

**Analysis of Factors Influencing Purchase of
Premium Products across Customer
Segments in Cement Commodity Market**

Synopsis of the Research Proposal

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1. Introduction

India is the world's second-largest cement market, both in production and consumption. As per reports published by AT Kearney, Care Ratings, Ministry of External Affairs, NAREDCO and APREA, the demand of Cement industry is expected to achieve 550-600 MTPA by 2025 from the present level of 487 MTPA, primarily because of the developments in housing, commercial construction, and industrial construction. As per Union Budget 2019-20, the Government is expected to upgrade 1,25,000 kms of road length over the next five years. The key players in cement industry which includes Ultratech, ACC, Ambuja and Dalmia are banking upon rural markets, which are recovering post-COVID-19 pandemic. Government outlay in Pradhan Mantri Awaas Yojana, in Urban & Rural sectors to the tune of Rs 45,500 crore in Union Budget 20-21, with the objective of "Housing for All" is a major growth driver apart from announcements in building public infrastructure like National Highway Projects in Nagaland (worth US\$ 560.88 million), Rajasthan (worth US\$ 1.14 billion), Karnataka (worth US\$ 1.49 billion) and Telangana (worth US\$ 1.80 billion). As per reports published by IBEF in FY 21, India's cement production is expected to grow at a CAGR of 5.65% between FY16-22 while consumption of cement in India is expected grow to at a CAGR of 5.68% in the same period. This production is done by around 210 large plants and 350 mini plants making cement a fragmented industry. The long-term cement growth is expected at 1.2 times GDP and per capita cement consumption being far less at 235 kgs compared to world average of 520 kgs, the major players are eyeing the opportunity of capacity addition in cement production.

However, Cement is referred to as a bulk commodity and product with a lower value. The cement companies usually put forward the claims that their product is produced as per BIS standards and hence there is hardly any scope of product differentiation for different cement companies. Moreover, as the raw material which is used as an input is normally the same along with the production processes as well, hence it is a challenge for the cement companies to position their product with a significant differentiation in the market in existence with other companies (Maity, 2014). The number of products operating within the cement industry are rising and in a commodity market where there is lot of homogeneity and a morass of products, consumers face a lot of difficulty to choose a particular product. Commodity product marketers are increasingly resorting to branding in response to growing competition. Over the years, marketers are progressively adapting branding strategies to convert commodities to brand to respond to increasing competition. To distinguish one commodity product from another,

marketers have made branding efforts which combine product differentiation, supply chain, service and also creating an image in the mind space of the consumers. The very nature of commodities makes them susceptible to tremendous price pressures which erodes the margins of the producers. To safeguard their margins, commodity product manufacturers felt the need to create competitive sustainable advantage by building a brand with a long-term loyal customer base. The cement sales vary as per the exertion of marketing efforts such as price, packaging, service provided, advertisements and promotion and the goodwill of the company. It is evident that consumers prefer those cement brands that have a better brand image, premium quality, and accessibility and these are the major determinants of brand identity. However, advertisement and promotional tools are identified as the external drivers for creating brand awareness and positioning of the products (Mishra, 2019). Also, in the current scenario, marketing communication through celebrity, has become a frequent practice for major companies including cement industry for better brand positioning with further attributes of trust, attractiveness and expertise (Malik & Sudhakar, 2014). Branding, is a multidimensional construct and Punniyamoorthy M (2011) opines “An understanding of the multidimensional nature of value and the delivery of it will be at the heart of successful commodity branding” Studies in the past by Chaudhuri and Holbrook (2001), Keller (2007), Caves (1985), Mudambi S, Wong V (1997), Maity A (2017), Panda T (2006) have indicated that branding of commodity, being a multi-dimensional construct is not limited to how customers view the physical product but service and image that accompanies the product. This points to creating differentiation –through Product, through Service and through creating Imagery. As per concepts of marketing, it is through brand identity, a company is recognized among their customers. The uniformity of any company’s brand identity is created through its characteristics such as culture, vision, personality, positioning, presentations, relationships and further beliefs pursued by the entity (Mindrut et al.,2015). Brand names have a contributing role in developing the marketing strategy for the commodities. Presently, companies that are part of process industries are frequently trying to avoid positioning themselves as just a commodity producer and are striving to create more functional products which provide better valuable benefits to their consumers with more profit margins and reduced turnover volatility (Lager & Blanco, 2010). Also, it is noteworthy that in consideration to the rising competition in the present era, it is significant for the organization’s brand management to develop differentiation within their marketing communication for better positioning of their products and attain competitive edge (Blomkvist et al., 2012). It is apparent that a brand when related with premium and distinct attributes has the potential to increase profitability in a significant

way through commanding premium prices as well. Branded products have the competency to attain higher margins and meet up the customer demands as well (Jha, 2014). From the context of branding identity of cement sector, it is discovered that distinct branding is difficult for cement companies and most of the customers do not have the fundamental knowledge about technical attributes of the cement as a product, therefore, customers are dependent on external informational sources for reliant brand information. Several players are operating in the cement market, however, major players like UltraTech, ACC, Ambuja, Dalmia control the major stake of around 70% of cement production. Other notable players are Nuvoco, JSW, Ramco, Birla Corporation, Shree Cements etc. The types of cement in India have increased over the years with the advancement in research, development, and technology. Some of the various types of cement produced in India are Ordinary Portland Cement, Portland Blast Furnace Slag Cement, Portland Pozzolana Cement, Rapid Hardening Portland Cement, Oil Well Cement, White Cement, Sulphate Resisting Portland Cement etc. Cement is usually sold through two channels: Non-Trade and Trade. The cement companies sell to Government Projects and Instructional Buyers directly through the non-trade channel. The prices are less than that of trade channel, while in trade channel, the cement companies operate through Carrying and Forwarding Agents (CFA). The dealers and retailers are attached to the CFAs. The end customer buys from the dealers and retailers. The influencers in the Trade sector are masons, contractors, engineers. The channels differentiated as Trade and Non-trade have four identified segments, viz Channel Partners (Dealers & Retailers), Influencers (Masons, Contractors, Engineers), End Customers (IHBs) and Institutional Buyers. There is a need to understand different segments of customers for strengthening the brand identity for companies operating in the cement industry (Maity, 2014). Moreover, till now, the years of establishment has been playing a better role in creating a brand identity for the customer to make the decision while purchasing cement (Mishra, 2019). As a result, there is an emergent requirement for a cement company which is offering premium products within the commodity market to create such marketing strategy which considers different marketing elements. It is through this brand identity creation by utilizing marketing elements and strategies that premium products offered in the cement industry can position themselves distinctly within a homogenous market. Therefore, this study has the core objective of emphasizing the need of identifying factors influencing positioning of premium products across customer segments in cement industry.

