

Analysis of Willingness to Pay Premium Apple Product Users in Indonesia

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ABSTRACT. The development of infuatry 4.0 and the covid-19 epidemic is a major phenomenons that occurs in Indonesia. The existence of this phenomenon makes people are required to keep up with the developments of today's digitalized era. Along with this phenomenon, the development of gadgets is growing rapidly, various electronic companies are releasing their best products, including Apple Inc. Rapid development of the Apple brand makes the company's market share increase every year. Indonesia is also one of the countries that have many consumers who use the Apple brand. This becomes a question when a consumer is willing to pay higher for a gadget that Apple sells. The purpose of this study is to know how Willingness to Pay Premium appears on consumers who are influenced by Brand Love, Brand Commitment, and Brand Trust. All respondents are users of Apple products in Indonesia. Data analysis was performed using PLS (partial least square) 6.0. And the validity and reliability tests were carried out using factor analysis in SPSS 16, all indicators were valid and reliable. The results show that all hypotheses in this study can be accepted and have a positive effect.

Keyword: Willingness to Pay Premium; Brand Love; Brand Commitment; Brand Trust

JEL Classification: M30; M31

INTRODUCTION

Industrial Revolution 4.0 is a change in the effectiveness and efficiency of a job with integrated technology as a tool or supporting medium. This is a major phenomenon that occurred in Indonesia several years ago, with the Industrial Revolution 4.0 people were indirectly forced to follow the development of technology as a support for their work. Along with the era of the industrial revolution 4.0, there was a large phenomena, namely the COVID-19 Pandemic. The existence of the COVID-19 virus that spreads easily makes the whole community forced to reduce their mobility outside the home. This of course changes a wide variety of lifestyles of the general public. Some of the events that can be encountered one of them is all educational activities and work done at home. These demands are what makes many people forced to dig further about the technology that supports to conduct remote communication. Along with these demands, various technology companies are competing to develop their products, not least one of the American brands that has gone global, namely Apple.

Apple Inc. is a computer company founded by Steve Jobs and Steve Wozniak on April 1, 1976 and originally named Apple Computer because it only manufactures personal computers, computer peripherals, and computer software in america. The first debut started by the Apple I was from a desktop computer with a single motherboard, pre-assembled, and unlike other PCs of the era. After that it developed again into the Apple II after the Apple I a year later. The concerns to develop are the integrated keyboard and case, expansion slots for installing floppy disk drives, and other components. The Apple III was released in 1980, one year before IBM released the IBM Personal Computer (Shalihah, 2020).

One of the products that started the success of Apple Inc. was the Macintosh computer. Macintosh computers are considered to be Apple's most successful product. The computer has a built-in monitor and mouse that was introduced in 1980. It had a graphical interface, an operating system called System 1 (the first version of Mac OS), and various software. Macintosh software includes the MacWrite word processor and the MacPaint graphics editor. The New York Times reported that the Macintosh was the beginning of the personal computer revolution. In the 1980s, the Macintosh underwent many changes. In 1990, the company introduced three new models: macintosh classic, Macintosh LC, and Macintosh IIIisi. All three are smaller and cheaper than the original computer. A year later, Apple released the first version of the laptop, the PowerBook. In 1977, Apple introduced a new iMac personal computer. The iMac became an icon for transparent plastic containers and eventually became available in a variety of colors. Then, in 2001, Apple released the first version of the iPod. It is a portable music player that allows users to keep 1,000 songs in their pocket. Apple continues to grow by expanding the market. In 2007, Apple released a smartphone, the iPhone (Shalihah, 2020).

Over time Apple is now developing its own operating system and can spread its wings by producing a variety of electronic devices such as Laptops, Mobile Phones, Tablets, complete with all accessories that are well integrated. The rapid development of the Apple brand makes the company's market share increase every year. Indonesia is one that has many consumers of Apple

brand users. A real example around us is the number of smartphone users from Apple, namely the iPhone who are willing to spend more in order to enjoy all the facilities offered by Apple.

The above phenomenon became one of the problem reviews that prompted this research, namely the increasing willingness of consumers to pay more premium goods (Willingness to Pay Premium). According to Sethuraman (2003), the premium price is the desire of consumers to pay something higher for a brand that has more value in other brands today. Such statements can give rise to a consumer's willingness to pay a higher price for luxury goods. In line with the opinion of Li and Meshkova (2013) who explained that Willingness to Pay Premium is the highest price that a consumer is willing to pay to get a good or service. Building a sense of willingness to pay for an item at a high price is not easy, a sense of willingness must be instilled well in consumers because of several supporting factors. The emergence of Willingness to Pay Premium is influenced by several potential factors related, one of which is Brand Love, Brand Trust and Brand Commitment.

