

Antecedents of Willingness to Pay Premium Price On Samsung Products

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ABSTRACT

This research aims to determine Social Media Marketing Activities, Brand Awareness, Brand Image, and Brand Loyalty to Predict Willingness to pay premium prices. This research uses quantitative methods. The respondents used in this research were 206 Samsung user respondents. This research contributes to understanding how to achieve willingness to pay premium prices. It is hoped that this research will be useful for companies so that they can provide good service to consumers so that consumers remain loyal to using Samsung products. This research does not test the role of mediating variables because the independent variable (Social Media Marketing Activities) does not have a direct relationship with the dependent variable (willingness to pay premium price). This research uses a closed statement questionnaire so that respondents sometimes fill out the questionnaire without reading the statement indicators. Other methods such as interviews can be used to get better results. There were several respondents who did not meet the criteria so the researcher had to re-screen the questionnaires from respondents.

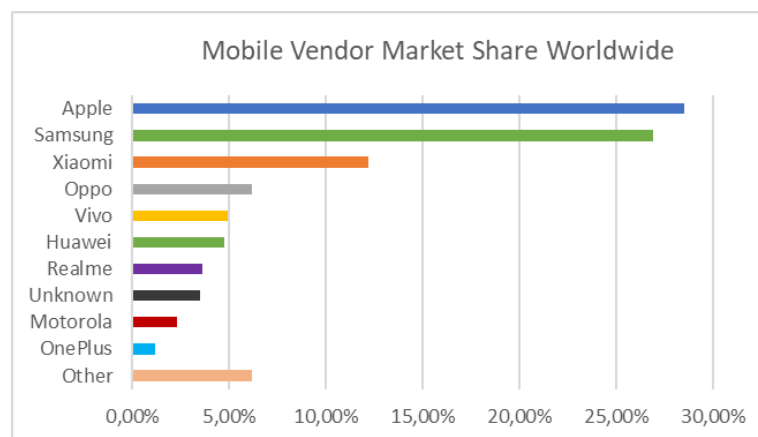
KEYWORDS - Social Media Marketing Activities, Brand Awareness, Brand Image, Brand Loyalty and Willingness to pay premium price.

1. INTRODUCTION

Companies will need marketing activities to communicate their products and services to consumers. Companies that want to launch a product often carry out marketing activities such as advertising their products on television, newspapers or billboards. As time goes by, marketing activities become more efficient. This is proven by the existence of social media which is used for promotion.

We Are Social, a global creative agency based in New York City, reported that the number of active social media users in Indonesia was 167 million people in January 2023. Furthermore, as many as 212.9 million Indonesians used the internet for an average of 7 hours. use. 42 minutes daily [1].

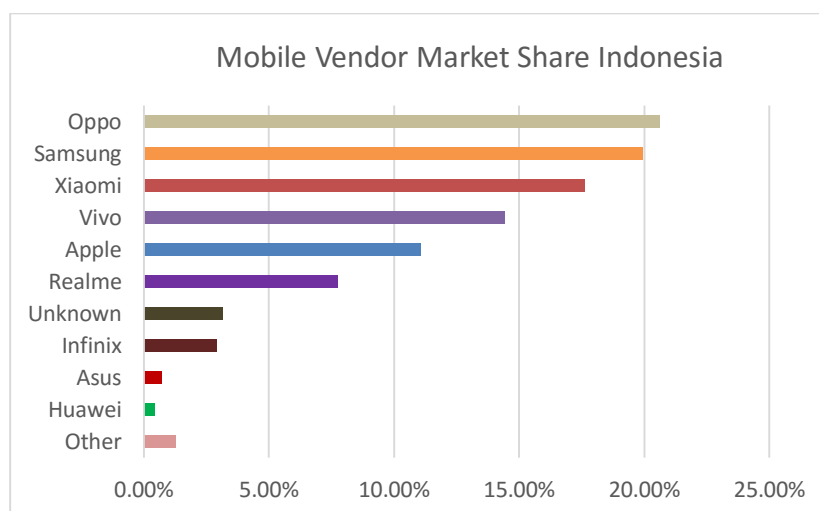
The increase in social media has encouraged the smartphone industry to continue to innovate and launch products, giving rise to various brands including Apple, Samsung, Vivo, Oppo, and many more. Smartphones as a communication tool are considered very important nowadays, competing with each other to dominate market share.



