

# The Role of Brand Experience in Willingness to Pay: An Online Transportation Case

Rahmat Hidayat<sup>1,\*</sup>, Leni Cahyani<sup>2</sup>, Ratih Hurriyati<sup>3</sup>, Bambang Widjajanta<sup>4</sup>

<sup>1</sup> *School of Postgraduate Studies, Universitas Pendidikan Indonesia Jalan, Dr. Setiabudhi No 229 Bandung 40154 Indonesia*

<sup>2</sup> *Telkom University, Indonesia*

<sup>3</sup> *Universitas Pendidikan Indonesia Jalan, Dr. Setiabudhi No 229 Bandung 40154 Indonesia*

<sup>4</sup> *Universitas Pendidikan Indonesia Jalan, Dr. Setiabudhi No 229 Bandung 40154 Indonesia*

\*Corresponding author. Email: rahmathidayat@telkomuniversity.ac.id

## ABSTRACT

The government's involvement in regulating online transportation fares triggered by complaints from conventional transportation makes it important for a company to make an appropriate strategy so that consumer willingness is maintained. This study aimed at examining the efforts made by companies to maintain a willingness to pay by providing an unforgettable brand experience. Linear regression analysis technique was used to determine the effect of brand experience on willingness to pay. This analysis is based on 110 respondents through a survey technique with a questionnaire. The results showed that brand experience and customers' willingness to pay were still considered in the category of very good and good. This was strengthened by the indicators of identity and packaging on brand experience and the number of products and service quality for willingness to pay. In this study, brand experience positively and significantly affected willingness to pay. Many internal and external factors must be investigated to develop knowledge further.

**Keywords:** *Brand Experience, Willingness to Pay, Service Quality, Gojek.*

## 1. INTRODUCTION

The rapid development of technology and the penetration and use of the internet, which continues to increase every year, has given birth to many promising new businesses, such as the online transportation business. A business that answers consumers' needs for transportation, connecting consumers with transportation drivers through a real-time online application. Online transportation started with very low prices, and it made many consumers switch from conventional transportation to online transportation. The significant shift in consumer behavior in using this means of transportation has caused complaints from other transportation service providers because its income is getting lower [1]. Thus, it forced the government, through the Ministry of Transportation, to regulate online transportation fares [2]. Significant rate changes encouraged the online transportation providers to choose the right strategy to maintain consumers' willingness to pay.

Willingness to pay is the final stage before consumers intend or even buy. Many companies make strategies to change values and climate, environment, add services, employee commitment to service delivery and engagement attitudes, subjective norms and accepted behavioral control, labeling information, luxury service benefits, experience using the brand, and prestige, which can increase willingness to pay. [3]–[10].

One of the online transportation companies is Gojek. Gojek was included in the ten most valuable Indonesian brands. To be precise, they sit in the sixth position and become the technology company with the best ranking compared to other companies with similar products. Gojek in 2019 reached US\$ 4.4 billion or grew by 88% compared to the previous year, and Gojek also has more than 20 services on one platform, including food delivery services, e-money, lifestyle, and others. The same data also stated that the number of monthly active users of Gojek in Indonesia is equivalent to the number of monthly active users of the world's largest ride-sharing application in [11]. This study aims to see how far the role of consumer experience in using online brands

through applications can affect willingness to pay. The objects studied in this study are much more in line with current conditions or more adaptive to technological developments and are still rarely discussed by previous researchers. The contribution of this research is to see how consumer brand experiences on digital-based services are associated with willingness to pay