Brand Love is a level of emotional bond that affects consumers' desire and satisfaction to own and use goods from a particular brand (Kusume, 2013). Brand Love is also a level of consumer satisfaction with a brand until there is an attitude of loving a brand because of the high level of consumer satisfaction with a brand (Airey, 2012). The love of a brand from the manufacturer's point of view will certainly make it easier for a brand to attract interest from consumers. While from the consumer's point of view, they feel that buying and consuming goods from brands they already love is much more satisfying, loyalty to a brand is what makes them reluctant to move.

Brand Commitment can be defined as the desire to maintain the value of the relationship between a brand and the consumer itself (Morgan & Hunt, 1994). Still a common thread of previous indicators, a sense of love for a brand can encourage consumers to continue to believe that all products from the brand they love already make them comfortable. The emergence of a sense of love that is planted continuously makes consumers have a high sense of trust and love and makes them reluctant to switch from the brand that they love. This supports the explanation that, commitment to a brand becomes the basis of trust formed by a sense of love for a brand.

Meanwhile, Brand Trust is a sense of comfort that consumers have when using an item that makes them believe in the brand. The trust that arises from a consumer is also based on the consumer's perception of the reliability of the brand (Delgado-Ballester, 2011). This supports that commitment to a brand is also based on awareness of brand selection and risks. They are confident that the brand they love and believe this will not disappoint. Basically, the Brand Love, Brand Commitment, and Brand Trust variables are like one cycle that keeps turning. These three variables are very close and can influence each other's decision to pay higher at a brand.

METHODS

The main population of this study is the Indonesian community, more deeply the research samples we took were Indonesians who used all Apple brand products (iPhone, Macbook, iPad, etc.). Sampling in this study was taken randomly from through a medium called Google Form. The online questionnaire was distributed to all potential respondents in Indonesia. As for the number

of samples we took as many as five hundred questionnaires. Based on the way of sampling that has been described earlier, it can be known that the data source obtained is a qualitative data. Qualitative data processed in this study itself consists of respondents' answers about indicators of the brand trust variables, Brand Commitment, Brand Love, Willingness to Pay.

The data retrieval method used in this study used questionnaires or questionnaires, in the creation of items for variables whose measurements were made in the form of positive and negative questions so that respondents could answer correctly and unbiasedly. As for facilitating data processing, questionnaires are made using linkert scales. Linkert scale is a most frequent and widely used sclave in some qualitative surveys. This research questionnaire uses alternative options between 1 to 7 that have provisions; Number 1 choice strongly disagrees, number 2 disagrees, number 3 disagrees enough, number 4 is neutral, number 5 is quite agreeable, number 6 agrees, and 7 strongly agrees.

This research method uses quantitative research using primary data provided to respondents who meet the requirements. Data retrieval is done online with an auxiliary medium, namely googleform. The time and place of data collection is not specifically determined given the conditions that do not allow to directly meet with respondents. The authors are aware of the possibility of misunderstandings with respondents when filling out questionnaires, in order to reduce respondents' misunderstandings about questions, researchers still monitor the difficulty of respondents online through WhatsApp and e-mail. The Likert scale 1-7 shows indicators on variables. 500 questionnaires were sent to respondents randomly within one month, the respondents who filled out were apple product users in Indonesia.

Data analysis techniques in this study are: validity test, reliability test, descriptive statistical test, and direct influence test. The validity test is used to measure the validity or absence of a questionnaire. Validity test is a test step performed on the content of an instrument to measure the accuracy of the instrument used in a study. The goal is to find out the extent of the accuracy and accuracy of a measuring instrument in performing its measuring function, and so that the data obtained can be relevant or in accordance with the purpose of holding the measurement (Hair, 2010). Reliability testing is the process of measuring the accuracy of an instrument. This test is intended to ensure that the instrument used is a reliable, consistent, and stable instrument, so that when used many times it can produce the same data (Husaini, 2003). Descriptive statistical analysis is a statistic used to analyze data by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public or generalization (Sugiyono, 2014). The analysis model used in this assessment is Partial Least Square (PLS) which is used to test the influence of exogenous variables on endogenous variables. The software used as an analysis tool is WarpPLS version 6.0.

