The Influence of Brand Equity, Brand Identity, and Brand Credibility on Consumers' Willingness To Pay A Premium For Hoka Running Shoes In Purwokerto

Novita Rakhmawati[a*], Hani Jayanti[b]

[a*]Putra Bangsa Kebumen University, Jawa Tengah, Kebumen, novitarakhmawati17@gmail.com

[b]Putra Bangsa Kebumen University, Jawa Tengah, Kebumen, hanyfalif234@gmail.com

*novitarakhmawati17@gmail.com

Abstract

This research aims to analyze the influence of brand equity, brand identity, and brand credibility on the willingness to pay a premium by consumers of HOKA running shoes in Purwokerto. Using a quantitative approach with survey methods and a sample of 100 respondents. The variables used in this study include brand equity, brand identity, and brand credibility as independent or free variables and willingness to pay premium as the dependent or bound variable. The data used in this research are primary data, obtained from the responses of respondents collected with the help of a questionnaire, distributed online using Google Forms. The sampling method in this research uses non-probability sampling based on specific criteria determined by the researcher, with the purposive sampling technique selecting respondents based on specific criteria relevant to the research objectives. The data analysis technique used in this research is Structural Equation Modeling. (SEM). Statistical testing includes Measurement Model Testing (Outer Model) using Convergent Validity, Discriminant Validity, and Composite Validity, as well as Structural Model Testing. (Inner Model). The result of this study is that brand identity has a positive and significant impact on the willingness to pay premium (WTP premium) for HOKA running shoes, while brand equity and brand credibility do not have an effect. The stronger the HOKA brand identity, the higher the consumer's willingness to pay a premium price. Conversely, brand equity and brand credibility do not influence the consumer's willingness to pay more. This indicates that the willingness to pay a premium (WTP premium) for HOKA running shoes is not affected by the brand equity and brand credibility of the product, but rather by the brand identity that can reflect the consumer's identity.

1. Introduction

In Indonesia, sports have now become a trend in healthy living, and one of the most popular sports among the public is running. This trend is evident from the increasing number of people who are starting to maintain a healthy lifestyle, including exercising regularly (Elvina, 2022). The increase in public interest and awareness in exercising is also reflected in the development of sports facilities, such as futsal courts, soccer fields, badminton courts, jogging tracks, fitness centers (gyms), and other facilities (Lukito, 2020). Along with the development of sports activities, the sales of sports shoes have also increased as a support for these activities (Dharmanto & Rositasari, 2022). The high public interest in sports has encouraged the emergence of various sports shoe brands, both foreign and local, that have enlivened the market in Indonesia (Budihardja & Sitinjak, 2022). It can be seen in the image below that interest in sports shoes is higher compared to other sports equipment.

Figure 1
Data on sports shoe enthusiasts
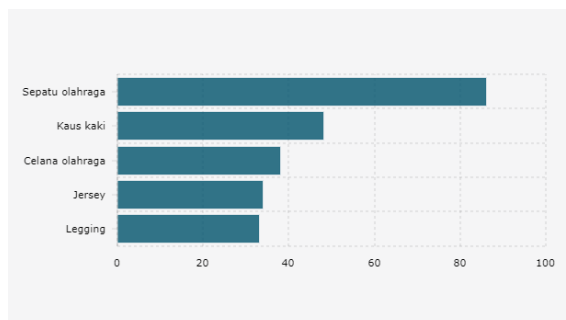
Source: Katadata, 2024

Recently, the Hoka shoe brand has become a trend, especially among runners. Hoka shoes are known for their standout feature of a soft and thick sole, providing extra protection for the user's feet. Nevertheless, Hoka shoes remain lightweight and support the performance of runners. The Hoka brand originates from France and was founded in 2009. Hoka shoes are specifically designed for various types of running sports, ranging from short-distance runs, long-distance runs, marathons, to trail running. (trail running). Hoka shoes are favored by both beginner and professional runners because they offer a variety of product options that can be adapted to different conditions and terrains. Some of the best recommended Hoka shoe variants based on their features and advantages are: HOKA Rocket X, HOKA Speedgoat 5, HOKA Rincon 3, HOKA Mach 5, HOKA Torrent 3, HOKA Bondi 8, HOKA Kawana, HOKA Arahi 6, HOKA Clifton 9, and HOKA Tecton X2. As seen in the image below, consumer interest in Hoka brand shoes has significantly increased, surpassing other brands.

