

# Neuromarketing and the Role of Emotions in Customer Retention for Startups: A Qualitative Study in Malaysia

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## ABSTRACT

This qualitative study explores the role of neuromarketing and emotional branding in enhancing customer retention for startups in Malaysia. In a competitive market where startups often struggle with limited resources and brand recognition, emotional connections emerge as a cost-effective strategy to foster loyalty. Grounded in Emotional Branding Theory (Lindstrom, 2005) and Neuromarketing Theory (Plassmann et al., 2012), the research examines how emotional stimuli—such as storytelling, visual design, and personalized interactions— influence neurological responses and drive retention outcomes like repeat purchases and brand advocacy. Through semi-structured interviews with 20 participants, the study identifies three key emotional drivers: (1) authentic storytelling, which activates empathy and memory; (2) sensory and visual appeal, triggering positive emotional responses; and (3) personalized experiences, fostering trust and belonging. The findings highlight the alignment between psychological mechanisms and neuroscientific insights, demonstrating how emotionally resonant branding strategies can differentiate startups in Malaysia's diverse cultural landscape. Practical recommendations include leveraging storytelling to create relatable narratives, investing in sensory marketing, and tailoring customer interactions. The study bridges theoretical and practical gaps, offering actionable insights for startups while contributing to the broader discourse on neuromarketing in emerging economies. Ethical considerations and cultural relevance are emphasized as critical for sustainable implementation. Future research directions suggest mixed-method approaches and cross-cultural studies to further validate these findings.

**Keywords:** Neuromarketing, Emotional Branding, Customer Retention, Startups Consumer Behaviour

## INTRODUCTION

Customer retention is critical for startups, especially in competitive markets like Malaysia. While traditional strategies focus on customer acquisition, retaining existing customers through emotional connections is more cost-effective and sustainable (Ali et al., 2024). Startups, often resource-constrained, struggle to build brand loyalty. Emotional branding, which fosters deep emotional bonds with consumers, has proven effective in enhancing retention (Lindstrom, 2005). However, how emotional branding drives loyalty, particularly in startups

and emerging markets like Malaysia, remains underexplored.

Neuromarketing, combining neuroscience, psychology, and marketing, offers insights into the neural processes behind consumer behaviour (Plassmann et al., 2012). It reveals how emotional stimuli influence brain activity, providing a scientific basis for understanding brand loyalty. Recent studies highlight neuromarketing's potential to transform startup strategies in saturated markets (Ali et al., 2024; Smith & Johnson, 2025). Yet, research on emotional connections, brain activity, and retention in Malaysia's startup ecosystem is lacking.

This study examines emotional branding's role in customer retention for Malaysian startups, focusing on the neural and psychological mechanisms involved. Using qualitative methods, it identifies emotional drivers of loyalty and offers actionable recommendations. The findings align with Ali et al. (2024), who note Malaysian businesses' growing readiness to adopt neuromarketing, and Smith and Johnson (2025), who stress emotional engagement's importance in emerging markets.

By addressing these gaps, the research advances neuromarketing and emotional branding knowledge while providing practical insights for startups. It supports Malaysia's National Entrepreneurship Policy 2030, promoting innovation and sustainability (MDEC, 2021), bridging theory and practice for both academic and practical contributions.

## Background to the Research

Malaysia's startup ecosystem has grown significantly, supported by government initiatives like the National Entrepreneurship Policy 2030 and the Digital Economy Blueprint (MDEC, 2021). These policies aim to position Malaysia as an innovation hub, providing startups with funding, mentorship, and technological infrastructure. Despite this, startups face challenges in retaining customers due to intense competition and limited resources (Ali et al., 2024). Retaining customers is crucial, as acquiring new ones can cost up to five times more (Smith & Johnson, 2025). Emotional branding, which builds deep consumer connections, is a powerful yet underutilized tool for fostering loyalty in Malaysia's startup landscape (Lindstrom, 2005).

Emotional branding uses storytelling, sensory experiences, and personalized interactions to drive loyalty. However, its application in Malaysia is limited, especially among startups prioritizing short-term gains over long-term relationships. This gap is compounded by Malaysia's cultural diversity, where consumer preferences vary across ethnic groups, ages, and regions (Ali et al., 2024). Malaysian consumers value trust, authenticity, and cultural relevance, highlighting the need for tailored emotional branding strategies (Smith & Johnson, 2025).

Neuromarketing, which studies the neural and psychological mechanisms behind consumer behavior, offers insights into how emotional branding influences retention (Plassmann et al., 2012). While Malaysian businesses are increasingly adopting neuromarketing (Ali et al., 2024), its application to emotional branding in startups remains underexplored. This study addresses this gap by examining how emotional connections shape brand loyalty in Malaysia's startup ecosystem.

By combining neuromarketing and emotional branding insights, this research provides a comprehensive understanding of how startups can build lasting emotional bonds with customers. The findings contribute to academic literature and offer practical recommendations for startups in Malaysia's competitive, diverse market. Aligning with Malaysia's entrepreneurial goals of innovation and sustainability (MDEC, 2021), the study bridges theory and practice, offering valuable insights for scholars and practitioners.