### **1.1. Brand Experience**

Brand experience includes “subjective internal consumer responses (sensations, feelings, and cognitions) and behavioral responses evoked by brand-related stimuli that are part of brand design and identity, packaging, communication, and environment [12]. Consumers tend to form certain brands according to perceptions when they experience the brand in various stimuli from the brand such as name, logo, color, packaging, and advertising. Brand Experience does not presuppose a motivational state or constitute an evaluation statement, and thus there are variations of other motivational and emotional constructs such as brand engagement and engagement [13]. However, it is also different from attitude concepts such as brand evaluation [14]. It mainly consists of four aspects in which the affective aspect captures the emotions: intellectual aspect according to the brand's ability to stimulate thinking, analytical and imaginative thinking; the sensory aspect relates to aesthetics and sensory qualities that appeal to the senses; and behavioral aspects related to the body's actions and experiences with brands [15]. In the branding literature, brand passion is “an emotion strongly connected to a brand that people value, value, desire to own and/or use, incorporate into their identity, and invest resources over a period of time” [16]. It includes the cognitive, hedonic, and behavioral aspects of the consumer-brand connection motivated by deep feelings of desire and infatuation. According to identity theory, brands are very important to the individual self, so consumers use brands to express their identity in a social context. The mechanisms that describe the personal/social self can be self-directed or controlled, resulting in two forms of brand arousal: harmonious brand arousal, which “results from an autonomous internalization of the brand into one's self-identity” and obsessive desire, which “results from a controlled internalization of the brand into someone's identity” [16]. There are two factors that influence trust are rational and irrational factors. Benefits can be divided into direct, indirect, and tangible benefits. This definition refers to [12]. Brand experience has four dimensions: sensory, affective, behavioral, and intellectual stimulation [12]. Sensory; creating experiences through sight, sound, touch, smell, and taste.

1. Affection; approach to feelings by influencing moods, feelings, and emotions.

2. Behavior; creating physical experiences, behavioral patterns, lifestyles.
3. Intellectual; create experiences that encourage consumers to engage in thoughtful thinking about the existence of a brand.

There are two sub-variables and indicators that explain the brand experience:

1. Subjective Internal Consumer Response: Indicators that exist in subjective internal consumer responses
  - a. Sensation is the process of receiving stimulus energy from the external environment
  - b. Feeling is a learned response about an emotional state in a particular environment or culture.
  - c. Cognitive is the domain that includes mental (brain) activities.

2. Brand Related Stimuli

Some indicators of brand-related arousal are:

- a. Brand design is a design or process of describing the company's products.
- b. Identity is a description or description of the products produced by the company.
- c. Packaging is the outermost part of wrapping the product so that the product is protected from damage.
- d. Communication is the activity of delivering messages or information carried out by two or more people.
- e. The environment is everything around humans that can affect the development of human life

### **1.2. Willingness to Pay**

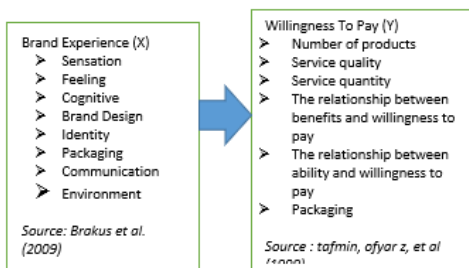
Willingness to pay is the highest price a person (consumer) is willing to pay to get a benefit in the form of goods or services and makes a benchmark for how many potential consumers value the goods or services. Willingness to pay is an economic value defined as the maximum number of people measurement willing to sacrifice goods and services to obtain other goods and services. The concept of a person's willingness to pay for goods or services produced by natural resources and the environment is referred to as willingness to. Willingness to pay is also the maximum price of an item that consumers want to buy at a certain time. Willingness to pay is the price at which the level of consumers reflects the value, namely the value of goods and services and sacrifices to get them. Willingness to pay can be interpreted as the public's willingness to accept the burden of payment under the amount that has been determined. Willingness to pay is vital to protect

consumers from the dangers of a company monopoly related to prices and the provision of quality products.

Willingness to pay analysis employs a method based on participants' perceptions of transportation service tariffs, specifically in transportation problems. There are three factors influence willingness to pay:

1. Transportation service operators offered/provided. Of course, the greater the number of transport fleets that serve, the more profitable the users.
2. The quantity and quality of services offered. With the production of extensive transportation services, the level of service quality will improve, and it can be seen that users are not jostling with these conditions; of course, consumers can complain about these conditions.
3. Transportation utilities or user intentions. The greater the benefits perceived by transportation service consumers, the stronger their willingness to pay for the applicable tariffs. In contrast, the lower the benefits perceived, the lower the willingness to pay. If someone has a higher income, the willingness to pay the fare is greater. This is due to the greater allocation of travel costs, giving the ability and willingness to pay the fare.