Figure 2

Data on the increase in interest in HOKA brand shoes

Source: Screenshot, 2024

Brand equity is the added value given to a product as a result of the use of the brand name (Srivastava, 1991). Some studies describe brand equity as a perceptual or psychological measure related to the brand (Keller, 1993; Park & Srinivasan, 1994; Yoo & Donthu, 2001). Brand equity can also be defined as the subjective assessment of customers towards brand choices, which adds value to products or services as a result of previous investments in the marketing mix Marketing literature has extensively highlighted the importance of building a strong brand to create value and generate sustainable competitive advantage (e.g, (De Chernatony, 2010)). Brand is a significant differentiating factor for consumers (Augusto & Torres, 2018). Brand equity strengthens brand attributes in consumer perception through the symbolic meaning contained in products or services (Elliott, 1999).

Brand identity can be defined as the psychological state of consumers in perceiving, feeling, and valuing their level of attachment to a brand (Lam *et al.,* 2013). Effective brand identity management can generate positive perceptions, attitudes, and behaviors from consumers. For example, the creation of a unique, coherent, and distinctive identity can add value to the company's products and enhance consumer preference and loyalty (Buil *et al.,* 2016). Furthermore, consumers tend to identify themselves

with brands that align with their self-concept (Wolter *et al.,* 2016). When consumers feel identified with a brand, positive emotions towards that brand will develop (Harrison-Walker, 2001). A stronger brand identity can enhance the relationship between the brand and consumers, which in turn increases the brand's ability to set premium prices when that relationship is strong (Augusto & Torres, 2018).

The concept of brand credibility is based on research (Hovland *et al.,* 1953) regarding credibility, which includes the ability and motivation of the source in delivering accurate and trustworthy information. Brand credibility reflects whether a brand has the ability (expertise) and willingness (trust) to be consistent with credentials that support performance improvement (Erdem & Swait, 2004; Rao & Ruekert, 1994). Companies can leverage the brand as an efficient market signal when consumers have uncertainty regarding the intrinsic quality attributes of the product (e.g, Erdem & Swait, (1998); Rao & Ruekert, (1994)). Lane Keller, (2013) states that brand credibility is the extent to which a brand is considered authentic.

A brand can command a premium price when customers are willing to pay more for that brand's products compared to similar products from other relevant brands (Aaker, 1996). Conceptually, some authors describe premium pricing as the most important indicator of brand equity (Aaker, 1996; Blackston, 1995; Sethuraman, 2001). Empirically, various studies (see (Agarwal & Rao, 1996; Ailawadi *et al.,* 2003) support this argument by showing that premium prices are relatively stable over time, yet capable of reflecting variations in brand health and serving as strong predictors of market share. Some authors, such as (Doyle, 2001), even state that premium pricing is the most significant way in which brands can create value for shareholders, as it does not require direct investment to set higher prices.

Research conducted by Oppong *et al.,* (2023) concluded that brand credibility and word-of-mouth recommendations partially contribute to enhancing social impact, emotional impact, quality or performance, and value towards the willingness to pay high prices in the herbal industry. The results of the research conducted by Bougenvile & Ruswanti, (2017) indicate that brand equity influences consumers' willingness to pay a premium price. These findings are in line with research conducted by (Anselmsson *et al.,* 2014; Porral *et al.,* 2013; Van Kempen, 2004), which concluded a significant positive relationship between strong brand equity and the willingness to pay a premium price.

The main difference of this research compared to previous studies lies in the location and the research subjects used, both of which are different from previous studies. The numerous running events held in Purwokerto have driven an increase in running shoe sales in the area, as shown in the image above. Based on this phenomenon, the researchers are interested in exploring and investigating whether brand equity, brand identity, and brand credibility have a positive influence on the willingness to pay a premium for running shoes. The urgency of this research lies in its benefits for running shoe companies to increase their product sales. Therefore, this research will be conducted with the title "The Influence of Brand Equity, Brand Identity, and Brand Credibility on the Willingness to Pay Premium of Hoka Running Shoe Consumers in Purwokerto."

2. Method

This research uses a quantitative research method. According to Sugiyono, (2018), the quantitative research method is a research method based on the philosophy of positivism, applied to study a specific population or sample, with data collection through research instruments, quantitative/statistical data analysis, and aimed at testing the established hypothesis. There are four variables in this study, namely the independent variables: brand equity (X1), brand identity (X2), and brand credibility (X3), as well as the dependent variable: willingness to pay a premium. (Y). The sampling method in this study uses non-probability sampling with purposive sampling technique, while the sample size is calculated using the Lemeshow *et al.,* (1997) formula and obtained 100 respondents. The selected respondents are those who reside in Purwokerto and have previously purchased HOKA running shoes.

