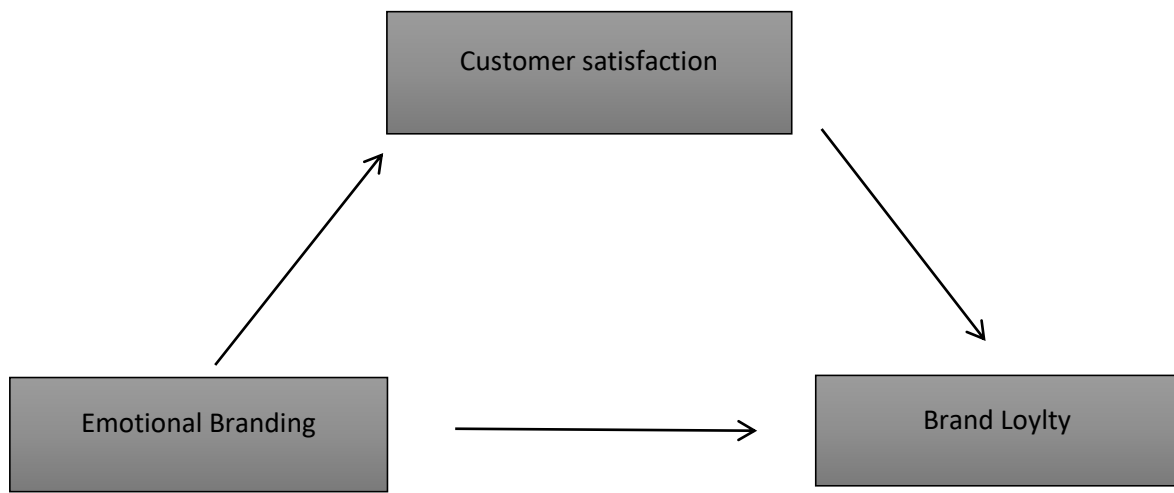


Figure 1.1: model

Based on the literature reviewed emotional branding is expressed in the following:

- perceived value
- Brand association
- Brand personality

Emotional branding has a huge impact on brand loyalty, according to Dewanti et al. (2010); a study also revealed that a strong emotional tie between your target market and your brand can enhance consumer loyalty. Lee et al. (2015), emotional branding is essential for establishing long-term client relationships, because an emotional brand is strongly linked to brand loyalty, this link can aid in the development of a marketing strategy. A recent scale devised by Singla et al. (2019) suggests that for emotional brand association, perceived quality and brand personality as concepts would form the scale of measurement.

H1: emotional branding will positively affect brand loyalty of Arada beverage brand

H2: customer satisfaction is expected to have a positive significant effect on brand loyalty at Arada beverage brand

Emotional branding is described as consumers developing a deep, long-term, intimate emotional connection with a brand that goes beyond benefit-based satisfaction and results in a unique trust-based relationship that allows for the development of a full emotional experience (Senduk et al., 2020). Customer loyalty is influenced by customer satisfaction, Brand loyalty is also influenced by factors such as brand image and price fairness (Al-Msallam, 2015).

H3: Emotional branding will positively affect customer satisfaction at Arada beverage brand

Product quality, service quality, and distribution quality are the three aspects of rational brand quality, whereas consistent advertising style, brand image, country-of-manufacture image, and salesperson's personality are characteristics of emotional brand connections. Customer satisfaction and brand loyalty are positively influenced by all dimensions (Elsäßer et al., 2017). Because customers' emotions are so important in understanding brand loyalty and happiness, it is critical to undertake emotional marketing (Lee et al, 2009).

H4: Customer satisfaction mediates the effect of emotional branding on brand loyalty at Arada beverage brand

A study by Ali, F et al. (2015) Customer happiness was discovered to be the sole mediator of brand recognition and trust in brand loyalty. Customer satisfaction appears to be a mediating factor in the influence of service quality on service loyalty, according to another study by Caruana, (2002).

According to Aslam et al. (2015), interactive marketing has a positive significant impact on consumer satisfaction and loyalty. The relationship between interactive marketing and customer loyalty is totally mediated by consumer satisfaction.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

INTRODUCTION

The methodology chapter of a research paper outlines the specific methods and procedures used to collect and analyze data, and provides a clear and detailed explanation of the research design. The purpose of this chapter is to provide a comprehensive description of the research process, including the selection of participants, data collection methods, and data analysis techniques.

3.1 Research Strategy

There are several academic works regarding the effect of emotional branding on brand loyalty, this study focuses on the effect of emotional branding on brand loyalty with customer satisfaction as a mediating factor for Arada beverage brand. This research builds up on the existing researches.

3.2 Research Method

For this research to fulfill the objectives a quantitative research method was employed. The quantitative method was used to determine the cause and effect relationship between dependent and independent variables according to Creswell (2003), i.e. brand loyalty and emotional branding, with customer satisfaction acting as a moderator. In quantitative research, data was collected and converted into numerical form so that statistical calculations can be performed and conclusions drawn.

3.3 Research Technique

This research used questionnaire technique to gather information. The primary tool for gathering quantitative primary data is a questionnaire. In order to collect quantitative data in a consistent manner that is internally consistent and coherent for analysis, a questionnaire is necessary (Roopa et al., 2012). The questioner will use five-point Likert scale, 1 indicating strongly disagree and 5 indicating strongly agree.

3.4 Sampling Design

Explanatory design approach was used in this research to understand the relationships of the variables. It attempts to explain the effect variables have on each other by providing additional information on the topic. It attempts to define the topic in greater depth and broaden our understanding. The Arada brand use many promotional tools such as experiential events to their customers to attend to create loyal customers to the brand. To sample customers who attend these events Time location sampling (TLS) method was employed for the selection of samples. For populations that are difficult-to-reach by sampling locations where a person of interest can be found and sampling those that attend s called TLS sample collection method (Karon et al., 2012).

As far as the data collection tools are concerned, the conduction of the research involved the use of a structured questionnaire, questions on the questionnaire were based on the research questions mentioned before. The questionnaire allowed the researcher to find out the relationship between emotional branding and brand loyalty with customer satisfaction as a mediating factor. The questionnaire contains close ended questions.