Source: [2]

Fig 1. Mobile share vendor marketplace worldwide

The share gadget market is also increasing. The largest market share for the gadget or cellular industry in the world currently is Apple, followed by Samsung as the second largest market share, and Xiaomi as the third largest market share [2].



Source: [2]

Fig 2. Mobile share vendor market in Indonesia

Samsung's market share in Indonesia is also in second place, namely 18.22% [2]. According to [3] a report from the International Data Corporation (IDC) states that the smartphone market in Indonesia will shrink 11.9% in the first quarter of 2023. Market shares for smartphones are in the price range of less than US\$ 200 or around Rp. 3 million increased slightly and reached 76% of the total Indonesian smartphone market. The middle-class segment with a smartphone price range of US\$ 200 - US\$ 600 or Rp. 3 million - Rp. 9 million also experienced a decline in sales figures of 35%. However, devices in the high price category, namely above US\$ 600 or Rp. 9 million, growing significantly led by Samsung and Apple.

Samsung is marketed using social media. Samsung's social media marketing activities can increase brand awareness through various strategies and campaigns carried out on social media, both via Facebook, Instagram and Twitter. Many companies build their own social media brand profiles and plan activities that attract consumers by publishing content such as online product details, special offers, advertising, and promotions [4]. From there consumers can assess a good Brand Image.

2. LITERATURE REVIEW

2.1 Social Media Marketing Activities

The definition of social media marketing activities from [5] is the use of social media platforms and encouraging users to spread content from social media based on their classification, namely interaction, information, word of

mouth, personalization, etc. [6], stated that social media marketing activities are marketing on online-based platforms that can facilitate interaction, collaboration, or sharing content. There are five indicators in social media marketing activities, namely, entertainment, informativeness, interaction, trendiness, customization, personalization, word of mouth. Social media marketing is a digital marketing activity that strategically combines social media networks and interactions of all parties to meet marketing productivity targets [7]. Social media can be used for various purposes, such as connecting with local and international contacts and serving as a platform for entrepreneurs who want to develop their business, especially in Indonesia [8]. Traditional ways of getting information and making purchases are becoming less relevant because of social media, which has new social and economic impacts [6].

2.2 Brand Awareness

Brand Awareness is the ability of a prospective buyer to recognize and recall a brand, that a brand is differentiated from other brands through dimensions owned [9]. [10] define brand awareness as the strength of brand memory in consumer memory, which can be assessed by the consumer's ability to recognize the brand in different situations. Trademarks can create brand awareness if they enable consumers to remember the brand or easily recognize it so that consumers immediately think of the brand name when purchasing a product.

2.3 Brand Image

A good image will provide added value to a product and service which will lead to an increase in consumer purchasing desires [11]. Meanwhile, brand image according to [12] is the consumer's perception of a brand, as reflected in the brand associations that exist in consumers' memories. In other words, brand associations are various information that is connected in memory and contains brand meaning for consumers. Associations come in many forms and can reflect product characteristics or aspects.

Brand image is also associated with the beliefs and perceptions held by consumers about a brand [13]. Consumer perception of products is based on brand image where a higher brand image has better quality and value. Consumer perception of a product's brand image is so strong that products that have a high brand image are considered to have better quality and value, and increase consumer intentions to shop for products with a high brand image [14].

2.4 Willingness to pay premium price

Willingness to pay premium price shows consumers' willingness to pay a higher price for the products the company sells. Premium pricing is the setting of a higher price by a company because of the perceived superiority of a product by consumers [15]. Ye et al., (2013), stated that the purpose of premium pricing is to show the company's good reputation, which can create a better overall assessment of the company's product quality compared to its competitors.

