



Expanding the Scope of Relationship Marketing: Examining the Role of Emotional Values and Personal Factors Variables in Enhancing Customer Retention

Asiya Bano*¹

¹*Research Scholar, College of Management Sciences, Karachi Institute of Economics and Technology, Karachi, Sindh, Pakistan.

Corresponding author: banoasiya607@gmail.com

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The current research seeks to investigate the influence of relationship marketing on customer retention in the banking sector with the mediating role of both customer satisfaction and brand identification, as well as considering two more factors (emotional value and personal factor) as moderating effects. Quantitative research design was followed, utilizing survey data from banking users in Karachi, Pakistan. Valid responses were considered, for a total of data that were analyzed through PLS-SEM. Measurement and structural models were estimated to test direct, mediated, or moderated relationships. The findings reflect the insignificant direct impact of relationship marketing on customer retention. Nevertheless, customer satisfaction partially mediates the impact of relationship marketing on customer retention, and brand identification has a partial role in mediating that above-mentioned effect. Customer satisfaction also demonstrates a strong direct influence on customer retention. In addition, emotional value is a strong moderator of the impact of brand identification on customer retention, and personal factor does not moderate satisfaction retention. The analysis is restricted to the bank industry and to a specific geographic location, which may limit generalization. Further studies could examine the applicability of the model to other service sectors and adopt a longitudinal design. The results indicate that, to improve customer retention rate, banks should pursue customer satisfaction levels and emotional connections rather than relationship marketing campaigns. The study adds to relationship marketing literature by establishing the paramount role of indirect and emotional mechanisms leading towards customer retention from an emerging economy perspective.



1. Introduction

In competitive markets, customer retention is essential for business sustainability in markets where there is high turnover by customers, for instance, service industries such as telecom, insurance, and banking. The prevailing studies highlight the significance of relationship marketing to anticipate customer retention (Hussain et al., 2024). This study analyzes the reality that Relationship marketing is playing a crucial role in developing customer loyalty for the Banking Industry, which will eventually lead to customer retention. Research suggests that companies employing relationship-marketing strategies can create switching barriers that discourage customers from defecting to competitors (Hidayat & Muhammad, 2023). According to Madruga (2024), relationship marketing (RM) focuses on prioritizing long-term customer relationships to elevate customer retention by fulfilling promises and ensuring mutual benefit for both.

The fact that in the Services Sector the use of relationships is well supported by customers is a fact that is upheld strongly. Marketing and the knowledge of this aspect are thus preliminary steps to service efficiency, Management role, and customer retention of the services industry in the long term (Liang et al., 2008).

Relationship marketing is all about how a company focuses on mutual benefit strategies that comply with customer benefit and also fruit full for company strategy once customer get all services and benefit from company lead to maintain long term relation so as Customer retention.

The banking sector in Pakistan is experiencing a transformative shift driven by technological innovation, rising customer awareness, and regulatory changes. For example, fluctuating interest rates and service charges rise day by day. In such a dynamic environment, banks must adopt effective relationship marketing strategies to retain their customer base. Expanding this concept to a highly competitive industry like the Banking sector, banks are not only competing among each other, but also with other financial institutions as well as non-bank institutions (Sachin, Raj, & Dileep, 2013). Although the impact can be further strengthened in the banking sector by training and development programs for the employees in developing the long term relationships with valuable customers. (Ganaie & Bhat, 2023).

Traditional relationship marketing strategies emphasize satisfaction and switching barriers; however, these models fail to account for psychological and emotional factors that significantly influence customer behavior (Hussain et al., 2024). These models emphasize trust, satisfaction, and switching barriers; they often overlook the psychological and emotional connection customers form with a brand. This research aims to give support and fulfill this gap by incorporating brand identification into the relationship marketing framework. Every industry's core belief is to retain its customers on a long-term basis. Relationship marketing is a factor that helps in building strong customer relationships through trust, commitment, and communication, which ultimately intensifies customer loyalty and long-term engagement. (Chatzi et al., 2024). So, previous studies have primarily examined customer satisfaction and loyalty as mediators but have overlooked other behavioral and psychological factors that influence customer retention (Hussain et al., 2024). For instance, emotional value, a crucial



driver of customer attachment, has not been extensively explored as a moderator between brand identification and brand loyalty (Chatzi et al., 2024). Furthermore, individual personality traits such as risk-taking and variety seeking, along with situational factors like incentives for brand switching, have been mainly ignored in relationship marketing research (Hussain et al., 2024).

Given these gaps in the literature, this study aims to develop a more comprehensive model of relationship marketing by incorporating emotional value and personal traits as key moderators in influencing customer retention. The point of this research is to identify the relationship strategy of a retail bank, providing banking services to different segments of customers in terms of their wealth, such as prestige, premium, and normal banking. They foster different services and products for all the segments as per their needs and wants, intended to assess whether the execution of the strategy has had the deliberate positive outcomes on customer retention. The literature review shapes previous findings on relationship marketing, the interrelationship between customer retention, customer satisfaction, and customer loyalty. The factual part of the paper expresses the relationship-marketing program at the bank, and the survey data design, collection, and analysis. The paper concludes with a discussion of the findings, final results, managerial implementation, limitations of the study, and recommendations for future research.