2. Relevance of the Topic

Indian cement industry has undergone a lot of phases of its existence and has come of age. Cement Industry is prone to changing customer profiles, balancing of demand-supply equations, entry barriers getting reduced, fragmented nature of the industry, regulatory mechanism's proactive role and the product portfolios undergoing transformation, the industry requires a competent brand strategy to survive. Cement, being viewed as more a commodity product makes it susceptible to price pressures which erodes the margins of the producers. To safeguard margins, commodity product manufacturers felt the need to create competitive sustainable advantage by building a long-term loyal customer base and redefining value to customers by introducing premium products.

The proposed topic aims to capture the different marketing strategies and levers like improved packaging, support services and celebrity endorsements and associations and their roles to differentiate and create a premium image in the minds of the consumer.

The research areas proposed in the topic would be instrumental in bringing out perceptions towards premium products across different sections of customers from Retail Channel, Institutional Customers (IC) to Influencers to End Customers.

The topic would be of relevance because –

- a) Study of consumer perceptions of building a position of premium products in cement industry has hitherto remained underexplored. Our research findings will help address the issue.
- b) In practice, the study would be particularly helpful for marketers to make judicious use of marketing spend in transforming a commodity to a brand.

3. Objectives

- 1) To explore the nature and extent role of packaging in customer's willingness to pay premium.
- 2) To find out how celebrity endorsement and associations support the positioning of premium products and inspire customers to pay a premium.
- 3) To investigate how service, price and product quality are associated with products contribute to its premiumisation for customers.

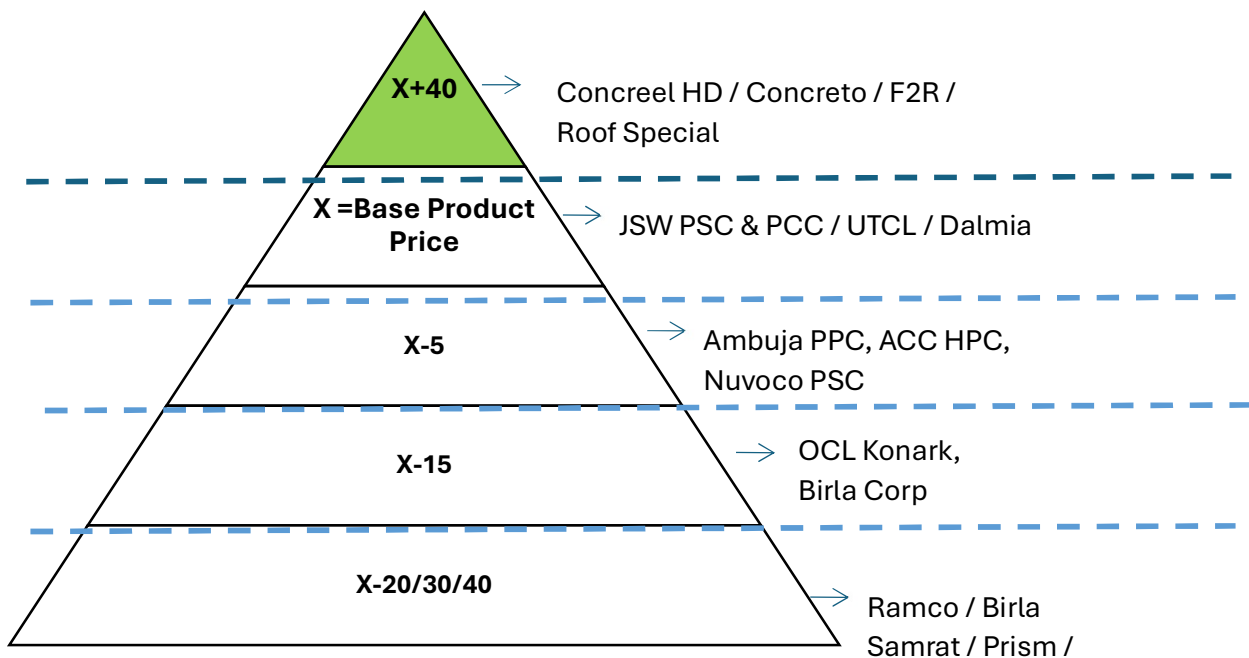
4. Scope

The study would be done pertaining to Cement Industry.

The geographical location of this research would be five districts of **West Bengal**.

Channel Partners (Dealers & Retailers), Influencers (Engineers, Contractors & Masons) and Institutional Customers (Large Buyers) and End Consumers would form the representative sampling frame for study.

