Factors Affecting Intention to Subscribe to Netflix Video on Demand Services

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Abstract

Interest in subscribing to Netflix’s video-on-demand service is influenced by several factors, namely service quality, price perception, promotion, customer service, subscription interest, as well as the influence of service quality, price perception, promotion, and customer care/service on interest in subscribing to video-demand services. The method used is a quantitative method. Based on conclusive objectives, survey research strategy, type of causal investigation, based on individual analysis units, researcher involvement does not interfere with the data, non-conflict background, and cross-sectional research implementation time. In this research, the results showed that the t-count of service quality on subscription interest was 9.992, the t-count of price perception on subscription interest was 1.999, the t-count of promotion on subscription interest was 10.889 and the t-count of customer care/service was 4,933. Based on the results of the research, it is concluded that the variables Service Quality, Price Perception, Promotion, and Customer Care/Service have a positive effect on Interest in Subscribing to Netflix Video on Demand.

Keywords: service quality; price perception; promotion; customer service/care; intention to subscribe

1. Introduction

The development of the ICT environment in Indonesia has made the mobile video-on-demand (VOD) platform a new lifestyle. With advanced smartphone technology, mobile phone subscribers can enjoy high-resolution mobile VOD services with a better user experience (Tanuwijaya et al., 2021). Media streaming services are digital platforms that offer video streaming services. Unlike television, this technology gives consumers the freedom to choose the films they want to watch anytime and anywhere because all they need is a gadget and an internet connection. Internet technology is increasingly developing causing more and more people to use Internet services to meet their needs. One of the needs in using the internet is the need for entertainment by utilizing video-on-demand (video streaming) services from several popular video streaming service companies in Indonesia, as providers of video on demand (video streaming) services such as Netflix, Amazon Prime, Disney Plus Hotstar, VIU, Iflix, Goplay, Vidio, and Genflix (Iskandar & Sutanto, 2022). Based on data, the favorite video streaming application is Netflix which managed to occupy the top position with a score of 69%, followed by Disney+ Hotstar in 2nd position with
a gain of 62% in 2022. The rise of Video On Demand has made companies innovate to attract customers to subscribe to their services, due to purchases video on-demand subscription packages really depend on consumer satisfaction (Azalia & Magnadi, 2020).

As technology continues to develop and adapt to the habits of Indonesian society, Netflix is trying to add various features and improve the quality of service to make it easier for customers to stream more easily. The quality of service provided has a demonstrable impact on business performance, customer satisfaction, and loyalty. Service quality has an impact on customer loyalty and business benefits because it increases customer retention rates. Based on the results of researchers' observations, which are sources from Netflix user rating reviews, it show that there are several complaints after using Netflix services. In these reviews, the majority gave a rating of <3, which means that consumers felt on the verge of a little disappointment.

Responses to these complaints include poor quality of the Netflix application, frequent errors, film previews suddenly crashing, not responding, lack of translation options, and subscription price increases that do not match the quality provided. From several reviews that have used Netflix services, there are still quite a lot of consumers who complain about the services provided which makes consumers dissatisfied after using Netflix services. In response to reviews of these complaints, Netflix has customer care who is ready to help serve customer complaints, and handle errors that occur in the Netflix application. Netflix adopts various customer service techniques and strategic means to satisfy and retain potential customers.

2. Literature Review

2.1. Intention to Subscribe

Intention to subscribe or intention is actual behavior that reflects a person's willingness to behave in a certain way (Chang et al., 2021). This intent also provides a strong indicator of how customers ultimately behave. On Netflix, subscribers will watch films or dramas that focus on topics of interest. Intention to subscribe is also known as the intention to follow, by clicking the subscribe button. Subscription Video On Demand or video subscription on Netflix can be defined as a service where users are charged a fee for subscribing, so they can customize the content they want to enjoy freely (Azalia & Magnadi, 2020).

2.2. Videos On Demand

Video On Demand (VOD) is a video viewing service where customers can freely choose content and manage that content anytime and anywhere (Khanh, 2020). There are two ways to access Video On Demand (VOD) content, namely with an internet-connected device or set-top box (STB). Internet-connected devices refer to gadgets connected via wifi or ethernet. For example, such as TVs, laptops, and smartphones capable of accessing the internet, audio and visual content connected to the internet, customers can enjoy thousands of content by paying a monthly or annual fee like Netflix (Yedijaokto Sulaiman & Utami Tjhin, 2023).

2.3. Service Quality

Service quality is one of the determining factors for customer loyalty (Zeithaml et al., 2002). Service quality can also be interpreted as the ability to facilitate customer needs. Service quality provides a differentiator between Netflix and other competitors. Service quality is a model for assessing services based on perceptions of their performance. There are five general service
quality dimensions: tangibility, reliability, responsiveness, assurance and empathy (Sari et al., 2018).