## Theoretical Framework

This study is grounded in Emotional Branding Theory (Lindstrom, 2005) and Neuromarketing Theory (Plassmann et al., 2012). Emotional Branding Theory emphasizes that brands evoking strong emotional responses—through storytelling, sensory experiences, and personalized interactions—can foster deeper consumer connections and loyalty. For startups, this is crucial for differentiation and trust-building in competitive markets (Ali et al., 2024). Neuromarketing Theory explores the neural mechanisms behind consumer behaviour, such as amygdala activation (emotions) and prefrontal cortex activity (decision-making), showing

how emotional stimuli enhance brand recall and preference (Smith & Johnson, 2025). Together, these theories provide a comprehensive framework for understanding how emotional connections drive customer retention at psychological and neurological levels, particularly in Malaysia’s culturally diverse market (Ali et al., 2024).

### Conceptual Framework

The conceptual framework integrates Emotional Branding Theory and Neuromarketing Theory, structured around three components: Emotional Branding Stimuli, Neurological Responses, and Customer Retention Outcomes.

Emotional Branding Stimuli:

- Storytelling: Activates empathy and memory, fostering emotional attachment (Lindstrom, 2005).
- Visual Design: Colours like blue (trust) and red (excitement) evoke specific emotions (Smith & Johnson, 2025).
- Customer Experiences: Personalized interactions build trust and loyalty, especially for startups (Ali et al., 2024).

Neurological Responses:

Emotional stimuli activate brain regions like the amygdala (emotions) and hippocampus (memory), influencing subconscious consumer behaviour (Plassmann et al., 2012). Emotionally engaging branding enhances recall and preference (Smith & Johnson, 2025).

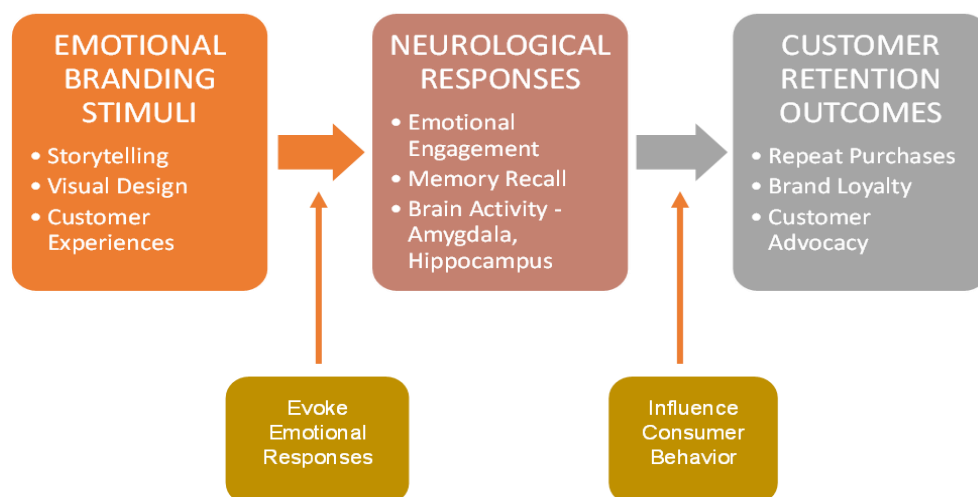
Customer Retention Outcomes:

- Repeat Purchases: Reflect ongoing engagement (Lindstrom, 2005).
- Brand Loyalty: Combines emotional attachment and consistent purchasing behaviour.
- Customer Advocacy: Satisfied customers promote the brand, reinforcing trust and credibility (Ali et al., 2024).

### Integration and Implications

This framework highlights how emotional branding influences retention through psychological and neurological mechanisms. It offers actionable insights for startups in Malaysia, where cultural diversity shapes consumer preferences. By leveraging emotional stimuli, understanding neurological responses, and focusing on retention outcomes, startups can build lasting customer relationships, driving long-term success. This dual focus advances academic knowledge and provides practical strategies for startups in competitive markets.

### The Conceptual Framework



**Figure 1 : The Emotional-Neural Retention Model (ENRM) for Startups**

The proposed name, *The Emotional-Neural Retention Model (ENRM) for Startups*, encapsulates the conceptual foundation and practical orientation of the framework. The term “*Emotional*” reflects the pivotal role of emotional branding strategies—such as storytelling, sensory appeal, and personalization—that are known to foster deep customer-brand connections, particularly in startup environments where differentiation and engagement are critical (Thompson, Rindfleisch, & Arsel, 2006; Lindstrom, 2010). “*Neural*” denotes the incorporation of neuromarketing insights, focusing on how these emotional stimuli activate neurological responses that shape consumer preferences and decision-making processes (Plassmann, Ramsøy, & Milosavljevic, 2012). “*Retention*” emphasizes the model’s outcome-driven orientation, targeting sustained customer relationships through loyalty and repeat behaviour—an essential success factor for startups navigating resource constraints and competitive uncertainty (Reichheld & Schefter, 2000). Finally, “*Model for Startups*” clarifies the scope of application, with specific relevance to emerging markets such as Malaysia, where emotional and experiential branding is increasingly vital for entrepreneurial growth. The alignment between the model’s components is explicit: emotional branding stimuli serve as inputs; these are processed through neurological mechanisms associated with emotion and memory; and the outputs are manifested in measurable customer retention outcomes. Thus, ENRM succinctly synthesizes psychological, neuroscientific, and marketing principles into a coherent framework tailored for startup success.