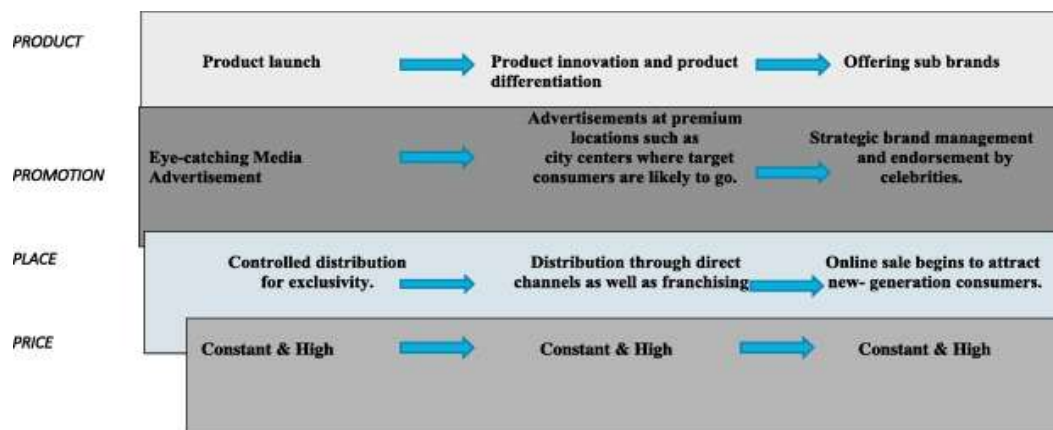
The segment of study would be pertaining to products catering to the premium sector (X+40) as elaborated in the price pyramid given below—



Price Pyramid

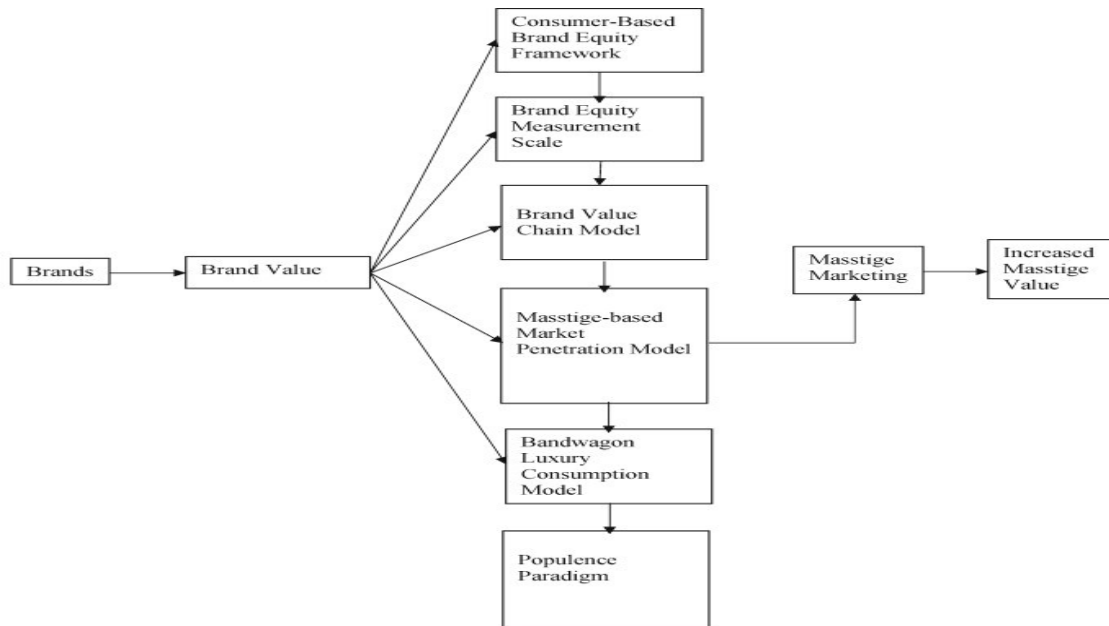
5. Masstige Model

Silverstein and Fiske (2003), in their article “Luxury for the Masses” published in Harvard Business Review, coined the term “masstige” a combination of terms mass and prestige. Justin Paul (2018) defines “Masstige marketing is a strategic term for market penetration for premium, but attainable, brands based on brand equity, thus aiming to create brand knowledge, likability, love, and attachment grounded in prestige.” Price, Product, Promotion, and Place are the four Ps of marketing mix are being considered in masstige marketing where product and promotion strategies are relevant but nothing to do with the price change (assuming that Price remains constant at premium/moderately high). Product strategy, which includes innovation, quality, and intangible assets, contribute to masstige approach and promotion strategy is also a part of masstige marketing. Based on product and promotion strategies, a stage-by-stage model keeping prices constant is developed.



Three Stage Model of Masstige Marketing

The masstige model argues that firms erstwhile have been targeting high-income consumers to sell premium products, however, they can start targeting mid-income consumers before they even reach saturation point. The strategy framework of Paul (2018) as depicted below focused on 4Ps of marketing (product, price, promotion, and place) and used Masstige Mean Scale (MMS) to measure brand equity and to bring out meaningful insights on the prestige of mass brands.