RESULT AND DISCUSSION

Based on the data we have collected online, there are 500 respondents who filled out questionnaires, respondents who filled out are also in accordance with the provisions that have been applied at the beginning of the questionnaire. The demographic data used in this study has

been divided into 4 components based on age range, recent education, working status and current monthly expenses. This data is what we use for submissions.

Validity Test Results

Table 1. Validity Test Results

Variable	Grain	Factor loading	Invalid items
Brand Love	BL1-BL5	All Valid	-
Brand Commitment	BC1-BC4	All Valid	-
Brand Trust	BT1-BT5	All Valid	-
Willingness to Pay Premium	WP1-WP4	All Valid	-

Source: SPSS Output 16.0 (2021)

Measurement reliability test can be verified against Cronbach alpha (>0.6). In the table you can see that the Cronbach alpha value for each variable exceeds the threshold of 0.6. The higher the alpha value of Cronbach, the better the search engine. This suggests that it can be used to further analyze other variables.

Reliability Test Results

Table 2. Reliability Test Results

No.	Variable	Cronbach's Alpha	Category
1	Brand Love	0.635	Reliabel
2	Brand Commitment	0.772	Reliabel
3	Brand Trust	0.924	Very Reliable
4	Willingness to Pay Premium	0.725	Reliabel

Source: SPSS Output 16.0 (2021)

The measurement reliability test can be checked based on cronbach alpha values (> 0.6). In the Table, it can be seen that the Alpha Cronbach value for each variable exceeds the threshold value of 0.6. The greater the alpha value of Cronbach the better the research instrument. This indicates that other variables can be used for further analysis.

Descriptive Statistical Test Results

Table 3. Descriptive Statistical Test Results

Variable	Mean	SD	1	2	3	4
1. BL	6,51	0,50	-	-	-	-
2. BC	6,33	1,41	-0,27**	-	-	-
3. BT	3,98	1,36	-0,21**	0,576**	-	-
4. WP	5,15	0,50	0,305**	-0,38**	-0,32**	-

Source: SPSS Output 16.0 (2021)

Descriptive statistical tests seen include mean, standard deviation and correlation between research variables presented in table 3. As shown, willingness to pay premium correlates with Brand Love ($r = 0.305$, $p < 0.01$), brand commitment ($r = -0.38$, $p < 0.01$), and brand trust ($r = 0.32$, $p < 0.01$).

**Significant < 0.01

* Significant < 0.05

N = 500

Information: BL : Brand Love; BC : Brand Commitment; BT : Brand Trust; and WP : Willingness to Pay Premium

Testing using PLS

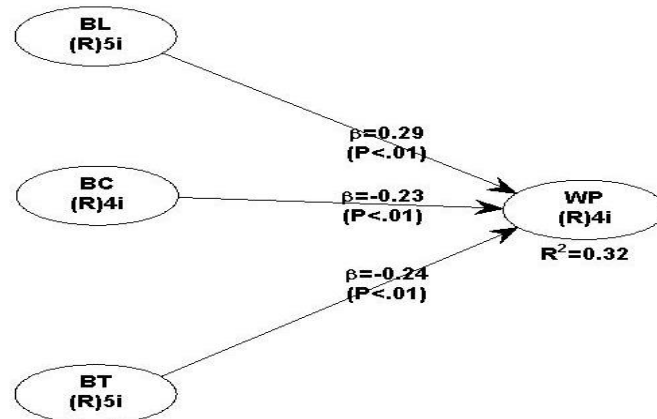


Figure 1. Testing using PLS

Table 4. Hypothesis Test

No.	Hypothesis	Estimate	P	Information
H1	Brand Love positively affects pada willingness to pay premium: study on users of apple products in Indonesia	0,29	<0.01	Supported
H2	Brand Commitment positively affects pada willingness to pay premium: study on users of apple products in Indonesia	-0,23	<0.01	Supported
H3	Brand Trust positively affects pada willingness to pay premium: study on users of apple products in Indonesia	-0,24	<0.01	Supported

Source: data processed (2021)

The first hypothesis this study supports can be seen in the table above. This is indicated by the p-value < 0.01, smaller than the established significance level of 0.05, and the positive path coefficient of 0.29. Thus, it can be concluded that brand love results are significant and positively affect the willingness to pay premium: a study on users of Apple products in Indonesia. It is proven that the stronger the level of love causes the willingness to pay premium the higher and higher and as the level of love decreases towards the brand causes the willingness to pay premium to decrease. This is in accordance with the opinion (Lumba, 2019) that the influence of brand love on premium willingness to pay allows a consumer to get pleasure by buying Apple products, which in this case proved to positively affect the willingness to pay premium.

