

Willingness to Pay Premium for Luxurious Fashion Brands in Indonesia: Is It Love

Nita Sofiani Djohan and Ritzky Karina Brahmana

Abstract—Fashion industry is significantly increasing at emerging market (such as Indonesia) especially for luxurious fashion brand. The high-end fashion companies grasp this opportunity and doing an intense behavioral marketing for it. Many people (especially upper class social communities) who really care how they look that will express who themselves. The uniqueness of their selves brought them the ideas to find the style that not common or not many people can have it. This phenomenon brought fashion especially the luxurious fashion brand into the next level and being promising for some luxurious fashion brands to offer what they have and fulfilled the customer needs. Many of competition in this industry, requires a mandatory relationship between brands and consumers. Consumers determine their relationship with various brands, brands that instill in the minds of consumers. However, the interesting matter is why many people really want to buy something that costly. The behavior of the customer and how they attract to the brand and develop their self concept with brand (Brand Congruity) and their loves to the brand will influence the willingness to pay premium will be analyzed in this research. This research will be the preliminary research about the effect of brand love. This model is rooted in the causal approach. The data in this study were processed using data analysis techniques Structural Equation Modelling (SEM) through Smart-PLS. The samples used in this study were 200 respondents that from 5 big cities in Indonesia which are Medan, Bandung, Jakarta, Surabaya and Makassar.

Index Terms—Brand congruity, brand love, brand commitment, willingness to pay premium, luxury fashion, luxury brands, behavioral marketing, Indonesia.

I. INTRODUCTION

Harris is very detailed about anything for his appearances. He will pay much attention about his fashion especially to choose the fashion based on the brand that he loves. It same goes to Yola. She is a mother with one child namely Richmond. She always very details for Richmond's fashion from his head to his toes. Fashion is matter for her to show hers and her child's personality. And same to Yola, she also has the brand that she really loves about. Harris and Yola are some examples that show you how Indonesian are very aware about fashion. Fashion is one of the ways for anyone to express and show who they are and what they are. Fashion is mirroring the stories of personality or character that a person wants to show about their identity. This thought is making people more aware about how the fashion

will express and explain their identity and communicate to others by it. There are many ways for people to show their fashion statement by their styles.

Style is an important matter in fashion area. Any clothing styles, hair styles, accessories styles or any else will be prepared so precisely as its show someone identity and characteristic. And nowadays, it is easy for any people to find their role model and copied their fashion statement that will be related with their self-concept. The role models could be a fashion blogger, fashion stylish, or any fashion community. They will be the influencers for anyone who wants to describe their fashion statements. According to [1], fashion defined as the term of clothing components, physical goods, material object that use on body by people. In conclusion, fashion is the visual elements that depend on perception and individual preference.

Based on [2], fashion industry in Indonesia gave about 28,29% contribution for Indonesia GDP which was around IDR. 641,8 Billions. This amount was bigger rather than transportation and communication, financial, real estate, and service sectors. Fashion sector was on second position that contributed for GDP after culinary industry in Indonesia. Thus, fashion industry contributed for lessens the unemployment in Indonesia where around 1.107.956 businesses provide job vacancies for 3.838.756 people. Meanwhile, the growth of export showed the contribution from fashion industry was approximately IDR. 76,78 Billions.

Regarding to [3], the growth of emerging market drastically increases 32% until 2030 and it will only from luxurious fashion brands. The forecast shows its doubled from 2011 which only reached 17%. It showed that 9 years from now, fashion business especially in luxury product category has a great opportunity in the future.

