

The Influence of Brand Image on Willingness To Pay Premium Price Through Brand Love

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Abstring

Indonesia is one of the markets for smartphone users which is quite large, one of the well-known smartphone brands circulating in the Indonesian market is Apple.Inc with its smartphone product, namely the iPhone. Smartphone-related innovations really have a lot of fans, especially in Generation Z. Enhancing a strong brand image creates a brand that excels in competition. This causes consumer behavior to be affected and then can lead to a sense of love for the brand, then consumers are willing to spend more money to buy iPhone products. This research uses a quantitative approach with descriptive and explanatory research types. The population and research sample are Generation Z who are customers of Apple brand smartphone products with iPhone product lines in the city of Malang (infinite population) with a total of 150 respondents. The analysis used is path analysis. The results showed that the description of Brand Image, Brand Love, and, Willingness to Pay Premium Price was very good, Brand Image had a positive and significant effect on Willingness to Pay Premium Price and Brand Love, while Brand Love had a significant effect on Willingness to Pay Premium Price. ; and Brand Image has a positive and significant indirect effect on Willingness to Pay Premium Price through Brand Love. Brand Love, and, Willingness to Pay Premium Price is very good, Brand Image has a positive and significant effect on Willingness to Pay Premium Price and Brand Love, while Brand Love has a significant effect on Willingness to Pay Premium Price; and Brand Image has a positive and significant indirect effect on Willingness to Pay Premium Price through Brand Love. Brand Love, and, Willingness to Pay Premium Price is very good, Brand Image has a positive and significant effect on Willingness to Pay Premium Price and Brand Love, while Brand Love has a significant effect on Willingness to Pay Premium Price; and Brand Image has a positive and significant indirect effect on Willingness to Pay Premium Price through Brand Love.

Keywords: *Brand Image, Willingness to Pay Premium Price, Brand Love*

Introductionn

One of the well-known smartphone brands circulating in the Indonesian market is Apple.Inc with its Apple smartphone product, namely the iPhone. There are many fans of smartphone products created by Apple, even before the product was launched. iPhones have been trusted by many consumers because they produce very good quality smartphones, which can be proven in iPhone products that are always in the Top 5 smartphone market share rankings on an international scale. According to Market Research Firm Canalys, Apple successfully led the smartphone market during the fourth quarter (Q4) 2020 with shipments of 81.8 million units (in Novianty and Prastya, 2021). The iPhone with its innovation related to smartphones really has a lot of fans, especially in Generation Z. According to Cilliers (2017), Generation Z was born after 1995 which is still growing,

According to Sunyoto and Danang (2012), a brand is something that is attached to the thoughts and actions of customers, as well as a link between customers and products or companies. Based on

this definition, it can be concluded that a brand is an identity (can be a name, term, sign, symbol, design, or a combination of all) of an item or service that can distinguish one product from another. Roy and Banerjee (in Severi and Ling, 2013) define brand image as the thoughts and feelings of consumers about a brand. According to Hsieh and Li (in Severi and Ling, 2013), a strong brand image creates a brand that excels in competition. Meanwhile, according to Ali (2013: 210), Brand Image is a series of tangible and intangible properties, such as ideas, beliefs, values, interests,

According to Carroll and Ahuvia (2006) the notion of brand love is based on the notion of love. Love is understood as a combination of emotions, cognitions, and behaviors that have a role in creating close romantic relationships. According to Rodrigues and Reis (2013) define brand love as a relatively new marketing construct that applies to products with the main component of middle and upper consumers. Batra et al (2012) also emphasize the importance of brand love in the field of consumer behavior in relating it to important concepts such as higher prices, loyalty, communication and word of mouth promotion.

Premium pricing is the determination of a higher price by the company because of the superiority felt by consumers of a product (Gregg & Walczak, 2015), or what we can call Willingness to pay a price premium. A brand earns a premium price when the amount that customers are willing to pay for products from that brand is higher than the amount they pay for similar products from other relevant brands (Anselmsson et. al., 2014).

