

Analysis of Factors Affecting Willingness to Pay Rates for Industrial Consumer Premium Services in Electricity Companies

¹Muhammad Khadafi, ²I Made Sukresna

¹ Student, Master of Management, Faculty of Economics and Business, Universitas Diponegoro, Semarang, Indonesia.

² Lecturer, Master of Management, Faculty of Economics and Business, Universitas Diponegoro, Semarang, Indonesia.

Abstract

This study aims to determine the effect of product innovation on brand image, product quality on brand image, product quality on consumer preferences, consumer knowledge on consumer preferences, brand image on willingness to pay, and consumer preferences on willingness to pay at the electricity company. The survey was carried out on 150 industrial consumers in the Pekalongan City area. Analysis of the data used with the Structural Equation Model (SEM) method. The results show that product innovation does not affect brand image. The product can make an impact when considering its equity position as well as its competitive position. Product quality has a positive and significant impact on brand image. This is supported by the availability of backup supply facilities and the addition of Change Over Switch equipment. Product quality does not affect consumer preferences. The quality offered must be easy for consumers to understand so that they can provide alternative choices. Consumer knowledge has a positive and significant impact on consumer preferences. If consumers can understand well, it will strengthen consumer considerations to switch to premium services. Brand image does not affect the willingness to pay. The brand image must have good credibility for premium service products. Consumer preferences have a positive and significant impact on willingness to pay. The more confident consumers are about the services provided, the more feasible it is to switch services even though the price is more expensive.

Keyword: Product Innovation, Brand Image, Product Quality, Willingness to Pay

Introduction

Electrical energy is an important factor in the global economy, where all energy resources will be converted or converted into electrical energy which is then channelled and distributed to all consumers, both industry and households. The reliability of the electricity supply is a major and important aspect for all consumers. Industrial consumers and households are even willing to pay more so as not to experience power outages (Niroomand & Jenkins, 2020). In an effort to increase revenue or revenue from sales revenue performance, the electricity company continues to innovate in diversifying its service products, namely the Premium Service Program which can be marketed on a business to business (B to B) basis which provides added value (value) to customers in the form of increased reliability. supply of electricity and provide additional income for the company. On the company side, premium services can make a positive contribution to rupiah sales compared to regular services while at the same time enhancing the company's image, especially in the industrial and business sectors which feel the company's reliable electricity supply so that the productivity of business and industrial customers can increase.

Based on internal data at the electricity company in Pekalongan City, out of a total of 1,042 customers in the industrial sector, only 1 customer switched to premium service. This premium service marketing process has been carried out directly to a number of large industrial customers, but so far it has not been effective in increasing the number of customers who switch to premium services. This raises the question, what has been done by the electricity company in Pekalongan City so far, both in terms of the service product marketing system, product quality, service quality, as well as delivering information on other products and services, have

not been able to fulfill customer desires so that the willingness to pay service premiums is low. Product innovation carried out by a company is a step to increase sales. (Shiau, 2014) said that product innovation has an effect on the brand image itself. The mediating effect of brand image, although partially has a positive impact on product innovation produced. Besides, product quality also has a significant relationship to brand image (Hanaysha et al., 2014). In his research product quality and innovation can create a sense of trust in customers because the expected service is fulfilled. Rizan et al (2017) conducted research on transformer products marketed to power and industrial companies, and came to the conclusion that product quality has a positive effect on purchasing decisions. Quality product quality that is in accordance with consumer desires will make it easier for consumers to decide to make a purchase. Guttier et al., (2017) examined purchasing patterns of generic drugs and found a correlation of consumer preferences where the product knowledge factor had a significant effect. The better the level of understanding or knowledge of the product, the greater the consumer's preference for buying a product.

In research conducted by Anselmsson et al., (2014) regarding the willingness to pay (willingness to pay) premium prices for food brands, it shows that what consumers feel affects brand loyalty and ultimately there is a willingness to pay (willingness to pay) even though the price is these foods are more expensive. What is perceived by these consumers includes perceived quality, brand awareness, and even uniqueness. Related to this phenomenon, Persson (2010) also conducted research to find out what are the factors that encourage buyers to be willing to pay more. And the results obtained show that brand image has a very significant influence. Premium price as a form of brand strength that is conceptualised into the dimensions of brand familiarity, product solutions, services and associations with the company. (Dwivedi et al., 2018) stated that brand experience and image affect the willingness to pay premium prices which are mediated by their credibility and perceived uniqueness. The success or failure of marketing the electricity company's premium service depends on the attitude of consumers towards their willingness to pay, because the premium price is higher than regular services. Zhang et al., (2020) conducted research on the willingness to pay a premium price which showed that consumer attitudes toward purchasing energy-efficient equipment had a positive impact. Consumer attitudes observed from the value of quality, price, emotion and environment are felt to have a significant effect on buying attitudes. Mostafa & Elseidi (2018) state that there are direct and indirect effects of consumer perception and attitude factors in encouraging the desire to make purchases.