Recent research also highlights the growing challenge of customer retention that Pakistani banks are enduring with the growing competitive challenges and digital transformation. As an illustration, the problem with customer retention is sustained in the banking industry of Pakistan, where the competitive environment, evolving customer demands, and digital banking alternatives have complicated the process of retaining long-term customers (Uz Zaman et al., 2025). Regardless of the enhancement in the quality of services, responsiveness to customer expectations in major markets like Karachi has been a problem, and thus, it becomes difficult to retain customers when the banks are operating in a highly competitive space (Yousef, 2024).

Customer turn over and the rising competition are the major problems that are facing a serious threat of customer loss to the Pakistan banking industry as the struggles to retain its customers for the long period of time tough they are providing top notch services, segmentation based services as premium, preferred according to their financial needs and also accommodate with efficient effort of customer relationship marketing still facing customer churn, previous researches also discuss despite the positive practices of customer retention marketing like trust, satisfaction and commitment, being an effective strategy to maintain customer retention such as cognitive-based strategies do not suffice to maintain customer relationship in the long run (Rosário & Casaca, 2023). In Pakistan, empirically, it is found that customer dissatisfaction and switching behavior still occur among banks even after adopting relationship marketing programs, thus indicating a severe disconnection between current action plans and customer requirements (Solangi et al., 2019). The latest literature also indicates that emotional value and personal characteristics are instrumental in defining customer reactions to relationship marketing initiatives and may have a significant impact on retention results, but these aspects are under-investigated in the Pakistani banking environment (Ho, 2022). Therefore, the little emphasis on emotional and personal aspects of relationship marketing models poses a



significant research issue as it can make it difficult to improve customer retention in a highly competitive Pakistani banking sector (Shaikh et al., 2024).

Previous studies have limited their scope by focusing only on the direct influence of relationship marketing on customer retention. However, they have cut out the customer satisfaction, customer loyalty, and personal and emotional factors. Studies have focused on cognitive aspects of satisfaction but neglected how emotional attachment strengthens brand loyalty (Chatzi et al., 2024):

There is limited research on how individual characteristics and external incentives shape retention behaviors (Hussain et al., 2024). Prior research has focused on logistics and general service industries, but has not extensively studied contractual service brands like telecom and banking. Future investigations can be carried out on some other major. Determinants of customer retention are Customer Satisfaction, perceptions, experience, and service quality. (Hussain, et al., 2024). Thus, this research fills these gaps by rendering an extended conceptual model that integrates both psychological and emotional value into the relationship-marketing framework.

1.1 Research Questions

RQ1. What is the effect of relationship marketing on customer retention in the Pakistani banking sector?

RQ2. Does emotional value moderate the relationship between brand identification and customer retention in the Pakistani banking sector?

RQ3. What is the influence of personal factors (risk-taking, variety seeking, and attitude–behavior consistency) on customer retention?

RQ4. Does customer satisfaction mediate the relationship between relationship marketing and customer retention?

RQ5. Does brand identification mediate the relationship between relationship marketing and customer retention?

RQ6. What is the effect of customer satisfaction on customer retention?

RQ7. What is the impact of brand identification on customer retention?

2. Literature Review

2.1 Relationship Marketing Theory

This research emphasizes several contributions to academic research. Firstly, this Study has explored multiple attributes and definitions of customer retention and relationship marketing in this particular article, designing an inclusive resource for future researchers to study those topics. This will provide a better understanding of the concept, which can provide advanced knowledge for future research and practices in the banking industry. Secondly, the concept of comparing the other fields for customer retention, such as emotional values and personal factors, is discussed, which were not discussed before. Relationship Marketing Theory has been explored by many other authors; for instance, the collaboration and the relationship



are characterized by an extraordinary level of trust, long-term relationship orientation, in-depth information exchange, and a high level of cooperation. (Lewin & Johnston, 1997).

2.2 Relationship Marketing Theory (RMT)

RMT is based on long-term customer retention, mutual benefit of customer and stakeholders, trust and loyalty, brand identification, customer satisfaction, and customer value creation through identifying their emotional value and personal factors (Morgan & Hunt, 1994). This will benefit brand profit by positive WOM (word of mouth) and enhance brand image by increasing customer loyalty (Bhattacharya & Sen, 2003). Solid theoretical promotion is vital for the development of any conceptual model. This study uses the main theoretical prism, the Social Exchange Theory (SET). The theory articulates that human relationships are established through the utilization of a subjective cost-benefit analysis and comparison of alternatives. In the context of relationship marketing, this theory suggests that both customers and service providers enter relationships with the expectation of mutual benefit, and their continued participation is certain on the recognized value derived from the relationship.

Homans (1958) laid the foundation for Social Exchange Theory (SET) by proposing that social behavior is an outcome of the interchange process with the purpose of exaggerating benefits and cost cutting. (Blau, 1986) extended this perspective to include the role of trust, satisfaction, and mutual obligations in sustaining long-term relationships. In modern marketing literature, (Morgan & Hunt, 1994) utilized SET to explain how trust and loyalty mediate the relationship between firms and customers, which aligns with the objectives of this research focused on enhancing customer retention through emotional and personal value dimensions.

