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The Influence of Consumer Preference, Brand Value, Product Innovation, and Green Brand on the Willingness to Pay Premium Green Product: Studyat Beauty Clinic Brand in Indonesia

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Abstract:
The purpose of this study is to investigate and analyse the influence of consumer preference towards the brand value, the influence of product innovation towards the green brand, the influence of brand value towards the willingness to pay and to analyse the influence of green brand towards the willingness to pay. The population in this study is the consumers of Beauty Clinic in Indonesia. Samples taken in this study were some consumers of Beauty Clinictotalling 200 respondents. Analysis of the data in this study used SEM-AMOS method. The results of this study showed that consumer preference has asignificant positive effect on brand value, product innovation has a significant positive effect on green brand, brand value has a significant positive effect on willingness to pay, and green band has a significant positive effect on willingness to pay

Keywords: consumer preference, brand value, product innovation, Green brand, and willingness to pay

1. Introduction

Developments on the issue of green marketing and green products progress rapidly. Campaigns of loving environmental are increasingly evolved along with the critical environmental conditions in the midst of society.The existence of a variety of environmental issues circulating in the community, supporting pro-growth consumer behaviour towards the environment, characterized by the increasing number of people who are interested and willing to pay more towards environmentally friendly products (Tang, Wang, and Lu, 2013).One important issue that is interesting to study is the Willingness to paybecause it can be used to explain the behaviour of consumers' willingness to pay more; including buying green products. In general, prices are relatively more expensive owned by the circulated green products.

According toLiviane and Amelia (2013), there are several factors or variables that influence consumers to be willing to buy luxury products and are willing to pay more for the product, among others, consumer preferences, product innovation, brand value and luxury brands. Beauty clinic implementing green marketing or this product uses herbal ingredients starting from a night cream, day cream, toner, wash, and more. In Indonesia, cosmetics elections are considered to be difficult, because consumers are faced with more choices and so they should be more selective in choosing cosmetics, because if there is a wrong choice, it can lead to allergies, skin tissue damage, and other things that could harm consumers.On the basis of the issue above, this study aims to investigate more in details about the Influence of Consumer Preference Through Brand Value and Influence of Product Innovation Through Green Brand on the Willingness to Pay a Premium Green Product.

2. Literature Review

2.1. Green Products

Green products, according to Kasali (2005), it is a product with the following characteristics: does not harm the living creatures, resource efficient, low product in the production of waste and hunt animals not involved. D'Souza, Taghian, Lamb, and Peretiatkos (2006) define green products as products that provide usability for customers and provide social usefulness as an example that has a low level of risk to the environment.

In general, green products are known as products of ecological or environmentally friendly products. According toAlsmadi (2007), eco-friendly products are products that do not cause damage to the environment, products that contain environmentally friendly materials, products in the production process uses energy and minimum resources and can be recycled.

Meanwhile, according toChen and Chai (2010), eco-friendly products are products that have a material or environmentally friendly packaging in an effort to reduce the impact of environmental pollution. In other words, environmentally friendly products refers to products that incorporate strategies of recycle or with recycled content, reduce packaging or use materials that are safe and non-toxic to reduce the impact on the natural environment. Nowadays consumers are becoming more concerned about daily consumption and more concerned about the environment. The outcome of this is that some consumers are believed to have concern for the environment, committed to buy environmentally friendly products.

2.2. Willingness to Pay a Green Product

Netemeyer et al., (2004) stated that Willingness to Pay is the consumers' willingness to spend some money with the intention of purchasing a product favored by comparison of similar products. Willingness to pay a premium price is to buy a product at a price of prestige which is the highest of pricing strategies that can be offered where buyers have the perception that expensive items have incredible image or have a very good quality and different(Savitri, Suhariyono, and Kusumawati, 2016).

Researchers have identified several attributes in determining the willingness to pay a premium price. The study of the willingness to pay premium prices mentions that by offering superior quality, it will cause the consumers' willingness to pay a premium price(Skuras and Vakrou, 2002). A study conducted by Rio, Vázquez, and Iglesias (2001) proven the guarantee products have a positive influence on the willingness to pay a premium price.

Ameriana (2006)prove that the factors affecting consumers' willingness to pay a premium are age, family size, household expenditures, consumer concerns and consumer confidence. Anselmsson et.al (2007) prove that the factors which affect the willingness to pay a premium price is the quality perception, awareness, brand association, loyalty, and the uniqueness of the product.

