

ABSTRACT

Objective. This study conducted to investigate what drives consumers to pay a price premium for National Brands over Private Labels. The author also investigates the relationship between perceived quality gap between national brands (NB) and private labels (PL) toward willingness to pay (WTP) a price premium for NB over PL. Moreover, to see the relationship of price quality schema as a moderating effect. **Method.** This study is using paper-based questionnaires to people who responsible do monthly household purchases. The questionnaires will distribute to approximately 200 respondents using convenience sampling. The data gathered from the questionnaires are analyzed using regression analysis through SPSS. In analyzing the data the author using simple linear regression, multiple regressions, moderating regressions, One-Way ANOVA, and cross tabulation **Result.** Compare to all drivers in perceiving quality gap, product innovation become the most significant drivers that affect quality gap between NB and PL become higher. From the result, advertisement and difficulty of producing the producing proven as a drivers that didn't have any significant affect in perceiving quality gap between NB and PL. Moreover, there is a significant correlation in the relationship between quality gap and WTP. However, the respondent indicates that price quality schema has a significant impact in the relationship between quality gap and WTP, but the respondent not sure if it is makes quality gap become higher. **Conclusion.** This study is suggesting that company should not to focus on the advertising, price promotion and difficulty of producing. Thus, company need to come up with the good strategy when implement it.

Keywords : Quality gap, willingness to pay, price premium, national brand, private label, hypermarket sector in Jakarta.