This research uses a survey method to collect data, with data collection techniques in the form of distributing questionnaires in the form of Google Forms. The data analysis technique used in this research is Structural Equation Modeling (SEM). Statistical testing includes Measurement Model Testing (Outer Model) using Convergent Validity, Discriminant Validity, and Composite Validity, as well as Structural Model Testing (Inner Model). Testing in the structural model includes R-Square

values and Path Coefficients estimation. Data analysis in this study was conducted using the SmartPLS 4 for Windows software.

3. Results and Discussion
3.1 Results
Overview of Respondents

The characteristics of respondents are descriptions of the respondents' identities obtained from the research results. In this study, the respondents are consumers of HOKA running shoes residing in Purwokerto, with a sample size of 100 people. Based on the collected data, the characteristics of the respondents are grouped by gender, age, and residence. Further explanation regarding the characteristics of the respondents is as follows:

Respondents by Gender

Based on the primary data collected, the profile of respondents by gender is shown in the table below:

Table 1
Respondent Data by Gender

Gender	Number
Female	59
Male	41
Total	100

Source: primary data, 2024

From the table above, it can be concluded that the majority of respondents are female, with 59 individuals, while the male respondents number 41. This shows that in the city of Purwokerto, the majority of consumers of HOKA running shoes are women.

Respondents by Age

Based on the primary data collected, the profile of respondents by age can be seen in the following table:

Table 2
Respondent data by age

Age	Number
15-24 years	63
25-34 years	20
Others	17
Total	100

Source: primary data,2024

From the table above, it can be seen that the largest number of respondents are in the age range of 15-24 years, with a total of 63 people. This indicates that the majority of HOKA running shoe consumers in Purwokerto are of productive age.

Respondents Based on Employment Status

Based on the primary data collected, the profile of respondents based on employment status can be seen in the table below:

Table 3
Respondent data based on employment status

Employment Status	Jumlah
student/university student	31
private employee	34
others	17
Total	100

Source: primary data, 2024

From the table above, it can be concluded that the "Others" category is the most common employment status, with 35 people.

Validity and Reliability Test

Table 4

Results of the Validity and Reliability Test

	Validitas		Reliabilitas	
Indikator	**Validitas**		*Cronbach Alpha*	**Nilai Acuan**
Brand Equity			0.891	0.7
BE1	0.899			0.5
BE2	0.907			0.5
BE3	0.911			0.5
Brand Identity			0.940	0.7
BI1	0.939			0.5
BI2	0.959			0.5
BI3	0.937			0.5
Brand Credibility			0.919	0.7
BC1	0.853			0.5
BC2	0.825			0.5
BC3	0.889			0.5
BC4	0.846			0.5
BC5	0.819			0.5
BC6	0.821			0.5
Willingness to Pay Premium (WPP)			0.827	0.7
WTPP1	0.894			0.5
WTPP2	0.869			0.5
WTPP3	0.816			0.5

Source: primary data, 2024

The results of the validity test on the variables of brand equity, brand identity, brand credibility, and willingness to pay a premium price indicate that all items in these variables are valid and reliable. This is evident from the Average Variance Extracted (AVE) values for each variable, which reach 0.5 or more, indicating that the construct is able to explain 50% or more of the variance of its items (Wong, 2013). Furthermore, the Cronbach's Alpha value exceeding 0.6, in accordance with the guidelines proposed by (Juliandi, 2018), indicates that the question items on that variable are reliable. (reliable).

Table 5

Hypothesis Testing of Path Coefficients

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
BC -> WTPP	0.238	0.279	0.165	1.439	0.150
BE -> WTPP	-0.133	-0.115	0.198	0.672	0.502
BI -> WTPP	0.506	0.462	0.175	2.898	0.004

Source: primary data, 2024

The table above shows the results of the path coefficient hypothesis test. The value of the path coefficient describes how strong the relationship is between one variable and other latent variables. If the p-value < 0.05, this indicates that variable X has a significant influence on variable Y, thus the hypothesis is accepted. Furthermore, if the t-statistic value > 1.96, then the effect observed can be considered significant, which means the hypothesis has a significant impact.