Theoretical Foundation of Masstige Marketing

6. Review of Literature

Over the years, marketers are progressively adapting branding strategies to convert commodities to brand to respond to increasing competition. To distinguish one commodity product from another, marketers have made branding efforts which combine product differentiation, supply chain, service and also creating an image in the mind space of the consumers. The very nature of commodities makes them susceptible to tremendous price pressures which erodes the margins of the producers. To safeguard their margins, commodity product manufacturers felt the need to create sustainable advantage by building a long-term loyal customer base. Branding is the approach adopted by marketers to persuade customer to buy desired product to satisfy the need. Docherty C (2012) opines “Branding is not just glossy advertising. A brand comprises all that distinguishes one product or service from similar competitors — from advertising and packaging to provenance and ethics.”. Branding, is a multidimensional construct and Punniyamoorthy M (2011) opines “An understanding of the multidimensional nature of value and the delivery of it will be at the heart of successful commodity branding” Studies in the past by Chaudhuri and Holbrook (2001), Keller (2007), Caves (1985), Mudambi S, Wong V (1997), Maity A (2017), Panda T (2006) have indicated that branding of commodity, being a multi-dimensional construct is not limited to how customers view the physical product but service and image that accompanies the product. This points to creating differentiation –either through Product or through Service or through creating

Imagery. Product differentiation, as studies done in past, reveal quality (Vertinsky and Zhou, 2000), packaging and labelling (Norberg, Martin et al, 2011), features (Romaniuk et al, 2007), name and logo as main components (Doyles, 1990) on which marketers have tried to create an identity. Wengrow D (2008) illustrates labelling of mass-produced goods helps to take care of quality control, authenticity, and ownership that make up the modern brand. It is not only about the tangible factors which create differentiation, but also intangible factors matter even in rational decision making as found in studies by Robinson et al (2002), Mudambi S (1997), Quin et al (1990), Berry's (1980), Shostack (1977). The study on electricity sector by Larsen (2014) brings out the fact that service part of distributing energy is important. In addition, the study also indicated the need to differentiate based on service as the product is undifferentiated, the only difference that can be created is in providing the service with the product. The study on commodity chemicals by Robinson et al. clearly emphasizes "if firms in this sector wish to break out of the commodity trap of blind allegiance to cost leadership as a generic strategy, then they must seek methods of differentiation" Prior studies by Gronroos C. (1988), Vander Merwe, S. (1988), Ibáñez (2006), have identified the following parameters like Accessibility (Regular contact with customers), Delivery on Time, Order Handling Procedures, Responsiveness (Reaction time to queries and complaints) and Information flow (Clarity in communication) act as differentiators in an otherwise undifferentiated product category of commodities. The pinwheel of added value to the customer in terms of intangible aspects shows a way of transforming the commodity to a brand, however, it is equally important for the marketer to effectively communicate the value created for the customer. The communication of the value would play pivotal role in creating a favourable image in the minds of the customer. The purpose in creating an image is to communicate customers a promise in terms of safety, by removing the perceived risk associated with purchasing commodity products. Brand strategies are principally meant for creating unique brand images. The aim branding is to build awareness and knowledge among customers to build a loyalty and induce customers for buying and repeat purchase. Some studies in the past aimed to understand whether the same works in a commodity category with respect to perceived differentiation created by marketing actions. Gronroos (1988) opines brand image can be created by perceived differentiation apart from product and service differentiation. Larsen (2010) is of the opinion that perceived differentiation has a motivational perspective, Kotler (1994) and Aaker (2001) are of the opinion that perceived differentiation would provide buyers reason to purchase and remain loyal to the brand. Scott-Morton and Zettelmeyer (2004) state that brand loyalty has

been a primary focus of marketing planning and serves as an important parameter for developing a sustainable competitive advantage that can be achieved through marketing actions. Chaudhuri and Holbrook 's (2001) model of brand loyalty springs from research conducted on surveys consumers. The antecedents of brand loyalty as identified are brand trust, purchase loyalty, attitudinal loyalty, relative price. Further studies by Giddens (2001) indicate awareness, perceived relevance and perceived value as important parameters for brand loyalty and creating a brand image. Uncles et al. (2003) have two main propositions for loyalty- one is more qualitative by building a closer bond with customers and the other more quantitative as increase in sales revenue by increasing usage levels. Schijns (2003) in his study indicated overall customer satisfaction, trust, switching cost, reputation as determinants of brand loyalty. Musa (2005) in his study on beauty and healthcare sector proposes a multidimensional model using a chaining process and a moderating variable. The attributes that the study reveals are performance, perceived value, trust, behavioural and attitudinal loyalty. Study of Punniyamoorthy and Raj (2007) in the newspaper industry describes brand loyalty as a multidimensional construct that includes both attitudinal commitment and behavioural purchase loyalty. While majority of studies focuses on measuring brand loyalty of branded products, Punniyamoorthy M et al (2011) focused on a study to measure brand loyalty score for commodities with a reference to cement industry. The AHP (Analytical Hierarchy Process) model as used in the study includes both qualitative and quantitative aspects of brand loyalty and tries to build a single objective measure. For cement industry, Maity A (2017) opines that with proliferation of cement manufacturers and with abundance of products, the cement manufacturers have resorted to branding efforts to change the prevailing concept of cement as "bulk commodity" to a brand. Kumar A et al (2015) suggest a hexagonal structure to explain the six parameters which are important for the transformation of commodity like cement to a brand. six Ps (Product, Place, Partners, Pre & Post Sale Service, Promotion & People) as explained in the study are important and contribute to the transformation. However, cement being produced as per BIS standards by reputed companies, with quality being almost at par, customers are not able to perceive the differentiation. However, studies by Fahmy (2018), Rensburg & Niekerk (2010) indicate that products being considered a cluster of value attributes, customers attach varying levels of importance to the attributes to the extent they perceive benefits from them. In their respective studies on cement industry in Egypt and South Africa, they have identified product parameters like strength of construction or concrete, finish of surface of concrete or plaster, ease of mixing, gaining of early strength as indicators of desired level of quality the customers are asking for. Maity A (2017) brings a different dimension of creating product differentiation by focusing upon sustainability of producing