Hypothesis

H₁ = Brand Image has a positive effect on Willingness to Pay Premium Price.

H₂ = Brand Image has a positive effect on Brand Love

H₃ = Brand love has a positive effect on Willingness to Pay Premium Price.

H₄ = Brand Image has a positive effect on Willingness to Pay Premium Price through Brand love

Method

Respondents in this study are Generation Z who are customers of Apple brand smartphone products with iPhone product lines in the city of Malang. Sampling in this study used a non-probability sampling technique, with a purposive sampling method. Collecting data using a closed questionnaire and structured interviews. In this study, to obtain information and information in the early stages, interviews were conducted with 30 people. The valid data obtained through the distribution of questionnaires amounted to 150 data. The measurement of the questionnaire items uses a Likert scale so that there are five answer choices with a score of 1-5. This research uses path analysis technique.

Results and Discussion

To facilitate understanding and reading, the research results are described first, followed by the discussion section. The results and discussion subtitles are presented separately. This section must be the most part, at least 60% of the entire body of the article.

Results

Validity and Reliability Test

The validity test is used to measure or test the items of each question in the questionnaire or questionnaire which will later be filled out by the respondent. Sugiyono (2017) suggests testing the validity of each item using item analysis, which is to correlate the score of each item with the total score which is the sum of the scores for each item.

Table 1 Validity Test

Variable	Items	Rcount	Rtable	Score	Signs.	Note:
Brand Image (X)	1	0.895	>0.361	≤0.05	0.000	Valid
	2	0.869	>0.361	≤0.05	0.000	Valid
	3	0.837	>0.361	≤0.05	0.000	Valid
	4	0.603	>0.361	≤0.05	0.000	Valid
	5	0.836	>0.361	≤0.05	0.000	Valid
	6	0.666	>0.361	≤0.05	0.000	Valid
Brand Love (Z)	7	0.789	>0.361	≤0.05	0.000	Valid
	8	0.829	>0.361	≤0.05	0.000	Valid
	9	0.833	>0.361	≤0.05	0.000	Valid
	10	0.759	>0.361	≤0.05	0.000	Valid
	11	0.799	>0.361	≤0.05	0.000	Valid
Willingness to Pay Premium (Y)	12	0.826	>0.361	≤0.05	0.000	Valid
	13	0.522	>0.361	≤0.05	0.003	Valid
	14	0.859	>0.361	≤0.05	0.000	Valid
	15	0.835	>0.361	≤0.05	0.000	Valid
	16	0.860	>0.361	≤0.05	0.000	Valid

Table 2 Reliability Test

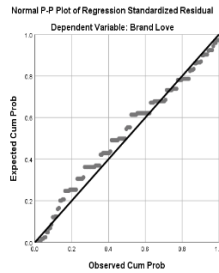
Variable	Criteria Value	Cronbach Alpha	Information
Brand Image (X)	>0.6	0.869	Reliable
Brand Love (Z)	>0.6	0.856	Reliable
Willingness to Pay Premium (Y)	>0.6	0.847	Reliable

Descriptive Statistical Analysis

Frequency Distribution of Brand Image, Brand Love and Willingness to Pay Premium Price

Overall, respondents rate very well or strongly agree if the Apple brand, especially the Iphone, has a very good image. Respondents also rate very well or strongly agree if they feel love and pleasure when using iPhone products. Respondents are also willing to pay a higher price because respondents like or are satisfied with the performance of the iPhone product.

Normality test



Based on the picture above, the P – Plot graph shows the points that follow and approach the diagonal line so that the data can be concluded that the regression model meets the assumption of normality and is suitable for use in research.

Linearity Test

Linearity test is used to find the right model whether the research model is a linear model. The linearity test was carried out in each path in the research model, as follows.

Brand Image of Willingness to Pay Premium

SPSS output results show that the linearity significance value is $0.00 < \text{significance level } (\alpha = 0.05)$, then the path in the model is linear.