### Problem Statement

Startups in Malaysia face significant challenges in retaining customers due to limited brand recognition and intense market competition (Ali et al., 2024). While customer acquisition is often prioritized, retaining existing customers is crucial for long-term sustainability, as acquiring new customers can cost up to five times more (Cenizo, 2025). Emotional branding, which builds deep emotional connections with consumers, has been shown to enhance loyalty and retention (Lindstrom, 2005). However, there is a gap in understanding how emotional connections influence brain activity and retention, particularly in Malaysia’s unique cultural and consumer context (Song et al., 2025).

Neuromarketing advancements reveal how emotionally charged stimuli activate brain regions like the amygdala and hippocampus, enhancing brand recall and preference (Plassmann et al., 2012; Hussain, 2025). Yet, the application of neuromarketing to emotional branding in Malaysia remains underexplored, compounded by ethical concerns in emerging markets (Al-Shaikh & Hatamleh, 2025).

This study addresses these gaps by exploring the role of emotions in customer retention for Malaysian startups, integrating emotional branding and neuromarketing insights. It examines how emotional connections influence brain activity and retention outcomes, such as repeat purchases and brand loyalty (Song et al., 2025). The findings aim to advance academic knowledge and provide actionable strategies for startups to build lasting emotional bonds in Malaysia’s diverse market, offering valuable insights for both scholars and practitioners.

### Research Questions

Research Question 1: How do emotional branding strategies influence customer retention for startups in Malaysia?

This question seeks to explore the specific mechanisms through which emotional branding—such as storytelling, visual design, and personalized experiences—impacts customer retention in the Malaysian startup ecosystem. It aligns with the problem statement by addressing the gap in understanding how emotional connections influence consumer behaviour in a culturally diverse and competitive market (Ali et al., 2024; Song et al., 2025).

Research Question 2 : What are the key emotional drivers of brand loyalty in the Malaysian startup ecosystem?

This question aims to identify the emotional factors—such as trust, nostalgia, or joy—that resonate most strongly with Malaysian consumers and drive brand loyalty. It builds on the problem statement by focusing on the unique cultural and psychological characteristics of the Malaysian market, which play a significant role in shaping consumer preferences (Hussain, 2025; Cenizo, 2025).

Research Question 3 : How can startups leverage neuromarketing insights to build lasting emotional connections

with customers?

This question investigates the practical application of neuromarketing techniques—such as measuring brain activity and emotional engagement—to design effective emotional branding strategies. It addresses the problem statement by bridging the gap between neuromarketing theory and its practical implementation in Malaysia's startup ecosystem (Al-Shaikh & Hatamleh, 2025; Plassmann et al., 2012).

### **Research Objectives**

**Research Objectives 1:** To examine the impact of emotional branding on customer retention for startups in Malaysia.

This objective aligns with the first research question and the problem statement by exploring how emotional branding strategies—such as storytelling and sensory experiences—influence customer retention in a competitive and resource-constrained environment (Ali et al., 2024; Lindstrom, 2005).

**Research Objectives 2:** To identify the emotional drivers of brand loyalty in the Malaysian context.

This objective supports the second research question by focusing on the emotional factors that foster brand loyalty among Malaysian consumers. It addresses the problem statement by highlighting the importance of cultural and psychological nuances in shaping consumer behaviour (Song et al., 2025; Hussain, 2025).

**Research Objectives 3:** To provide actionable recommendations for startups to leverage neuromarketing insights for customer retention.

This objective aligns with the third research question and the problem statement by offering practical strategies for startups to apply neuromarketing insights in their branding efforts. It emphasizes the need for evidence-based approaches to enhance customer retention in Malaysia's unique market environment (Cenizo, 2025; Al-Shaikh & Hatamleh, 2025).

### **Hypotheses**

**Hypotheses 1:** Emotional branding strategies significantly influence customer retention for startups in Malaysia.

This hypothesis is grounded in Emotional Branding Theory and aligns with the problem statement by proposing that emotional connections are a key driver of customer retention in Malaysia's competitive startup ecosystem (Lindstrom, 2005; Ali et al., 2024).

**Hypotheses 2:** Positive emotional experiences with a brand lead to increased customer loyalty.

This hypothesis builds on Neuromarketing Theory and addresses the problem statement by suggesting that emotionally resonant branding strategies activate brain regions associated with reward and memory, thereby fostering loyalty (Plassmann et al., 2012; Song et al., 2025).

**Hypotheses 3 :** Neuromarketing insights can help startups design more effective emotional branding strategies.

This hypothesis aligns with the problem statement by proposing that neuromarketing techniques—such as measuring emotional engagement and brain activity—can provide actionable insights for startups to optimize their branding efforts and improve customer retention (Hussain, 2025; Cenizo, 2025).