Figure 1 illustrates the framework for this research. It describes the paradigm as an answer to the problems identified in the study. In this way of thinking, there is an independent variable (x) that influences the dependent variable (y)



**Figure 1. Research Framework**

**2. METHODS**

This study examines Gojek's efforts to increase willingness to pay through the experience of consumer brands in using Gojek, which includes many online features and services. This research is quantitative descriptive research that describes the data that has been collected [17] from each variable. The technical analysis used for one independent variable is simple linear regression to determine the extent of the influence of the brand experience variable on willingness to pay [18]. The simple linear regression equation is as follows:

$$Y = a + b \times$$

Information:

Y = Subject in the predicted dependent variable.

a = Constant (the magnitude of the value of Y when the value x=0)

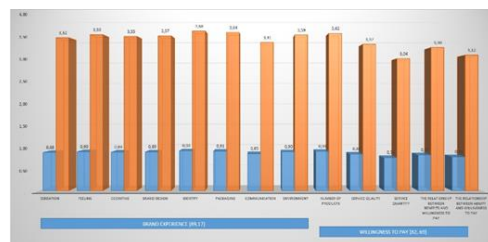
b = The direction of the regression coefficient, which states that a change in the value of Y occurs when a change in the value of x. If it is positive (+), then the direction of the line will go up, and if it is negative (-), then the direction of the line will go down.

This research consists of one independent variable (brand experience) and one independent variable (willingness to pay). The data used in this study is secondary data in the form of questionnaires distributed to Telkom university students who use online transportation services as many as 110 students. The sampling technique used in this study is a non-probability sampling technique by providing equal opportunities for each element (member) of the population to be selected as a member of the sample in this study (purposive sampling) [17]. Several tests, such as validity tests, reliability tests, normality tests, heteroscedasticity tests, and coefficients of determination, were performed in this study as a prerequisite for using linear regression analysis techniques. These tests were used to determine how much influence the brand experience variable has on willingness to pay. The hypothesis tested in this study was the presence or absence of the influence of the Brand Experience (X) variable on Willingness To Pay (Y).

**3. RESULTS AND DISCUSSION**

Overall, the characteristics of male respondents are 48%, female respondents are 48% with an average income of 1 to 2 million rupiahs. For the results of the research test, the data obtained have passed: (1) the validity test through the r-count value of all statements has exceeded the r-table value (0.361) [19]; (2) reliability test through Cronbach's alpha value of all variables was above > 0.6; (3) normality test, where the Kolmogorov Smirnov test value sig > 0.05; (4) heteroscedasticity test, where the value of sig brand experience is 0.762 > 0.05. It means that the regression model does not contain any heteroscedasticity. The discussion in this research:

**3.1. Implementation Brand Experience & Willingness to Pay**



**Figure 2. Descriptive Analysis Result Brand Experience and Willingness to Pay**

3.1.1. Brand Experience

From Figure 2 above, it can be seen that the data for the brand experience variable obtained a percentage of 89.17%. This figure is in the very good category, which means that the brand experience is owned by PT. Gojek is considered very well among the 16 statements regarding the brand experience. This is because the gojek identity indicator is easily recognizable and easy to remember by consumers (92%). The application owned by Gojek was considered easy to understand and access, making the Gojek packaging indicator the second-largest point (91%). Although the overall value of the brand experience indicator is good, when viewed from the lowest indicator is communication (85%). This is due to the clarity and speed of information provided by Gojek is still considered to be of less value than other indicators.

3.1.1. Willingness to pay

From Figure 2 above, the Willingness To Pay variable obtained a percentage of 82.69%. This figure means all indicators are in the good category. This shows that consumers' willingness to pay to use Gojek is in a good category. Among the five consumers' Willingness To Pay indicators, the indicator with a large value point is the number of products (91%). According to consumers, the features that Gojek provides to consumers are many and needed by consumers today. The second highest indicator is service quality (84%). This is because consumers perceive the quality of Gojek's services as real-time/fast and good. Although seen from the percentage of consumer ratings for all indicators of willingness to pay are in a good category. Nevertheless, the service quantity indicator reached the lowest point (76%). This happens because consumers think that the features offered by Gojek will but very few features of the Gojek application that consumers use.