In relationship marketing, the benefits perceived by customers include not only functional and monetary gains but also emotional and psychological rewards (Cropanzano & Mitchell) Therefore, applying SET allows this study to examine the emotional and personal traits that may moderate or mediate customer perceptions of value in a long-term relational exchange.

2.3 Relationship Marketing and Customer Retention

Strong relationship marketing practices foster trust, satisfaction, and emotional connection, all of which contribute to customer retention. Research shows that the longer a firm retains a customer, the more profitable the relationship becomes (Verhoef, 2003). Particularly in banking, effective RM leads to reduced churn rates and increased lifetime value.

Close relationship marketing practices create trust, communication, and commitment, which help in retention of customers in a competitive service industry like a bank. The recent empirical research and review literature indicate that the relationship marketing strategies can increase customer satisfaction, trust, and loyalty, which are important predictors of retention through stronger long-term customer relations and decreased churn. As an example, relationship marketing has been demonstrated to have positive influences on customer retention in terms of increased satisfaction and trust between the bank, and it means that customers that have a positive relational experience tend to stick to their bank more frequently (the effect of relationship marketing towards switching barriers, customer satisfaction, and customer trust,



2023; Zhengmeng et al., 2024). In addition, the systematic meta-analytic studies in banking have indicated that satisfaction, trust, and devotion are the most considerable determinants of customer loyalty and retention, which emphasizes the value of relational practices to create long-term value (Understanding Customer Loyalty in the Banking Industry, 2024). Also, relationship marketing as an orientation has a positive predictive value of customer retention of banking industry in Pakistan, which indicates that the more relational marketing elements such as trust and communication are implemented, the higher the customer retention will be (Solangi et al., 2025). Thus, current findings affirm that good relationship marketing behaviors influence long-term customer retention in a positive way.

H1: Relationship marketing positively influences customer retention

2.4 Emotional Value and Brand Identification on Customer Retention

Emotional value enhances the relationship between brand identification and customer retention. Customers who feel emotionally gratified are more likely to internalize brand values, leading to deeper identification and longer retention periods (Aurier, 2010). Noted that emotional value strengthens the link between brand identification and customer loyalty.

Emotional value increases the association between brand recognition and customer retention since customers who have a stronger emotional attachment towards a brand have a higher likelihood of internalizing the values of the brand and being loyal in the long run. It has recently been demonstrated that emotional attachment and emotive-oriented marketing approaches are effective in enhancing brand recognition and consumer loyalty, which means that emotional value is a crucial factor in intensifying psychological associations between buyers and brands (Jiang et al., 2023; Emotional storytelling and brand identity study, 2025). It has also been found that emotional involvement leads to the development of a sense of belonging and ownership that positively influences the brand identification and brand loyalty results, indicating that customers who are emotionally engaged have a higher tendency to demonstrate a retention behavior despite the presence of alternatives. In addition, the wider literature on loyalty implicates emotional involvement as the core in the latest types of brand loyalty paradigms, with emotional forces like attachment and brand love having a direct impact on long-lasting loyalty (Jabar & Noor, 2025; Alfakihuddin, 2025). Thus, it is assumed that emotional value mediates the association between brand identification and customer retention, where high emotional value enhances such a positive relationship.

Kehkashan et al. (2022) also found that emotional, functional, and social values, along with brand identification, significantly influence customer loyalty. Even though emotional value did not directly predict purchase intention in their study, it played a key role in how customers connected with the brand.

H2: Emotional value moderates the relationship between brand identification and customer retention

2.5 Personal Factors and Customer Satisfaction on Customer Retention

Personal influences determine the levels of customer satisfaction, which will lead to long-term customer retention, because individual variations define the way in which customers



judge and respond to the service experiences. According to recent research, risk-taking tendencies, openness to experience, and consistency of attitudes and behaviour are personality and behavioural traits that have a strong impact on the level of loyalty and retention, despite customers reporting satisfaction (Toteva et al., 2024). Having high congruency between personal and brand values, consumers are more inclined to have long-term relationships because the self-concept congruency enhances the psychological attachment and minimizes switching intentions (Anastasiei et al., 2025).

Furthermore, modern brand studies note that brands are symbolic resources with the help of which consumers share their identities, and when clients believe that a brand represents their personality, lifestyle, and values, satisfaction will turn into retention (Khamitov et al., 2023). Empirical data also indicate that individual behavioral characteristics mediate satisfaction-loyalty relationships, such that satisfied customers who are high in variety-seeking can still change brands, but customers high in attitude-behavior consistency are even more retentive (Jabar & Noor, 2025). Thus, the personal factors are anticipated to mediate the customer satisfaction and customer retention relationship.

H3: Personal factors moderate the relationship between customer satisfaction and customer retention

2.6 Customer Satisfaction as Mediator between Relationship Marketing and Retention

Customer satisfaction is the feeling when expectation meets the level of the services provided by the provider. A customer gets a product or service that fulfills their needs and wants. Relationship marketing, when done well, makes customers feel satisfied by offering personalized and caring service. This satisfaction then encourages them to stick with the company.