The research gap in this study is that there are several factors that influence consumers' willingness to pay to switch from regular services to premium services, namely product innovation, product quality, consumer knowledge, brand image, and consumer preferences. And in harmony with the current condition of the company, the marketing of premium service products is still low.

Literature Review

In making decisions, consumers use existing resources both in terms of time, cost and effort to form a pattern which is then interpreted as consumer behaviour (Schiffman & Kanuk, 2010). According to Hawkins & Mothersbaugh (2010) the factors that influence either individual or organisational consumers are the environment and the stage of the decision-making process. Kotler, Philip & Armstrong, (2016) added that the perceived experience of providing satisfaction and the desires of each individual is included in the scope of the study of consumer behaviour. Based on Schiffman & Kanuk, (2010) product quality is related to attributes that describe products or characteristics so that customers can easily find out. Schiffman & Kanuk, (2010) also shows that based on customer assessments of the quality of a company's products, it can influence the consideration of the product to be purchased. According to Kotler, Philip & Armstrong, (2016) that the quality of a good product is a product that can provide satisfaction and can meet consumer expectations. In the opinion of Keller & Kotler (2021) that memories or things that consumers feel after using a product will form a belief and perception which is then interpreted as a brand image. Rangkuti (2008) states that brand image is an impression that is stored in the memory of consumers. On the other hand, Ferrinadewi (2008) argues that brand image is an awareness related to a brand. According to Keller & Kotler, (2021) states that consumer preferences are formed based on an evaluation of the various available choices. Consumer preferences can be measured from the level of customer satisfaction (Kontot et al, 2016). Consumers will make comparisons between one product and another, then will make a rating based on the perceived satisfaction and benefits obtained (Guleria & Palmar, 2015). Consumer Knowledge is knowledge or information about a product that

exists in consumers. Knowledge or information about the product is very important because it becomes the basis for decision making. Lin & Chen, (2006) argue that consumer knowledge can be interpreted as a consumer's perspective or perception of certain products, including past experience. Brandenburg et al., (2019) explained that product innovation includes changes to design, architecture and product components that can be done by developing existing products and creating new products. Dougherty, (1992) suggests that product innovation is defined as a strategic step for a company to continue to adapt to technological, market and competitor developments. Product innovation can be done in one way, namely by developing new products or increasing the level of quality that is different from the previous conditions (Keller & Kotler, 2021). According to Chaudhuri & Ligas, (2009) the willingness of consumers to pay premium prices indicates that consumers have preferences that encourage decisions to pay higher prices for a product. Keller & Kotler, (2021) explain the superior quality of a product, especially those that give a favourable impression. good to consumers, will encourage consumers' willingness to pay a higher price. Anselmsson et al., (2014) states that there are 2 (two) types of consumers in analysing the willingness to pay a premium price, namely (1) willingness to pay a higher price for a brand compared to other brands and (2) the willingness to buy more products than other products.

Methods

The research method with a quantitative approach was chosen in this research. The research population is industrial consumers in the working area of the Pekalongan City electricity company. The size of the sample used is 150 respondents. Data analysis used the Structural Equation Model (SEM) method to test the validity of the theoretical framework and the proposed hypotheses. SEM is a method of data analysis which is an extension of the regression model according to (Evangelos & Siskos, 2010). The hypothesized problem framework in this study is shown in Figure 1.

In this study, to measure and analyse the level of views, attitudes and perceptions of the population, the Likert scale method was used to measure and analyse the population. Validity testing was carried out to measure the accuracy of the questionnaire used to represent the concept of the study being carried out. The application of the reliability test measures the level of consistency of the variables being measured. The normality test aims to ensure the normality of the distribution of variables in the regression model through the Kolmogorov-Smirnov test method. SEM analysis is used to see the causal relationship between observable variables and unobservable variables. In this study, in order to measure and analyse the level of views, attitudes and perceptions of the population, the Likert scale method was used to measure and analyse the population. Validity testing was carried out in order to measure the accuracy of the questionnaire used to represent the concept of the study being carried out. The application of the reliability test measures the level of the consistency of the variables being measured. The normality test aims to ensure the normality of the distribution of variables in the regression model by means of the Kolmogorov-Smirnov test method. SEM analysis is used to see the causal relationship between observable and unobservable variables.