3.2. Effect of Brand Experience on Willingness to Pay

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6.339	3.488		1.817	.072
Brand Experience	.462	.067	.553	6.901	.000

a. Dependent Variable: Willingness to Pay

Figure 3. Simple Linear Regression

From the data processing results by simple linear regression (Figure 3), the following equation data is obtained.

$$Y = a + bX$$

$$Y = 6,339 + 0,462X$$

From the above equation, it can be concluded from the coefficient of determination test that:

- The value of constant a in the regression line is 6.339. This means that if the variable X (Brand Experience) is zero (0), then the variable Y (Willingness To Pay) is worth 6.339
- The regression coefficient (b) is 0.462. This means that the addition of 1% of Variable X (Brand Experience) is predicted to increase variable Y (Willingness To Pay) by 0.462 or by 46%. The regression equation above shows that the direction of the influence of the Brand Experience and Willingness To Pay variables has a positive relationship.

The regression coefficient for the Brand Experience (X) variable is 0.462, meaning that an increase in one unit of the Brand Experience variable with the assumption that the other independent variables are constant will cause an increase in sales volume of 0.462 units.

To see the effect of brand experience on willingness to pay, it can be seen in Figure 4 below :

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.553 <sup>a</sup>	.306	.300	3.52442

a. Predictors: (Constant), Brand Experience

b. Dependent Variable: Willingness to Pay

Figure 4. The Effect of Brand Experience on Willingness to Pay

Based on the results from Figure 4 above, it was found that the value of the coefficient of determination R Square in this study is 0.306 or 30.6%, which means that the Brand Experience variable affects the Willingness To Pay variable by 30.6%. In contrast, the remaining 0.694 or 69.4% is influenced by other variables not examined.

3.3. Hypothesis test

To see the significance and determine the effect or determine the relationship between the independent and dependent variables, namely brand experience on willingness to pay, it can be seen through the t-test (Figure 5).

Coefficients <sup>a</sup>						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	6.339	3.488		1.817	.072
	Brand Experience	.462	.067	.553	6.901	.000

a. Dependent Variable: Willingness to Pay

Figure 5. Result of T-Test

If the probability value of  $t$  count  $< 0.05$ , there is no strong influence between the independent and dependent variables. On the other hand, if the probability value of  $t$  count  $> 0.05$ , there is a strong influence between the independent and dependent variables.

Based on the results of the  $t$ -test in Figure 5 above, the value of the  $t$ -count is 6.901 or greater than the  $t$ -table, which is 1.65895. The  $t$  table value is obtained from the formula  $df = n - k = 110 - 1 = 109$  with a significant level of 0.05 (5%). The significant value produced in Figure 5 shows a number of 0.000 or a smaller coefficient with a probability value of 0.05. So it can be concluded that  $H_0$  is rejected and  $H_1$  is accepted. So, there is a significant relationship or influence of the Brand Experience (X) variable on the Willingness To Pay (Y).

#### 4. CONCLUSIONS

Overall, from the survey results of Gojek users. Brand experience provided by Gojek is very good because the identity and packaging indicators are superior in their assessment. Meanwhile, consumers' willingness to pay for Go-Jek is still in the good category due to the many features that consumers need by Go-Jek, not to mention the quality of service that is considered good by consumers. In this study, brand experience significantly influenced willingness to pay. Suggestions for further research can be developed on the addition of new causal variables and different service business targets with a more significant number of respondents.

#### ACKNOWLEDGMENT

We would like to thank Telkom University for its material and moral support and the University of Education of Indonesia (UPI), Lecturers, and the GCBME Committee, for making this research visible.