Kalra and Goodstein (1998) proves that the willingness to pay is affected by attitudes toward advertising, information, and information efforts. WhileAnselmsson, Johansson and Persson (2007a) prove that the factors that affect consciousness of paying a premium price areawareness, quality, uniqueness, CSR (corporate social responsibility), social image, and country of origin of the product.In the context of the purchase of green products, willingness to pay for green productsis the willingness of consumers to pay the difference between green and non-green products (Khoiriyah and Toro, 2014).

2.3. Consumer Preference

Consumer Preference is a subjective taste (individual), as measured by the utility of various goods. They allow consumers to rate this bundle of goods in accordance with the level of utility they provide to consumers (Kotler, 2016).Consumer preferences is a decision and the action being shown by consumers when they search, buy, use, and evaluate the products and services that will satisfy their needs.

Consumer preference towards the brand is a behavioral tendency that is subjective, where this tendency will affect consumer trends in assessing a brand (Mohanraj and Ananth, 2016).Consumer preferences is a selection of products that are used individually or consumerism. Preferences is the determination of the use of a product that is used as a reference for consumers and objective perception of a particular brand. Preferences is the difference between two or more attributes of the goods/services. Each consumer has different levels of preference. The preference rate is influenced by several key parameters. Preferences, interests and needs of consumers should be known by the company.

Study result conducted by Joseph (2017), Liviane and Amelia (2013)prove that consumer preferences have a positive impact on the brand value.

Based on theoretical explanation, the first hypothesis is:

- H1: consumer preference positively affects the brand value

2.4. Product Innovation

According to Lawson and Samson (2001) the concept of innovation can be defined as the competitive advantage gained from creative ideas to generate quality, efficiency, speed and flexibility that are useful in the enterprise. Implementation can take place in various fields such as design improvements, process improvements, and technological improvements. A company can make a number of changes in its working methods, the use of factors of production and the type of output that improve the productivity and performance of commercial.

Maintaining consumer purchase interest is one of the innovations made on the product. Market performance within a company can be determined by product innovation and effectively with high intensity. Product innovation has positive influence on market performance and sustainable competitive advantage.

Study result conducted by Liviane and Amelia (2013) prove that the product innovation give a positive effect on the luxury brand, while Y. Chen, Chang, Lin, Lai and Wang (2016)prove thatinnovation in green product will improve the performance brand of green products.

Based on this theory, the second hypothesis of this study is:

- H2: product innovation positively affects the green brand

2.5. Brand Value

According to the American Marketing Association (AMA) in Kotler (2016) brand (brand) is identity of the goods or services that aims to distinguish it from competitors which consists of a name, term, sign, symbol, or design, or guidance from these things.

The concept of brand equity and brand value are used interchangeably in most research, the operationalization of the brand equity of the valuation techniques involve two or suggestions based consumer finance to measure brand equity (Cobb-Walgren et al., 2016). According to consumer-based perspective, brand equity is defined as "a collection of associations built, in the consumer image that allows the brand to generate a larger turnover than if the product does not have the brand" (Calderón, Cervera, and Molla, 1997).

According to financial-based perspective, brand value is defined as "tangible assets derived from the capitalized earnings gradually phased and linked to the success of achieving the company's cash flow. Brand value associated with a product or service"(Basgoze, Yildiz and Metin Camgoz, 2016).

Anselmsson, et.al, (2014) prove that the perception of quality has a positive effect on the willingness to pay a premium price.

Based on the description above, the third hypothesis of this study is:

H3: brand value positively affects the willingness to pay

2.6. Green Brand

Green brand is an identifier and distinguishing identifier by its commitment to the environment in a construction selected by the owner in the form of logos, names, symbols, and other characters that can be identified and distinguished from other products and services that are similar (Hartmann, Apaolaza Ibáñez, and Forcada Sainz, 2005).Committed to the environment is a commitment of the green brand as a brand that is able to attract people to make a purchase decision.

Green brand as identification to symbolize its commitment to the environment in the construction selected by the owner in the form of logos, names, symbols, and other characters. Green brand as a differentiator is a brand that can differentiate the product and other similar services for the differences in commitment to environmental preservation(Hartmann et al., 2005).

Based on Hartmann, Apaolaza Ibáñez, and Forcada Sainz (2005) study result, that the perception as a whole is more favorable for the brand, thereby supporting green marketing approach is generally caused by environment-friendly product strategy undertaken by a company.

Consumer buying interest created by the brand company's green strategy with the knowledge and deeper awareness of the environment, either through mediators advertising, news from the internet and conversations of people around the consumer. The willingness of consumers to pay for the product can be enhanced by the presence of green brand.