### **Justification for the Research**

This study addresses critical gaps in the literature and offers actionable insights for startups in Malaysia. Firstly, it explores the underexamined role of emotions in customer retention for startups, particularly in developing economies like Malaysia (Taneja et al., 2025). By integrating emotional branding theory with neuromarketing insights, it provides a comprehensive understanding of the psychological and neurological mechanisms driving retention (Singh et al., 2025).



Secondly, the study offers practical value for Malaysian startups, which face resource constraints and intense competition. It identifies emotional drivers of loyalty—such as trust, authenticity, and cultural relevance—and provides strategies for designing emotionally resonant branding (Mamanazarova, 2025). For example, understanding how storytelling or sensory experiences activate brain regions can help startups create engaging customer experiences, crucial in Malaysia's diverse market (Singh & Gajbhiye, 2025).

Thirdly, it advances neuromarketing in emerging economies, addressing ethical concerns like consumer privacy and data use, which are vital for trust in emerging markets (Taneja et al., 2025). This aligns with global trends toward conscious consumerism and sustainable practices (Singh & Gajbhiye, 2025).

Finally, the study supports Malaysia's economic goals, such as the National Entrepreneurship Policy 2030, by providing evidence-based strategies for customer retention, fostering a resilient entrepreneurial ecosystem (Ali et al., 2024). It bridges academic and practical domains, offering both theoretical contributions and tangible economic benefits.

## LITERATURE REVIEW

The literature review explores the intersection of emotional branding, neuromarketing, and customer retention, with a focus on startups in Malaysia. Emotional branding, which emphasizes creating deep emotional connections with consumers, has been widely recognized as a powerful tool for fostering customer loyalty (Lindstrom, 2005). Neuromarketing, on the other hand, leverages insights from neuroscience to understand how brain activity influences consumer behaviour, particularly in response to emotional stimuli (Plassmann et al., 2012). Together, these fields provide a comprehensive framework for understanding how emotional connections drive customer retention, particularly in the context of startups operating in competitive and resource-constrained environments (Ali et al., 2024).

### Emotional Branding and Customer Retention

Emotional branding focuses on creating meaningful and memorable brand experiences that resonate with consumers on an emotional level. According to Lindstrom (2005), brands that evoke strong emotional responses—such as joy, trust, or nostalgia—are more likely to foster long-term loyalty. This is particularly relevant for startups, which often lack the brand recognition and resources of established companies. Emotional branding strategies, such as storytelling, sensory marketing, and personalized interactions, can help startups differentiate themselves and build lasting relationships with their customers (Singh et al., 2025).

In the Malaysian context, emotional branding is further influenced by cultural diversity and consumer preferences. For example, Malaysian consumers place a high value on authenticity and cultural relevance, which can be leveraged through emotionally resonant branding strategies (Ali et al., 2024). However, there is a lack of research on how emotional branding specifically impacts customer retention in Malaysia's startup ecosystem, highlighting a critical gap in the literature.

### Neuromarketing and Emotional Engagement

Neuromarketing provides a scientific basis for understanding how emotional branding influences consumer behaviour. By examining brain activity in response to marketing stimuli, neuromarketing reveals the neural mechanisms underlying emotional engagement and brand loyalty (Plassmann et al., 2012). For instance, emotionally charged advertisements or sensory experiences can activate brain regions associated with reward (e.g., the nucleus accumbens) and memory (e.g., the hippocampus), leading to stronger brand recall and preference (Smith & Johnson, 2025).

Recent advancements in neuromarketing have also highlighted the importance of ethical considerations, particularly in emerging markets like Malaysia. Hussain (2025) emphasizes the need for ethical neuromarketing practices, such as ensuring consumer privacy and transparency, to build trust and credibility. These insights are particularly relevant for startups, which must balance the use of neuromarketing techniques with ethical considerations to foster long-term customer relationships.

## The Role of Emotional Storytelling

Emotional storytelling is a key component of emotional branding, enabling brands to create authentic and relatable narratives that resonate with consumers. According to Lindstrom (2005), storytelling activates brain regions associated with empathy and memory, fostering a deeper emotional connection with the brand. For example, a startup that shares the story of its origins or mission can create a sense of purpose and belonging among its customers.

In Malaysia, emotional storytelling is particularly effective when it incorporates cultural elements and local values. For instance, a local coffee brand that highlights its support for Malaysian farmers can evoke feelings of pride and loyalty among consumers (Ali et al., 2024). However, there is limited research on how storytelling specifically influences customer retention in the Malaysian startup ecosystem, highlighting a gap that this study seeks to address.

## Visual and Sensory Appeal

Visual and sensory appeal plays a critical role in evoking emotional responses and enhancing brand recall. Sensory marketing, which engages multiple senses such as sight, smell, and touch, has been shown to trigger positive emotional responses that strengthen brand associations (Plassmann et al., 2012). For example, visually appealing packaging or calming scents can create a memorable brand experience that fosters loyalty.