Table 6
R-Square value

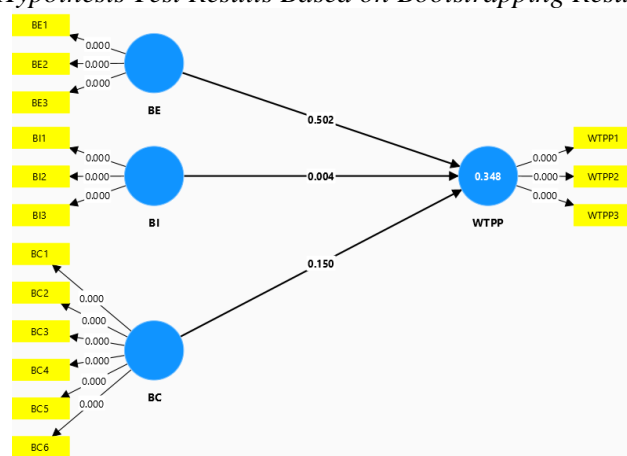|	R-square	R-square adjusted
WTPP	0.348	0.327

Source: primary data, 2024

The table above shows that the model used in this study is appropriate, which means the latent variable willingness to pay premium can moderately explain the dependent variable.

3.2 Discussion
Figure 3

Hypothesis Test Results Based on Bootstrapping Results

Source: primary data, 2024

Based on the analysis of respondents' responses to the variables being studied, statistical tests were conducted, including Measurement Model Testing (Outer Model), which encompasses Convergent Validity, Discriminant Validity, and Composite Validity, as well as Structural Model Testing. (Inner Model). Testing in structural models includes the assessment of R-Square values and the estimation of Path Coefficients. A more detailed explanation of the results is as follows:

The influence of brand equity on willingness to pay premium for HOKA running shoes

Based on the hypothesis testing results, it is concluded that brand equity does not influence the willingness to pay premium for HOKA brand running shoes. This is indicated by a significance value of 0.502, which is greater than the significance threshold of 0.05.

The results of this study differ from the findings of (Bougenvile & Ruswanti, 2017) and (Farzin *et al.*, 2022), which state that there is a positive and significant relationship between certain factors and the willingness to pay a premium price for HOKA brand running shoes. This difference may be due to variations in the context or characteristics of the research samples. Previous studies may have been conducted on consumers with a strong preference for brands or on market segments that are more likely to prioritize certain attributes such as product innovation, exclusivity, or emotional connection with the brand. In this research, respondents may consider these attributes less relevant or less motivating for them to pay a higher price.

The influence of brand identity on willingness to pay premium for HOKA running shoes

The hypothesis testing results also show that brand identity has a positive and significant influence on willingness to pay premium for HOKA brand running shoes, with a significance value of 0.004, which is less than 0.05.

The results of this study support previous research (e.g., *(Augusto & Torres, 2018; Farzin et al.,* 2022; Torres *et al.,* 2017; Yoganathan *et al.,* 2015) which show that brand identity significantly affects the willingness to pay a premium. A strong brand identity shapes consumer perceptions of the brand's alignment with their values, lifestyle, or personal aspirations. In the context of HOKA running shoes, brand identity can represent the qualities desired by consumers, such as optimal performance, comfort,

or even an active lifestyle. Therefore, when consumers feel that the brand attributes align with the identity or self-image they desire, they are more likely to pay a premium price as a form of investment in values they consider important and personal.

The influence of brand credibility on willingness to pay a premium for HOKA running shoes

Furthermore, brand credibility does not have an influence on willingness to pay a premium for HOKA brand running shoes, as indicated by the significance value of 0.150, which is greater than the significance value of 0.05.

This study shows that brand credibility does not have a direct influence on consumers' willingness to pay a premium price. These findings are consistent with previous research by (Ghaleb & Kaplan, 2020; Oppong *et al.,* 2022), which found that brand credibility does not directly influence customers' willingness to pay premium (WTP). However, these results contradict other studies, such as those conducted by (Chaudhuri & Ligas, 2016; Li *et al.,* 2012), which indicate that brand credibility can increase customers' WTP to pay higher prices. Brand credibility usually strengthens consumer trust in the quality and reliability of the product. However, in the category of products already considered to have high-quality standards, such as HOKA running shoes, credibility might be viewed as a basic factor that is not sufficient to motivate premium payment. Consumers might expect a certain standard of quality from a credible brand without feeling the need to pay more, so credibility alone is not a sufficient reason to justify a premium price.