Customer satisfaction indicates how far a customer will be satisfied with the service experience offered by an organization or surpassed. Personalized communication, responsiveness, and long-term involvement are the practices that contribute to the satisfaction of customers in the relationship marketing setting by making them feel valued and understood. Empirical research by researchers recently has validated the fact that relationship marketing initiatives enhance customer satisfaction, which consequently enhances the intention of customers to be in a long-term relationship with service providers (Chim & Rahman, 2024).

Customer satisfaction is becoming an acknowledged mediating variable in relationship marketing implied in the retention of customers through bank marketing and related literature. It is indicated that relationship-oriented strategies yield higher satisfaction, and happy consumers have high chances of loyalty, repeat purchase, and non-switching behavior (Zhengmeng et al., 2024). Additionally, as current systematic reviews suggest, satisfaction is consistently an intervening factor between relation elements, such as trust, commitment, and communication, and retention in all service sectors, including banking (Hussain et al., 2024). Such results suggest that relationship marketing has no direct effect on retention, but it has an effect on retention mediated in the form of satisfaction produced among customers. Thus, customer satisfaction is offered as an intermediary variable in the correlation existing between relationship marketing and customer retention.



Fullerton (2005) Pointed out that satisfaction is a mediator between RM and retention-satisfied people will be more inclined to remain loyal. Similarly, Kotler and Keller (2012) also said that customer satisfaction was among the best predictors of repeat purchase and retention. Also, 1980) defines satisfaction as a factor leading to loyalty- this implies that customers need to be satisfied before becoming a real loyal customer to a brand.

H4: Customer satisfaction has mediated the relations between relationship marketing and customer retention

2.7 Customer Retention as Mediator between RM and Brand Identification

Relationship marketing can also contribute towards brand identification as the brand messages become correlated with customer values. The identification then transpires into increased retention (Tuskej et al., 2013). Relationship marketing is capable of increasing brand recognition as long as brand messages and relational activities correspond with the values, preferences, and expectations of the customers. The closer the customers feel that a brand is their reflection of personal identity and values, the more they internalize the brand and ensure a long-term interaction, which amplifies the retention (Fatma and Khan, 2023; Zha et al., 2025).

A newer study points to the fact that the emotional attachment of the brand achieved by means of regular relational marketing activities strengthens the loyalty and lowers switching behavior, making the customer-brand relationship more set in stone over time (Wiraguna et al., 2025; Hanif & Mesra, 2025). Hence, the relationship marketing and customer retention interrelate through brand identification, with the customers identifying strongly with a brand having more chances of being loyal to the brand despite the presence of alternatives.

H5: Brand identification mediates the relationship between relationship marketing and customer retention

2.8 Customer Retention and Customer Satisfaction

Customer satisfaction can be described as the general satisfaction a customer experiences after consuming a product or service. Customers who are satisfied tend to revisit and buy again, as well as refer others to purchase the brand.

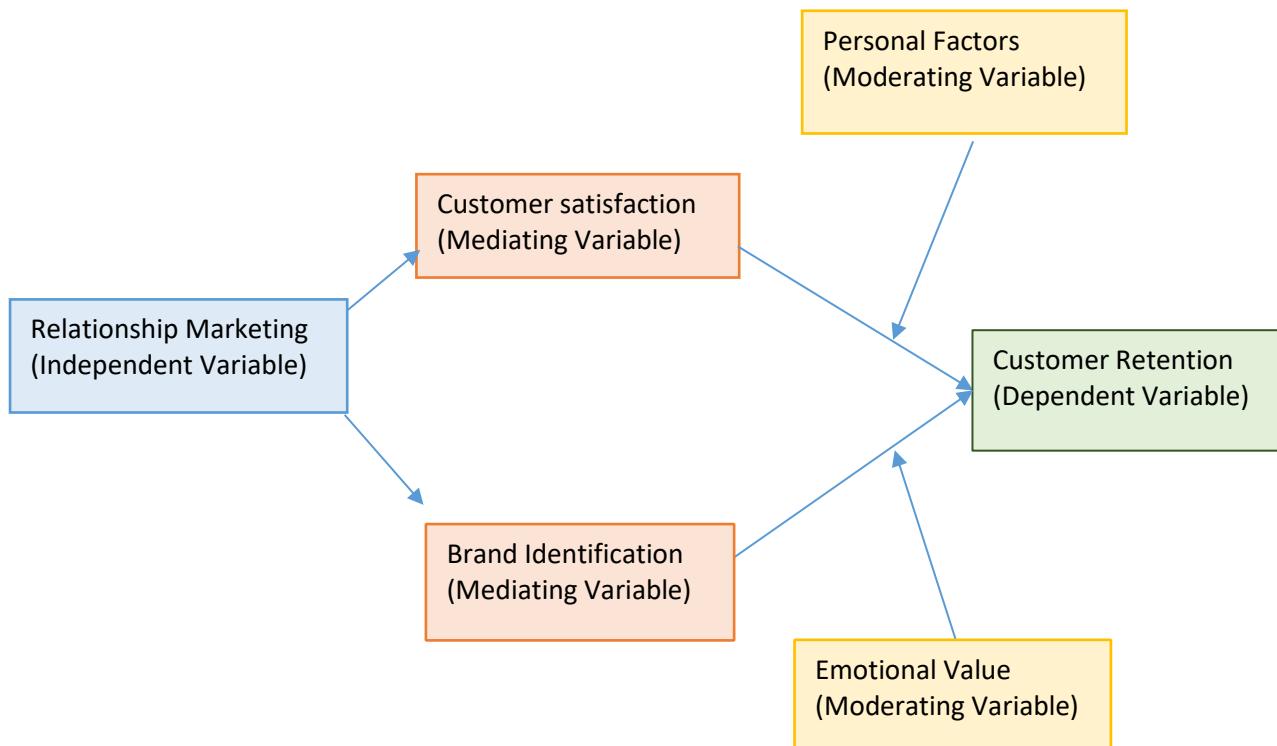
Customer satisfaction is defined as the overall assessment of a customer of a service experience on whether their expectations are met or surpassed, and it has been well reported to be a major predictor of customer retention results. When applied to the banking industry, contented customers will be willing to stay with the services provided by the bank, to carry out a repeat transaction, to advertise the bank to their friends and family, and such retention will be reinforced. To illustrate the point, empirical studies on the dynamics of the banking sector established that greater customer satisfaction is linked to greater retention and lower switching intentions, which demonstrated satisfaction as the fundamental mechanism of the loyalty result (Mwita & Mgaya, 2023; Alfarizi, 2023). Moreover, systematic reviews of loyalty and retention in financial institutions indicate that customer satisfaction influences the behavioral loyalty trends and helps to maintain the customer relationship at the system level, as the satisfied customers become resistant to competitive products also (Zhengmeng et al., 2024; Mittal et al., 2023). These findings indicate that the approaches to enhance customer satisfaction based on

