

Chapter 5

Conclusion & Recommendation

In this chapter, Author will answer the research questions based on the findings that conducted for this research. This chapter included the summary from the data findings, managerial implication, research limitation, and recommendation for future research.

5.1 Summary of the data findings

The aim of this study is to understand customers' willingness or unwillingness to pay price premium in the market for FMCG products and what kind of images brands can be used in order to achieve price premium. In order to understand what kind of brand image that affecting the most for national brand, me too brand, and private label brand. Moreover, to complete the research, Author needs to answer each research questions that provided in chapter 1 based on the outcome of the research

RQ1: Does brand image between leading brand, me too brand and private label brand affecting customers' willingness to pay a price premium for national brand over follower brand and private label brand?

Based on the findings of this research, the national brand has more attributes in the brand image, compared to the follower brands and private label brands. Using the multiple regressions, Author found that National brands have three variables for the brand image which are product value, quality, and uniqueness. Other than that, follower brands and private label brands are only have two variables, Customers' willingness to pay price premium for national brand of mineral water (Aqua) is affected by quality, product value, and uniqueness. Whereas customers' willingness

to pay price premium for mee too brand of mineral water (VIT) is affected by quality and product value. The third category which is private label brand of mineral water (Indomaret) is affected by product value and Quality. In the other hand, national brand for tissue category (Paseo) also affected by 3 variables which are product value, quality, and uniqueness. Whereas, customers' willingness to pay price premium for follower brand tissue (Tessa) only affected by product value and uniqueness. Lastly, the private label tissue category (Indomaret) also affected by product value and uniqueness.

RQ2: Does perceived awareness has a positive impact on customers' willingness to pay a price premium?

According to the research findings in this study, Brand Awareness does not give any impact to customers' willingness to pay price premium for bot mineral water and tissue categories. Brand awareness is not affecting the willingness to pay price premium because, most of the respondents are aware with the mineral water brands (Aqua, VIT, Indomaret) and tissue brands (Paseo, Tessa, Indomaret) that Author asked to them. Since most of the respondents aware with the products, it can be considered that the awareness has reached the top of mind awareness, so the customers don't need to aware with the product first in order to pay price premium. In the other words, the brands have ingrained in the memories of the customers and it has been selected unconsciously by the customers without looking at the brand again.

RQ3: Does perceived quality has a positive impact on customers' willingness to pay a price premium?

Based on the research findings in chapter 4, quality has a positive impact in all the national brands (Aqua), also for follower brand (VIT) and private label brand

(Indomaret) in mineral water category. Quality can be considered as one of the most important element in most brand equity models (Lassar et al., 1995; Aaker, 1996). Therefore, quality is very important for FMCG brands especially for mineral water category, because it may affect customer's willingness to pay price premium. Author found that quality is affecting follower and private label brands because customers are more careful when they're selecting products for consumption because the products will enter the body, so quality is very important for this category.

In the other hand, for follower brand (Tessa) and private label brand (Indomaret) in tissue category, quality does not really affecting the willingness to pay price premium because most of the customers think that all the tissue are same and it will not harm their body. However, the national brand (Paseo) has affected with uniqueness variable because people think that Paseo has better quality than the other tissue, and that is the reason why Paseo is leading the market share.

RQ4: Does perceived value has a positive impact on customers' willingness to pay a price premium?

Based on the findings in this research, product value is proven to have relationship with the willingness to pay price premium. Product value has affecting all the national brand, follower brand, and private label brand in each category. By knowing this kind of relationship, it means that the customers are viewing the products as a bundle of benefits, rather than viewing it as a bundle of attributes (Peter and Olson, 1990). According to Kotler (2007), Perceived Value is the difference between what customers get and what they give for different possible choice. In buying FMCG brands, customers can earn product value when they buy the mineral water brand or tissue brand and they feel that the value that they get from the product is more than

the cost they spend for the product. Therefore, according to the research findings, the customers are feel the value that they get from the 6 products that Author asked are more than the price that they need to pay for the products, which it will make them want to pay price premium for the products because based on their opinion, each products have a good value for them.

RQ5: Does perceived home country has a positive impact on customers' willingness to pay a price premium?

Based on the findings in the research, country origin does not give any impact for customer to pay price premium because most of the products are made in Indonesia and most of Indonesian people are not willing to buy Indonesian products even though they are proud with Indonesian products. According to Minister of trade Indonesia Srie Agustina, 91% of Indonesian people are proud with local products, but only 34% of them that buy the local products (Tempo, 2013). With Author findings and the Minister of trade statement, most of the Indonesian customers do not love their own local products, so it is not surprising if the customers of FMCG brands are not willing to pay price premium for the mineral water and tissue that Author asked because the respondents know that the products are made in Indonesia.