3.5 Research Approach

The population of the study are customers of Arada, beverage brand. The respective company's hosts market activations/experiential events in different places of Addis Ababa for existing and potential customers to purchase the product i.e. the Arada brand. Convenient random sampling was employed to conduct the survey in one of the event that took place at Zema Mezeke. This helped the researcher to get the right amount of representatives for the population. Since the population size is unknown, the sample size was derived by computing the minimum sample size required for accuracy in estimating portions by considering the value of the distribution function which is set at 95%, the population deviation and the acceptance standard error of the mean.

3.6 Sample Size

As the number of customers in not known the following formula was adopted .

$$n = \frac{Z^2(P)(1 - p)}{(C^2)}$$

where

n: is the required sample size

Z: The standard normal deviation set at 95% confidence level and thus the Z-score is 1.96

P: the percentage of picking a choice or response (in this case 50% Or 0.5 is chosen)

C: confidence interval (0.05)

$$n = ((1.96)^2 \times 0.5(0.5)) / (0.05)^2$$

$$n = (3.8416 \times 0.25) / 0.0025$$

$$n = 0.9604 / 0.0025$$

$$n = 384.16$$

384 respondents are needed

In this research study, a total of 400 questionnaires were distributed, even though the required number of respondents was 384. This additional number of questionnaires (4% of the required number) was included to account for the possibility of invalid responses and to ensure the minimum required sample size was achieved.

3.7 Method of Analysis

The data that was acquired from conducting a surveyed as the sole basis for the analysis techniques used in this study. Response-gathered questionnaires was examined by using descriptive statistics in SPSS. Data estimation was carried out using regression analysis with structural equation modeling (SEM). Analyzing of structural relationships using multivariate analysis technique is called SEM (Statistics Solutions, 2022). First, the mediator was regressed on the independent variable to complete the equation. The dependent variable was then have regressed on both the independent variable and the mediator, and finally, was regressed on both the independent variable and the mediator.

3.8 Reliability Test

When doing a reliability test to evaluate the consistency of internal measurements, the Cronbach's Alpha value should be ≥ 0.7 , while >0.5 is also acceptable if there are fewer than 10 items. As the value of Cronbach's Alpha for emotional branding, brand loyalty, and customer satisfaction is larger than 0.5, the outcome suggests that the model is dependable.

Table 4.13: Reliability analysis

Emotional branding		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.920	0.921	9
Brand loyalty		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.826	0.828	4
Customer satisfaction		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.731	0.733	4

Source: own survey, 2023

3.9 Ethical Consideration

The study was conducted with a focus on the moral principles of not plagiarizing, not fabricating or making false records, research methods, or data review, protecting the interests of research participants, particularly their rights to information protection and to being informed about the purpose of the research and the kinds of practices in which they would be required to participate, and not taking published data of others without acknowledgment.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

INTRODUCTION

The purpose of this section is to provide a clear and concise analysis of the data, highlighting key findings and their implications. Through this process, the researcher can draw conclusions and make recommendations based on the research findings. In this way, the analysis and interpretation section is essential for demonstrating the significance of the research and its contribution to the existing literature.

4.1 Response Rate

Customers of Arada, brand at the Zema Mezeker event were given a total of 400 questionnaires; 377 were returned, and 6 were deemed invalid after that. The analysis of 371 valid questionnaire responses revealed a response rate of 92.7%. According to a summary of the respondents' responses, 46.3% of respondents are female and 56.3% are male.

Table 4.1 response rate

Questionnaires	Respondents	Valid percentage
Valid	371	92.7%
Invalid	6	1.5%
Not responded	23	5.6%
Total	400	100%

Source: own survey, 2023

4.2 Demographic Profile of Respondents

The goal of the demographic analysis in this study is to describe the characteristics of the population, including the gender ratio, age range, employment status, and salary range. An overview of the respondents' demographic make-up is shown in the table below.

Table 4.2: respondent's demographic profile

Gender	Frequency	Percentage	Cumulative percent
Male	209	55.3	55.3
Female	172	44.7	100
Total	100	100	100
Age	Frequency	Percentage	Cumulative percent
Under 25	168	45.3	45.3
25-34	174	46.9	92.2
35-44	21	5.7	97.9
45-54	6	1.6	99.5
Over 54	2	0.5	100
Total	371	100	
Salary range	Frequency	Percentage	Cumulative percent
≤ 1,000	16	4.3	4.3
1,001-10,000	121	32.6	36.9

10,001-20,000	124	33.4	70.3
above 20,000	110	29.7	100
Total	371	100	

Source: own survey, 2023

The above table shows that 55.3% of the respondents are male and the remaining 44.7% are female. This shows that there are slightly more male consumers taking part in beverage sponsored events than females. When looking at the age demography of the respondents The age group between 25 to 34 has the highest respondent rate with 46.9% and under 25 age group follows with 45.3% meaning 92.2% of the respondents are under 35 years old. This shows the age group under 35 take part in beverage experiential events.

Another demographic information that was captured is salary range and the majority of the respondent's salary fall under the salary range of 10,001-20,000 (33.4%) follows by 1,001-10,000 (32.6) and then above 20,000 range is at a 29.7 percent.

4.3 Descriptive Analysis

To analyze this study, the researcher used descriptive statistics and the mean scores for each variable. This measurement's main goals were to determine the grand mean for each dimension and to display the typical responses of respondents to each inquiry. To achieve the goals of the study, the data are finally interpreted using the grand mean of each independent dimension.