2.4. Price Perception

According to Kotler and Armstrong (2009) price is defined as the amount of value provided by product or service providers to gain profits. Price is one of the factors that can bring profits and influence purchasing decisions. Lee at al. (2011) defines price as a consumer assessment and emotional form of consumers regarding the products offered by a company or seller and makes comparisons with other parties a consideration for subscribing to video on demand service products.

2.5. Promotion

The most effective communication strategy is promotion. According to Kotler and Armstrong (2015), promotion is an activity that communicates the benefits of a product or service and persuades consumers to buy the product or service. Promotion is an important part of marketing that must be carried out by companies to market and offer products and services (Lupiyoadi, 2016).

2.6. Customer Care/Service

According to Sugiyono (2016) customer service is the concept and perception of customers about good service when needed and delivered. Comprehensive customer service means the process of satisfying a customer, relative to a product or service, in whatever way the customer defines his or her needs.

2.7. Framework

This research uses the variables Service Quality, Price Perception, Promotion, Customer Service and Subscription Interest.
Research hypothesis:
H1: There is a positive influence of Service Quality on Subscription Interest
H2: There is a positive influence of Price Perception on Subscription Interest
H3: There is a positive influence of Promotion on Subscription Interest
H4: There is a positive influence of Customer Care/Service on Subscription Interest
H5: There is a positive influence on Service Quality, Price Perception, Promotion and Customer Care/Service on Interest in Subscribing to Netflix Video On Demand.

3. Methodology of Research

Population is an area composed of objects or subjects that have certain qualities and characteristics to be studied and then drawn (Sugiyono, 2016). Researchers took the population of Netflix subscribers in Indonesia in 2021, namely 850,000 subscribers. This research uses the Random Sampling Technique in taking samples. The random sampling technique is simple sampling by taking sample members randomly from the population without paying attention to the strata in the population. Random sampling can be carried out if the population is considered homogeneous (Sugiyono, 2016) then the number of sample respondents is determined using the Cochran formula. So from these calculations, we get a sample size of 384 or rounded up to 400 people. A validity test is a measurement tool that can measure something. So it can be said, that the higher the level of validity of a measuring instrument, the more valid the target will increasingly show what should be produced in a measurement (Indrawati, 2015: 146).

4. Results and Discussion

Based on the results of data processing, the results obtained are that service quality has a positive effect on interest in subscribing to Netflix Video on Demand. This is based on the results of hypothesis testing with the t-test, the results obtained are a t-count of 9.992 (t-count 9.992>t-table 1.966) and a significant 0.000 (0.000<0.05), so H0 is rejected and H1 is accepted. Price perception has a positive effect on interest in subscribing to Netflix video on demand. This is based on the results of hypothesis testing with the t-test, which obtained a t-count of 1.999 (t-count 1.999>t-table 1.966) and a significant 0.046 (0.046<0.05), so H0 is rejected and H2 is accepted. Promotion has a positive effect on interest in subscribing to Netflix video on demand. Based on the results of hypothesis testing using the t-test, the t-count was 10,889 (t-count 10,889>t-table 1.966) and was significant 0.000 (0.000<0.05), so H0 was rejected and H3 was accepted. Customer Care has a positive influence on interest in subscribing to Netflix video on demand. The results of hypothesis testing using the t-test obtained a value of 4.933 (t-count 4.933>t-table 1.966) and were significant 0.000 (0.000<0.05), so H0 was rejected and H4 was accepted. Service quality, price perception, promotions, and customer service/care have a positive influence on interest in subscribing to Netflix video on demand. This is based on the results of hypothesis testing with the f test, the results obtained were f-count>f-table (176,242>2,394) and significance (p-value) 0.000<0.05, so H0 was rejected and H5 was accepted.

5. Conclusion

The conclusions obtained in this research are, there is a positive influence of Service Quality on Interest in Subscribing to Netflix Video On Demand, there is a positive influence of Price Perception on Interest in Subscribing to Netflix Video On Demand, there is a positive influence of
Promotion on Interest in Subscribing to Netflix Video On Demand, there is a positive influence of Customer Care/Service for Netflix Video On Demand Subscription Interests. There is a positive influence on Service Quality, Price Perception, Promotion, and Customer Care/Service Interest in Subscribing to Netflix Video On Demand.

Suggestions that can be given by researchers based on the results of this research to be used as reference material for future researchers are: (1) Netflix improves performance quality by providing chat features with customer service in various languages because currently, it is only available in English. And you can complete articles in the help or customer service section with clearer solutions for Netflix customers. (2) Netflix provides trailers for each content to attract consumer interest. (3) Further research can add other variables that might influence interest in subscribing to Netflix, for example, user behavior and risk perception.

REFERENCES