Results and Discussion

This section describes the general description of the object and research subject, then analyses research data using AMOS 24.0 and uses the Structural Equation Model (SEM) method, tests hypotheses and draws conclusions from the results of the research that has been carried out. Based on some of the previous studies described above, in this study the following theoretical framework was developed:

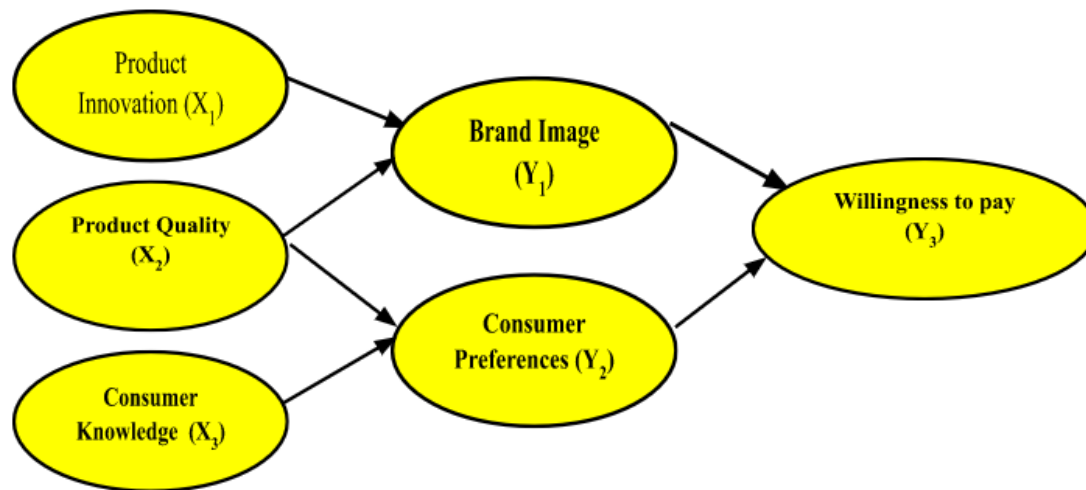


Figure 1: Framework for Theoretical Thinking

Respondents Data and Description

The distribution of this questionnaire was carried out from August 2022 to October 2022 with the final result being that 150 samples of data were analysed using AMOS 24.0 software.

Respondent Characteristics

There are several characteristics of the respondents who will be presented in this study, namely based on gender, age, level of education, length of work, and the amount of electricity consumption each month. According to gender, the majority of industry consumers were represented by men, namely 102 people, the percentage was 68%, while the female respondents were 48 people, the percentage was 32%. According to age, as industrial consumers aged 26-35 years, there were 18 people, the percentage was 12%, while those aged 36-50 years, there were 132 people, the percentage was 88%. Based on the level of education as industrial consumers, the majority have a bachelor degree (S1) education level of 73 people, the percentage is 48.67%, then the Diploma level education (D3) number is 34 people, the percentage is 22.67%, the percentage is high school education level, 28 people are the percentage is 18, 67%, and the least level of education is Post-Graduate (S2) is 15 people with a percentage of 10%. Based on the length of work for industrial consumers, the majority of respondents worked in the range of 1-3 years with a total of 77 people, the percentage was 51.33%, then those who had worked > 5 years with a percentage of 36 people, namely 24.00%, those who had worked in the range of 3-5 years a total of 32 people with a percentage of 21.33%, and those who work at least < 1 year a number of 5 people, the percentage is 3.33%. According to the amount of electricity consumption per month, the majority of industrial consumers use electricity per month < Rp. 500 million for 124 customers, the percentage is 82.67%, electricity consumption per month is Rp. 500 million - 1 billion for 20 customers, the percentage is 13.33%, then the percentage of electricity consumption per month is IDR 1 – 5 billion for 4 customers, the percentage is 2.67%, and the least electricity consumption per month is > IDR 5 billion, is 2 customers, the percentage is 1.33%.

Validity Test

Based on the results of data processing in the table above, it shows that all the variables of Product Innovation, Product Quality, Consumer Knowledge, Brand Image, Consumer Preference and Willingness to Pay have a standardised loading factor value of > 0.50. Then the indicators of each variable can be accepted and have met the convergent validity criteria.

Reliability Test

Table 7 shows that all variables have construct reliability values above 0.70 which means that the required reliable instrument is good. The results of the calculation of the variance extracted values have exceeded the cut off value requirement of at least 0.50, which means that the indicators used as observed variables are relatively able to explain the endogenous variables they form.

Structural Equation Modelling (SEM)

Statistical tests and conformity tests were carried out to analyse data on the overall SEM model. Below is the result of data processing for the overall SEM model analysis which is presented as follows.