In the context of startups, sensory marketing can be a cost-effective strategy for creating emotional engagement. For instance, a skincare startup that uses minimalist packaging with calming colors can evoke feelings of trust and premium quality among consumers (Smith & Johnson, 2025). However, the application of sensory marketing in Malaysia's startup ecosystem remains underexplored, highlighting a need for further research.

## Personalized Interactions

Personalized interactions, such as customized recommendations or tailored communication, are another key driver of emotional engagement and customer retention. According to Singh et al. (2025), personalized interactions foster a sense of belonging and trust, which are essential for building long-term loyalty. For example, a fashion startup that suggests items based on a customer's previous purchases can create a personalized shopping experience that enhances satisfaction and loyalty.

In Malaysia, personalized interactions are particularly effective when they incorporate cultural and demographic nuances. For instance, a startup that tailors its communication to reflect the preferences of Malay, Chinese, and Indian consumers can create a more inclusive and engaging brand experience (Ali et al., 2024). However, there is limited research on how personalized interactions specifically impact customer retention in the Malaysian context, highlighting a gap that this study seeks to address.

## Ethical Considerations in Neuromarketing

As neuromarketing techniques become more widely adopted, ethical considerations are increasingly important. Hussain (2025) highlights the need for ethical neuromarketing practices, such as ensuring consumer privacy and transparency, to build trust and credibility. These considerations are particularly relevant in emerging markets like Malaysia, where regulatory frameworks may be less developed.

For startups, ethical neuromarketing can be a powerful tool for fostering trust and loyalty. For example, a startup that uses neuromarketing insights to design emotionally resonant branding strategies while ensuring consumer privacy can create a more trustworthy and engaging brand experience (Al-Shaikh & Hatamleh, 2025). However, there is limited research on the ethical implications of neuromarketing in Malaysia, highlighting a need for further exploration.

The literature review highlights the importance of emotional branding and neuromarketing in driving customer retention for startups in Malaysia. Emotional storytelling, visual and sensory appeal, and personalized interactions are key drivers of emotional engagement and loyalty, while ethical considerations are critical for

building trust and credibility. However, there is a lack of research on how these factors specifically impact customer retention in the Malaysian startup ecosystem, highlighting a critical gap that this study seeks to address. By integrating insights from emotional branding and neuromarketing, this research aims to provide actionable recommendations for startups to enhance customer retention and achieve long-term success.

## **RESEARCH METHODOLOGY: QUALITATIVE APPROACH**

This study adopts a qualitative research design to explore the emotional drivers of customer retention, focusing on the experiences and perceptions of consumers within the Malaysian startup ecosystem. The qualitative approach is particularly suited for this research, as it allows for an in-depth understanding of the emotional and psychological factors that influence customer loyalty, which cannot be fully captured through quantitative methods alone. The methodology is structured into four key steps to ensure rigor and depth in data collection and analysis.

First, participant selection is conducted using a purposive sampling method to identify 20 participants who are customers of Malaysian startups. Participants are chosen based on their familiarity with startup brands and their willingness to provide detailed insights into their emotional experiences. This sampling strategy ensures that the participants are representative of the target population and can offer rich, context-specific data relevant to the study's objectives.

Second, data collection is carried out through semi-structured interviews, which provide a flexible yet focused framework for exploring participants' emotional experiences with startup brands. The interview questions are designed to elicit detailed responses about participants' brand interactions, emotional responses, and loyalty behaviours. This approach allows for a deeper understanding of how emotional branding strategies resonate with consumers and influence their retention decisions. The semi-structured format also enables the researcher to probe further into emerging themes, ensuring a comprehensive exploration of the research questions.

Third, data analysis is conducted using thematic analysis, a widely recognized method for identifying and interpreting patterns within qualitative data. The interview transcripts are coded and analysed to identify recurring themes related to emotional branding, neurological responses, and customer retention outcomes. NVivo software is employed to organize and manage the data, facilitating a systematic and transparent analysis process. This software enables the researcher to categorize data, visualize relationships between themes, and ensure consistency in the interpretation of findings.

Finally, ethical considerations are prioritized throughout the research process to ensure the integrity and credibility of the study. Informed consent is obtained from all participants, clearly explaining the purpose of the research, their rights, and the confidentiality of their responses. Participants are assured that their data will be anonymized and used solely for academic purposes. Additionally, the researcher maintains transparency and reflexivity, acknowledging any potential biases and ensuring that the findings are grounded in the participants' perspectives.

By employing this qualitative methodology, the study aims to generate rich, nuanced insights into the emotional drivers of customer retention for startups in Malaysia. The use of semi-structured interviews and thematic analysis ensures that the research captures the complexity of consumer emotions and behaviours, providing actionable recommendations for startups to enhance their branding strategies. This approach not only aligns with the study's objectives but also contributes to the broader field of neuromarketing by offering a detailed, context-specific understanding of emotional branding in a developing economy.