Itemized rating scale: Max - Min

$$\begin{aligned}
 & 5 \\
 & = \frac{5 - 1}{5} = 0.08 \\
 & 5
 \end{aligned}$$

The mean of each individual item ranging from 1- 5 falls within the following interval:

Table 4.3: Interval of mean

Interval of Mean	Perception
1.00 – 1.80	Very Low
1.81 – 2.60	Low
2.61 – 3.40	Medium
3.41 – 4.20	High
4.21 – 5.00	Very High

Source: Kinay & Ardic, 2017

Table 4.4: evaluation of brand association

	N	Mean	Std. Deviation
I easily recognize the brand among other competing brands.	371	4.1914	0.93781
I have sufficient knowledge about the brand	371	4.1887	0.95690
I can quickly recall the symbol or logo of the brand	371	4.0997	0.97442
Grand Mean		4.1599	

Source: own survey, 2023

The above statistics indicates that respondent's attitudes about emotional branding in terms of brand association is favorable with a grand mean score of 4.16 suggesting that the majority of the respondents agree with the statement. This shows that the consumers who responded the survey easily recognize the brand among other competing brands and that they have sufficient knowledge about the brand. They have also stated that they can quickly recall the symbol or logo of the brand.

Table 4.5: Evaluation of perceived quality

	N	Mean	Std. Deviation
The brand has consistent and good quality	371	4.2049	0.87985
The brand offers excellent features compared with others	371	4.1887	0.90761
The brand delivers the quality as promised	371	4.1644	0.87452
Grand Mean		4.19	

Source: own survey, 2023

Majority of the respondents agreed with the above statements describing perceived quality resulting in an overall mean of 4.19 showing that the respondents are aware of the quality they perceive for the brand. According to the data, respondents believe that the brand has consistent and good quality and the brand offers excellent features compared with others. They also stated that the brand delivers the quality as promised that is the brand what the brand promotes and what it offers is satisfactory.

Table 4.6: evaluation of brand personality

	N	Mean	Std. Deviation
The brand is associated with a great celebrity who matches my personality	371	4.2156	0.87726
The brand has a very unique brand image compared to competing brands.	371	4.1644	0.91085
I have a positive link with the brand	371	4.1402	0.88944
Grand Mean		4.17	

Source: own survey, 2023

The grand mean for the statements describing brand personality is 4.17 as shown in the table above, indicating that the personality of a brand is important for the majority of the respondents. They have positive link with the brand, the brand has a very unique brand image compared to competing brands and also the brand is associated with a great celebrity that matches with their personality.

Table 4.7: evaluation of customer satisfaction

	N	Mean	Std. Deviation
I like the brand because pays attention to my needs	371	4.2345	0.79132
The brand make me want to buy all their products	371	4.2021	0.71907
I pass the brand preference to friends and family	371	4.1563	0.75590
I don't like to change the brand as I am happy where I am now		4.1455	0.78310
Grand Mean		4.18	

Source: own survey, 2023

Most respondents agreed with these statements, resulting in an overall mean of 4.21 showing the majority of the respondents are satisfied with the brand. They liked the brand because it paid attention to their needs, the brand makes them want to buy all their products, they would pass the brand preference to friends and family and they are happy with the brand wouldn't want to change.

Table 4.8: evaluation on emotional branding

	Grand Mean	Rank
Perceived quality	4.19	1 st
Customer satisfaction	4.18	2 nd
Brand personality	4.17	3 rd
Brand association	4.12	4 th
Brand Loyalty	4.17	

Source: own survey, 2023

4.4 Correlation Analysis

The Pearson correlation test is used to test the correlation, and as can be seen from the table, the correlation is moderate because the value ranges from 0.3 to 0.7. All correlation values are favorable when it comes to the correlation's nature. At the 0.01 level, the connection is significant (2-tailed).

Table 4.9: correlation analysis test

	EB	BL	CF
EB	1	0.673	0.558
BL	0.673	1	0.559
CF	0.558	0.559	1
Correlation is significant at 0.01 level (2-tailed)			

Source: own survey, 2023

4.5 Multicollinearity analysis

Table 4.10: multicollinearity analysis

Coefficients ^a								
Model		Unstandardize		Standardize	T	Sig.	Collinearity	
		d	d	d			Statistics	
		B	Std.	Beta			Toleranc	VIF
			Error				e	
1	(Constant)	0.430	0.148		2.900	0.004		
	Emotional branding	0.727	0.032	0.468	22.825	0.000	0.689	1.452
	Customer satisfaction	0.161	0.041	0.380	3.934	0.000	0.689	1.452
a. Dependent Variable: BL								

Source: own survey, 2023

A multicollinearity problem occurs when two or more explaining variables in a regression model are so highly interrelated that although the joint contribution is significant. It refers to the

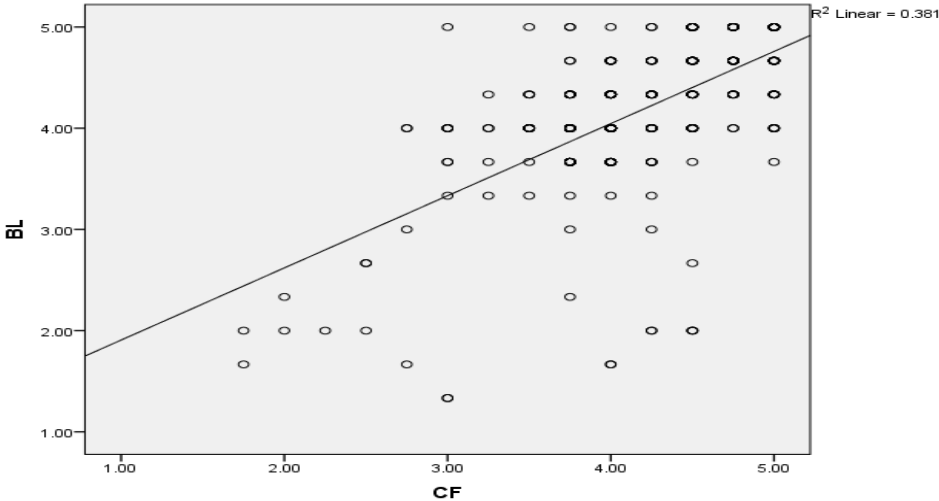
assumption that the independent variables are uncorrelated. Multicollinearity in the output can be controlled by looking at the tolerance values or Variance Inflation Factors (VIF). Low tolerance levels ($Tolk < 0.2$ or $VIF > 5$) are an indication of possible multicollinearity.