The maximum price that customers are willing to pay for a good or service is called the willingness to pay premium price, according to [16]. When consumers are willing to pay more for a product from a particular brand compared to a similar product from another related brand, then that brand has the ability to set a higher price [17]. In other words, Willingness to pay premium price is the highest price that someone is willing to pay to obtain a good or service [18].

2.5 Brand Loyalty

Brand loyalty is a measure of a customer's connection to a brand [9]. The concept of loyalty helps companies better manage customer relationship management in order to create long-term investment and profitability (Samiadi; Mohsina et al, 2013).

According to [19], customer loyalty can be defined as people who specifically make purchases gradually and repeatedly. Customers are individuals who consistently visit a place with the aim of fulfilling their needs through purchasing a product.

Social media marketing activities has on brand awareness

When it comes to informing and retaining customers, social media marketing campaigns are an important awareness tool [4]. According to [7], marketers should focus on implementing materials that can appeal to customers' hedonic views, as entertainment plays an important role in increasing brand recognition in SMMA. According to research [6], SMMA can have a beneficial impact on Brand Awareness and image, both of which increase the value of a brand.

H1: social media marketing activities has a positive influence on brand awareness

Social media marketing activities on brand image

Research conducted by [20] states that marketing activities on social media such as Instagram can generate brand trust by social media users and are also able to instill a good perception of their Brand Image. Through active social media, communication is able to provide a variety of information and build connections with consumers so that consumers can assess a good brand image [21].

H2: social media marketing activities have a positive influence on brand image

Brand awareness on brand loyalty

Brand Awareness is a consumer's ability to remember a brand and consumer perceptions of a brand which will later influence consumers [21]. The strength of a brand node or trace in memory is related to Brand Awareness, which can be measured as the consumer's capacity to recognize a brand in various contexts [12]. Research [22] shows that Brand Awareness has a direct effect on Brand Image. If the perception of Brand Awareness towards a brand is high, then customer loyalty towards that brand will also be high [21].

H3: brand awareness has a positive influence on brand loyalty

Brand awareness has a positive influence on willingness to pay premium price

Research conducted by [7] shows that fun and honest brand participation can create considerable brand value and convince consumers to pay a premium price for a particular brand. Research (Oppong et al., 2022) also confirms that Brand Awareness has a positive impact on willingness to pay premium prices, which shows that consumers are willing to pay more for well-known brands because they are considered to have a reputation.

H4: brand awareness has a positive influence on willingness to pay premium price

Brand image on brand loyalty

This brand image comes from a collective representation that is formed over time through accumulated experience, close relationships, word of mouth, and advertising [23]. When customers do not have sufficient knowledge about a product source, they will use Brand Image as a reference for evaluating the product [20]. If the image of a brand is high, customer loyalty to that brand will also be high, and vice versa, if the brand image is low, customer loyalty to the brand will also be low [21]. Research [22] also shows that Brand Image has a direct effect on Brand Loyalty.

H5: brand image has a positive influence on brand loyalty

Brand image on willingness to pay premium price

Research conducted by [24] shows that Brand Image has a positive and significant effect on the willingness to pay premium prices so that the higher the Brand Image, the higher the consumer's interest in buying the product. Brand Image of a brand that is considered good by consumers can make consumers feel happy when using the product so that consumers are willing to pay more to get it [25]. Thus, the following hypothesis is obtained:

H6: brand image has a positive effect on willingness to pay premium price

Brand Loyalty is a consumer's commitment to repurchase a product or service in the future, even though there are many choices of products or services by competing brands [21]. Consumers who try a product must like it enough to make repeat purchases and be able to recommend it to others so that the product must build Brand Loyalty [23].

Soedarto et al, 2019 in their quote [16] revealed that loyalty influences the willingness to pay premium prices consistently, and when consumers feel loyalty to a particular brand, they will not switch to another competing brand even though the marketer charges a premium price. According to research [26], Brand Loyalty has a significant positive effect on consumers' willingness to pay premium prices. This research explains why consumers are more willing to pay premium prices when their Brand Loyalty is higher.