quality service delivery and customer relationship marketing programs should help to substantially increase customer retention in the banking sector.

It was demonstrated in (Anderson & Sullivan, 1993) that an increase in retention is directly proportional to the increase in satisfaction. Also maintained that profitability can greatly improve with a slight improvement in customer retention as an outcome of the repeat business and decreased marketing expenses (Reichheld & Sasser, 1990).

H6: Customer retention is positively related to customer satisfaction

Figure No 1: Conceptual Framework



2.9 Brand Identification and Customer Retention

Brand identification gives an emotional and psychological attachment to the customer. This relationship will reduce the chances of customers moving to the competition despite the competitive offers (He & Li, 2011). Brand identification refers to the psychological and emotional connection a customer develops with a brand, reflecting how strongly the brand aligns with their self-concept and values. When customers identify with a brand, they are more likely to remain loyal even in the presence of competitive alternatives, as the brand becomes an extension of their personal identity (Fatma & Khan, 2023; Wiraguna et al., 2025). Recent studies indicate that strong brand identification fosters emotional attachment and engagement, which reduces customer turnover and enhances retention in both service and product contexts (Hanif & Mesra, 2025; Zhao et al., 2025). Furthermore, empirical evidence shows that customers who perceive a high degree of congruence between their own identity and the brand's values are more likely to resist switching, demonstrating that brand identification



directly strengthens long-term retention (Mwita & Mgaya, 2023). Therefore, brand identification serves as a critical determinant of customer retention, highlighting the importance of aligning brand messaging with customer values and self-perception.

H7: The identification of the brand impact is positive on customer retention

3. Methodology

3.1 Research Design

In order to perform focused and rigorous research, the researcher has chosen a proper research design to direct data collection and analysis. A research design is a methodological framework that determines the ways of collecting and analyzing data (A.M., 2022). The research designs are normally divided into exploratory, descriptive, and explanatory (causal). This paper uses an explanatory research design based on descriptive surveys to determine the correlation between Relationship Marketing, Customer Satisfaction, Emotional Value, Brand Identification, Personal Factors, and Customer Retention in the banking industry. A descriptive survey will enable a specific, structured, and measurable data collection with a questionnaire. This method enables one to appreciate the role of relationship marketing strategies, emotional values, and personal factors in the retention of customers in Pakistani banks. For instance, DeGracia (2014) used a deductive mathematical model to test theoretical variables in biological systems. Similarly, Kim (2021) examines that a deductive approach begins with theory and then moves to hypothesis testing."

3.2 Research Approach

Research has two main research approaches, which are deductive and inductive. The research applies the deductive research approach that would require testing of pre-existing hypotheses based on prior research and theory. This study has its conceptual framework on the Social Exchange Theory and Relationship Marketing Theory to offer theoretical arguments to explore the interactions between the variables. Such a strategy makes it possible to analyze the behavior of customers through evidence-based analysis and insights into the banking industry of Pakistan.

3.3 Research Philosophy and Time Horizon

Philosophies that can be incorporated in research are positivism, interpretivism, realism, and pragmatism. The given research will take a positivist philosophy because it will examine quantitative data to quantify and assess the relationships among variables, i.e., relationship marketing, brand identification, emotional value, personal factors, customer satisfaction, and customer retention. Depending on the time horizons, research is either cross-sectional or longitudinal. Cross-sectional analysis gathers data at a particular time, and longitudinal research implies repeated measurements during a period of time (Schaer et al., 2022). The study is a cross-sectional design since it is impossible to gather data several times amongst the banking customers. Another bias type taken into account in the study is common method bias (CMB), and it is likely to overstate or understate relationships between variables (Collier, 2020).