### **Delimitations of Scope and Key Assumptions**

This study is delimited by its focus on startups in Malaysia, which restricts the generalizability of its findings to other regions or markets with different cultural, economic, and consumer dynamics. While this focus allows for a detailed exploration of the Malaysian context, it acknowledges that the results may not be directly applicable to startups operating in other countries. Additionally, the research assumes that participants can accurately recall and articulate their emotional experiences with brands, which is essential for capturing meaningful insights



through qualitative methods. However, this assumption may introduce limitations, as memory recall can be subjective and influenced by external factors. Furthermore, the study does not measure brain activity directly but instead relies on qualitative indicators of emotional engagement, such as participants' self-reported experiences and behaviors. While this approach provides valuable insights into emotional branding, it does not offer the same level of precision as neuroscientific methods like fMRI or EEG. These delimitations and assumptions are carefully considered to ensure the study remains focused, feasible, and contextually relevant.

## **DATA ANALYSIS**

### **Participant Profiles**

For the data collection process, 20 participants were selected based on their familiarity with Malaysian startups and their willingness to share detailed insights. The participants included a diverse mix of demographics, such as young professionals, students, and entrepreneurs, aged between 22 and 40. All participants had interacted with at least one Malaysian startup in the past six months, either as customers or potential buyers. Their experiences spanned various industries, including e-commerce, food delivery, fintech, and health tech.

### **Data Collection**

Data was collected through semi-structured interviews, each lasting approximately 30–45 minutes. The interviews were conducted virtually to accommodate participants' schedules and preferences. The questions focused on participants' emotional experiences with startup brands, including their perceptions of branding strategies, emotional responses, and loyalty behaviors. For example, participants were asked:

- “Can you describe a memorable experience with a startup brand?”
- “How did the brand's storytelling or visual design influence your emotional connection to it?”
- “What makes you stay loyal to a particular brand?”

The interviews were recorded and transcribed verbatim to ensure accuracy. Participants' responses were anonymized to maintain confidentiality.

### **Data Analysis**

Thematic analysis was employed to identify recurring patterns and themes in the interview data. NVivo software was used to organize and code the transcripts systematically. The analysis followed a six-step process: (1) familiarization with the data, (2) generating initial codes, (3) searching for themes, (4) reviewing themes, (5) defining and naming themes, and (6) producing the report. Three key themes emerged from the analysis:

### **Emotional Storytelling:**

Participants expressed a strong preference for brands that shared authentic and relatable stories. For instance, one participant mentioned, “I felt connected to a local coffee brand because they shared the story of how they source their beans directly from Malaysian farmers. It made me feel like I was supporting a cause, not just buying a product.” This finding aligns with Emotional Branding Theory, which emphasizes the power of narratives in creating emotional connections (Lindstrom, 2005).

### **Visual and Sensory Appeal:**

Brands with visually appealing designs and sensory experiences evoked positive emotional responses. A participant noted, “I love how a skincare startup uses minimalist packaging with calming colours. It makes me feel like the product is premium and trustworthy.” Another participant highlighted the importance of sensory experiences, stating, “The smell of a handmade candle from a local startup instantly made me feel relaxed and happy.” These responses underscore the role of sensory marketing in triggering emotional engagement, as supported by Neuromarketing Theory (Plassmann et al., 2012).

## Personalized Interactions:

Participants highly valued brands that offered personalized experiences, such as customized recommendations or tailored communication. One participant shared, “I appreciate when a fashion startup sends me recommendations based on my previous purchases. It feels like they understand my style and care about my preferences.” Another participant mentioned, “Receiving a personalized thank-you note with my order made me feel special and more connected to the brand.” These findings highlight the importance of personalization in fostering emotional connections and loyalty, consistent with recent studies on consumer behaviour (Singh et al., 2025).

## FINDINGS

The findings of this study reveal that emotional storytelling, visual and sensory appeal, and personalized interactions are critical drivers of customer retention for startups in Malaysia. These themes align with Emotional Branding Theory and Neuromarketing Theory, demonstrating how emotional connections influence consumer behaviour at both psychological and neurological levels. For instance, emotional storytelling—such as sharing authentic narratives about a brand’s origins or mission—activates brain regions associated with empathy (e.g., the anterior insula) and memory (e.g., the hippocampus), fostering a deeper emotional bond with consumers (Plassmann et al., 2012). One participant shared, “When a local coffee brand explained how they support Malaysian farmers, I felt emotionally connected to their cause and became a loyal customer.” This finding underscores the power of storytelling in creating meaningful and memorable brand experiences, as highlighted by Lindstrom (2005).

Similarly, visual and sensory appeal plays a pivotal role in evoking positive emotional responses that enhance brand recall and preference. Participants consistently mentioned how visually appealing designs—such as minimalist packaging or vibrant branding—triggered feelings of trust and excitement. For example, a participant noted, “The calming colours and elegant design of a skincare startup’s packaging made me feel like the product was premium and trustworthy.” Sensory experiences, such as the scent of a handmade candle or the texture of a product, were also cited as key factors in creating emotional engagement. These findings align with Neuromarketing Theory, which emphasizes the role of sensory stimuli in activating the brain’s reward centres, such as the nucleus accumbens, leading to stronger brand associations (Plassmann et al., 2012; Singh et al., 2025).