#### REFERENCES

- [1] A. Habibi, "Protes Keberadaan Ojek Online, Ratusan Ojek Pangkalan di Pasuruan Wadul Dewan," *Bangsa Online*, Oct. 31, 2019. <https://bangsaonline.com/berita/64564/protes-keberadaan-ojek-online-ratusan-ojek-pangkalan-di-pasuruan-wadul-dewan> (accessed May 31, 2022).
- [2] S. Ravel, "Kemenhub Kerek Tarif Ojek Online, Begini Respons Gojek dan Grab," *Kompas*, Mar. 11, 2020. <https://otomotif.kompas.com/read/2020/03/11/081200715/kemenhub-kerek-tarif-ojek-online-begini-respons-gojek-dan-grab?page=all> (accessed May 31, 2022).
- [3] S. R. Winter, S. R. Crouse, and S. Rice, "The development of 'green' airports: Which factors influence willingness to pay for sustainability and intention to act? A structural and mediation model analysis," *Technol. Soc.*, vol. 65, p. 101576, May 2021, doi: 10.1016/J.TECHSOC.2021.101576.
- [4] P. Chiambaretto, "Air passengers' willingness to pay for ancillary services on long-haul flights," *Transp. Res. Part E Logist. Transp. Rev.*, vol. 147, p. 102234, Mar. 2021, doi: 10.1016/J.TRE.2021.102234.
- [5] E. E. Izogo, M. E. Elom, and M. Mpiganjira, "Examining customer willingness to pay more for banking services: the role of employee commitment, customer involvement and customer value," *Int. J. Emerg. Mark.*, vol. 16, no. 6, pp. 1176–1201, 2020, doi: 10.1108/IJOEM-10-2019-0850.
- [6] A. H. Ngah, S. Gabarre, B. Eneizan, and N. Asri, "Mediated and moderated model of the willingness to pay for halal transportation," *J. Islam. Mark.*, vol. 12, no. 8, pp. 1425–1445, Nov. 2021, doi: 10.1108/JIMA-10-2019-0199/FULL/PDF.
- [7] J. Zhan, Y. Ma, P. Deng, Y. Li, M. Xu, and H. Xiong, "Designing enhanced labeling information to increase consumer willingness to pay for genetically modified foods," *Br. Food J.*, vol. 123, no. 1, pp. 405–418, Jan. 2021, doi: 10.1108/BFJ-08-2019-0637/FULL/PDF.
- [8] J. Ahn, H. Hyun, and J. Kwon, "Perceived benefits and willingness to pay premium for luxury experiences: exploring perceived authenticity as a mediator," <https://doi.org/10.1080/02508281.2021.1877433>, pp. 1–9, Mar. 2021, doi: 10.1080/02508281.2021.1877433.
- [9] M. Aulianda, "pengaruh brand experience dan brand image terhadap willingness to pay a price premium dengan brand love sebagai variabel intervening (Studi Pada Pemilik Mobil Merek Honda HRV di Samarinda)," *J. Ris. Entrep.*, vol. 3, no. 2, pp. 71–79, Aug. 2020, doi: 10.30587/JRE.V3I2.1475.
- [10] K. Kiatkawsin and H. Han, "What drives customers' willingness to pay price premiums for luxury gastronomic experiences at michelin-starred restaurants?," *Int. J. Hosp. Manag.*, vol. 82, pp. 209–219, Sep. 2019, doi: 10.1016/J.IJHM.2019.04.024.
- [11] C. Ermaningtiastuti, "Brand Value Gojek Naik Sebesar 88 Persen," *Marketeers*, 2019. <https://www.marketeers.com/brand-value-gojek-naik-sebesar-88-persen> (accessed May 31, 2022).
- [12] J. J. Brakus, B. H. Schmitt, and L. Zarantonello, "Brand Experience: What Is It? How Is It Measured? Does It Affect Loyalty?," *J. Mark.*, vol.

- 73, no. 3, pp. 52–68, May 2009, doi: 10.1509/JMKG.73.3.52.
- [13] A. M. Weiss, E. Anderson, and D. J. MacInnis, “Reputation management as a motivation for sales structure decisions,” *J. Mark.*, vol. 63, no. 4, pp. 74–89, 1999, doi: 10.2307/1251975.
- [14] M. . Fishbein and I. Ajzen, *Belief, attitude, intention and behaviour: An introduction to theory and research*. Reading, MA: Addison-Wesley, 1975.
- [15] H. Nysveen, P. E. Pedersen, and S. Skard, “Brand experiences in service organizations: Exploring the individual effects of brand experience dimensions,” *J. Brand Manag. 2012 205*, vol. 20, no. 5, pp. 404–423, Jun. 2012, doi: 10.1057/BM.2012.31.
- [16] K. R. Swimberghe, M. Astakhova, and B. R. Wooldridge, “A new dualistic approach to brand passion: Harmonious and obsessive,” *J. Bus. Res.*, vol. 67, no. 12, pp. 2657–2665, Dec. 2014, doi: 10.1016/J.JBUSRES.2014.04.003.
- [17] Sugiyono, *Metode Penelitian Pendidikan Pendekatan Kuantitatif, Kualitatif dan R&D*. Bandung: Alfabeta, 2013.
- [18] S. Siregar, *Statistika deskriptif untuk penelitian : dilengkapi perhitungan manual dan aplikasi SPSS versi 17*, 6th Edition. Jakarta: Raja Grafindo Persada, 2018.