H7: Brand Loyalty has a positive effect on Willingness to pay premium price

3. METHODOLOGY

Data yang digunakan pada penelitian ini adalah data primer. The data collection technique used in this research is a questionnaire and distributed using googleform. The questions in the questionnaire use a Likert scale. The subjects in this research are consumers who use premium Samsung products who live in Yogyakarta. Pengambilan

sampel pada penelitian ini dengan menggunakan purposive sampling, pada penelitian ini menggunakan kriteria : (1) Responden berumur 18 tahun, (2) berdomisili di Yogyakarta, (3) responden merupakan pengguna yang telah melakukan pembelian ulang produk samsung premium (harga produk diatas 9 juta). Data were analyzed using structural equation modeling with AMOS software to test a series of relationships between variables in the research model.

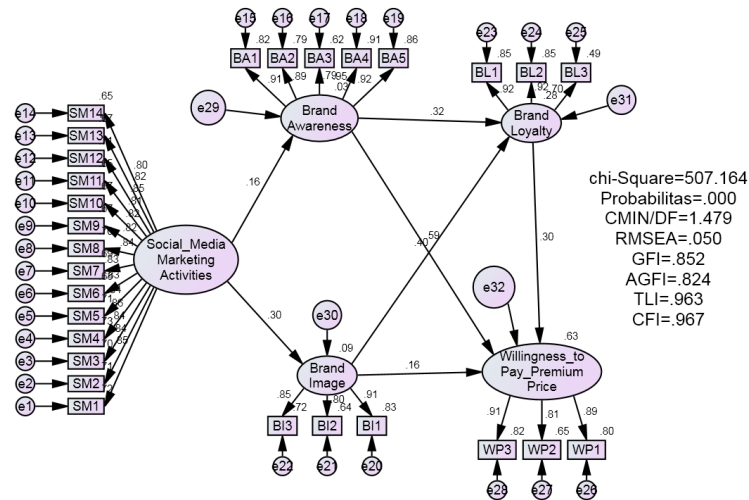


Fig 3. Converting Flowcharts to Structural Equations

Goodness of matchThe main purpose of SEM calculations is to determine the extent to which the hypothesized model "Fit" or fits the sample data. From the results of the diagram above, the results obtained are:

Table 1. Good fit test results

| Good fit index | Cut-worthless | mResearch Model | model |
|---------------------------|-------------------|-----------------|----------|
| Chi-square | ≤387,188 (df=343) | 507.164 | Sick |
| A significant possibility | ≥ 0.05 | 0,000 | Sick |
| RMSEA | ≤ 0.08 | 0.050 | Fhe |
| GFI | ≥ 0.90 | 0.852 | Marginal |
| AGFI | ≥ 0.90 | 0.824 | Marginal |
| CMINo/DF | ≥1,000 to <3,000 | 1,479 | Fhe |
| TLI | ≥ 0.90 | 0.963 | Fhe |
| Finance | ≥ 0.90 | 0.967 | Fit |

To find answers to research questions or to test the relationships between structural models, hypothesis testing is carried out. Standardized regression weight values, which display the coefficients of influence between variables, provide insight into hypothetical data analysis. If the value > 1.96 affects the CR value then the hypothesis can be accepted. Then there is an influence with a p value (probability) < 0.05 (Ghozali, 2017).

Table 2. Hypothesis Testing Results

| NO. | Hypothesis | Estimate | S.E | Cr | P | Results |
|-----|---|----------|-------|-------|-------|------------------------|
| H1 | Social Media Marketing Activities→Brand Awareness | 0.192 | 0.089 | 2,163 | 0.031 | Positive and Important |
| H2 | Social Media Marketing Activities→Brand Image | 0.341 | 0.087 | 3,934 | 0,000 | Positive and Important |

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|----|--|-------|-------|-------|-------|------------------------|
| H3 | Brand Awareness→Brand Loyalty | 0.258 | 0.062 | 4,169 | 0,000 | Positive and Important |
| H4 | Brand Awareness→Willingness to pay premium price | 0.545 | 0.062 | 8,770 | 0,000 | Positive and Important |
| H5 | Brand Image→Brand Loyalty | 0.334 | 0.068 | 4,937 | 0,000 | Positive and Important |
| H6 | Brand Image→Willingness to pay premium price | 0.151 | 0.066 | 2,289 | 0.022 | Positive and Important |
| H7 | Brand Loyalty→Willingness to pay premium price | 0.342 | 0.076 | 4,498 | 0,000 | Positive and Important |

The SEM data analysis tool used with the AMOS application is in line with the model created in this research. The hypothesis results in Table 2 show that all hypotheses are positive and significant.