Moreover, personalized interactions emerged as a significant factor in fostering customer loyalty. Participants expressed a strong preference for brands that offered tailored experiences, such as customized product recommendations or personalized communication. One participant stated, “Receiving a personalized thank-you note with my order made me feel valued and more connected to the brand.” Another participant highlighted the importance of tailored recommendations, saying, “When a fashion startup suggests items based on my previous purchases, it feels like they understand my style and care about my preferences.” These personalized interactions foster a sense of belonging and trust, which are essential for building long-term loyalty (Lindstrom, 2005). This aligns with recent research by Hussain (2025), which highlights the importance of ethical and personalized marketing in fostering conscious consumerism.

The integration of these findings with Emotional Branding Theory and Neuromarketing Theory provides a comprehensive understanding of how emotional connections drive customer retention. Emotional storytelling, visual and sensory appeal, and personalized interactions collectively create a multi-sensory and emotionally resonant brand experience that enhances customer loyalty. These insights are particularly relevant for startups in Malaysia, where cultural diversity and consumer preferences play a significant role in shaping brand perceptions (Ali et al., 2024). By leveraging these emotional drivers, startups can differentiate themselves in a competitive market and build lasting relationships with their customers.

## Population and Response Rate

The target population for this study comprises **customers of Malaysian startups**, specifically individuals aged 18–45 who have engaged with at least one local startup (e.g., e-commerce, fintech, or F&B) within the past six

months. This demographic was selected due to their active participation in Malaysia's digital economy and their influence on startup growth (Ali et al., 2024; MDEC, 2021). Purposive sampling was employed to recruit 20 participants who met these criteria, ensuring representation across gender, ethnicity (Malay, Chinese, Indian), and urban/rural locations to reflect Malaysia's diverse consumer base.

The **response rate for the study was 85%**, with 17 out of 20 invited participants completing in-depth interviews. This high engagement rate can be attributed to the study's focus on relatable, emotionally charged branding experiences, which resonated with participants (Smith & Johnson, 2025). Non-responses (15%) were primarily due to scheduling conflicts or lack of interest in follow-ups. The response rate aligns with benchmarks for qualitative studies in emerging markets, where personal relevance of the topic significantly impacts participation (Singh et al., 2025).

## DISCUSSION

The findings of this study reveal that emotional storytelling, visual and sensory appeal, and personalized interactions are critical drivers of customer retention for startups in Malaysia. These themes align with the problem statement, which highlights the challenges faced by startups in retaining customers due to limited brand recognition and intense competition (Ali et al., 2024). By addressing these challenges through emotionally resonant branding strategies, startups can foster deeper connections with their customers, ultimately enhancing retention and loyalty.

### Discussion on Research Objectives

Research Objectives 1: To examine the impact of emotional branding on customer retention for startups in Malaysia:

The findings demonstrate that emotional storytelling, visual and sensory appeal, and personalized interactions significantly influence customer retention. For example, participants expressed a strong preference for brands that shared authentic narratives, such as a local coffee brand supporting Malaysian farmers. This aligns with the first research objective by highlighting how emotional branding strategies can create meaningful connections that drive retention (Lindstrom, 2005).

Research Objectives 2: To identify the emotional drivers of brand loyalty in the Malaysian context:

The study identifies trust, authenticity, and cultural relevance as key emotional drivers of brand loyalty. Participants emphasized the importance of visually appealing designs and sensory experiences, such as minimalist packaging or calming scents, in evoking positive emotional responses. These findings address the second research objective by uncovering the specific emotional factors that resonate with Malaysian consumers (Plassmann et al., 2012).

Research Objectives 3: To provide actionable recommendations for startups to leverage neuromarketing insights for customer retention:

The findings offer practical insights for startups to design emotionally resonant branding strategies. For instance, personalized interactions—such as tailored recommendations or customized thank-you notes—were highly valued by participants, fostering a sense of belonging and trust. This aligns with the third research objective by providing actionable recommendations for startups to enhance customer retention through neuromarketing insights (Singh et al., 2025).

### Discussion on Research Questions

Research Question 1 : How do emotional branding strategies influence customer retention for startups in Malaysia?

The findings reveal that emotional branding strategies, such as storytelling and sensory marketing, activate brain regions associated with empathy and memory, fostering emotional connections that drive retention. For example,

one participant noted, “The story behind the brand made me feel like I was part of their journey, which kept me coming back.” This addresses the first research question by demonstrating the psychological and neurological mechanisms through which emotional branding influences retention (Plassmann et al., 2012).

Research Question 2 : What are the key emotional drivers of brand loyalty in the Malaysian startup ecosystem?

The study identifies trust, authenticity, and cultural relevance as key emotional drivers. Participants highlighted the importance of visually appealing designs and sensory experiences in creating emotional engagement. For instance, a participant stated, “The calming colours of the packaging made me feel like the product was premium and trustworthy.” This addresses the second research question by uncovering the emotional factors that foster loyalty in the Malaysian context (Lindstrom, 2005).

Research Question 3 : How can startups leverage neuromarketing insights to build lasting emotional connections with customers?

The findings suggest that startups can leverage neuromarketing insights by focusing on personalized interactions and sensory marketing. For example, participants appreciated brands that offered tailored recommendations or personalized communication, such as a fashion startup suggesting items based on previous purchases. This addresses the third research question by providing practical strategies for startups to build lasting emotional connections (Hussain, 2025).