Study result conducted by Namkung (2014), Chan and Marafa (2017)prove that green brand give a positive effect on willingness to pay.

Based on the description above, the fourth hypothesis of this study is:

- H4: green brand positively affects the willingness to pay

3. Research Methodology

3.1. Research Approach

This study applies quantitativemethod isto investigate the influence towards the consumers' willingness to pay a premium gree product. One of the characteristics of quantitative methods is the identification of hypothesis as solving problems in formulation of the problem.Sugiyono (2014) gives the definition of quantitative research methods, namely the use of research methods to the characteristics of the populations of samples taken randomly, questionnaire research, and statistical analysis are used as a proof of the hypothesis.

3.2. Data Collection and Analysis

The questionnaire can be used as a measuring tool of this study that needs to be tested for validity and reliability, because the requirements of data instruments that are good to be used in measuring the variables of study are should meet the elements of accuracy, precision and sensitivity. In order to obtain the value distribution of the measurement result close to normal, it should be the number of respondents to the questionnaire of the same test with a sample used in this study.

3.3. Analysis of Structural Equation Model

3.3.1. Confirmatory Test

If the value of critical value or t-value of each indicator ≥ 1.96, so it is significant at $\alpha = 0.05$ level then it meets the convergent validity (Holmes-Smith, 2001).In this study, the reliability of the constructs was tested using the construct reliability approach to calculate the reliability of the used instruments index of SEM models that are analysed.

Variable	Item	λ	ε.	t-value	P	Information	Construct Reliability	Information
Consumer Preference	CP1	0,694	0,076	9,151	0,000	Valid	0,947	Reliable
	CP2	0,437	0,053	8,175	0,000	Valid		
	CP3	0,538	0,058	9,260	0,000	Valid		
	CP4	0,365	0,047	7,706	0,000	Valid		
Product Innovation	PI1	0,264	0,035	7,470	0,000	Valid	0,949	Reliable
	PI2	0,418	0,046	9,044	0,000	Valid		
	PI3	0,653	0,071	9,140	0,000	Valid		
	PI4	0,743	0,082	9,054	0,000	Valid		
Brand Value	BV1	0,565	0,076	7,385	0,000	Valid	0,946	Reliable
	BV2	0,572	0,081	7,107	0,000	Valid		
	BV3	0,608	0,079	7,707	0,000	Valid		
	BV4	0,598	0,077	7,748	0,000	Valid		
Green Brand	GB1	0,721	0,086	8,422	0,000	Valid	0,962	Reliable
	GB2	0,711	0,077	9,281	0,000	Valid		
	GB3	0,819	0,086	9,513	0,000	Valid		
	GB4	0,628	0,074	8,434	0,000	Valid		
Willingness to pay	WTP1	0,703	0,077	9,144	0,000	Valid		
	WTP2	0,694	0,085	8,190	0,000	Valid	0,965	Reliable
	WTP3	0,647	0,081	8,026	0,000	Valid		
	WTP4	0,584	0,066	8,900	0,000	Valid		
	WTP5	0,643	0,075	8,615	0,000	Valid		

Table 1: Validity and Reliability Test Results

Based on Table 1, t value indicator ≥ 1.96, so that all of the questions in the questionnaire have met the convergent validity and value of Construct Reliability> 0.60, which means that all variables have met the reliability of the construct.

3.3.2. Normality Test

Normality test is used to determine whether the data is normal or not. The critical value based on the level of significance of 1% can be determined by ± 2.58 (Ghozali, 2011). The results of the analysis of normality test is as follows:

Variable	min	max	Skew	c.r.	kurtosis	c.r.
WTP5	2,000	5,000	-.109	-.445	-.886	-1.808
WTP4	2,000	5,000	-.180	-.736	-.807	-1.647
WTP3	2,000	5,000	.002	.010	-.638	-1.301
WTP2	2,000	5,000	-.035	-.142	-.782	-1.596
WTP1	2,000	5,000	-.487	-1.988	-.478	-.976
GB4	2,000	5,000	-.607	-2.479	-.316	-.646
GB3	2,000	5,000	-.650	-2.652	.088	.180
GB2	2,000	5,000	-.632	-2.582	-.346	-.706
GB1	2,000	5,000	-.612	-2.497	.271	.552
BV4	2,000	5,000	-.561	-2.291	.101	.207
BV3	2,000	5,000	-.448	-1.828	-.141	-.287
BV2	2,000	5,000	.076	.308	-.620	-1.265
BV1	2,000	5,000	.073	.299	-.582	-1.188
PI4	2,000	5,000	-.187	-.765	-.514	-1.049
PI3	2,000	5,000	-.351	-1.434	-.544	-1.111
PI2	2,000	5,000	-.476	-1.942	-.324	-.661
PI1	2,000	5,000	-.295	-1.203	-.917	-1.871
CP4	2,000	5,000	-.283	-1.157	-.379	-.774
CP3	2,000	5,000	-.151	-.617	-.879	-1.795
CP2	2,000	5,000	-.119	-.495	-.996	-1.708
CP1	2,000	5,000	-.189	-.756	-.997	-1.747
Multivariate					-6.298	-1.115