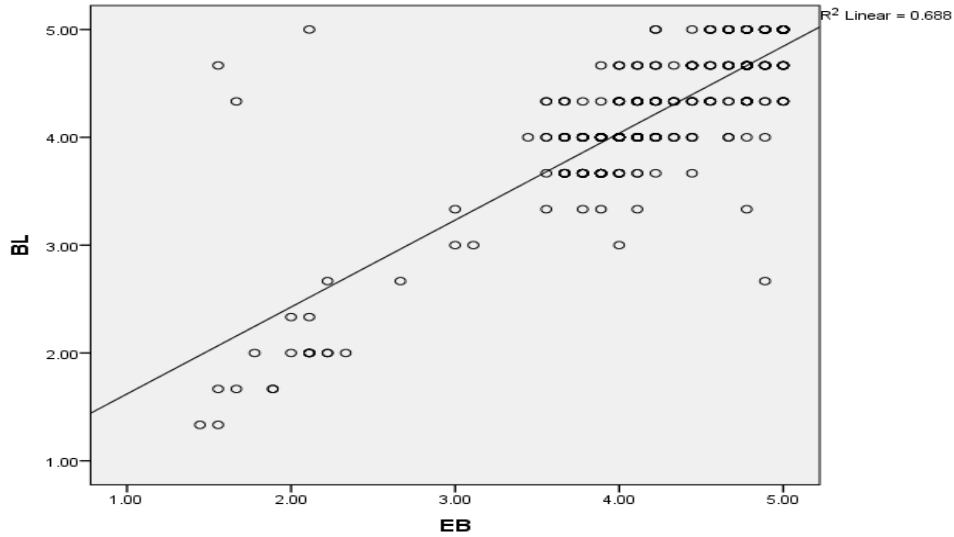
As the table above shows the VIF results in SPSS are all between 5 and 0.2 indicating that there is no multicollinearity problem in the data for all independent variables.

4.6 Linearity

To determine whether the relationship between the dependent and independent variables is linear, a scatter plots graph is created for each variable. A linear function of independent variable (predictor), linearity determines the dependent variable. The scatter plots follow a reasonably straight line from bottom left to top right. It was established as a result that the linearity assumption was not violated.

Figure 4.1: linearity





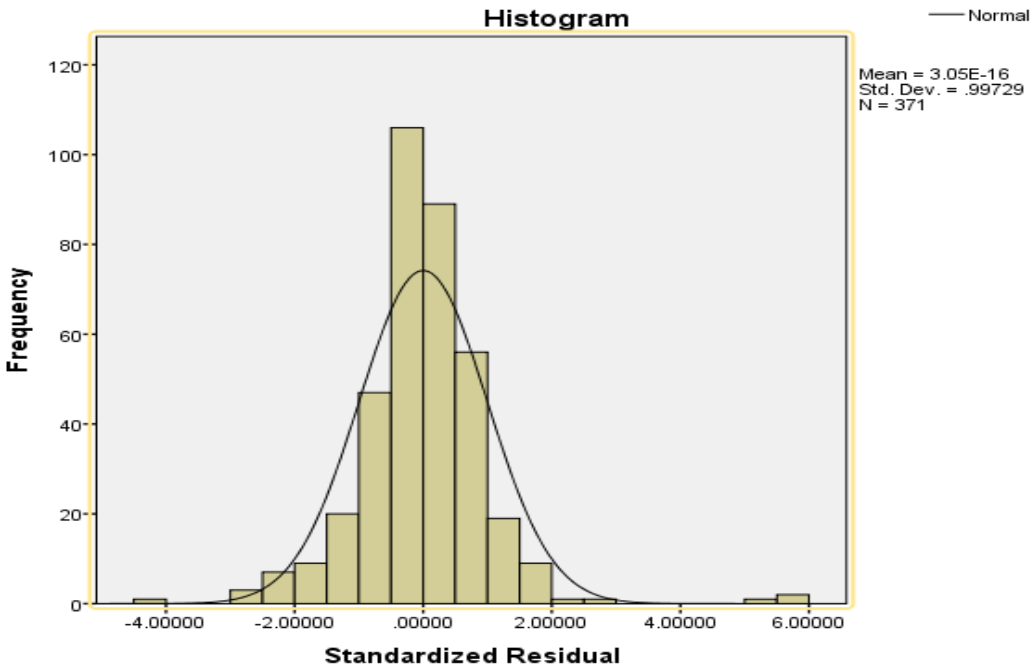
Source: own survey, 2023

4.7 Normality

Frequency distribution can take on a variety of forms and dimensions. As a result, it is crucial to provide a general definition of the most prevalent forms of distributions. In a perfect world, all of our data would be symmetrically distributed about the center of each score. As a result, it should appear the same on both sides if we draw a vertical line across the distribution's center. The independent variables must be regularly distributed for multiple regressions. Due to the fact that errors are regularly distributed, a plot of the residual values will resemble a normal curve (Osborne & Waters, 2003). This has a bell-shaped curve and is referred to as a normal distribution. As shown in the figure below the majority of scores lie around the center of the distribution and the normal distribution graph was shown below and revealed that the assumption of normality has been met.

Figure 4.2: normality histogram diagram

Dependent variable brand loyalty



Source: own survey, 2023

Furthermore, if we look at the Kolmogorov-Smirnov and Shapiro-Wilk test the analysis for standardized residual are found to be significant for test of normality as shown below in the table.