Table 3. Brand Image Linearity Test on Willingness to Pay Premium Anova

		ANOVA Table				
		Sum Squares	of df	Mean Square	F	Sig.
Willingness to Pay Premium * Brand Image	Between Groups	123,828	9	13,759	4.180	.000
	linearity	66,251	1	66,251	20.128	.000
	Deviation from Linearity	57,577	8	7.197	2.187	.032
	Within Groups	460.812	140	3,292		
	Total	584,640	149			

(Source: Appendix...)

Brand Love towards Willingness to Pay Premium

SPSS output results show that the linearity significance value is $0.00 < \text{significance level } (\alpha = 0.05)$, then the path in the model is linear.

Table 5. Brand Love Linearity Test on Willingness to Pay Premium Anova Table

		ANOVA Table				
		Sum Squares	of df	Mean Square	F	Sig.
Willingness to Pay Premium * Brand Love	Between Groups	150,510	11	13,683	4.349	.000
	linearity	75.414	1	75.414	23,973	.000
	Deviation from Linearity	75.096	10	7.510	2,387	.012
	Within Groups	434.130	138	3.146		
	Total					

Total	584,640	149			
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Brand Image of Brand Love

SPSS output results show that the linearity significance value is $0.00 < \text{significance level } (\alpha = 0.05)$, then the path in the model is linear.

Table 6 Linearity Test of Brand Love against Willingness to Pay Premium Anova

		ANOVA Table					
			Sum of Squares	df	Mean Square	F	Sig.
Brand Love * Brand Image	Between Groups	(Combined)	91.304	9	10.145	2,397	.015
		linearity	57.936	1	57.936	13,690	.000
		Deviation from Linearity	33,368	8	4.171	.986	.450
	Within Groups		592,456	140	4.232		
	Total		683,760	149			

Path Analysis

Path analysis in this study is used to determine the effect of Brand Image on Willingness to Pay Premium Price through Brand Love.

Block I Analysis Direct Effect of X on Z

In the first equation analysis with Block I: $Z = X + V$. The results of block I analysis are carried out to determine the effect of Brand Image (X) on Brand Love (Z) as follows.

Table 4.1 Results of Analysis of the Effect of Brand Image on Brand Love

		Coefficients ^a					
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics
Model		B	Std. Error	Beta	t	Sig.	Tolerance VIF
1	(Constant)	12.726	2.252		5.650	.000	
	Brand Image	.320	.086	.291	3,701	.000	1,000 1,000

a. Dependent Variable: Brand Love

Based on the results of the analysis in Table 4.10, the Block I equation can be formulated, namely:

$$Z = \beta_{zx} X + V$$

$$Z = 0.291 X + V$$

$$Z = 0.291 X + 0.956$$

The structural equation of Block I with Beta (β) = 0.291 is a standardized regression coefficient of the X variable, which means that Brand Love (Z) can be explained by Brand Image (X) of 0.291 or 29.1%. The effect of the error in structural equation 1 is 0.956 or 95.6%, it can be interpreted that the information contained in the calculation results is able to explain the effect of the Brand Image (X) variable on Brand Love (Z) by 4.4% while 95.6% is influenced by the variable others outside of this study. Meanwhile, the direct effect of Brand Image (X) on Brand Love (Z) is obtained from:

$$Z \leftarrow X \rightarrow Z = \beta_{zx} X . \beta_{zx} X$$

$$= 0,291 \cdot 0,291$$

$$= 0,081$$

Thus the path diagram can be obtained as follows:

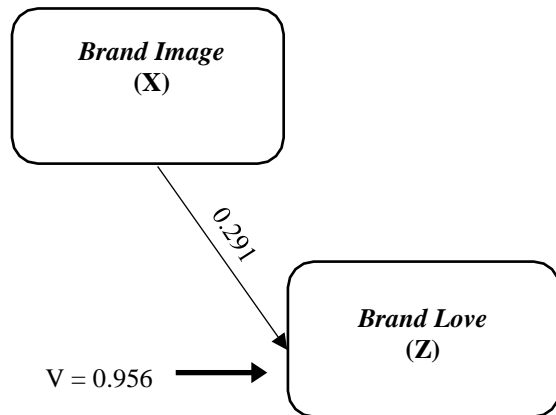


Figure 1 Regression Analysis Without Mediator

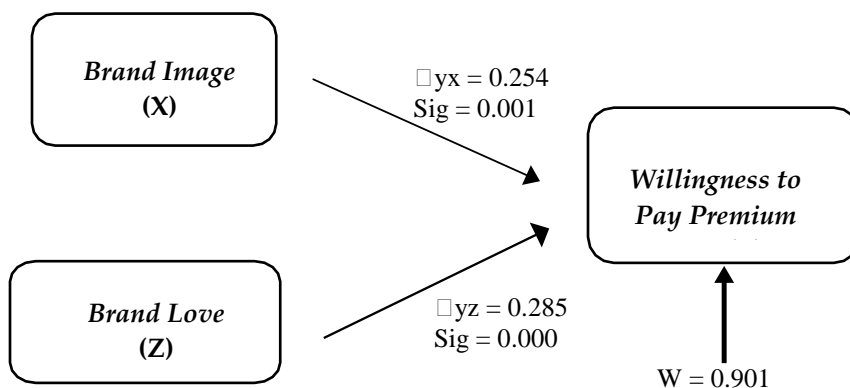
Block II Analysis of Direct Effects of X and Z on Y

Table 4.2 Results of Analysis of the Effect of Brand Image and Brand Love on Willingness to Pay Premium

		Coefficients ^a					Collinearity Statistics	
Model		Unstandardized Coefficients		Standardized Coefficients				
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	9.071	2.171		4.179	.000		
	Brand Image	.258	.079	.254	3.264	.001	.915	1.093
	Brand Love	.264	.072	.285	3,673	.000	.915	1.093

The structural equation Block II is a standardized regression coefficient of the X variable, which means that Willingness to Pay Premium Price (Y) can be explained by Brand Image (X) of 0.254. It is a standardized regression coefficient of variable Z, which means Willingness to Pay Premium (Y) can be explained by Brand Love (Z) of 0.285. The path coefficient for the unidentified variable (error) can be calculated as follows. $\square W = 1 - 1 \cdot 0.188 = 0.901R^2$

The magnitude of R square in the summary model is 0.188, so the information contained in the calculation results is able to explain the effect of the independent variable on the dependent variable by 18.8% while the remaining 81.2% is influenced by other variables outside the research variables.



Empirical Equations

Based on the calculation of Block I and Block II, the following equation is obtained. $Z = 0.085 X + V$

$$Y = 0.254 X + 0.285 Z + W$$

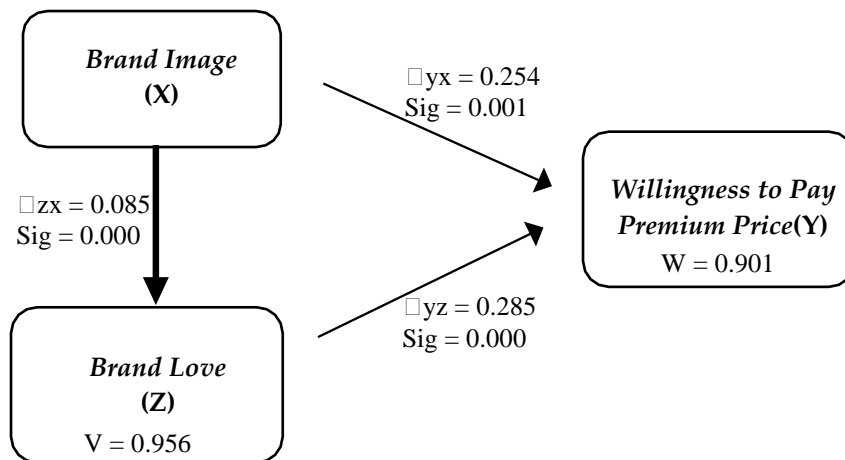


Figure 4.1 Block I and Block II Brand Image (X) models on Willingness to Pay Premium (Y) through Brand Love (Z)

Direct Influence

The effective contribution of the independent variable to the dependent variable is "R Squared" (β^2) on the print out "Model Summary" Block II = 0.188 or 18.8%, which means that the variation in the dependent variable (Y) is caused by the variation of all independent variables simultaneously by 18.8%.

