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## **DETERMINANT OF BRAND HAPPINESS AND SELF-GREEN BRAND CONGRUITY AS MODERATOR: A CONCEPTUAL PAPER**

### **Abstract:**

As the importance of Environmental, Social, and Governance (ESG) practices continues to rise in the modern business landscape, understanding their impact on consumer behavior has become a key focus of marketing research. This conceptual paper proposes a framework that examines the determinants of brand happiness within the context of ESG initiatives, with a specific emphasis on Self-Green Brand Congruity (SGBC) as a moderating factor. Building on the foundations of Self-Congruity Theory and the emerging relevance of ESG, this study predicts that brands that align their sustainability efforts with consumer values are more likely to foster positive emotional responses, such as brand happiness. Furthermore, it is proposed that SGBC enhances the strength of the relationship between ESG practices and brand happiness, particularly among consumers with a strong ESG identity. Based on this conceptual framework, research propositions are developed to guide future empirical investigations.

### **Keywords:**

Brand Happiness, Self- Green Brand Congruity (SGBC), Environmental, Social, and Governance (ESG), conceptual paper

**JEL Classification:** M31

## INTRODUCTION

### 1. Research Background

In the evolving landscape of consumer behavior, brand happiness has emerged as a critical construct, reflecting the emotional response between consumers and brands. Brand happiness is considered a multidimensional concept that encompasses consumers' positive emotional reactions toward a brand, influencing brand loyalty and advocacy behaviors (Banerjee et al., 2024). Building a strong brand that elicits happiness is essential for companies aiming to cultivate long-term relationships with their customers. Prior research has highlighted the importance of emotional branding strategies in creating these positive consumer experiences, contributing to enhanced brand equity and competitive advantage (Mansoor & Paul, 2022).

One of the growing areas of interest within this field is the role of environmental, social, and governance (ESG) practices in shaping brand perceptions and emotional responses. ESG initiatives are increasingly recognized as significant components of modern brand strategies, influencing consumer attitudes and brand loyalty through the demonstration of ESG (Lee & Rhee, 2023). Consumers' perceptions of a company's ESG performance can evoke positive emotions and enhance their emotional connection with the brand (Li et al., 2021). Brands that effectively integrate ESG into their core values tend to generate stronger emotional connections with consumers, fostering brand happiness and a sense of shared purpose.

Consumers today are increasingly aware of and concerned about sustainability issues. Evidence suggests they are more likely to support brands that align with their values on environmental and social matters (Lee & Lee, 2021; Sehgal et al., 2023). However, the relationship between ESG and brand happiness is not uniform across all consumers (Koh et al., 2022). The concept of self-green brand congruity (SGBC) has gained attention as a potential moderator in this relationship. SGBC refers to the alignment between a consumer's self-concept and a brand's green image. When consumers perceive a high level of congruity between their values and a brand's environmental stance, they are more likely to experience positive emotional responses, such as green brand repurchase intention (Sehgal et al., 2023). This congruity not only enhances the emotional bond but also strengthens brand attachment, making it a crucial factor in modern marketing strategies (Li et al., 2023).

In recent years, most of researches was explored how ESG influence on financial performance (Makridou et al., 2024), firm value (Cheng et al., 2024) and investment decision (Young-Ferris & Roberts, 2023). Despite the growing body of research on ESG and consumers, there is a gap in understanding how SGBC influences the relationship of ESG initiatives and consumers' emotional responses. Existing studies have primarily focused on direct effects without sufficiently exploring the moderating role of SGBC. This paper aims to fill this gap by proposing a conceptual framework that examines the determinants of brand happiness within the context of ESG and assesses how SGBC moderates this relationship. By doing so, this study seeks to contribute to the literature on consumer behavior and brand management, providing insights for both academics and practitioners.

## LITERATURE REVIEW

### 1. Brand happiness and ESG

ESG practices have become central to modern corporate strategies, reflecting a company's commitment to sustainable and ethical operations. ESG encompasses a wide range of activities, from reducing environmental impact and promoting social equity to ensuring transparent and ethical governance (Oh et al., 2024). From a brand perspective, incorporating ESG initiatives is not merely a regulatory requirement but a strategic imperative (Shen et al., 2023). Moreover, consumers worldwide have become more aware of green and sustainable development when choosing brand products (Eom et al., 2024). These practices have been increasingly recognized as influential factors in shaping consumer perceptions and brand-related outcomes (Lee & Rhee, 2023). Specifically, ESG initiatives can significantly enhance brand happiness by fostering a sense of trust, alignment with values, and emotional connection with the brand.

Several studies have demonstrated that brands with strong ESG initiatives tend to generate more positive emotional responses from consumers. For instance, Koh et al. (2022) found that social and governance dimensions of perceived ESG have positive effect on brand credibility, brand image, and perceived quality when interacting with the brand. Similarly, Tosun and Tavşan (2023) showed that cooperate socially responsible brands are often associated with higher levels of consumer happiness, as these brands are perceived as contributing positively to society.

However, the impact of ESG on brand happiness is not uniform across all consumer segments. Research suggests that the effectiveness of ESG initiatives in fostering brand responses can vary depending on the degree to which these practices resonate with individual consumers' values and identities (Shamah et al., 2018). This highlights the need to explore moderating factors, such as SGBC, which may influence the strength of the ESG-brand happiness relationship.