Table 4.11 test of normality

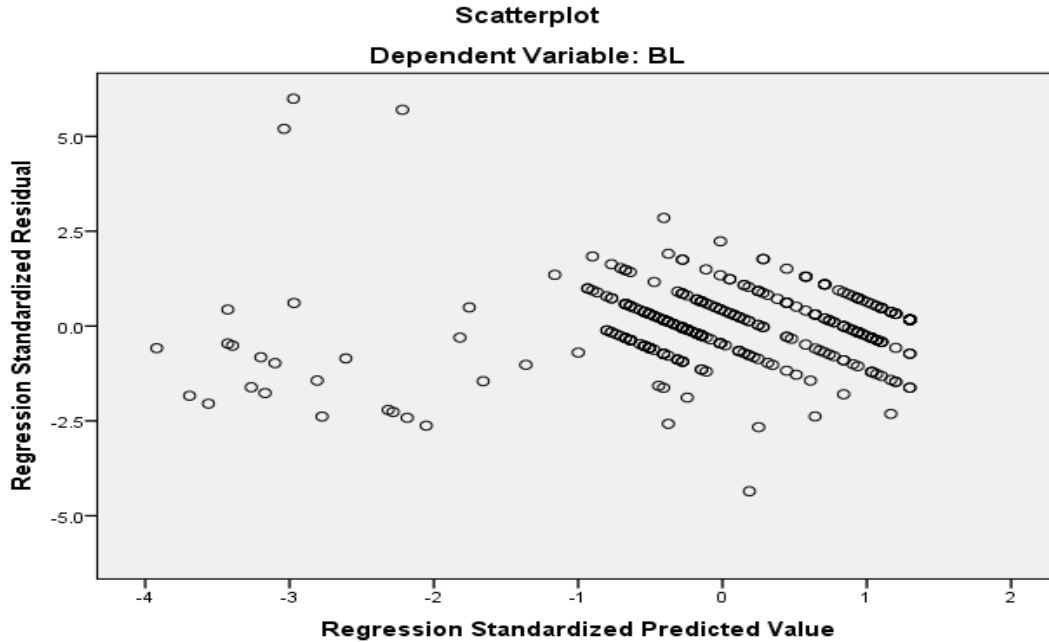
	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized residual	0.94	371	0.000	0.893	371	0.00

Source: own survey, 2023

4.8 Homoscedasticity Test

In contrast to heteroscedasticity, which states that the variance of the residual varies for different elements in the population, homoscedasticity asserts that the variance of the residual is constant for all elements. The scatterplots below demonstrate that there are no violations of homoscedasticity.

Figure 4.3: homoscedasticity test



Source: own survey, 2023

4.9 Autocorrelation

Regression makes the assumption that there is no autocorrelation in the observations. It's conceivable that observations taken over a period of time will be connected. The range of the Durbin-Watson statistic should be 1.5 to 2.5 if there is no autocorrelation. The Durbin-Watson score in this situation is 2.025, which falls between 1.5 and 2.5, indicating that the data is not automatically connected.

Table 4.12: Durbin-Watson test

Model	Durbin – Watson
1	2.025

Source: own survey, 2023

4.11 Validity Analysis

The validity of an instrument refers to how thoroughly it verifies the calculations it should be able to make. A measure's validity is determined by the definitions of the variables that were used to generate it. Validity can take many different forms, including internal, external, face, and content

validity. The questions were written with clarity and understanding in mind, and topic validity was ensured by using simple language. The questionnaires contained a number of inquiries about consumer's awareness of the influence of emotional branding on brand loyalty through customer satisfaction. Other research survey components were also included in the questionnaire. The questionnaire has a suitable sample size, which satisfies the criterion for external validity of the study's ability to generalize about the population.

4.12 Regression Analysis

As illustrated in the table below for model summary the adjusted R square of model 1 is 0.703 which means that 70.3% of brand loyalty is explained by emotional branding and the other remaining 29.7% is explained by variables that are not covered in this study.

Table 4.13: *Model summary*

Model Summary^b				
Model	R	R square	Adjusted R square	Std. Error of the Estimate
Model 1 a. Emotional branding b. Band loyalty	0.839 ^a	0.703	0.703	0.36939
Model 2 a. Emotional branding b. Customer satisfaction	0.558 ^a	0.311	0.310	0.46118
Model 3 a. customer satisfaction, emotional branding b. Brand Loyalty	0.846 ^a	0.715	0.714	0.36235
a. Predictors				
b. Dependent variable				

4.13 ANOVA Analysis

The p-value (0.000) for Model 1 is less than 0.05 significant level, as shown in the ANOVA table below. This shows that the sample data offer sufficient proof that the regression model was properly fitted. In other words, it is clear from the p-value (0.000) that emotional branding significantly affects the prediction of brand loyalty.

Table 4.14: ANOVA analysis

Model Summary						
Model		Sum of Squares	Df	Mean square	F	Sig.
Model 1 a. Emotional branding b. Band loyalty	Regression	119.368	1	119.368	874.804	0.000b
	Residual	50.351	369	0.136		
	Total	169.719	370			
Model 2 a. Emotional branding b. Customer satisfaction	Regression	35.494	1	35.494	166.886	0.000b
	Residual	78.481	369	0.213		
	Total	113.975	370			
Model 3 a. customer satisfaction, Emotional Branding b. Brand Loyalty	Regression	121.401	2	60.700	462.301	0.000b
	Residual	48.318	368	0.131		
	Total	169.719	370			
a. Predictor						

b. Dependent variable

Source: own survey, 2023

4.14 Test of Hypothesis

According to Baron and Kenny (1986), a variable can function as a mediator in the causal sequence if regression analyses reveal statistically significant relationships at the first three levels under the following conditions:

1. The independent variable is a statistically significant predictor of the dependent variable (Emotional Branding predicts Brand Loyalty). Using a linear regression analysis of Brand Loyalty over Emotional Branding, this condition is checked:

Table 4.15: Baron and Kenny’s Regression Analysis –Brand Loyalty and Emotional Satisfaction.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.814	0.114		7.136	.000
	Emo.branding	0.787	0.027	0.839	29.577	.030

a. Dependent Variable: BL

Source: own survey, 2022

As illustrated in the above table it shows that the independent variable (Emotional Branding) is a significant predictor of the dependent variable (Brand Loyalty) ($t = 29.577$, $p < 0.001$). That is, “c” (unstandardized coefficient = 0.787) is a statistically significant.

2. The independent variable is a statistically significant predictor of the mediator (Emotional Branding predicts Customer Satisfaction). This condition is confirmed using a study of linear regression of Customer Satisfaction over Emotional Branding.