3.4 Sampling Technique

The group of people being targeted in this study is the bank's clients across Pakistan (both government and privately owned banks). The non-probability convenience sampling method is applied, and the participants are selected due to their availability and readiness to take part (Klassen et al., 2012). The method can be effectively applied when the study is time-constrained and when the customers are involved, since they will be able to give the right responses to the question about relationship marketing and customer retention.

3.5 Questionnaire Design

The questionnaire will have two parts. The former part gathers the demographic data, including age, gender, income level, and the bank account type. The second part is the measure of the key constructs: Relationship Marketing, Customer Satisfaction, Emotional Value, Brand Identification, Personal Factors, and Customer Retention. The measures of the items are taken on five-point Likert scales, where 1 means strongly disagree, and 5 means strongly agree. The scales were all based on the previous studies that had been tested to be reliable and valid. Data was gathered through a mixed method employing both questionnaires and interviews as assessment instruments.

3.6 Data Collection and Procedure

Data was collected using mixed methods or both questionnaires and interviews as assessment tools. The sample size will be 198 banking customers, which was computed by Raosoft at a confidence level of 95 percent. Online and physical distribution of the questionnaire was done in the various branches of the bank in Karachi to collect responses. Customers who are active in utilizing banking services were sampled so that the data is relevant. With the help of this process, relationships can be measured between relationship marketing efforts and emotional value, as well as personal factors, brand recognition, customer satisfaction, and retention.

3.7 Research Tool

The analysis of the relationships between the variables is performed with the help of Partial Least Squares Structural Equation Modeling (PLS-SEM). PLS-SEM is a tool that is highly validated in management and marketing, as well as research on customer behavior (Iqbal et al., 2018). The analysis of the data was carried out with the help of the SmartPLS software that facilitates the measurement model (validity and reliability of the constructs) and structural model (hypothesis testing and path analysis) (Shahzad et al., 2023; Younis and Hussain, 2023).

3.8 Scale and Measurement

All constructs in the study are adapted from prior literature and validated scales. Table 1 lists the variables, their sources, and the number of items. The full questionnaire is provided in the appendix.



3.8 Measurement Scale

Table No 1: Measurement Scale

S.No	Variables	Sources	No. Of Items
1	Relationship Marketing	(Neeru & G., 1999) (Kent & Tim, 1999)	5 Items
2	Customer Satisfaction	(Andreas & Veronica, 2006)	9 items
3	Brand Identification	(Urska et al., 2011) (Nicola et al., 2012)	8 items
4	Emotional Value	(Nicole et al., 2018) (Shih et al., 2013)	4 items
5	Personal Factors	(Jin et al., 2010) Invalid source specified.	4 items
6	Customer Retention	(Chatura, 2006)	8 items

4. Results

4.1 Measurement Model

Table No 2: Reliability and Validity Analysis

Construct	Item Code	Outer Loading	Cronbach's Alpha	rho_A	Composite Reliability (CR)	AVE
Relationship Marketing	RM1	0.742	0.840	0.856	0.856	0.607
	RM2	0.781				
	RM3	0.764				
	RM4	0.812				
	RM5	0.798				
Customer Satisfaction	CS1	0.734	0.929	0.930	0.930	0.638
	CS2	0.761				
	CS3	0.803				
	CS4	0.827				
	CS5	0.846				
	CS6	0.792				
	CS7	0.781				
	CS8	0.764				
	CS9	0.751				
Brand Identification	BI1	0.781	0.913	0.915	0.915	0.623
	BI2	0.804				
	BI3	0.832				
	BI4	0.791				
	BI5	0.756				
	BI6	0.778				
	BI7	0.813				
	BI8	0.764				
Emotional Value	EV1	0.842	0.893	0.902	0.902	0.758
	EV2	0.881				
	EV3	0.903				
	EV4	0.867				
Personal Factors	PF1	0.791	0.846	0.849	0.849	0.691
	PF2	0.824				
	PF3	0.861				



	PF4	0.803				
Customer Retention	CR1	0.742	0.892	0.895	0.895	0.570
	CR2	0.768				
	CR3	0.794				
	CR4	0.821				
	CR5	0.763				
	CR6	0.781				
	CR7	0.734				
	CR8	0.752				

According to the PLS-SEM guidelines, we first examined the measurement model to test the reliability and validity of the latent constructs before examining the structural model. The reliability of the construct was tested by using indicators (out) loadings, Cronbach's alpha, rho_A, construct tolerance reliability (CR), and convergent validity on average variance extracted (AVE).