One of the important matters in fashion is about how to create of brand personality for any product that will be offered [4]. Brand is one of the biggest assets that the company has especially for luxurious fashion products. Hence, the brand should has the philosophy for creating the character of product conceptually where is matching with customer wants while use the product. This matter results the concept of Brand Congruity. Brand congruity is a philosophy about brand as a symbol of customer identity as individually that chooses a product that will express their self-concept [5]. In Indonesia itself, there is a luxurious fashion brand called Ni Luh Djelantik. Ni Luh Djelantik has an identity as a fashionable shoes which presents smart woman who loves to wear high heels yet comfortable for using it but still has a classy style. Ni Luh Djelantik could provide it by its shoes, which the heels start from 8 cm until 12 cm. It showed by its brand and make the fans of the shoes will buy it although it is pricey. This Ni Luh Djelantik

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Nita Sofiani Djohan Ritzky and Karina Brahmana are with the Universitas Kristen Petra Surabaya, Siwalankerto, 60236, Indonesia (email: sofianidjohan@gmail.com, karina@peter.petra.ac.id).

identity shaped an image for the woman who is thinking that they are a smart woman and need a heels will buy Ni Luh Djelantik shoes because its represents their self-concept.

The relation between of product image and customer personality should be fitted because it will produce attachment and loyalty to the brand and make a customer to become a customer evangelist which has a strong bond and love of the brand itself. According to [6], Brand Love is an emotional feeling of the highest satisfaction for particular brand. These particular brands are the luxurious brand. And at this research, it will take about luxurious fashion brands. In this research, it will analyze about how the brand congruity will influence willingness to pay premium through brand love.

Back to the story earlier about Harris and Yola, this research believes that there are many 'Harris and Yolas' out there whose decision-making is influenced by the brand congruity and brand love to have a willingness to pay premium. This called consumer and brand relationship. The importance of consumer and brand relationship could develop in-depth emotional bond for customer to the brand of the products [7]. It showed the interaction between brand to the consumer behavior and vice versa [8].

Based on earlier findings and literature about decision making, we hypothesise that:

- Brand Congruity has a positive effect on Brand Love.
- Brand Love has a positive effect on Willingness to Pay Premium.

This research aims to answer the interesting but empirically challenging questions: Does brand congruity lead to brand love when someone chose the brand for the luxurious fashion product? Does the brand love will make anyone to have a willingness to pay premium for any luxurious fashion product? This research is going to show the consumer and brand relationship and how the pattern of consumption on luxurious fashion product in Indonesia will be influenced by its brand love and congruity. This research proposes the hedonic utility through which the willingness to pay premium could be based on the brand love and brand congruity for any character or individual.

This paper is unique from others in three aspects. Firstly, this study utilizes the psychology to analyse the consumer and brand relationship which lead the behavior of the individual loves about the brand and willing to pay it premium. Secondly, the sample of this study will be Indonesia, which is one of the important emerging markets in the world. And it would be taken the sample from its 5 big cities, which are Medan, Jakarta, Bandung, Surabaya and Makassar. It makes this research clearer and more general conclusions about the role of brand on willingness to pay premium in Indonesia. Thirdly, unlikely [9], this research will use brand congruity as a new variable to analyze did the willingness to pay premium will related strongly with brand love by it. And we also investigated for the probability of the mediating and moderates effect. The remainder of the paper is organized as follows. Section II provides the related literature describing the relationship among the variables. Section III addresses the empirical model and the research framework, while Section IV describes the data used in this research. Section V presents an estimation of the statistical result. Lastly, Section VI and

Section VII present the discussion and the conclusion respectively.

II. RELATED LITERATURE

A. What is Brand Congruity

In fashion industry, the personality is matter that showed the person uniqueness. This identity that showed the brand image suited with the customer personality called Brand Congruity. When the brand could approached the customer and give the customer the value its brand and identically with the customer personality so it will be resulted to a good brand congruity.

The brand is also known as a symbolic for the customer [10]. Brand as a product is a symbol that mirrored the individual identity and they could decide which brand would be fitted with their self-concept [5]. This self-concept is also direct to self-congruity that is the fitness level between individual perceptions from the brand/product with their own perceptions on it. This self-congruity resulted to Brand Congruity. According to [11], Brand Congruity has 2 dimensions that are Symbolic Image and Functional Image. Symbolic Image related with the intangible attribute and abstractly rather than functional aspect. Functional image related with the tangible aspect and attached with the product's attributes. The role of functional image will be showed if the benefit of the brand will suitable with the customer expectation. This benefit will reflect the product performance with the tangible attributes and the experience of the customer while using the brand.