Table 4.16: Baron and Kenny’s Regression Analysis –Emotional Branding and Customer Satisfaction.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.384	0.142		16.742	.000
	Emo. Branding	0.435	0.034	0.558	12.918	.000

a. Dependent Variable: CF

Source: own survey, 2023

The above table shows that the independent variable (Emotional Branding) is a significant predictor of mediating variable (Customer Satisfaction), $t= 12.918$, $p< 0.001$). This shows “a” (unstandardized coefficient= 0.435) is statistically significant.

3. Variables Customer Satisfaction and Brand Loyalty must be related once the effect of Emotional Branding is controlled. This condition is confirmed using a linear regression analysis of Customer Satisfaction over Brand Loyalty:

Table 4.17: Baron and Kenny’s Regression Analysis –Customer Satisfaction and Brand Loyalty.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.430	0.148		2.900	.004
	EB	0.727	0.032	0.765	22.825	.000
	CF	0.161	0.041	0.132	3.934	.000

a. Dependent Variable: BL

Source: own survey, 2023

As shown above while controlling for the independent variable (Emotional Branding), the mediating variable (Customer Satisfaction) is a significant predictor of the dependent variable (Brand Loyalty), $t=3.934$, $p< 0.001$. that is “b” (unstandardized coefficient=0.161) is statistically significant

4.15 Sobel Test

The Sobel test is used to determine whether the mediating variable (customer satisfaction) is statistically significant after the three requirements for mediation have been established (using the

Z formula). Use these steps to apply the Sobel test: Find the standard errors of "a" and "b" unstandardized regression coefficients (S_a and S_b , respectively). Tables 4.17 and 4.18 each contain these values, which are summarized in the figure below:

Figure 4.4: Unstandardized Regression Coefficients and Standard Errors

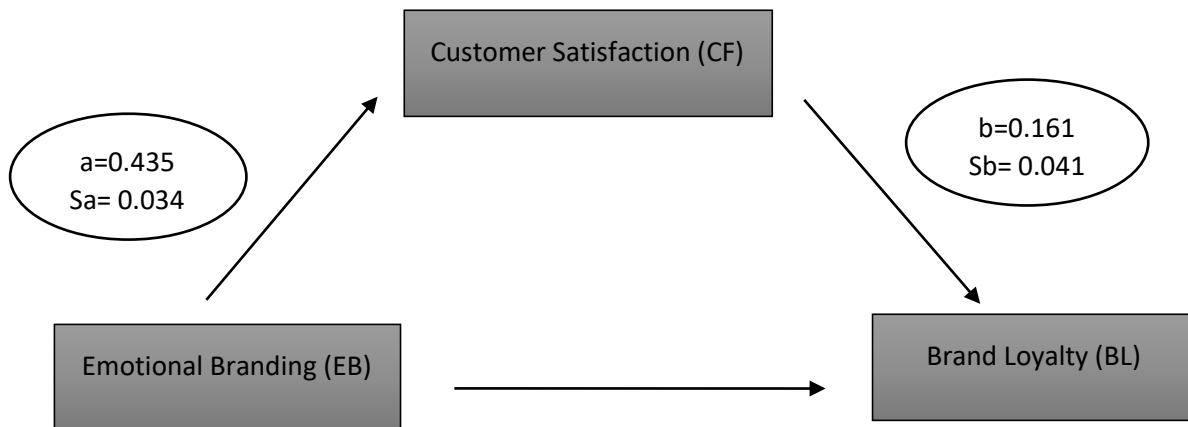


Table 4.18: Sobel test

Input:		Test statistic:	Std. Error:	p-value:
a	0.435	Sobel test: 3.75399014	0.01865615	0.00017404
b	0.161	Aroian test: 3.74355422	0.01870816	0.00018144
s_a	0.034	Goodman test: 3.76451383	0.018604	0.00016687
s_b	0.041	Reset all	Calculate	

Source: own survey, 2023

The results of the Sobel test, together with those from the Aroian and Goodman tests, are shown in the table above. The Z score is computed by the last two tests using slightly modified Sobel test formulas. The Sobel test and the other two tests' compounded Z score (3.75) fall outside the crucial values of ± 2.58 , which denotes a statistically significant outcome at alpha 0.01.

To determine if customer satisfaction mediated the relationship between emotional branding and brand loyalty, the Sobel test was applied. First, brand loyalty was statistically predicted by

emotional branding using simple linear regression ($B=0.767$, $\beta=0.839$, $t=29.577$, $p < .005$). Next, emotional branding was discovered to be a significant predictor of brand loyalty when the mediator, customer satisfaction, was added to the regression analysis ($b = 0.435$, $\beta = 0.558$, $t = 12.918$, $p > .005$). Customer satisfaction, the mediator, was found to be a highly significant predictor of brand loyalty ($b = 0.161$, $\beta = 0.132$, $t = 3.934$, $p > .005$). The Sobel test was used to determine whether customer satisfaction significantly mediated the relationship between emotional brand and brand loyalty in order to further analyze the mediator. The outcomes demonstrated a strong mediating role for customer satisfaction in the relationship between emotional branding and brand loyalty.

The figure (figure 4) illustrates that hypothesis H1 which states that there is a direct significant relationship between emotional branding and branding loyalty at Arada beverage brand is supported. Hypothesis H2 (Path B in the figure) which asserts that customer satisfaction has a significant effect on brand loyalty Arada beverage brand. Likewise, hypothesis H3 (Path A in the figure) which asserts that emotional branding has a significant effect on customer satisfaction at Arada beverage brand is supported. Similarly, hypothesis H4 (Path C in the figure) which asserts that emotional brand has a significant effect on brand loyalty through customer satisfaction at Arada beverage brand is supported. Meanwhile, the researcher took the necessary steps to control for respondent's specific attributes including age, gender, work status, and salary range.

Table 4.19: Hypothesis results

Hypothesis	Results
H1: emotional branding will positively affect brand loyalty Arada beverage brand	<i>Accepted</i>
H2: customer satisfaction is expected to have a positive significant effect on brand loyalty at Arada beverage brand	<i>Accepted</i>
H3: Emotional branding will positively affect customer satisfaction at Arada beverage brand	<i>Accepted</i>
H4: Customer satisfaction mediates the effect of emotional branding on brand loyalty at Arada beverage brand	<i>Accepted</i>

CHAPTER FIVE

DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

INTRODUCTION

This section covers the findings derived from the analysis and discussion of the collected data, as well as conclusions formed from the study's findings and recommendations to be used as a resolution to difficulties discovered during the research.