green cement with lower carbon footprint. The differentiation parameters of product quality as identified in earlier research can be tested against premium products of cement industry in particular, which has hitherto not been done. Also, in this context, packaging definitely has been focused upon by companies to create a perceived differentiation. As Underwood & Klein (2002) cites that for relatively undifferentiated products, packaging is a critical element. Prior studies by Polonsky et al. (1998), Spethmann (1994), Markgraf (1997), Doyle (1999); Swientek (2001), Bertrand (2002) emphasize packaging as a strategic tool for differentiation and identity. Ulrich R Orth et al. (2010) illustrates that package design is an integral part of projecting a brand's image and serves the purpose of conveying images of high quality and a certain price. Kotler and Keller (2006) agree that since the majority of all purchase decisions are made on impulse, "the effective package must perform many of the sales tasks- attract attention, describe the product's features, create consumer confidence, and make a favourable overall impression". Gonzalez (2007) mentioned that role of package in marketing communications is to attract consumer's attention and transmit adequate value of product to a consumer. Research in packaging has found that often it is perceived to be part of the product and it can be difficult for consumers to separate the two aspects such as packaging colour, design and pictures can influence how a product is perceived. Distinctive designs of packaging also serve customer's demand of storage and safety (Singh et al, 2011). A product is often considered as something that is tangible and can be described in terms of physical attributes in the marketing literature. In this context packaging is considered as a part of the product concept. However, another research direction has found out that packaging is adding value and has become an important marketing variable in itself for purposes of information and communication, differentiation and brand building (Nancarrow et al., 1998). Research shows that packaging can influence consumers' perceptions and evaluation of products (Rettie and Brewer, 2000; Raghubir and Greenleaf, 2006) and can be used to get their attention (Underwood et al., 2001). Packaging design can be used to utilize the packing material, shape, colour, branding and dimension to attract and inform the customer thus enabling decision making (Rettie and Brewer; 2000; Rundh, 2009; Azzi et al., 2012). Thus, packaging plays an important role in marketing and can help brand owners and other actors to create a unique position in the marketplace. This gives managers a possibility to differentiate their products from competitive offerings by using packaging design in a creative manner. Cement companies use more or less similar distribution structures and business partners to reach tend customers and not much differentiation is noticed in their Route to Market (RTM) strategies. Still companies try to create perceived differentiation among business partners by differentiating the offer, which often are easily imitated by competition. Thus, Place, Partners and People, though are necessary dimensions but not sufficient to sustain competitive advantage in the long-term. However, the decision on the mode of relationship with the channel partners is strategic in nature and has the bearing on the success of the value chain especially the choice of mode of relationship with channel partners is critical in the value chain's efficiency. Distribution is one of the key aspects of the value chain outbound activities that ensures a company's products are accessible to the customers.

Organizations do partnering with wholesalers and retailers to sell their products. The company benefits from having its product easily accessible and receiving feedback from customers about product performance. Distribution is an integral part of the marketing mix. With the right distribution strategy in place that is with the right mode of delivery the right speed of delivery to the appropriate place of purchase, customer satisfaction can be significantly increased. The key objective of distribution is to find the most cost-effective way of meeting customer needs in relation to purchasing their product, whoever they are and wherever they are. Physical distribution management includes the following functions are Customer services, Order processing, Materials handling, Warehousing, Stock/inventory management, Transportation. In a study on transportation and logistics system on cement industry, Femi (2014) points out that proximity of supply point to customer, delivering as per customer lot size are important considerations. Phong, Nguyen (2018) illustrates On time in full (OTIF) delivery to customers, returns management are some factors which customers find essential parameters for choosing a cement brand. Promotion, on the other hand has been used widely by most of the cement companies to build awareness and communicate especially with use of celebrities as brand ambassadors. Ambuja cement using Great Khali, Binani using Amitabh Bachchan, Lafarge using M S Dhoni and JSW cement using Saurav Ganguly are few examples which are testimony to the fact. The term celebrity is derived from Latin term *celebrem/celebritas/celebre* meaning “to celebrate”. Drake & Miah (2010) describes *celebre* as a noun and refers as one who is well-known or famous. Rojek (2001) defined celebrity as an “accumulation of attention capital which could represent individuals, social groups, and social events.” The celebrities at the individual level have been classified into three categories – Ascribed, Achieved, and Attributed celebrities (Rojek, 2001). Ascribed celebrity refers to social impact that reflects bloodline, whereby Hereditary titled individuals, such as kings, queens, emperors, ladies, duchesses, and so forth are positioned in the social hierarchy to automatically command enlarged respect and deference. Achieved celebrity refers to social impact that derives from recognized talents and accomplishments; successful sports stars, musicians, actors, comedians, and authors are pre-eminent in this social category. Attributed celebrity is largely produced through media representation rather than necessarily through the talents of the individual. They are also called *Celetoids*, an amalgamation of “celebrity” and “tabloid”, which gives a clue to the meaning of the phenomenon by highlighting the pivotal role of media communication in the process. In the cement industry, we have noticed mostly, if not all, the use of Achieved Celebrities in endorsement of brands. Dwivedi et al. (2015) in their study found empirically that celebrity endorsements impact brand equity in two ways—firstly, a direct effect of endorser credibility on endorsed brand equity with a positive endorser–brand congruence and secondly self-brand connection partly mediates the effect of endorser credibility on endorsed brand equity. The practical implication derived from the study that marketers can consider using celebrities as tools to develop meaningful self-concept-related connections with consumers and also the study supports use of celebrity endorsement as a direct brand equity-enhancing tool. In another study, Singh & Pandey (2017) emphasizes the importance of celebrity endorsement and validates the