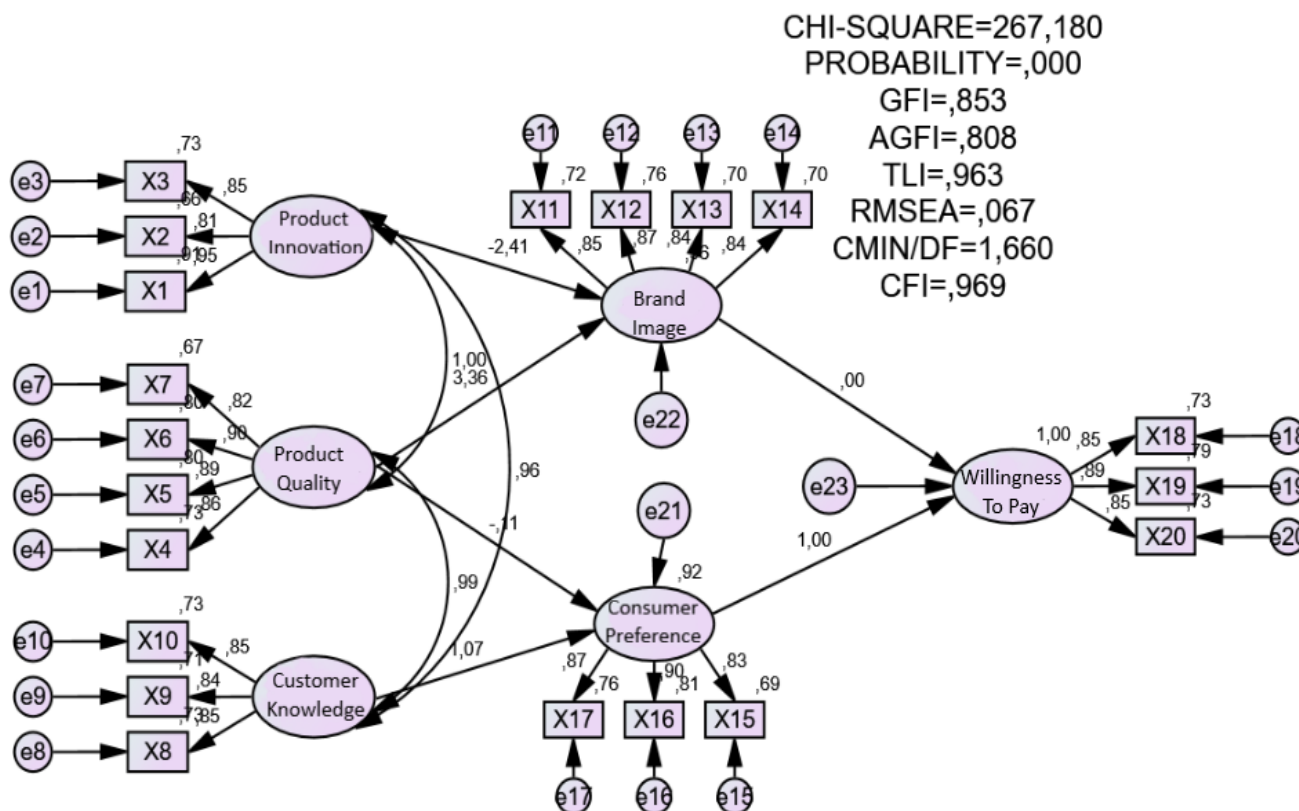


Figure 2 Hasil Pengujian Model Keseluruhan SEM

Measurement of the feasibility of the entire SEM model is carried out through Chi square, Probability, GFI, AGFI, CFI, TLI, CMIN/DF and RMSEA are in the range of the desired value. The following is the output of the overall SEM model test as described in the following table.

Table 1: Overall Goodness of Fit Model (SEM) Results

Goodness of Fit Index	Cut off Value	Results	Evaluation
Chi – Square	Small	267,180	Fit
Probability	≥ 0,05	0,001	Marginal
GFI	≥ 0,90	0,853	Marginal
AGFI	≥ 0,90	0,808	Marginal
TLI	≥ 0,95	0,963	Fit
CFI	≥ 0,95	0,969	Fit
RMSEA	≤ 0,08	0,067	Fit
CMIN/DF	≤ 2,00	1,660	Fit

The results of the data processing in the table above show that the model can meet the goodness of fit criteria. Although there are three marginal ones, namely Probability, GFI, and AGFI, the majority of all tests have been fulfilled so they can still be tolerated. This can be proven by the criteria of Chi-Square, TLI, CFI, RMSEA and CMIN/DF that are in accordance with the goodness of fit criteria. Overall, it shows that the fit test of this model produces a good acceptance. Therefore, it can be concluded that the structure of the modelling analysis proposed in this study can be categorised as good for describing the causal relationship between variables.

Table 2: Full Model Regression Weight

Model	Estimate	S.E.	C.R.	P
Brand Image ← Product Innovation	-1,829	1,047	-1,747	,081
Brand Image ← Product Innovation	3,143	1,286	2,443	,015
Consumer Preference ← Product Quality	-,112	,262	-,429	,668
Consumer Preference ← Consumer Knowledge	1,076	,273	3,942	,000
Willingness to Pay ← Brand Image	,003	,305	,009	,993
Willingness to Pay ← Consumer Preference	,961	,299	3,215	,001

Based on the processed data above it can be seen that there are 6 relationships between the research variables. Empirical research models obtained the following equation:

$$Y1 = -1.829(X1) + 3.143(X2)$$

- The estimated value is -1.829, which means that Product Innovation has a negative effect on improving Brand Image.
- An estimated value of 3.143 means that each increase in Product Quality will increase the Brand Image by 3.143.

$$Y2 = -0.112(X2) + 1.076(X3)$$

- The estimate value is -0.112, which means that product quality has a negative influence on increasing consumer preferences
- The estimated value of 1.076 means that each increase in Consumer Knowledge will increase Consumer Preference by 1.076.

$$Y3 = 0.003(Y1) + 0.961(Y2)$$

- An estimated value of 0.003 means that every increase in brand image will increase the Willingness to Pay by 0.003.
- The estimated value of 0.961 means that each increase in Consumer Preference will increase Willingness to Pay by 0.961.