5.1 Discussions of Major Findings

This study looked at how emotional branding affected brand loyalty for the beverage drink Arada, by using customer satisfaction as a mediating factor. To accomplish this, three research goals were developed. One of them is to ascertain how emotional branding affects brand loyalty while using customer satisfaction as a mediating variable. They include: (1) To determine the effect of emotional branding on brand loyalty with customer satisfaction as a mediating variable (2) To determine emotional branding dimensions that makes a customer loyal to a brand; (3) To identify the relationship between emotional branding and brand loyalty. A sample of 371 Arada beverage customers' data was gathered. The majority of respondents gave such contracts positive ratings on the 5-point Likert scale for employee motivation, customer relationships, and customer loyalty.

From demographic characteristics of the respondent's male (209) and female (172) respondents are fairly proportional. The majority of the respondents were under the age of 35 and the status of occupation of the majority respondents were employee (233) followed by students. In terms of salary range 124 of the respondent's salary falls under the range of 10,001- 20,000 and the second salary range (121) of the respondents was 1,001- 10,000. When it comes to descriptive analysis customer satisfaction received the highest average score (4.21), followed by perceived quality (4.19), brand personality (4.17) and with brand association (4.12). This shows that the respondents satisfaction with the products contributes to brand loyalty. This finding is consistent with Belayneh T (2016), who found that customer experience was perceived to be important in forming customer loyalty. Additionally, Al-Msallam, S. (2015) also found that customer satisfaction affects brand loyalty significantly, customer's awareness of the brand forms the satisfaction.

Baron & Kenny's causal step method was used to determine whether the mediating impact of relationship building was actually responsible for the effect of emotional branding on customer

loyalty. First, brand loyalty was statistically predicted by emotional branding using simple linear regression ($B=0.767$, $\beta=0.839$, $t=29.577$, $p=.005$). The results are in line with those of Shieh (2017), which show a strong correlation between brand experience and brand loyalty. On the other hand, emotional branding has neither a significant nor favorably impact on consumer loyalty, according to a study analysis by Kustini, N. I. (2011). According to Elsäßer's study, emotional brand association factors such as consistent advertising style, brand image, and country-of-manufacturer image have a favorable impact on customer satisfaction.

Afterward, when the mediator, customer satisfaction, was entered in the regression analysis, emotional branding was also found to be a significant predictor of brand loyalty ($B = 0.435$, $\beta = 0.558$, $t = 12.918$, $p >.005$). According to Elsäßer's study, emotional brand association factors such as consistent advertising style, brand image, and country-of-manufacturer image have a favorable impact on customer satisfaction.

when it comes to the mediator, customer satisfaction, it emerged as a significant predictor of brand loyalty ($B = 0.161$, $\beta = 0.132$, $t = 3.934$, $p>.005$). To further investigate the mediator, the Sobel test was utilized to examine if customer satisfaction significantly mediated the relationship between emotional brand and brand loyalty. The results confirmed that customer satisfaction significantly mediates the relationship between emotional brand and brand loyalty. According to a study by Hashem et al. (2020), emotional marketing influences brand loyalty through the mediating function of customer satisfaction. The study found that when emotional marketing increases customers' satisfaction with the brand's products, services, and quality, there is a greater likelihood that their loyalty to the brand will grow. However, a study by Hayati (2020), indicated that customer happiness does not operate as a mediating factor between a company's image, its relationship with its customers, and its level of customer loyalty. Since the mediation connection was shown to be minor, the researchers came to the conclusion that improving the reputation of businesses, fostering stronger consumer ties, and upholding customer happiness would increase consumer loyalty.

5.2 Conclusion

This paper examined how emotional branding affects brand loyalty with customer satisfaction as a mediating factor by providing an answer to the research question: is there a mediating effect of customer satisfaction between the relationship of emotional branding and brand loyalty? Accordingly, the thesis found out that customer satisfaction does indeed mediate the relationship between emotional branding and brand loyalty. Thus, it can be concluded that brand loyalty is indeed explained by emotional branding and the relationship is mediated by customer satisfaction

5.3 Recommendations

Brand loyalty is important for a company. It is recommended that Komari, beverage PLC, the owner of Arada brand, should invest on marketing tools and strategies that encompasses emotional branding to attract customer's loyalty to the brand. The findings indicate that consumers develop brand loyalty because the brand fits well with their required benefit (brand association), perceived quality and links with their personality. Thus gearing marketing towards emotional branding by emphasizing the relationship connection to consumers can prove successful to the beverage brand Arada. It is essential for brand managers of Arada brand to identify proper brand strategy and develop a road map for brand identification and communication to create the connection with customers. Capitalizing on touch points i.e. spaces/channels where the consumers directly interacts with the brand to fit the brand experience would help the creation of loyal customers.

Finally, managers of beverage companies should ensure the development of strong brand image and clear communication channels. All employees in the company can serve a big role in shaping the brand and delivering brand promise in the beverage industry. Thus giving training and inductions to employees can help communicate consistent messages and promote brand value.

5.4 Direction for Future Research

- Although, this research provides some preliminary insights into the relationships between emotional branding, customer satisfaction and brand loyalty, future studies should build upon this research model and provide further insights into the nature of this relationships.
- Since there are other factors that influence brand loyalty, such as brand trust, brand image and so on, more research is needed to examine the other components of brand loyalty and their relationship.
- The current study is limited to the beverage industry of Ethiopia; future researches should be undertaken in different product categories.