synergistic effects of it which influences a buyer's willingness to pay price premium (WTP). The effective use of celebrity endorsement (CE) in promoting the product has been found useful in value management cycle; right from value creation to value communication, and finally value capturing. The ability of brand ambassadors to psychologically influence customer's WTP price premium is envisaged as a strategic tool by cement manufacturers to safeguard their margins in a fiercely competitive and price sensitive market. Pre and Post Sales Service as identified by Kumar (2015) also serves as important dimension in building a brand. As Onkvisit and Shaw (2009) argue that "in many situations both tangible and intangible products must be combined to create a single, total product. Perhaps the best way to define a product is to describe it as a bundle of utilities or satisfaction" Reichheld and Sasser (1990) confirm that delivering quality service is considered an essential strategy for success and survival in today's competitive environment. Parasuraman, Berry, and Zeithaml (1990) agree that service quality is a key topic for researchers; the process of delivering quality service can be complicated. Rust and Zahorik (1993) state that service quality is a management controllable factor which is able to create impressions that drive loyalty. Zeithaml, Berry, and Parasuraman (1996) observe that better service results in higher loyalty, a willingness to pay a premium, and praise for the business. Furthermore, the customer's willingness to pay a price premium for securing warranties and reliable after sales service also helped in achieving substantial growth in their after-sales service businesses (Eagle et al., 2003). Thus, the level of after sales service is not only critical for a customer decision process but also a source of significant revenue for the firms. Moreover, after sales service offers differentiation potentials that a producer can use to strengthen their brand equity (Cavalieri et al., 2007). Previous research reveals that though six dimensions (Kumar, 2015) in development of a cement brand are relevant, however, out of the six dimensions, three dimensions, viz Product, Promotion and Pre and Post Sales Services are particularly helpful in building the equity and customer's willingness to pay premium. Maity A (2014) identifies quick response on query, technical service, support & promotions, order processing, confirmation on delivery process, easy availability, brand faith, good relationship and handling of grievances and complaints are the prime factors for a customer in selecting a cement brand. Similarly, Mishra & Shrestha (2019) points out that brand image and influencer recommendations go a long way in brand selection. Jones and Slater sum up these values arising out of experiences of the brand as a result of usage may result in consumer's association with the brand. According to Doyle, these values play a vital role in many consumers buying decisions, as brands are purchased from emotional motivation as well as functional motivation. A brand being defined as a multidimensional construct matching a firm's functional and emotional values with the performance and psychosocial needs of consumers (De Chernatony and Dall'Olmo Riley, 1998), the emerging dimensions from review of marketing literature can be summarized as:

- i) Packaging Dimension**
- ii) Product Quality Dimension**
- iii) Celebrity Endorsement Dimension**
- iv) Service Dimension**
- v) Price Dimension**

Rundh (2016), Nawaz (2012), Reimann (2010) have particularly studied the impact of packaging on various marketing parameters across industries like FMCG, food supply chain etc. and have identified several marketing variables related to packaging. Apart from celebrity endorsement and packaging, Robinson et al (2002), highlights that a servitisation strategy in the context of traditionally undifferentiated sector can be a way of creating differentiation. Levitt (1972) suggested that: “There are no such things as service industries. There are only industries whose service components are greater or less than those of other industries. Everybody is in service” In commodity markets, services are often seen as an add-on, however, Vandermerwe and Rada (1988) in the context of servitisation considers it as an integrated bundle goods and services. The key service attributes found across various studies can be listed as:

1. Regular contact with customers
2. Order handling procedures
3. Response to queries and complaints
4. Technical information
5. Delivery on time
6. Credit terms
7. Technical service and assistance
8. Ease of Availability

Packaging plays an important role in marketing and can influence consumers’ perceptions and evaluation of products (Rettie and Brewer, 2000; Raghubir and Greenleaf, 2006). This gives marketers packaging a strategic tool to differentiate their products from competition by using packaging design in a creative manner. Studies suggest that one of the main functions of packaging is protection of content other than user convenience and communication. Research reveals the main packaging considerations are –

- i) Color**
- ii) Shape**
- iii) Graphics**

- iv) Communication
- v) Functionality

The shape of package attracts customer attention and is also important for how it can be transported, a design with a combination of shape, colour, typography and printing support the information and promotion efforts to the end customer. Creating visibility is important, however the communication associated is equally important as a meaningful message with a balance between functional and visual effects needs to be conveyed to customers to get the attention and engagement. The functionality of a package meaning protection, convenience is at the core of packaging and can never be ignored. An attractive package with high functionality can create an impact on customers among a myriad of competing packages. Typically, in cement industry various types of packaging are available like HDPE (High-Density Polyethylene), LPP (Laminated Polypropylene), BoPP (Bi-axially Oriented Polypropylene). The quality of packaging varies depending upon the material used. The constructs of Packaging, Product Quality, Service, Price, and Celebrity Endorsement with identified variables and cues are as given below—

<i>Construct</i>	<i>Variable</i>	<i>Cue</i>
Packaging	<i>Design of packaging</i>	<i>Shape, Colour, Logo, Typography, Aesthetic Appeal</i>
	<i>Material of packaging</i>	<i>Sturdy, Compact, Re-use of the package for other purposes</i>
	<i>Functionality of packaging</i>	<i>Reduce waste, Tamper proof, Protect content, No leakage</i>

<i>Construct</i>	<i>Variable</i>	<i>Cue</i>
Product Quality	<i>Quality of Product</i>	<i>Strength of the concrete, Durability of the structure, Workability of the mix, Setting time</i>
	<i>Carbon Emission of the product</i>	<i>Green cement with lower carbon emission</i>
	<i>Finish of the product</i>	<i>Smoothness of the surface</i>

Construct	Variable	Cue
Service	<i>Responsiveness</i>	<i>Reaction time to customer queries/complaints</i>
	<i>Accessibility</i>	<i>Regular contact with the Customer</i>
	<i>On-Site Assistance</i>	<i>Technical support and site services</i>
	<i>Supply</i>	<i>Consistency of Supply</i>
	<i>Information Flow</i>	<i>Availability of Product literature and information</i>
	<i>Delivery</i>	<i>On-time in full (OTIF) delivery, Speed of delivery, Proximity to customer</i>