4. Conclusion

Based on the research findings, it can be concluded that brand identity has a positive and significant impact on the willingness to pay premium (WTP premium) for HOKA running shoes, while brand equity and brand credibility do not have an effect. The stronger the HOKA brand identity, the higher the consumer willingness to pay a premium price. On the contrary, brand equity and brand credibility do not influence consumers' willingness to pay more.

These results indicate that the premium WTP for HOKA running shoes is not affected by the brand equity and brand credibility of the product, but rather by the brand identity that can reflect the consumers' identity. With a strong brand identity, consumers are encouraged to have a higher willingness to pay a premium.

The insignificance of brand equity on WTP premium indicates that the positive perception of HOKA's brand value is not yet sufficient to increase consumers' willingness to pay more. Although consumers may appreciate the quality or reputation of the HOKA brand, these factors have not yet been enough to encourage them to spend extra. Brand credibility also does not have a significant impact, which may indicate that although consumers trust the HOKA brand, this credibility is not the main driver for them to pay a premium price.

The significant influence of brand identity on premium WTP indicates that consumers are more willing to pay a premium price if they feel that the brand reflects their personal identity or aspirations.

5. References

Aaker, D. A. (1996). Measuring brand equity across products and markets. *California Management Review*, *38*(3).

Agarwal, M. K., & Rao, V. R. (1996). An empirical comparison of consumer-based measures of brand equity. *Marketing Letters*, *7*, 237–247.

Ailawadi, K. L., Lehmann, D. R., & Neslin, S. A. (2003). Revenue premium as an outcome measure of brand equity. *Journal of Marketing*, *67*(4), 1–17.

Anselmsson, J., Vestman Bondesson, N., & Johansson, U. (2014). Brand image and customers' willingness to pay a price premium for food brands. *Journal of Product & Brand Management*, *23*(2), 90–102.

Augusto, M., & Torres, P. (2018). Effects of brand attitude and eWOM on consumers' willingness to pay in the banking industry: Mediating role of consumer-brand identification and brand equity. *Journal of Retailing and Consumer Services*, *42*, 1–10.

Blackston, M. (1995). The qualitative dimension of brand equity. *Journal of Advertising Research*,

35(4), RC2–RC7.

Bougenvile, A., & Ruswanti, E. (2017). Brand equity on purchase intention consumers' willingness to pay premium price juice. *IOSR Journal of Economics and Finance*, *8*(01), 12–18.

Budihardja, L., & Sitinjak, T. (2022). Pengaruh Identitas Merek, Citra Merek, Dan Kepercayaan Merek Terhadap Loyalitas Pada Konsumen Sepatu Nike Di Jakarta. *Jurnal Manajemen*, *11*(2), 1–8.

Chaudhuri, A., & Ligas, M. (2016). THE ROLE OF STORE TRUST AND SATISFACTION IN CREATING PREMIUM PRICES. *Marketing Management Journal*, *26*(1).

De Chernatony, L. (2010). *Creating powerful brands*. Routledge.

Dharmanto, A., & Rositasari, I. D. (2022). Implementasi Strategi Promosi Dan Digital Marketing Melalui Instagram Dalam Keputusan Pembelian Produk Sepatu Olahraga Saat Pandemi Covid 19 Di Ifootball Store Kota Bekasi. *Conference on Economic and Business Innovation (CEBI)*, 2119–2132.

Doyle, P. (2001). Shareholder-value-based brand strategies. *Journal of Brand Management*, *9*, 20–30.

Elliott, R. (1999). Symbolic meaning and postmodern consumer culture. *Rethinking Marketing: Towards Critical Marketing Accountings*, 112–125.

Elvina, B. (2022). Pengaruh Kualitas Produk, Citra Merek, Dan Persepsi Harga Terhadap Keputusan Pembelian Sepatu Adidas Di DI Yogyakarta. *Jurnal Performa: Jurnal Manajemen Dan Start-up Bisnis*, *7*(6), 643–656.

Erdem, T., & Swait, J. (1998). Brand Equity as a Signaling Phenomenon. *Journal of Consumer Psychology*, *7*(2), 131–157. https://doi.org/https://doi.org/10.1207/s15327663jcp0702_02

Erdem, T., & Swait, J. (2004). Brand credibility, brand consideration, and choice. *Journal of Consumer Research*, *31*(1), 191–198.

Farzin, M., Sadeghi, M., Fattahi, M., & Eghbal, M. R. (2022). Effect of social media marketing and eWOM on willingness to pay in the etailing: Mediating role of brand equity and brand identity. *Business Perspectives and Research*, *10*(3), 327–343.