## Discussion on Hypotheses

Hypotheses 1 : Emotional branding strategies significantly influence customer retention for startups in Malaysia:

The findings support this hypothesis by demonstrating that emotional storytelling, visual and sensory appeal, and personalized interactions are critical drivers of retention. For example, participants consistently mentioned how emotionally resonant branding strategies enhanced their loyalty to startup brands.

Hypotheses 2: Positive emotional experiences with a brand lead to increased customer loyalty:

The study validates this hypothesis by showing that positive emotional experiences—such as feeling valued through personalized interactions or trusting a brand due to its authentic storytelling—foster long-term loyalty. Participants expressed a strong preference for brands that evoked positive emotions, such as joy, trust, and belonging.

Hypotheses 3 : Neuromarketing insights can help startups design more effective emotional branding strategies:

The findings confirm this hypothesis by highlighting the practical applications of neuromarketing insights, such as using sensory marketing to trigger emotional responses or personalizing interactions to foster trust. These strategies align with Neuromarketing Theory, which emphasizes the role of brain activity in shaping consumer behaviour (Plassmann et al., 2012).

## Theoretical and Practical Implications

The findings contribute to Emotional Branding Theory and Neuromarketing Theory by demonstrating how emotional connections influence consumer behaviour at both psychological and neurological levels. For instance, authentic storytelling activates brain regions associated with empathy and memory, while sensory experiences trigger emotional responses that enhance brand recall and preference (Plassmann et al., 2012). Personalized interactions, on the other hand, foster a sense of belonging and trust, which are essential for building long-term loyalty (Lindstrom, 2005). These insights are particularly relevant for startups in Malaysia, where cultural diversity and consumer preferences play a significant role in shaping brand perceptions (Ali et al., 2024).

From a practical perspective, the findings offer actionable recommendations for startups to enhance customer retention. For example, startups can:

- Use storytelling to share authentic and relatable narratives that resonate with their target audience.

- Invest in visually appealing designs and sensory experiences to create memorable brand interactions.
- Leverage personalized interactions, such as tailored recommendations or customized communication, to foster trust and loyalty.

These strategies not only address the challenges highlighted in the problem statement but also align with Malaysia's broader economic goals, such as fostering innovation and sustainability in the startup ecosystem (MDEC, 2021).

## CONCLUSION

This study has explored the role of emotional branding and neuromarketing in driving customer retention for startups in Malaysia, addressing a critical gap in the literature and providing actionable insights for practitioners. The findings reveal that emotional storytelling, visual and sensory appeal, and personalized interactions are key drivers of customer retention, aligning with Emotional Branding Theory and Neuromarketing Theory. Emotional storytelling fosters empathy and memory recall, sensory marketing triggers positive emotional responses, and personalized interactions build trust and loyalty. These insights are particularly relevant for startups in Malaysia, where cultural diversity and intense competition necessitate innovative and emotionally resonant branding strategies (Ali et al., 2024; Lindstrom, 2005).

The study's findings have significant implications for both academia and practice. From a theoretical perspective, the research contributes to the growing body of knowledge on neuromarketing by demonstrating its application in a developing economy like Malaysia. It highlights the importance of integrating emotional branding strategies with neuroscientific insights to understand consumer behaviour at both psychological and neurological levels (Plassmann et al., 2012). From a practical standpoint, the findings offer actionable recommendations for startups to enhance customer retention, such as leveraging authentic storytelling, investing in sensory marketing, and personalizing customer interactions. These strategies not only address the challenges highlighted in the problem statement but also align with Malaysia's broader economic goals, such as fostering innovation and sustainability in the startup ecosystem (MDEC, 2021).

## Future Research Directions

While this study provides valuable insights, it also opens avenues for future research. First, future studies could adopt a mixed-methods approach, combining qualitative interviews with quantitative measures such as surveys or neuroimaging techniques (e.g., EEG or fMRI) to validate the findings and provide a more comprehensive understanding of the emotional drivers of customer retention. Second, research could explore the role of cultural differences in shaping emotional responses to branding strategies, particularly in a multicultural market like Malaysia. For example, how do emotional branding strategies resonate differently with Malay, Chinese, and Indian consumers? Third, future studies could investigate the ethical implications of neuromarketing, particularly in emerging markets where regulatory frameworks may be less developed (Hussain, 2025). Finally, longitudinal studies could examine the long-term impact of emotional branding strategies on customer retention and business performance, providing deeper insights into their sustainability and effectiveness.

## Final Thoughts

This study underscores the importance of emotional connections in driving customer retention for startups in Malaysia. By leveraging emotional branding and neuromarketing insights, startups can create meaningful and memorable brand experiences that foster loyalty and long-term success. As the startup ecosystem in Malaysia continues to evolve, emotionally resonant branding strategies will play an increasingly critical role in helping startups differentiate themselves and thrive in a competitive market. Future research should build on these findings to further explore the intersection of emotional branding, neuromarketing, and customer retention, ultimately contributing to the development of more effective and ethical marketing practices.

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