Construct	Variable	Cue
Price	<i>Higher Earning</i>	<i>Potential to earn more by selling premium products</i>
	<i>Schemes and Discounts</i>	<i>Higher discounts and more schemes are offered</i>
	<i>Customer demand</i>	<i>Customers demanding premium products at a higher price</i>

Construct	Variable	Cue
Celebrity Endorsement	<i>Reputation of the celebrity</i>	<i>Popularity, Fan following, Idol</i>
	<i>Trust in the celebrity</i>	<i>Credible, Recognized, can be relied upon</i>
	<i>Gain Prestige & Social Status</i>	<i>Appear, as a member of the high class, conspicuous consumption, sophisticated, intrinsic motivation</i>
	<i>Authenticity</i>	<i>Reduces perceived risk, genuine</i>

Marketing Communications especially related to celebrity endorsement market is a multi-billion-dollar industry (Crutchfield, 2010). Dwivedi et al (2015) cites that in USA, celebrity endorsements are very popular and represent approximately 15 per cent of advertisements. Linking celebrities with brands, advertisers infuse the endorsed brands with desirable

associations (Keller, 2013; Till, 1998). The endorsement of celebrity with brand is done by the marketers with the belief of developing favorable consumer-based brand equity (Keller, 1993). The celebrity endorsed model implies a celebrity does not endorse the brand of a competing firm operating in the same product category during that time period. There are several interfaces with customer when a celebrity endorses a brand. Netemeyer et al. (2004) talks about perceived product interference (PPI) and examined the linkage between perceived quality and WTP. A buyer also feels motivated and wish to possess brands which act as symbolic indicators of group membership (Vigneron and Johnson, 1999) on seeing a celebrity endorsing a brand. This is known as Self-enhancement (SE) in psychology and is a important component of human social behaviour (Kitayama et al., 1997). Product exclusivity (Jackson, 2004; Phau and Prendergast, 2000), Authenticity (Tynan et al., 2010) and Unique Popularity (Anselmsson et al., 2007) inspire buyers to pay price premium for celebrity endorsed brand. Intrinsic motivation is a self-sustaining buyers' trust in the celebrity (Goldsmith et al., 2000) which influence buyers' intention for celebrity endorsed brand even when marked with a premium price. A buyer feels a sense of belongingness to the celebrity, which encourages the buyer to use the brands endorsed by the celebrity.

Reichheld and Sasser (1990) opines service quality is not a cost, but an investment for the organization. Zeithaml, Berry, and Parasuraman (1996) detect that improved service results in higher loyalty, a willingness to pay a premium, and admiration for the business. Zeithaml, Berry, and Parasuraman (1996) also explain that service quality strengthens customer satisfaction. Eagle et al (2003) illustrates customer's willingness to pay a price premium for securing warranties and reliable after sales service helps organization to achieve substantial growth. Service includes availability, warranties and coverage, extent of technical support, technical service assistance. In context of cement industry, service includes on-site visit, technical supervision, technical meets with influencers, product demonstration. Reichheld and Sasser (1990) opine service quality is not a cost, but an investment for the organization. Zeithaml, Berry, and Parasuraman (1996) detect that improved service results in higher loyalty, a willingness to pay a premium, and admiration for the business. Zeithaml, Berry, and Parasuraman (1996) also explain that service quality strengthens customer satisfaction. Eagle et al (2003) illustrates customer's willingness to pay a price premium for securing warranties and reliable after sales service helps organization to achieve substantial growth. Service includes availability, warranties and coverage, extent of technical support, technical service assistance. In context of cement industry, service includes on-site visit, technical supervision, technical meets with influencers, product demonstrations, logistics support, quick redressal of

complaints etc. Research also shows that service becomes a vital source of brand building if continuous contact between buyer and seller is maintained pre and post-sales (Keller, 1993). Companies operate with a business approach of creating value by integrating their product and services as an optimal solution for the customer (Godlevskaja et al., 2011).

7. Constructs & Variables

Five constructs—namely Packaging, Product Quality, Service Construct, Price, and Celebrity Endorsement, could be created based on the literature review. Willingness to Pay Premium is a dependent reflective construct encompassing distribution, communications, product and packaging, and service. The independent constructs include several independent(latent) variables, such as responsiveness, accessibility, on-site assistance, and information flow for Service; and design, material, functionality for Packaging; higher earning, schemes and discounts, and customer demand for Price; celebrity reputation, trust, prestige, and social status and authenticity for Promotion. Willingness to pay is facilitated by the individual and collective contributions of all the independent constructs.

For each of the constructs, a set of indicators or variables was initially determined using the body of existing literature. the constructs with variable codes and indicators are given below:

Sl. no.	Independent Construct	Item no	Indicators	Variable codes
1	Packaging Construct	1	Packaging is attractive	PA1
		2	No leakage or spillage for premium products	PA2
		3	The shape and color of the bags make them different	PA3
		4	Material of premium product is re-usable	PA4
		5	Premium product protects from moisture	PA5
		6	Reduced wastage for a premium product	PA6
		7	Premium products are tamper-proof	PA7
2	Product Quality Construct	1	The premium product is known for its fineness	Q1
		2	Premium product provides higher strength	Q2
		3	Premium products are good for construction	Q3
		4	Premium products have low setting time	Q4
		5	Premium product gives a smooth finish	Q5
		6	The better mix is with premium product	Q6
		7	Premium product is eco-friendly cement	Q7
		8	Premium products provide durability	Q8
3	Price Construct	1	Customers are willing to pay higher prices.	P1
		2	Schemes and discounts are attractive	P2
		3	It provides an opportunity to earn more	P3
4	Service Construct	1	The company provides technical support	S1
		2	Delivered always on time	S2
		3	Fewer complaints about premium products	S3
		4	On-site assistance for premium products	S4
		5	Product literature and brochures available	S5
		6	Premium products are always in supply	S6
5	Celebrity Endorsement Construct	1	Advertised by a famous personality	CE1
		2	Provides confidence if endorsed	CE2
		3	Is authentic as celebrity-endorsed	CE3
		4	Associate with celebrity while buying	CE4
		5	The product is attractive to a celebrity	CE5