Analysis of Results of Direct Influence, Indirect Influence and Total Influence

Direct and indirect effects, namely to determine the magnitude of the influence of an exogenous variable on endogenous variables, either directly (independent variable on the dependent variable without going through the intervening variable) or indirectly (through the intervening variable). It can be concluded that the most important factor influencing the willingness to pay the premium price of industrial consumers at the Pekalongan City electricity company is in terms of consumer knowledge because it has the highest total effect value.

SEM Assumption Analysis

The Critical Ratio (CR) and kurtosis values are obtained in the range between -2.58 to 2.58. The CR value in the multivariate value is -0.377 which lies in the range between -2.58 to 2.58. This proves that the data is normally distributed, so research data can be analysed using the Structural Equation Modelling (SEM) method.

Multivariate Outliers

The results of data processing based on the table above show that 15 samples with the highest Mahalanobis distance (highest d-square). A number of values above will be compared with the Chi-square value at degrees of freedom (degrees of freedom) worth 20 (total number of indicators), using the CHIINV formula at a significance level of $p < 0.001$ it is known that the value of $\chi^2(0.001;20) = 32.52$ becomes the value cut-off value. Referring to the results of processing using Based on the output of the mahalanobis distance, the highest value is 32.514 which is below the cut of value. Thus, we can conclude that there are no multivariate outliers in the data.

Multicollinearity test

The determinant value of the sample covariance matrix is 0.000. so you could say that multicollinearity and singularity are not present in the data used in this study.

Hypothesis test

Table 3: Results of Hypothesis Testing

Research Hypothesis		C.R.	P	Conclusion Hypothesis
H1:	Product innovation has a positive effect on brand image in premium services	-1,747	0,081	Rejected
H2:	Product quality has a positive effect on brand image in premium services	2,443	0,015	Received
H3:	Product Quality has a positive effect on Consumer Preferences for Premium Services	-0,429	0,668	Rejected
H4:	Consumer Knowledge has a positive effect on Consumer Preferences in Premium Services	3,942	0,000	Received
H5:	Brand Image has a positive effect on the Willingness to Pay for Premium Services	0,009	0,993	Rejected
H6:	Consumer Preference has a positive effect on Willingness to Pay on Premium Services	3,215	0,001	Received

Based on the table above, the interpretation of the hypothesis testing results is obtained as follows:

H1: The results of a direct measurement of Product Innovation on Brand Image show that there is no positive effect, this is indicated by the CR (Critical Ratio) value, which is $-1.747 < \text{standard value of } 1.96$ (5% sig. level). This means that it can be concluded that there is no positive effect between Product Innovation on Brand Image (rejected).

H2: The results of direct measurement of product quality on brand image show that there is a significant positive effect, as evidenced by observing the CR (Critical Ratio) value of $2.443 > \text{standard value of } 1.96$ (5% sig. level). This means that the conclusion can be drawn that the hypothesis with the statement that there is a positive influence between product quality and brand image is accepted.

H3: The results of direct measurement of Product Quality on Consumer Preference show that there is no positive and significant effect as evidenced by the CR (Critical Ratio) value, which is $-0.429 < \text{standard value of } 1.96$ (sig. 5% level). This means that it can be obtained that the hypothesis that there is no positive effect between product quality on consumer preferences is rejected.

H4: The results of direct measurement of Consumer Knowledge of Consumer Preferences show that there is a significant effect, as evidenced by the CR (Critical Ratio) value of $3.942 > \text{standard value of } 1.96$ (sign. 5% level). This means that it can be stated that the hypothesis with the statement that there is an influence between product knowledge and consumer preferences is accepted.

H5: The results of a direct measurement of Brand Image on Willingness to Pay show that there is no significant effect, as evidenced by the CR (Critical Ratio) value of $0.009 < \text{standard value of } 1.96$ (5% sig. level). This means that it is found that the hypothesis with the statement that there is no influence between Brand Image on Willingness to Pay, is rejected.

H6: The results of a direct measurement of Consumer Preference for Willingness to Pay show that there is a significant effect, as evidenced by the CR (Critical Ratio) value of $3.215 > \text{standard value of } 1.96$ (5% sig. level). This means that it is found that the sixth hypothesis with the statement that there is an effect between the Willingness to Pay on Consumer Preferences, is accepted.