Ghaleb, M., & Kaplan, B. (2020). Branding and Yemeni Organizations' Willingness to Pay a Price Premium for Audit Services. *Istanbul Management Journal*, *88*, 127–143.

Harrison-Walker, L. J. (2001). The measurement of word-of-mouth communication and an investigation of service quality and customer commitment as potential antecedents. *Journal of Service Research*, *4*(1), 60–75.

Hovland, C. I., Janis, I. L., & Kelley, H. H. (1953). *Communication and persuasion*.

Juliandi, A. (2018). Structural equation model based partial least square SEM-PLS Menggunakan SmartPLS. *Jurnal Pelatihan SEM-PLS Program Pascasarjana Universitas Batam*, *1617*.

Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, *57*(1), 1–22.

Lam, S. K., Ahearne, M., Mullins, R., Hayati, B., & Schillewaert, N. (2013). Exploring the dynamics of antecedents to consumer–brand identification with a new brand. *Journal of the Academy of Marketing Science*, *41*, 234–252.

Lane Keller, K. (2013). *Strategic Brand Managment: Building, Measuring, and Managing Brand Equity*. UK: Pearson Education Limited.

Lemeshow, S., Hosmer, D. W., Klar, J., & Lwanga, S. K. (1997). Besar sampel dalam penelitian kesehatan. *Yogyakarta: Gajah Mada University*.

Li, G., Li, G., & Kambele, Z. (2012). Luxury fashion brand consumers in China: Perceived value, fashion lifestyle, and willingness to pay. *Journal of Business Research*, *65*(10), 1516–1522.

Lukito, W. A. (2020). Pengaruh Promosi dengan Media Sosial Terhadap Keputusan Pembelian Sepatu Olahraga Ortuseight Pada Masyarakat Tanjung Morawa. *ARBITRASE: Journal of Economics and Accounting*, *1*(2), 90–95.

Oppong, P. K., Ansah, W. O., Dankwah, J. B., & Owusu, J. (2023). *VALUE AND WILLINGNESS-TO-PAY (WTP) HIGH PRICE: Mediating Role of Herbal Brand Credibility and Word-of-Mouth in Ghana*.

Oppong, P. K., Mensah, J., & Addae, M. (2022). *Nexus between Trust, Credibility, Value and Willingness to Pay (WTP) a Price Premium: Intervening Role of Brand Equity in Herbal Industry*.

Park, C. S., & Srinivasan, V. (1994). A survey-based method for measuring and understanding brand equity and its extendibility. *Journal of Marketing Research*, *31*(2), 271–288.

Porral, C. C., Bourgault, N., & Dopico, D. C. (2013). *Brewing the recipe for beer brand equity*.

Rao, A. R., & Ruekert, R. W. (1994). Brand alliances as signals of product quality. *Sloan Management Review*, *36*, 87.

Sethuraman, R. (2001). What makes consumers pay more for national brands than for store brands-image or quality? *Review of Marketing Science WP*, *318*.

Srivastava, R. K. (1991). Brand equity: A perspective on Its meaning and measurement. *Marketing Science Institute*.

Sugiyono, P. D. (2018). *METODE PENELITIAN KUANTITATIF KUALITATIF dan R&D*. ALFABETA.

Torres, P., Augusto, M., & Godinho, P. (2017). Predicting high consumer-brand identification and high repurchase: Necessary and sufficient conditions. *Journal of Business Research*, *79*, 52–65.

Van Kempen*, L. (2004). Are the poor willing to pay a premium for designer labels? A field experiment in Bolivia. *Oxford Development Studies*, *32*(2), 205–224.

Wolter, J. S., Brach, S., Cronin Jr, J. J., & Bonn, M. (2016). Symbolic drivers of consumer–brand identification and disidentification. *Journal of Business Research*, *69*(2), 785–793.

Wong, K. K.-K. (2013). Partial least squares structural equation modeling (PLS-SEM) techniques using SmartPLS. *Marketing Bulletin*, *24*(1), 1–32.

Yoganathan, D., Jebarajakirthy, C., & Thaichon, P. (2015). The influence of relationship marketing orientation on brand equity in banks. *Journal of Retailing and Consumer Services*, *26*, 14–22.

Yoo, B., & Donthu, N. (2001). Developing and validating a multidimensional consumer-based brand equity scale. *Journal of Business Research*, *52*(1), 1–14.