RQ6: Does perceived social image has a positive impact on customers' willingness to pay a price premium?

Based on the research findings, social image also does not giving any good relation with customers' willingness to pay price premium because the category that asked for the customers is Fast Moving Consumer Goods and the products are only mineral water and tissue. When social image is mentioned in many general brand literatures,

it is more likely related with clothes, cars, wine, and other public products for which the social image has been proved the success of the store brands (Semejin et al, 2004). Therefore, social image will give more influence if the products that will be researched are luxury brands such as Louis Vuitton, Givenchy, Iphone, BMW, and many other things.

RQ7: Does perceived uniqueness has a positive impact on customer's willingness to pay a price premium?

Based on the research findings in chapter 4, uniqueness has a positive impact towards price premium especially for the national brands. The respondents think that the national brands are unique and it is different with other brands. For tissue category, both of follower and private label brands are also showing a good relation with uniqueness, which means that the follower and private labels tissue have their own uniqueness to differentiate their own products with other products. However, in mineral water category, the uniqueness is only covering the national brand which is Aqua. Aqua can be considered unique because it has many variations of packaging and bottle size from small to large. It also has the bottle click and go that only Aqua produced the bottle. Therefore, for the uniqueness it only covers willingness to pay price premium for all the categories in tissue and only national brand in mineral water

5.2 Managerial Implications

5.2.1 Brand Awareness

Based on the findings, brand awareness does not have any relation with price premium because most of the customers are already aware with the products that Author asked to them. Author suggests the company to keep increasing the product

brand awareness by creating campaign in social media especially for follower and private label brands in order to make the products gain more awareness than the national brands. Other than that, in order to maintain brand awareness, companies can also create brand reminder to remind customers about the brand. Brand reminder can only be used if the brand awareness reach the top tier of customer based brand equity which is brand resonance. In brand resonance tier, customers feel sync with a product and the customers will be very loyal with the products. Therefore in order to keep maintain the relationship with the customers, the company can create advertising, creating social media, creating campaign, and many other things as tools for delivering the brand reminder to the customers.

5.2.2 Quality

Product quality is very important for customers to pay price premium, especially for consumable products like food and water. Based on the research, Author found that all the quality in national brands are affecting price premium, but only follower and private label in mineral water that show positive relation with price premium. It means that both follower and private label brands are showing good perceived quality of mineral water for the customers. Compared to the mineral water category, quality for follower and private label brands in tissue category are not showing any good relation with price premium, which means in order to compete with the national brand product, both of the follower and private label brands must increase their perceived quality for the products. In order to increase the perceived quality that customers feel, there are several ways that companies can do. Based on the literature review in chapter 2, Zeithaml (1998) stated that quality is not the product's real quality, but it is based on the customers' perception toward the products they used. In the other word, it can be said if a company produce low standard quality of product,

it can be considered as good quality product if the customers think and state that product is good. One of the best ways to build perceived quality for customers is through the customers' direct experience or through the information that customers gained from the environment around them (Gronroos, 1984; Yoo et al., 2000). Therefore, companies can use endorsement as a tool to increase the products quality. For example in this research, Author found out that tissue follower brand and national brand are not giving good relation in quality, so both of the companies need to be more creative to gain perceived quality. Perhaps the companies can endorse the tissue by using famous public figure that related with environment or health because the product is tissue which reflects cleanliness, hygiene, and environment sustainability. Another option like showing the product materials that used to make the products can also be a tool to increase the product quality, because if the materials that been used to make the products are good, most of the people will think the quality of the product is also good quality.

5.2.3 Product Value

Based on the research findings in chapter 4, product value is one of the most important elements in order to make customers pay price premium. Customers can feel the product value when they feel the value that they get from the product is more than the cost that they pay for the product. Product value can be felt by the customers through many ways such as experience and brand associations. In order to increase the perceived value that customers gain, companies can create programs to bond closer with the customers. The programs need to be variative and creative in order to gain customers' attention. For example the company can create quiz or game in social media and give awards for the winner, or else the company can create flash mob with the customers, so at the end customers will feel they get more value from

the company directly, not only from the product they buy. By creating strong brand association, companies can also increase their own product value, because it is creating better understanding and deeper image for customers' perception towards the products. Brand association can be created by the companies through the advertising and the image that company builds for the products. Brand association can help customers to loyal with a product and giving them reasons to pay that product, rather than other products. The other alternatives to create product value for a product can be implemented by giving the product more features or bonus items, showing the sum data of the buyers at the packaging, giving promotion, giving quality guarantee, giving award to the most loyal customers, and many other things to increase the value that the customers feel.