B. What is Brand Love

Regarding to [6], brand love is the emotional bonding of the customer that will satisfy the customer if they can own the brand. There is the difference between brand love and customer satisfaction. The main difference is the satisfaction wholly concepted generally as cognitive measurement and for the brand love more focused on the strong bond emotionally to a brand [12]. Moreover, the satisfaction is considering, as an accomplishment for the expectation meanwhile the brand love is the needs of confirmation and expectation for the long-term relationship.

Brand love included as customer-brand relationship which are [13]:

1. Positive emotional connection

The positive emotions is the experience of the customer while thinking or using the product from one brand that emotionally attached naturally with the customer.

2. Self-brand integration

The integrated brand into the customer when the customer is expressing the values of the brand and highly appreciate for it. Moreover, the customer usually recommend, think and talk about that brand to many parties.

3. Passion-driven behaviors

The consumer with full of spirit and very enthusiastic to engage with a Brand because consumers feel has interact with the past. Consumers even have a desire to resume a relationship for long-term time on the brand.

C. The relation of Brand Congruity to Brand Love

According to [7], the customer will choose the brand that

congruence with their own image and personality identically. Self-image congruity will shape the attachment between the customer and the brand. They will not think the brand only a commercialize product yet it will attached with theirselves just like their own friend or lover. This brand relationship quality will use as the measurement for knowing the relationship between the self-concept with the loyalty and love of the brand.

D. The relation of Brand Love to Willingness to Pay Premium

The importance of the customer behavior for brand love it will influence the loyalty, word of mouth and the willingness to pay premium [13]. This is happening if the individual stickly attached emotionally to the brand. The customer will willing to pay in any cost for the brand [14]. Therefore, brand love is the combination between emotional and passion on the brand that influenced for the willingness to pay premium by the customer [6].

III. EMPIRICAL MODEL AND FRAMEWORK

This research aims to investigate the role of the mediation effect of brand love and the brand congruity on the willingness to pay premium. (see Fig. 1). This research was quantitative method that the questionnaires distributed at the five big cities in Indonesia which are Jakarta, Surabaya, Medan, Bandung and Makassar. The samples were men and women who repetitively buy the luxurious products in fashion categories. Those cities also suitable as the sample to represent Indonesia because in those cities, it is easily to find many high-end branded fashion outlets in their shopping malls. Indonesia also well-known as one of the countries which has many malls in their cities. The screening of respondents also at least who bought the luxurious fashion brand within 3 months lately when we spread the questionnaire. We also find the high-end fashion community that called as socialites. We spread it by e-mail and google form. The measurement for any option of the dimensions will use liket scale which the range is 1-5.



Fig. 1. Conceptual framework.

IV. DATA

The data used in this paper were obtained by a survey study. Unlike [15], the survey was conducted by distributing questionnaire in five big cities in Indonesia which has the high GDP and significantly grown every year and very consumptive about fashion items. The sampling frame is the local people of each cities. There is no tourist

taken as the sample. The sampling method is run under purposive sampling. Note that the period of data collection was from April – August 2016. To avoid the non-response bias, we conducted the t-test difference on the first one-month respondents (April 2016 – May 2016) and second three-month respondents (June 2016 – August 2016). (see Table I).

TABLE I: GENDER OF THE RESPONDENTS

Gender	Frequency	Percentage (%)
Pria	59	29,5%
Wanita	141	70,5%

TABLE II: MONTHLY EXPENSES OF THE RESPONDENTS

Monthly Expenses (in IDR.)	Frequency	Percentage (%)
< 10.000.000	20	10%
10.000.001 – 30.000.000	36	18%
30.000.001 – 50.000.000	58	29%
50.000.001 – 100.000.000	70	35%
100.000.001 – 150.000.000	16	8%
> 150.000.001	-	-

TABLE III: OCCUPATION OF THE RESPONDENTS

Occupation	Frequency	Percentage (%)
Public / Government Employee	-	-
Private Company Employee	20	10%
Students	32	16%
Entrepreneur	78	39%
Housewives	39	19,5%
Others	31	15,5%

TABLE IV: AGE OF THE RESPONDENTS

Age	Frequency	Percentage (%)
< 16 y.o	-	-
16 – 25 y.o	44	22%
26 – 35 y.o	53	26,5%
36 – 45 y.o	77	38,5%
46 – 55 y.o	22	11%
>56 y.o	4	2%

From those tables, this research got the datas' that mostly the socialite came from upper class which their expenses more than ten millions Indonesian Rupiah (see Table II). And their occupation background mostly are housewives or

entrepreneur (see Table III). We assumed for the students (see Table IV), they already came from wealthy family that showed from the expenses they done.