### 2. Self-Green Brand Congruity (SGBC) as a Moderator

Self-Congruity Theory provides a valuable framework for understanding how consumers' personal values and identities interact with brand characteristics (Sirgy, 1985). In the context of green branding, SGBC refers to the alignment between a consumer's environmental self-concept and a brand's green image (Sehgal et al., 2023). When consumers perceive that a brand's values closely match their own, they are more likely to form positive emotional connections with the brand, leading to increased brand loyalty (Shamah et al., 2018). Li et al. (2023) also indicated that green self-image congruity has positively effect on green brand attachment and green brand loyalty.

Recent research has begun to explore SGBC as a moderator in various brand-related outcomes. For example, Sehgal et al. (2023) found that SGBC enhances the positive effects of green brand warmth and psychological ownership of green brand on green brand repurchase intention, suggesting that consumers who strongly identify with a brand's environmental values are more likely to remain loyal to the brand. This suggests that SGBC plays a crucial role in determining how effectively ESG practices translate into positive consumer emotions.

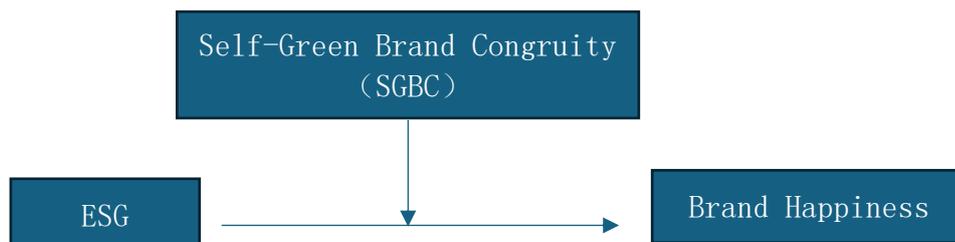
Despite these findings, the literature on SGBC's moderating role in the ESG-brand happiness relationship remains underdeveloped. Most existing studies focus on direct effects, without sufficiently exploring the complex interactions between ESG, SGBC, and brand happiness. This gap in the literature points to the need for a more comprehensive framework that integrates these elements and provides a deeper understanding on the potential impacts the ESG initiatives have in maximizing brand happiness through alignment with consumer values.

### 3. Conceptual Model and Propositions

Given the increasing importance of ESG in shaping consumer behavior, it is essential to develop a conceptual framework that accounts for the moderating role of SGBC in the ESG-brand happiness relationship. While previous studies have laid the groundwork by highlighting the significance of ESG and brand happiness independently, there is a lack of integrated models that explore their interaction especially the boundary conditions influencing the effectiveness of ESG in the positive consumer-brand relationships remain limited. This paper aims to fill this gap by proposing a conceptual framework that positions ESG as a key determinant of brand happiness, with SGBC serving as a moderator that influences the strength of this relationship.

By synthesizing insights from the literature on ESG, brand happiness, and self-congruity theory, this framework seeks to provide a more nuanced understanding of how brands can leverage their ESG initiatives to enhance consumer happiness. It also offers practical implications for brand managers seeking to align their sustainability efforts with consumer values, thereby fostering stronger emotional connections and long-term loyalty.

This study proposed ESG initiatives to be the determinant of brand happiness in the context of green market. Furthermore, need for cognition has also been proposed to show a moderating effect in improving the relationship between ESG and brand happiness with SGBC. Figure 1 illustrates the conceptual model of this study.



**Figure 1: Conceptual Model**

Subsequently, grounded by the proposed conceptual model, the following research propositions of this research have then been developed:

Proposition 1: ESG initiative has a significant positive impact on brand happiness.

Proposition 2: SGBC improves the relationship between ESG and brand happiness.

## CONCLUSION

This study has proposed a conceptual framework that examines the determinants of brand happiness within the context of ESG practices, with SGBC as a moderating factor. The conceptual model suggests that ESG initiatives will play a significant role in enhancing brand happiness by aligning with consumer values and fostering positive emotional connections. Moreover, SGBC is posited to strengthen the relationship between ESG initiatives and brand happiness, particularly among consumers who strongly identify with a brand's environmental stance.

Based on this conceptual framework, research propositions have been developed to guide future empirical investigations. These propositions suggest that consumers with high levels of SGBC will exhibit greater brand happiness in response to ESG practices compared to those with lower levels of congruity. Furthermore, the study highlights the importance of understanding the interaction between ESG and SGBC, as it can offer valuable insights for both academics and practitioners in the fields of marketing and consumer behavior. For industry players, this deeper understanding can enable more targeted marketing strategies, allowing brands to effectively communicate their ESG efforts to consumers who value sustainability. By aligning brand messaging with consumer values, companies can not only enhance brand happiness but also build stronger emotional connection and more loyal customer bases.

Future researchers are encouraged to empirically test this proposed model to extend the literature on brand happiness and ESG. By doing so, they can contribute to a deeper understanding of how brands can effectively leverage their ESG initiatives to foster stronger emotional bonds with consumers and promote sustainable business practices. This study lays the groundwork for such investigations and underscores the importance of aligning brand values with consumer identities in achieving long-term success.

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