5.2.4 Country Origin

Based on the research findings, country Origin does not affecting customers to pay price premium in Indonesia because most of the Indonesian buyers know that the products that asked by the Author are made in Indonesia . Therefore, most of Indonesian people do not want spend price premium to pay the product that they know the origin country, especially for low involvement products such as mineral water and tissue.

5.2.5 Social Image

Social Image does not have a positive relation with price premium in all categories and brands because the products that Author asked only FMCG products. Social image will give more impact to price premium if the brand is categorized as brand products because it can give the customers more prestige. In this FMCG products case, companies with similar products can increase their product social image by

creating more product line that reaches high class customers. For example in mineral water, Aqua wants to increase the social image of the brand, so Aqua can create another Aqua product line that only targeting high class people with expensive design packaging and expensive materials to be sold in expensive price. Also for example in tissue, Paseo wants to increase the social image of the brand, Paseo can create another product line of tissue that packaged in expensive material box and the tissue as soft as silk and put it in expensive price.

5.2.6 Uniqueness

Lastly, research findings show that uniqueness has a positive relation with price premium for all the national brands. However, for the follower and private label brands it only affects tissue category. The data in chapter 4 show that, both follower and private label brands in tissue category have uniqueness that pretty similar with the national brand. Those brands can be categorized unique perhaps because of their unique design and packaging that make the customers' easy to recognize and differentiate it with other similar products. Uniqueness is also connected with brand associations because indirectly the logo, color, and design that company used for the product can be determined as a brand's uniqueness to differentiate it with other products. For mineral water, Author found out that only Aqua has uniqueness and none of the follower or national brands has uniqueness. It means that Aqua has many variations of product design, also easier brand logo and color to be recognized. Currently, for bottle mineral water only Aqua has 6 kinds of bottles that sold in the market, which are; small bottle, medium bottle, large bottle, click n go bottle, star wars edition bottle, and Disney princess edition. If we compared to Vit and Indomaret mineral water, both of them only have the regular bottles from small until large and the design is always the same. Aqua in the other hand keeps improving the

uniqueness of the product by changing the design to attract customers. Therefore, companies like Vit and Indomaret can increase their uniqueness by changing or adding more design to the products or creating new model of bottle to attract customers, for example Vit can creates avengers model of bottle water or Indomaret can creates DC model of bottle water to make the brand unique and increase customers' willingness to pay price premium for the product.

5.3 Limitation of current Research

In this Research, Author analysis and findings are limited due many factors, such as:

1. Due the limited time for doing shit research, Author only can gather 80 respondents for each category with total of 160 respondents. Based on the Author experience, if the numbers of respondents are increasing, the data will be more accurate. Before collecting 160 respondents, Author only gathered 80 respondents with total of 40 respondents in each category and the data is not significant, so Author increases the number of the respondents.
2. This research only conducted in Jakarta area, so the respondents only represent the customer's willingness to pay price premium in Jakarta area only. In fact, Jakarta is only a small part from Indonesia and this research can be expanded to get more respondents.
3. The model and questionnaires of this research was a replication of previous studies by Johan Anselmsson, Niklas Vestman and Ulf Johansson (2014) that was developed in Western country, it means that the results will be different because the culture and the behavior will be different, since it was conducted in Asian country.

4. The products only limited for FMCG brands in Mineral water and Tissue category due limited time and number of people that conducting this research.
5. There are many variations of age and job that fill the questionnaires. If the age and job from the respondents are minimized, the research can be more specific.
6. This research is limited to the top tier brands for each category.

5.4 Future Research recommendation

Based on what Author learned from this research, there are some recommendations for further research:

1. Adding the number of respondents could increase the researcher's validity and get more accurate data in regression
2. Adding more product categories will gain more specific results and more products to compare in order to get more brand image insight.
3. Comparing the products with import products may get different results in the Country of Origin variable.
4. Conducting this research or similar research in other countries, may get different results from this research because every country has their own culture and different purchasing behavior.
5. Changing brand categories in this research can get different results, depends on the customers perception towards the products that.
6. Larger scale of respondents and area may give more specific results for this research.