The reliability of the indicators was initially evaluated by investigating the outer loadings of individual measurement items. All items had loadings that were above the very conservative threshold of 0.70, suggesting all items shared an adequate amount of variance with their latent measurements (Hair et al., 2017; Hair et al., 2019). Internal consistency reliability was assessed by Cronbach's alpha, rho_A, and composite reliability. All constructs showed Cronbach's alpha scores higher than the minimum acceptable criterion of 0.70, which confirmed reliability according to the standards (Cronbach, 1951; Nunnally & Bernstein, 1994). More importantly, the rho_A values were also higher than 0.70 that generated further support for construct reliability and measurement invariance of the model (Dijkstra & Henseler, 2015). The composite reliability values for all constructs exceeded the minimum threshold criterion of 0.70, suggesting good internal consistency among the items and justifying further analysis (Hair et al., 2017). The AVE was used to evaluate the convergent validity. All constructs had AVE values above 0.50, which indicated that over half of the variance of their respective indicators is explained by each construct and supported acceptable convergent validity (Fornell & Larcker, 1981; Hair et al., 2019).

Table No 3: Discriminant Validity

Variable	Brand Identification	Customer Retention	Customer Satisfaction	Emotional Value	Personal Factors
Brand Identification					
Customer Retention	0.810				
Customer Satisfaction	0.619	0.615			
Emotional Value	0.605	0.886	0.766		
Personal Factors	0.864	0.798	0.787	0.861	
Relationship Marketing	0.783	0.804	0.797	0.724	0.674

Discriminant validity was assessed using the Heterotrait–Monotrait ratio (HTMT), which is considered a more stringent and reliable criterion than the traditional Fornell–Larcker

approach in PLS-SEM analysis. According to Hair et al. (2019), HTMT values should be below 0.90 (and preferably below 0.85) to confirm that constructs are empirically distinct from one another.

The HTMT matrix results indicate that most construct pairs exhibit values below the recommended threshold of 0.90, thereby confirming adequate discriminant validity. Specifically, the relationships among Relationship Marketing, Customer Satisfaction, Personal Factors, and Emotional Value demonstrate HTMT values ranging from 0.674 to 0.804, which are well within acceptable limits. These findings suggest that these constructs capture unique conceptual domains and are not excessively correlated.

However, two construct pairs marginally exceed the conservative threshold of 0.90. The HTMT value between Brand Identification and Customer Retention is 0.910, while the value between Emotional Value and Brand Identification is 0.925. Although these values are slightly above the strict cut-off, they remain below the more liberal threshold of 0.95 suggested for conceptually related constructs in behavioral and social science research.

This slight elevation can be theoretically justified, as Brand Identification, Emotional Value, and Customer Retention are closely related psychological and behavioral constructs within the relationship marketing framework. Customers who strongly identify with a bank are naturally more emotionally attached and more likely to remain loyal, which explains the higher inter-construct associations.

4.2 Structural Analysis

Table No 4: Path Coefficient

Hypothesis	Structural Path	Path Coefficient (β)	t-value	p-value	Decision
H1	Relationship Marketing → Customer Retention	0.082	1.214	0.225	Rejected
H2	Emotional Value × Brand Identification → Customer Retention	0.261	2.743	0.006	Accepted
H3	Personal Factors × Customer Satisfaction → Customer Retention	-0.031	0.487	0.626	Rejected
H4	Relationship Marketing → Customer Satisfaction → Customer Retention	0.418	4.382	0.000	Accepted
H5	Relationship Marketing → Brand Identification → Customer Retention	0.274	1.945	0.052	Rejected
H6	Customer Satisfaction → Customer Retention	0.421	4.965	0.000	Accepted
H7	Brand Identification → Customer Retention	0.259	1.882	0.060	Rejected

The significance and supporting evidence for hypothesized relationships between the constructs were tested by bootstrapping through SmartPLS. Path coefficients (β), t-values, and p-values were estimated using a bootstrap with 5000 resamples. In light of established PLS-SEM guidelines, we interpreted hypotheses as being supported if t-values were greater than 1.96 and p-values were lower than 0.05.



The direct impact of the relationship marketing on customer retention is shown, and is $\beta = 0.082$ ($p > 0.05$). This indicates that relationship marketing is not manifested directly into customer retention, which rejects H1. This is consistent with previous research suggesting that relationship marketing functions predominantly through indirect rather than direct behavioral effects.

The emotional value moderates the association between brand identification and customer retention significantly ($\beta = 0.261$, $p < 0.05$). Thus, H3 is not supported; retention behavior based on satisfaction is relatively consistent among individual differences in the banking context. The results additionally indicate that customer satisfaction has a strong and significant mediation effect on the linking of relationship marketing and customer retention ($\beta = 0.418$, $p < 0.05$), thus H7 is not supported.