Table 2: Normality Test Results

Critical ratio value used is equal to + 2.58 at the significance level of 1%, meaning that if the value of the CR does not exceed the absolute value of 2.58 then the variable can be concluded that it is normally distributed.

3.3.4. Outlier Test

Outlier is a condition of observation of the data that has unique characteristics that look very different from other observations and appeared in the form of extreme value, either for a single variable or variables combination.

Observation Number	Mahalanobis d-squared	p1	p2
85	24,121	,287	,135
82	24,093	,289	,113
40	23,988	,294	,115
29	23,579	,314	,235
106	23,564	,315	,198
79	23,491	,318	,188

Table 3: Outlier Test Results

From table 3 above, it is a table of Observations farthes from the centroid (Mahalanobis distance). The result is the value of p1 and p2 above 0.001 so there is no data that exceeds the limit of outliers from 0.001 and the value of mahalanobis> 1.96. It can be concluded that there are no outliers of the results of this study

3.3.5. Hypothesis Test

The study hypothesis tested in the one hand, because the relationship between the dependent and independent variables are hypothesized to have positive effect. To determine whether the hypothesis is supported by the data or not, the value of the probability of Critical Ratio (CR) compared with α = 5%.If the parameter of Coefficient Standardized value is positive and the probability of Critical Ratio (CR) is less than α = 5%, it can be concluded that the hypothesis is supported by the data (shown to significantly).

			Estimate	S.E.	C.R.	P	Label
BV	<---	CP	,535	,148	3,607	***	
GB	<---	PI	,832	,136	6,115	***	
WTP	<---	BV	,108	,051	2,116	,034	
WTP	<---	GB	,512	,125	4,108	***	

Table 4: Estimation with Model AMOS Results

Based on the results of SEM analysis above, the results of hypothesis testing is the first hypothesis: "consumer preference positively affects the brand value". Value of Path Coefficient of consumer preference towards brand value of 0,535 and sig. value of (0.000 <0.05). it can be concluded that consumer preference has a significant positive effect on brand value so the first hypothesis can be supported. The second hypothesis is "product innovation positively affects the green brand". Value of Path Coefficient of product innovation towards green brand of 0.832 with sig. value of (0.000 <0.05).

It can be concluded that product innovation has a significant positive effect on green brand so that the second hypothesis in this study can be supported. The third hypothesis is "brand value positively affects the willingness to pay". Value of Path Coefficient of brand value towards willingness to pay of 0.108 and sig. value of (0.034 <0.05). it can be concluded that brand value has a significant positive effect on willingness to pay so the third hypothesis could be supported. The fourth hypothesis is "green brand positively affects the willingness to pay". Value of Path Coefficient of green brand towards the willingness to pay of 0.512 and sig. value of (0.000 <0.05). It can be concluded that green brand has a significant positive effect on willingness to pay so that the fourth hypothesis can be supported.

4. Discussion and Implication

Based on the analysis results, it can be found that consumer preference, Product Innovation, Brand Value, and Green Brand have a positive and significant effect to the brand value. These results are consistent with a study conducted by Joseph (2017), Liviane and Amelia (2013)which proves that consumer preference has a positive effect on brand value. Other than that, Liviane and Amelia (2013) prove that the product innovation positively affects the luxury brand and also proves that brand value has a positive effect on willingness to pay. Other than that, Namkung (2014), prove that green brand has a positive effect on willingness to pay. It is recommended for the company, for more paying attention to consumer preferences such as improving product quality, competitive price, additional outlets to be found easily and promote their products attractive.

5. Conclusion and Recommendation

This study shows that Green Brand, Brand Value, Product Innovation and Consumer Preference have a positive and significant effect to the willingness to pay. Because of the large competition in the aesthetic industry, then in accordance with the findings that consumers do appreciate the high innovation of environmentally friendly products, therefore Beauty Clinic need to increase the innovation in products and services that are focused on environmentally friendly.

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