Indirect Influence and Total Influence

Table 4.3 Empirical Equations Direct, Indirect Effect

	Path Coefficient to Variable			
	Y			
	Direct	Not Direct	Total	Donations Effective
X	0.254	0.024 (result of 0.085×0.285)	0.278 (result of $0.024 + 0.254$)	0.077 (result of total squared)
Z	0.285	-	0.285	0.081 (result of total squared)
Total				0.158

The overall effective contribution to the dependent variable is 15.8%, which means that the variation in the value of the dependent variable (Y) is the result (influence) of variations in the two independent variables (X and Z) simultaneously, either directly or indirectly.

Sobel Test

To test whether brand image has an indirect effect on brand love, it is necessary to calculate the t value of the ab coefficient using the Sobel test, with the following formula.

$$t = \frac{ab}{\sqrt{(b^2 sa^2) + (a^2 sb^2)}}$$

$$t = \frac{0,320.0,264}{\sqrt{(0,264^2 0,086^2) + (0,320^2 0,072^2)}}$$

$$t = \frac{0,08448}{\sqrt{(0,069696.0,007396) + (0,1024.0,005184)}}$$

$$t = \frac{0,08448}{\sqrt{0,0005154716 + 0,0005308416}}$$

$$t = \frac{0,08448}{\sqrt{0,0010463132}}$$

$$t = \frac{0,08448}{0,032346}$$

$$t = 2,611$$

Discussion

The Influence of Brand Image on Brand Love

Based on the results of the brand image regression, it can be seen that the tcount is 3.701 (tcount > ttable is 1.976) and the p-value is 0.000 (p < is 0.05)). This means that it can be said that the brand image variable has a positive and significant influence on brand love. The results of this study are in line with the results of research by Bambang et al., (2017) that the Brand Image of PT. Oro Kopi Gayo has an influence on Brand Love PT. Gayo Coffee Oro.

The Influence of Brand Image on Willingness To Pay Premium Price

Based on the results of the regression on the results of the t-test on the brand image variable, it can be seen that the tcount value is 3.264 (tcount > ttable is 1.976) and the p-value is 0.001 (p < is 0.05). This means that it can be said that the brand image variable has a positive and significant influence on willingness to pay premium. The results of this study are in line with research conducted by David A. Aaker (2013: 208) which states that "Associations inherent in the company and its brand can be a long-lasting main business asset because it reflects the brand position".

The Effect of Brand Love on Willingness To Pay Premium Price

Based on the results of the regression on the results of the t-test on the brand love variable, it can be seen that the tcount value is 3.673 (tcount > ttable is 1.976) and the p-value is 0.000 (p < is 0.05). This means that it can be said that the brand love variable has a positive and significant influence on the Willingness To Pay Premium Price. This is in accordance with the research of Djohan et al., (2017) which shows that brand love affects someone to pay more for luxury products.

Effect of Brand Image on Willingness to Pay Premium through Brand Love

Based on the results of the Sobel test, it can be seen that the tcount value is 2,611 (tcount > ttable, which is 1,976). This means that it can be said that the brand love variable is able to mediate the relationship between brand image and willingness to pay premium. This is in accordance with the latest research from Aulinda (2020) which states that indirectly the influence of brand love mediates the relationship between brand image which affects willingness to pay premium price.

Conclusion

The brand image of the iPhone is considered very good by the respondents. Respondents rate very good or strongly agree if they feel love and happy when using iPhone products. Respondents are also willing to pay more to get an iPhone. The Brand Image variable has a positive and significant effect on Brand Love. The Brand Image variable has a positive and significant effect on Willingness To Pay Premium Price. The Brand Love variable has a positive and significant effect on Willingness To Pay Premium Price. Brand Image Brand Image has a positive and significant effect on Willingness To Pay Premium Price through Brand: Love

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