8. Conceptual Model

The conceptual model combining the independent constructs and the dependent construct that have been formulated from the literature review can be represented as



9. Hypotheses

A hypothesis is an assumption, an idea that is proposed for the sake of argument so that it can be tested to see if it might be true.

The study would cover three customer segments on five constructs, collect data, and test the claim or statement (hypotheses) statistically. The null hypotheses for the study are --

Packaging

H01 There is no influence of packaging on willingness to pay for premium products for channel partners/influencers/end customers.

Product Quality

H02 There is no influence of product quality on willingness to pay for premium products for channel partners/influencers/end customers.

Price

H03 There is no influence of price on willingness to pay for premium products for channel partners/influencers/end customers.

Service

H04 There is no influence of service on willingness to pay for premium products for channel partners/influencers/end customers.

Celebrity Endorsement

H05 There is no influence of celebrity endorsement on willingness to pay for premium products for channel partners/ influencers/end customers

10. Methodology

10.1 Study Area

The study will be carried out in five districts of West Bengal

10.2 Research Approach

Qualitative as well as Quantitative analysis would be done to get in-depth knowledge about the consumer response towards willingness to pay for premium products. Qualitative analysis would help us to know about the consumers' influencing characteristics through focus group discussions and key informant interviews with Engineers and Architects. Similarly, questionnaire surveys would be adopted, and quantitative methods of data collection and

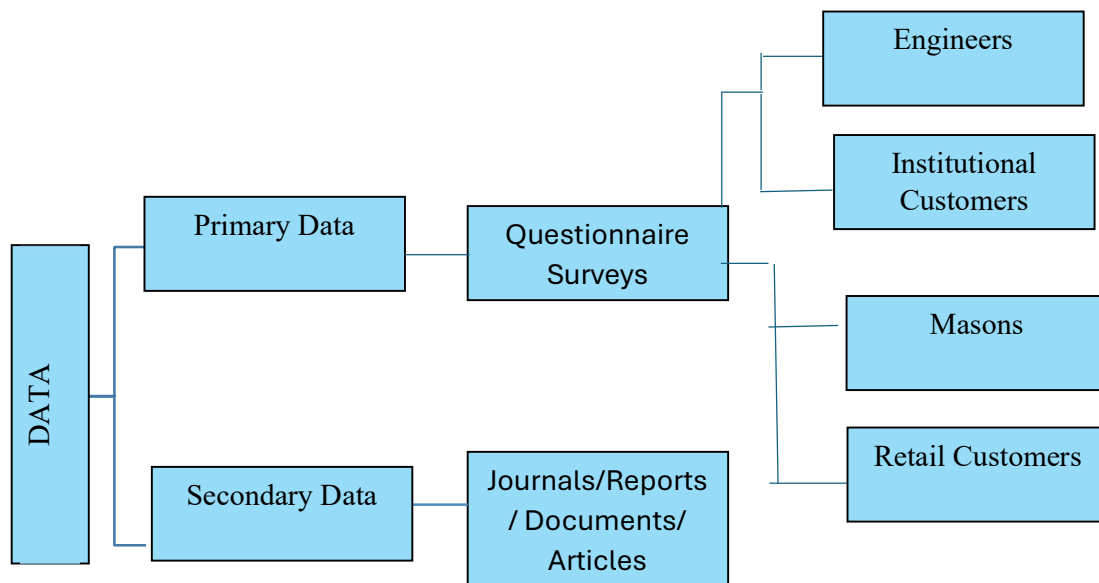
statistical analysis would be done. Probability sampling techniques would be used for sample selection.

10.3 Sample Size

Sample size is an important aspect of any empirical study requiring that inferences be made about a population based on a sample. The population of channel partners, influencers, and end customers, being huge and infinite, appropriate sample size determination would be done considering the Cochran Formula.

11.Data Collection

The methodological framework of data collection is illustrated as below -



Primary Data

The primary data would be collected from key informant interviews, and questionnaire survey

Questionnaire Survey

A questionnaire survey would be administered to Channel Partners, Masons, Engineers & End Customers

Secondary Data

Secondary data would be collected from the published/ unpublished documents, literatures, previous research articles, journals and reports.

12. Statistical Techniques

Structural Equation Modelling (SEM) will be the statistical methods used to find out the reliability and validity of the instrument and understand relationships between measured variables.

Any other statistical techniques, if found appropriate and necessary, would be used in analysis of data.

13. Relevance of the Projected Findings

In this study, the scholar focuses on different marketing strategies and levers like improved packaging, support services and celebrity endorsements and associations and their roles to differentiate and create a premium image in the minds of the consumer.

The research areas proposed in the topic would be instrumental in bringing out willingness to pay premium towards premium products across different sections of customers from Retail Channel, Institutional Customers (IC) to Influencers.

The knowledge and results gained in the study are expected to provide –

- a) Enrichment of body of knowledge on customers willingness to buy premium products.
- b) Assessment of factors influencing customers willingness to pay premium.
- c) A reference to marketers to make judicious use of marketing spend in marketing premium products across customer segments in cement industry.