FIGURES AND TABLES

The estimated value of 0.192 in Table 2 shows that there is a positive relationship between Social Media Marketing Activities and Brand Awareness. This means that Brand Awareness will increase in direct proportion to the quality of Social Media Marketing Activities.

The results of this research show that Samsung consumers can easily find out about Samsung products through social media marketing carried out by Samsung. Through marketing on social media, consumers can connect with brands through shared content and information. This creates good brand awareness for Samsung through social media marketing activities carried out so that consumers always remember the Samsung brand.

The results of this research are also in line with several previous studies, namely [7], [6], [21], [8], and [27] which states that Social Media Marketing Activities have a positive and significant influence on Brand Awareness.

Samsung's brand image is considered good by consumers through the Social Media Marketing Activities carried out. Consumers have a perception of the Samsung brand as a customer-centered product through information, content, interactions carried out on Samsung social media. In this case, Samsung's social media marketing activities have proven capable of conveying a good brand image in the eyes of consumers. The results of this research are also in line with several previous studies, namely [21], [20], [6], [7], [8], and [27] which states that Social Media Marketing Activities have a positive and significant influence on Brand Image.

Brand awareness of a brand is high, so brand loyalty to that brand is also high. In this case, customer loyalty to Samsung is high because awareness of the Samsung brand is high. Samsung's brand awareness is inherent in consumers so that loyalty to Samsung is high. When consumers are loyal, consumers will buy the Samsung brand again. Consumers can even recommend the Samsung brand to others.

The results of this research are also in line with several previous studies, namely [21], [4], [22], [7], and [8] which stated that Brand Awareness has a positive and significant influence on Brand Loyalty.

Consumers who are aware of the Samsung brand, where consumers always know and remember Samsung, the desire to buy premium goods from the Samsung brand will also increase. When consumers want the latest smartphone, they will remember the Samsung brand and have the desire to buy it.

The results of this research are also in line with previous research, namely [7] and [28] which stated that Brand Awareness has a positive and significant influence on Willingness to Pay Premium Price.

Samsung has a good image in the eyes of consumers so its Brand Loyalty is high. A good brand image that has been embedded in the minds of consumers can have an impact on repeat purchases of Samsung because of good brand loyalty.

The results of this research are also in line with several previous studies, namely [21], [4], [22], [7], and [8] which stated Brand Image has a positive and significant influence on Brand Loyalty.

A good Samsung brand image will increase the desire to buy at a premium price for that brand. When consumers have a positive image and the brand is able to convey its image as a premium product, consumers are willing to pay a premium price. The results of this research are also in line with several previous studies, namely [24], [25], [7] and [18] which stated that Brand Image has a positive influence and significant to Willingness to pay premium price.

The findings of this research indicate that consumers' desire to buy Samsung products at premium prices will increase along with their level of Brand Loyalty. Consumer Brand Loyalty towards Samsung is this where they have developed a bond with the brand and are happy enough with it to be willing to pay a premium price for the product. The findings of this research also support other research, including research by [16], [26], [7] and [29], who found a significant and useful relationship between Brand Loyalty and willingness to pay premium prices.

4. CONCLUSION

The results of this research provide a special contribution to marketing management in business development. All hypotheses in this research have a significant positive effect. This research has research limitations, including:

1. This research does not test the role of mediating variables because the independent variable (Social Media Marketing Activities) does not have a direct relationship with the dependent variable (willingness to pay premium price).
2. This research uses a closed statement questionnaire so that respondents sometimes fill out the questionnaire without reading the statement indicators. Other methods such as interviews can be used to get better results.
3. There were several respondents who did not meet the criteria, so the researcher had to re-screen the questionnaires from respondents.

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