Discussion

Product innovation negatively influences brand image

The results of this study are not in line with research conducted by Liu et al., (2014) which states that the better the acceptance of a product innovation from the consumer and market side, this cannot be separated from the product having a good brand image. as well. Product innovation can be used as a reference to measure

whether or not the service or product provided to consumers is good or bad. Parameter of product innovation is a factor of excellence for some brands. In a study conducted by Norskov et al., (2015) it was found that the attributes of innovation have an effect on brand equity, and this effect is different between brands with low and high equity. Based on answers to open-ended questions from industrial consumer respondents on the Product Innovation variable, it can be concluded that innovation in the electricity service sector is still not considered important. This is because electricity has become a basic need for all existing sectors, so it is only natural that the electricity service is good (in this case the electricity supply does not go out) besides that the electricity buying and selling service providers are only from the electricity company, there are no competitors. So that the premium service offering is not yet a major and significant innovation even though it has the features and advantages offered compared to regular services. And it is also concluded that product innovation can have the maximum impact when considering equity position and competitive position.

Product quality has positive influence on brand image

The quality of the product that is owned is higher or better, will improve the Brand Image. This is supported by the indicator with the highest loading factor of the Product Quality variable which states Features where the existence of additional facilities for premium services, namely the existence of a backup supply other than the main line connection and the addition of Change Over Switch equipment illustrates good product quality. As well as for the highest loading factor of the Brand Image variable which states premium service as a quality and appropriate service to give a trusted impression. Both of these indicators are reflected in open answers put forward by consumers that when there is a service that has features with optimal technology implementation, it will be a useful solution according to their needs. The results of this study are consistent with research conducted by Anselmsson et al., (2007) who found a relationship between product quality and brand image. Product quality is the interpretation of an item that meets the specifications or offers the standard desired by consumers. It is also in line with the research conducted by Rizan et al., (2017) regarding the decision to purchase a Schneider Transformer product that is significantly influenced by the quality of the product offered, because the better the quality and quality of a product, the consumer is satisfied because the product is in accordance with his wishes.

Product quality negatively affects consumer preference

This is in contrast to research conducted by Rajab Nikhashemi et al., (2013) which states that product quality indicators include aspects of performance, suitability, reliability, additional features, durability, and serviceability, which directly affect purchasing decisions, especially when customers are given the ability to evaluate the purchases made. This study discusses internet service products that have a different type of consumer than the type of premium service owned by an electricity company. The difference in these characteristics is one of the factors that does not match the results of the study. This can be seen from the opening of consumers' answers regarding the Product Quality variable where there are still many who consider regular service to be quite good compared to regular service, so the quality aspects referred to are the same. Research respondents are customers of existing regular services who may still be able to tolerate being cut off for a long time or even being on reliable power lines and infrequent outages. In a study carried out by Ibrahim. I (2016) in his descriptive analysis research that the level of product quality can influence consumer preferences positively by increasing customer knowledge about products or in other words being able to conceptualize product quality in an easy-to-understand way. In other words, in order for the product quality of the electricity company's premium services to have a positive impact, the quality offered must be easily understood by industrial consumers so that they can provide alternative choices.

Consumer Knowledge has a positive and significant effect on consumer preferences

The higher the consumer's level of knowledge of a product, the stronger the consumer's preferences will be. This is supported by indicators with the highest loading factor of the Consumer Knowledge variable, where the level of understanding of the product is very important. And the highest loading factor of the Consumer Preference variable is the level of confidence in the product. These two indicators are closely related where industrial consumers will see the premium service quality offered. One that consumers often ask is the advantages of premium services compared to the regular services currently used. If consumers can understand it well, it will strengthen consumer considerations to switch to using the electricity company's premium service. The results of this study are in line with research conducted by Kumar et al., (2016) that information

related to product uses or benefits, as well as prices have a positive and significant effect on consumer preferences. In the research of Anselmsson et al., (2014) it is also known that product quality and uniqueness have a good correlation in determining consumer considerations to pay.

Brand image negatively affects the willingness to pay

This may be because industrial consumers do not know the reputation of the electricity company's premium service because the number of industrial customers who have just used this premium service is very small in the Pekalongan City electricity company. This has an impact on the lack of recognition for premium services, so that the positive impression for those who have used it is closed. The findings of this study are in line with the research of Munir et al., (2017) where brand image must have a determinant in the form of product uniqueness which is a factor that can determine willingness to pay. Meanwhile, in research conducted by Dwivedi et al., (2018) that brand experience contributes to willingness to pay premium prices mediated by brand credibility and perceived uniqueness. In order for a Brand Image to have a positive impact on Willingness to Pay, it must have credibility and uniqueness of the premium service products offered.

Consumer preferences have a positive and significant effect on willingness to pay

This is supported by the indicator with the highest loading factor from the Consumer Preference variable which expresses confidence in the product and the highest loading factor from the Willingness to Pay variable, namely the eligibility level to switch services. These two indicators are illustrated by the open answers put forward by industrial consumers that the more confident they are in the function, quality and quality of the services provided and in accordance with their needs, it will be feasible to switch services even though the price is more expensive or premium prices. The results of this study are in line with the research of Zhang et al., (2020) which shows that consumer attitudes toward purchasing energy-efficient equipment have a positive impact on the willingness to pay for premium prices. These consumer attitudes are influenced by quality, price, emotional, and environmental indicators that are perceived and will ultimately influence consumer buying attitudes. So it can be concluded that the attitude and perception factors owned by consumers have a direct impact on the consumer's desire to make a purchase. Research support is also in line with research by B. Zhang et al., (2018) regarding willingness to pay premium prices, where consumer preferences have positive influences such as perceptions of safety, individual characteristics and behaviour.