The second hypothesis can be seen from the table and supported. This is indicated by a p-value of 0.05, equal to the established significance level of 0.05, and a positive path coefficient of -

0.23. Thus, it can be concluded that brand commitment has a positive and significant effect on the willingness to pay premium to users of Apple products. It is proven that the greater the level of consumer commitment of Apple products, it causes the willingness to pay premium is also stronger (Pangestu, 2018). This is in accordance with the opinion of Samuel & Putra (2018), that the commitment gives the influence of willingness to pay premium that allows a consumer to buy apple products, which means that this positively affects the willingness to pay premium.

The third hypothesis of this study is supported. This is indicated by the $p\text{-value} < 0.01$, smaller than the established significance level of 0.05, and the positive value path coefficient of 0.24. Thus, it can be concluded that brand trust has a positive and significant effect on the willingness to pay premium. It is proven that the greater the level of consumer confidence in apple products, the higher the willingness to pay premium. This is in accordance with the opinion of Septysha, (2017). Expressing that belief affects emotions that if the person feels very satisfied with the purchase of goods and services. Therefore, increase trust. So, brand trusts positively affect the willingness to pay premium to apple products.

CONCLUSION

Based on the data analysis and description above, it can be concluded that Brand Love is a positive indicator that supports the emergence of Willingness to Pay Premium in a consumer. This of course makes us understand more and more that the love of a consumer can be a big influence behind the reason they are willing to invest large amounts of money in a brand for their convenience. Brand Commitment is the second positive indicator that supports the emergence of Willingness to Pay Premium in a consumer. Basically, someone who has a commitment will stay true to their commitment. Likewise, a consumer who already has a commitment to a brand, they will persist in their commitment even though they have to pay more. Brand Trust is the third positive indicator that supports the emergence of Willingness to Pay Premium in a consumer. Consumer trust in a brand is one that every brand wants to have. Building consumer trust is not easy, brands will as much as possible maintain consumer confidence in them. Likewise with consumers, they will feel calmer when using a product, they trust rather than having to look for other alternatives. Not all consumers are willing to put in extra effort to adapt to a new brand, therefore they are not averse to paying more for a brand they already believe will perform well. Willingness to Pay Premium is a variable that arises because of the encouragement of love, trust, and commitment from a consumer. Willingness to pay more becomes a real action to prove how loyal consumers are to a brand because of the supporting factors behind it.

The description above shows that all hypotheses in this study are supported and accepted. This also proves that the three variables above support the emergence of a sense of willingness to pay more. It is proven that the level of love, commitment, and strong trust of Apple product users is what makes them willing to pay more to enjoy Apple's products. This is certainly supported by the statement that the popularity and sales of Apple products have skyrocketed when they have succeeded in instilling a value in their products. A common thread that the main key to the success of the Apple company can make consumers interested in buying their products at premium prices, namely the direct influence of Apple products on consumers psychologically, both love, commitment and trust. This encourages consumers to continue to trust products from Apple

because they want to try or survive on the value they get when they become users of Apple products.

During this research, the author is aware that there are still some limitations that affect the research as a whole. Due to the limitations of research regarding the willingness to pay premium Apple products and iPhone products should be studied more broadly and in depth. Online data collection, the weakness of this method is that we don't really understand the difficulties experienced by respondents when filling out the questionnaire, this can lead to misperceptions that make filling out the questionnaire less precise. Anticipating this, we provide a contact that can be easily contacted. This was followed by other obstacles such as data collection that could be encountered when selecting the right respondents, again due to the limited mobility of the authors due to the pandemic. The next researchers are expected to increase the demographics and a wider number of samples so that the next research can develop in a wider scope and answer the willingness to pay premium.

Judging from the results of the study, there are suggestions that can be given to the next researcher who will assist the research as follows: (1) Furthermore, researchers can consider other variables that can affect the high impact of Willingness to Pay Premium on various other brands. Some variables that I can suggest are Social Value, Social Influence and social media. It can be seen clearly in Figure 1 that there is a remaining coefficient of determination of 51.8%. This shows that there are still 51.8% of other factors that can affect the Willingness to Pay Premium variable. (2) Realizing that there are several obstacles in conducting this research, the thing that is most felt occurs in the data collection process. This obstacle arose due to uncontrollable conditions, namely the COVID-19 pandemic. Interaction between researchers and respondents cannot be done in real-time and has the potential to cause misunderstandings. If in the future the COVID-19 Pandemic conditions still occur, researchers can try to hold online meetings with respondents in real-time while filling out questionnaires via Zoom.

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