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Appendix 1

Questionnaire

ይህ መጠይቅ በንግድ አስተዳደር ውስጥ የማስተርስ ዲግሪ በተሳካ ሁኔታ ለመጨረስ እንደ ከፊል ማሟያ ሆኖ የሰሜት ብራንዲንግ በምርት ታማኝነት በደንበኛ እርካታ ጣልቃ ገቢነት ላይ ያለው ውጤት መረጃን ለመሰብሰብ የታሰበ ነው። ስለሆነም መረጃው ለታለመለት የትምህርት ዓላማ ብቻ እንደሚውል በማረጋገጥ ይህንን መጠይቅ በእውነት እና በነጻነት እንድትሞሉ በትህትና እጠይቃለሁ።

ለተሳትፎዎ እና ለጠቃሚ ጊዜዎ በቅድሚያ አመሰግናለሁ።

መጠይቅ

ክፍል 1: አጠቃላይ መረጃ

እባክዎን ምርጫዎችን በቀረበው ሳጥን ውስጥ ለማሳየት '√' ምልክት ያድርጉ።

ጾታ

ሴት ወንድ

ዕድሜ

ከ25 በታች 25-34 35-44 45-54 ከ54 በላይ

የትምህርት ሁኔታ

የተማሪ ሰራተኛ ሌላ

የገቢ ሁኔታ

≤ 1,000 1,001-10,000 10,001-20,000 ከ20,000 በላይ

ክፍል 2: ብራንድ ግንኙነት

መግለጫዎች	በጣም አልሰማም	አልሰማምም	ገለልተኛ	እስማማለሁ	በጣም እስማማለሁ
ብራንድ ግንኙነት					
የአራዳን የምርት ከሌሎች ተወዳዳሪ ብራንዶች መካከል በቀላሉ አውቀዋለሁ።					
ስለ አራዳ ብራንድ እውቀት አለኝ					
የአራዳ የምርት ስም ምልክት ወይም አርማ በፍጥነት አስታውሳለሁ።					
የጥራት ግንዛቤ					

የአራዳ ብራንድ የሚታመን እና ጥሩ ጥራት አለው					
የአራዳ ብራንድ ከሌሎች ጋር ሲወዳደር እጅግ በጣም ጥሩ ጥራት አሉት					
የአራዳ ብራንድ በገባው ቃል መሰረት ጥራቱን ያቀርባል					
ብራንድ ስብዕና					
የአራዳ ብራንድ የእኔን ስብዕና ከሚጋራ ታዋቂ ሰው ጋር የተያያዘ ነው።					
የአራዳ ብራንድ ከተወዳዳሪ ብራንዶች ጋር ሲወዳደር በጣም ልዩ የሆነ ምስል አለው።					
ከአራዳ ብራንድ ጋር አዎንታዊ ግንኙነት አለኝ					

ክፍል 3: የምርት ታማኝነት

መግለጫዎች	በጣም አልሰማም	አልሰማም	ገለልተኛ	እሰማለሁ	በጣም እሰማለሁ
የምርት ታማኝነት					
ከሌሎች ብራንዶች ጋር በማነፃፀር ብዙውን ጊዜ የድርጅቱን ብራንድ እንደ መጀመሪያ ምርጫዬ አጠቀማለሁ።					
ምንም እንኳን ዋጋው ከፍ ያለ ቢሆንም አሁንም ይህንን ብራንድን ለመግዛት ፈቃደኛ ነኝ					
ይህን ብራንድ በሰቆ ውስጥ የሚገኝ ከሆነ ሌሎች ብራንዶችን አልገዛም።					
ይህን ብራንድ ለሌሎች እዲገዙ እመክራለሁ።					

ክፍል 4: የደንበኛ እርካታ

መግለጫዎች	በጣም አልሰማም	አልሰማም	ገለልተኛ	እሰማለሁ	በጣም እሰማለሁ
የደንበኛ እርካታ					
ለፍላጎቶቼ ትኩረት ለስሚሰጥ ብራንድ ወድጄዎቼ					
የዚህን ብራንድ ምርቶች ሁሉንም ምርቶቻቸውን እንድገዛ ያደርጉኛል።					
ይህን ብራንድ በምርጫነት ለጓደኞች እና ለቤተሰብ እዲገዙ እመክራለሁ					

አሁን ባለሁብት ደስተኛ ስለሆንኩ ብራንድ መለወጥ አልፈልግም።					
ለፍላጎቶቼ ትኩረት የሚሰጠውን ብራንድ እወዳለሁ።					

This questionnaire is intended to collect data on the Effect of Emotional branding on brand loyalty with the mediating factor customer satisfaction as a partial fulfillment for the requirement of the successful completion of the Master 's Degree in business administration. Therefore, I kindly request you to fill this questionnaire genuinely and freely assuring that the data will be used only for the intended academic purpose.

Thank you in advance for your participation and valuable time!

Section 1: General information

Please use a tick mark '√' to show your preference in the box provided

Gender

Female Male

Age

Under 25 25-34 35-44 45-54 above 54

Status

Student employee other

Salary range (per month)

≤ 1,000 1,001-10,000 10,001-20,000 above 20,000

Section II: Emotional branding

Likert scale ranging from 1 to 5 corresponding to 'strongly disagree,' 'disagree,' 'neutral,' 'agree,' or 'strongly agree' respectively. Please use a tick mark '√' and give only one response

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Brand association					
I easily recognize the Arada brand among other competing brands.					
I have sufficient knowledge about the Arada brand					
I can quickly recall the symbol or logo of the Arada brand					
perceived Quality					
The Arada brand has consistent and good quality					

The Arada brand offers excellent features compared with others					
The Arada brand delivers the quality as promised					
Brand Personality					
The Arada brand is associated with a great celebrity who matches my personality					
The Arada brand has a very unique brand image compared to competing brands.					
I have a positive association with the Arada brand					

Section III: brand loyalty

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
brand Loyalty					
I usually use the Arada brand as my first choice in comparison with other brands					
I am still willing to buy the Arada brand although the price of this brand tends to be higher					
I will not buy other brands if the Arada brand is available at the shop					
I would recommend the Arada brand to others					

Section IV: customer satisfaction

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Customer satisfaction					
I like the Arada brand because pays attention to my needs					
The Arada brand make me want to buy all their products					
I pass the Arada brand's preference to friends and family					

I don't like to change the Arada brand as I am happy where I am now					
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