Conclusions

The results of the research described in the previous chapter resulted in several conclusions, namely: Product innovation has a positive and significant effect on brand image. And it is also concluded that product innovation can provide maximum impact when considering equity position and competitive position. Product quality does not affect consumer preferences. This is supported by product quality which indicates the addition of premium service facilities, namely the existence of a backup supply in addition to the main line connection and the addition of Change Over Switch equipment which illustrates good product quality. Consumer knowledge has a positive and significant effect on consumer preferences. The level of product related understanding is very important. Industrial consumers will see the quality or quality of the premium services offered. If consumers can understand well, it will strengthen consumer considerations to switch to using the electricity company's premium services. Brand image does not affect willingness to pay. In order for Brand Image to have a positive impact on Willingness to Pay, it must have credibility and the uniqueness of the premium service products offered. Consumer preferences have a positive and significant effect on willingness to pay. The more confident consumers are about the function, quality and quality of the services provided and according to their needs, the more appropriate it will be to switch services even though the price is more expensive or at a premium price.

Conflicts Of Interests

The authors declare that there is no conflict of interest regarding the publication of this paper.

References

1. Anselmsson, J., Bondesson, N. V., & Johansson, U. (2014). Brand image and customers' willingness to pay a price premium for food brands. *Journal of Product and Brand Management*, 23(2), 90–102. <https://doi.org/10.1108/JPBM-10-2013-0414>.

2. Anselmsson, J., Johansson, U., & Persson, N. (2007). Understanding price premium for grocery products: A conceptual model of customer-based brand equity. *Journal of Product and Brand Management*, 16(6), 401–414. <https://doi.org/10.1108/10610420710823762>.
3. Aprinuryanto, N. A., & Santosa, S. B. (2019). Analisis Faktor Yang Mempengaruhi Keputusan Pembelian Dengan Citra Merek Sebagai Variabel Intervening (Studi Pada Pengguna Smartphone Xiaomi Di Universitas Diponegoro). *Diponegoro Journal of Management*, 8(2), 25–32.
4. Brandenburg, M., Gruchmann, T., & Oelze, N. (2019). Sustainable supply chain management-A conceptual framework and future research perspectives. *Sustainability (Switzerland)*, 11(24). <https://doi.org/10.3390/SU11247239>
5. Chaudhuri, A., & Ligas, M. (2009). Consequences of Value in Retail Markets. *Journal of Retailing*, 85(3), 406–419. <https://doi.org/10.1016/j.jretai.2009.05.006>
6. Dougherty, D. (1992). Interpretive Barriers to Successful Product Innovation in Large Firms. *Organization Science*, 3(2), 179–202. <https://doi.org/10.1287/orsc.3.2.179>
7. Dwivedi, A., Nayeem, T., & Murshed, F. (2018). Brand experience and consumers' willingness-to-pay (WTP) a price premium: Mediating role of brand credibility and perceived uniqueness. In *Journal of Retailing and Consumer Services* (Vol. 44, pp. 100–107). <https://doi.org/10.1016/j.jretconser.2018.06.009>
8. Gumber, G., & Rana, J. (2017). Factors Influencing Willingness to Pay Price Premium for Organic Food in India. *International Journal of Emerging Research in Management and Technology*, 6(2), 1–15. <https://doi.org/10.23956/ijermt/v6n1/115>
9. Guttier, M. C., Silveira, M. P. T., Luiza, V. L., & Bertoldi, A. D. (2017). Factors influencing the preference for purchasing generic drugs in a Southern Brazilian city. *Revista de Saude Publica*, 51, 1–11. <https://doi.org/10.1590/S1518-8787.2017051006786>
10. Hanaysha, J., Abdghani, N. H., Hilman, H., & Abdul-Ghani, H. (2014). Direct and Indirect Effects of Product Innovation and Product Quality on Brand Image: Empirical Evidence Automotive Industry The Effect Of Green Management Practice On Organisational Performance View project Drivers of Purchase Decision and Customer Reten. *International Journal of Scientific and Research Publications*, 4(11), 1–7. www.ijsrp.org
11. Hawkins, D. I., & Mothersbaugh, D. L. (2010). *Consumer Behaviour: Building Marketing Strategies*. In McGraw-Hill. www.mhhe.com
12. Keller, & Kotler. (2021). *Marketing Management*. Pearson Prentice Hall.
13. Kotler, Philip & Amstrong, G. (2016). *Principles of marketing* (11 ed.). New York: Pearson International.
14. Kumar, S., AuliaAminin, T., & Oktaviani, O. (2016). The Influence of Product Knowledge, Product Usability and Price toward Customer Preferences: A Case of Samsung Smartphone Users in President University. *FIRM: Journal of Management Studies*, 1(2), 141–154.
15. Lin, L. Y., & Chen, C. S. (2006). The influence of the country-of-origin image, product knowledge and product involvement on consumer purchase decisions: An empirical study of insurance and catering services in Taiwan. *Journal of Consumer Marketing*, 23(5), 248–265. <https://doi.org/10.1108/07363760610681655>
16. Liu, C. M., Lin, K. W., & Huang, C. J. (2014). Effects of product development on operating performance in the textile industry. *Anthropologist*, 17(1), 157–163. <https://doi.org/10.1080/09720073.2014.11891425>
17. Low, G., Charles, W., & Lamb, J. (2010). The measurement and dimensionality of brand associations The measurement and dimensionality of brand associations. In *Journal of Product & Brand Management* (Vol. 9, Issue 6).
18. Mostafa, R. H. A., & Elseidi, R. I. (2018). Factors affecting consumers' willingness to buy private label brands (PLBs) applied to hypermarkets. *Spanish Journal of Marketing - ESIC*, 22(3), 341–361. <https://doi.org/10.1108/SJME-07-2018-0034>
19. Niroomand, N., & Jenkins, G. P. (2020). Estimation of households' and businesses' willingness to pay for improved reliability of electricity supply in Nepal. *Energy for Sustainable Development*, 55, 201–209. <https://doi.org/10.1016/j.esd.2020.02.006>