V. RESULTS

TABLE V: ESTIMATE FOR PATH COEFFICIENT (BOOTSTRAPPING)

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Brand Congruity -> Brand Love	0,739	0,747	0,030	24,305	0,000
Brand Love -> Willingness to Pay Premium	0,778	0,768	0,052	15,097	0,000

Means that value original sample (o) is the value of path coefficient that demonstrate the power of the influence of one latent variables to one latent other variables .Then , a value on column sample mean (m) shows the middle value from path coefficient , while standart deviation (stdev) shows the simpang in samples of mean .Value t-statistics used to see the value t-hitung that will be used to the testing of hypotheses (see Table V). The influence of causal between variables independent on variables dependent will have a hypothesis that significance if t-statistic more than 1,96 .The influence of brand congruity to brand love is of 0,739 with the t-statistik 24.305 > 1.96 (see Table V) .Thus can be concluded that brand congruity impact a significant impact on brand love .While the influence of brand love to willingness to pay premium having value of 0,778 with the t-statistik 15.097 > 1.96 (see Table V). Thus can be concluded that brand love impact a significant impact on willingness to pay premium.

VI. DISCUSSION

A. Brand Congruity terhadap Brand Love

This research result indicates that brand congruity impact positive and significantly to brand love.Can be shown through value t-statistic greater than 1,96 namely 24.305 and path coefficient of 0,738 or 73,8 % (see Table V). The result of path coefficient having value that positive or nearly to the 1 which means the relationship between the two variable strong influential.The results of the influence of brand congruity to brand love also shown in the research [16] where self brand congruity influential in significant impact on brand love.This showed that brand congruity affected brand love.

B. Brand Love terhadap Willingness to Pay Premium

This research result indicates that brand love give a positive influence and significantly to willingness to pay premium .Can be shown through t-statistic value that is greater than 1,96 namely 15.097 and path coefficient of 0,788 or 78.8 % (see Table V). The result of the path coefficient having value that positive or nearly to the level of 1 which means the relationship between the two variable strong influential .The results of the influence of brand love against willingness to pay premium is also shown in research [13] where brand love influential significantly against willingness to pay premium .This showed that brand love strongly influenced the willingness to pay premium .

VII. CONCLUSION

Based on the results of discussion research in this thesis , it can be taken conclusion as follows:

1 .Brand congruity having the effect on brand love that can be seen through value t-statistik namely 24.305 > 1.96 (see Table V) so that can be concluded brand congruity is the confirmer in the creation of luxury brand love in fashion brands in indonesia .

2 .Brand love having the effect on willingness to pay a premium able to be seen through value t-statistik namely 15.097 > 1.96 (see Table V) so that can be concluded brand love is confirmer in the creation of willingness to pay premium in fashion luxury brands in indonesia .

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Nita Sofiani Djohan is an alumnus of Universitas Kristen Petra who took marketing program in Faculty of Economics. She was an active and has a very well reputation as a student and being one of cum laude graduated. Today, she chose her path in professional way as a marketing manager in one of well-established property company in Surabaya and still doing some research in marketing area.

Ritzky Karina Brahmana is a lecturer and a program secretary for Marketing Department at Faculty of Economics, Universitas Kristen Petra Surabaya. She has a great interest in social marketing, local economics development, digital marketing mood and consumption, and behavioural marketing. She has published several research papers in international journals and conference proceedings, for example, South East Asian Journal of Management, The Asian Journal of Technology Management, International Journal Happiness and Development, EconoLit and more. She is also a peace building trainer and concern about service learning for local economics development of SMEs.