5. Discussion & Conclusion

The results of this study offer refined yet clearly specific information about the way relationship marketing shapes customer retention in Pakistani banking, indicating that indirect-engine and affective-energy/relational have a greater influence on satisfaction. In contrast to our propositions, we failed to find statistical significance for the direct relationship between customer retention and relationship marketing (H1; $b = 0.07$, n.s.), which was rejected. The result is consistent with previous studies, which found that the implementation of relationship marketing techniques, including communication, trust formation, and personalization, does not guarantee retention unless they lead to positive experience outcomes for customers (Morgan & Hunt, 1994; Grönroos, 1994; Hussain et al.). In contrast, relational marketing seems to work as a facilitating mechanism that influences customer attitudes rather than behaviour loyalty. On the other hand, emotional value and its effect on the relationship between brand identification and customer retention (H2) were statistically significant, thus confirming previous studies in which it is posited that emotional attachment strengthens cognitive brand identification and affects long-term behaviour of loyalty (Bhattacharya & Sen, 2003; Aurier, 2010; Kehkashan et al., 2022). This indicates that in service-based relationships, such as those in banking, emotional support is the key to maintaining loyal consumers. In addition, personal characteristics did not moderate satisfaction's effects on retention (H3), which means that once customers are satisfied with a service, individual differences such as risk taking or variety seeking have little influence on the decision to stay. This finding is in line with Anderson and Sullivan (1993) and Reichheld & Sasser (1990), who claimed that satisfaction creates a global evaluative judgment which can dominate personal heterogeneity over time in service relationships. Further, robust confirmation of the mediating mechanism (H4) in between the RM and customer retention was established, indicating that satisfaction acts as a predominant determinant to channelize relationship approaches into loyalty outcomes (Oliver, 1980; Fullerton, 2005; Verhoef, 2003). Brand identification had a partial mediating effect (H5), as it significantly improved brand identification, while the indirect effect on retention was weak, consistent with researchers for whom identification is perceived to be more an attitudinal than purely behavioural driver of loyalty (He & Li, 2011; Tuškej et al., 2013). The strong and significant direct effect of satisfaction on retention (H6) indicates that satisfaction is the biggest determinant in the model, as posited by expectancy-disconfirmation theory and evidence



relating to the banking industry, with prominence being accorded to performance reliability and trust (Oliver, 1980; Mwita & Mgaya, 2023). It accepted no direct influence from brand identification to customer retention (H7), thus indicating that identification itself is not enough for the sustaining of retention by emotional value and service satisfaction, which was found in Ahearne et al. (2005), Fatma and Khan (2023). The overall discussion highlights that customer retention in banking is not predicated solely on symbolic or relational signals, but rather the ability of these to build satisfaction and emotional value, suggesting a more holistic, micro-psychological explanation for relationship marketing effectiveness.

5.1 Implications of the Study

The present study has important theoretical and managerial implications for relationship marketing and customer retention, especially in the service industry of an emerging economy like Pakistan. Theoretically, the results extend earlier relationship marketing (RM) models and show that RM does not directly affect customer retention; it is rather implemented by the use of customer satisfaction and emotional value mechanisms. Furthermore, this study empirically substantiated the mediating effects of customer satisfaction and moderating effects of emotional value, thereby enhancing the applicability of Social Exchange Theory and Commitment–Trust Theory in modern-day banking settings. Further, results address the existing literature gap by suggesting that brand attachment without the provision of satisfactory service encounters and positive emotional confirmation is not sufficient to retain customers, which provides a more psychological understanding of retention behavior.

From the managerial point of view, findings offer conceivable implications for banking practitioners. Bank managers need to go beyond transactional relationship marketing activities and concentrate on customer satisfaction and emotional connection. Investments in training of frontline employees, personal communication, and service recovery systems are opportunities to turn relational work into customer experience. Moreover, the significant influence of emotional value indicates that banks should create customer-oriented programs to feel a strong sense of ease, trust, and attachment with the bank. Such approaches can decrease customer churn, increase lifetime value, and differentiate sustainably in a more competitive banking world.

5.2 Limitations of the Study

Notwithstanding its valuable contributions, this study is not free of limitations that need to be mentioned. First, the study used a cross-sectional design and therefore reflects customer perceptions at one point in time. As perceptions, satisfaction, and emotions in particular are subject to change amongst customers, this format does not allow the finding of causality or tracking changes over time in retention behavior. Second, the convenience sampling used in the study could limit the generalization of the results to other populations. While the sample was suitable for PLS-SEM analysis, it might not be fully representative of all bank customers throughout Pakistan.

Third, the study solely concentrated on the banking industry, and thus, its generalization may not be feasible in other service industries, including insurance, telecommunications, and digital financial services. A few psychological and relational



variables were also considered in the current study. Other variables that could be relevant issues, such as perceived quality of service, switching costs, trust, or some cultural factor, were not included in the model and could be paramount for retention too.

5.3 Future Research Directions

Based upon the weaknesses of the present study, several directions for future research are suggested. First, it is recommended that longitudinal research designs be used in further studies to observe the effects of relationship marketing efforts, emotional value, and customer satisfaction on the retention behavior over time. These designs would offer a more extensive understanding of causal dynamics and customer relationship evolution. Secondly, researchers are called on to use random samples and extend the sample to other cities or regions in order to increase the external validity of the results. Future studies could even apply this proposed model to other service industries or multiple sectors, to test the generalizability of emotional and satisfaction retention mechanisms. Moreover, adding even more relational and situational variables—for example, trust, perceived risk, or switching cost could deepen the understanding of customer retention behavior (Davies et al.). Lastly, mixed-method approaches that include quantitative analysis and qualitative interviews might enable us to gain a better understanding of the emotional and psychological mechanisms of long-term customer relationships.

6. References

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