20. Ozbaflı, A., & Jenkins, G. P. (2015). The willingness to pay by households for improved reliability of electricity service in North Cyprus. *Energy Policy*, 87, 359–369. <https://doi.org/10.1016/j.enpol.2015.09.014>
21. Paper, E. W., Oseni, M. O., & Pollitt, M. G. (2010). Cambridge Working Papers in Economics The Economic Costs of Unsupplied Electricity : Evidence from Backup Generation among African Firms.
22. Persson, N. (2010). An exploratory investigation of the elements of B2B brand image and its relationship to price premium. *Industrial Marketing Management*, 39(8), 1269–1277. <https://doi.org/10.1016/j.indmarman.2010.02.024>
23. Rajab Nikhashemi, S., Paim, L., Md Sidin, S., & Osman, S. (2013). The antecedents of brand equity development on Malaysian interment service providers. *World Applied Sciences Journal*, 25(1), 14–22. <https://doi.org/10.5829/idosi.wasj.2013.25.01.1362>
24. Rizan, M., Nauli, M. O., & Mukhtar, S. (2017). The Influence of Brand Image, Price, Product Quality and Perceive Risk on Purchase Decision Transformer Product Pt. Schneider Indonesia. *JRMSI - Jurnal Riset Manajemen Sains Indonesia*, 8(1), 101–119. <https://doi.org/10.21009/jrmsi.008.1.06>
25. Santos, M., & Schlesinger, W. (2021). When love matters. Experience and brand love as antecedents of loyalty and willingness to pay a premium price in streaming services. *Spanish Journal of Marketing - ESIC*, 25(3), 374–391. <https://doi.org/10.1108/SJME-11-2020-0201>
26. Schiffman, & Kanuk. (2010). *Perilaku Konsumen*. PT. INDEK.
27. Sebastianelli, R., & Tamimi, N. (2002). How product quality dimensions relate to defining quality. *International Journal of Quality and Reliability Management*, 19(4), 442–453. <https://doi.org/10.1108/02656710210421599>
28. Shiau, H. C. (2014). The impact of product innovation on behaviour intention: The measurement of the mediating effect of the brand image of Japanese anime dolls. *Anthropologist*, 17(3), 777–788. <https://doi.org/10.1080/09720073.2014.11891492>
29. (2 Sugiyono 015). *Metode Penelitian Pendidikan*. Bandung. *Metode Penelitian Pendidikan (Pendekatan Kuantitatif, Kualitatif, Dan R&D)*, 308.
30. Sugiyono, D. (2013). *Metode Penelitian Kuantitatif, Kualitatif, dan Tindakan*.
31. (2 Tjiptono 008). *Pemasaran Strategik*. Andi Offset.
32. Zhang, B., Fu, Z., Huang, J., Wang, J., Xu, S., & Zhang, L. (2018). Consumers' perceptions, purchase intention, and willingness to pay a premium price for safe vegetables: A case study of Beijing, China. In *Journal of Cleaner Production* (Vol. 197, pp. 1498–1507). <https://doi.org/10.1016/j.jclepro.2018.06.273>
33. Zhang, Y., Xiao, C., & Zhou, G. (2020). Willingness to pay a price premium for energy-saving appliances: Role of perceived value and energy efficiency labelling. *Journal of Cleaner Production*, 242, 118555. <https://doi.org/10.1016/j.jclepro.2019.118555>