Netflix Subscription Interest in Generation Z: Mobile Advertising, Service Quality, and Price Perception

Yulinasari Gabriela Maranatha [1] and Subur Karyatun [2,*]

[1,2] Faculty of Economics and Business, National University, Jakarta,
Indonesia
gabbybr.nainggolan07@gmail.com
*Corresponding author: subur.karyatun@civitas.unas.ac.id

Abstract. Generation Z is a generation that has been in contact with the digital world since birth. It is interesting to know how the generation always close to technology responds to their interest in subscribing to entertainment applications. Therefore, this research aims to analyze the influence of mobile advertising, service quality, and price perceptions on Generation Z's Netflix subscription interest. This research uses primary data by distributing questionnaires to 100 respondents interested in one of the online streaming applications, namely Netflix. The data analysis technique uses multiple linear regression analysis methods and uses SPSS version 26 software. This research result shows that the mobile advertising, service quality, and price perception variables positively and significantly affect subscription interest. With positive and significant results for the three independent variables on the dependent variable, it shows that Generation Z is interested in subscribing to Netflix because of mobile advertising, service quality, and the appropriate price. Price perception for Generation Z is the biggest contribution. Therefore, Netflix must be able to maintain price stability to be able to compete in this market.

Keywords: Mobile Advertising, Service Quality, Perceived Price, and Purchase Intention.

1   Introduction

The development of technology and science causes changes in people's lifestyles. Lifestyle changes are people's behavior in seeking entertainment. Currently, the entertainment they choose is limited to being at home and is done online, as well as spending time and money on subscription video streaming applications or video on demand. Heru Sutadi, executive director of the Institute of Information and Communication Technology, said that the use of online video streaming applications in Indonesia in March 2020, which happened to be the start of Covid-19, had increased. One of the video streaming applications is Netflix, where Netflix received first place in the favorite video streaming application category for Indonesian people in 2022. It happened because Netflix added several sub-menus or features and improved the quality of its service performance to satisfy and make it easier for consumers or customers. So that streaming can be done more efficiently. In this era, there have been several promotional shifts in advertising which are carried out in mobile form or are called mobile advertising. This has caused many similar companies to promote their products via mobile social media by creating attractive advertisements for visitors. In 2021-2022, Netflix will experience ups and downs in the number of subscribers.
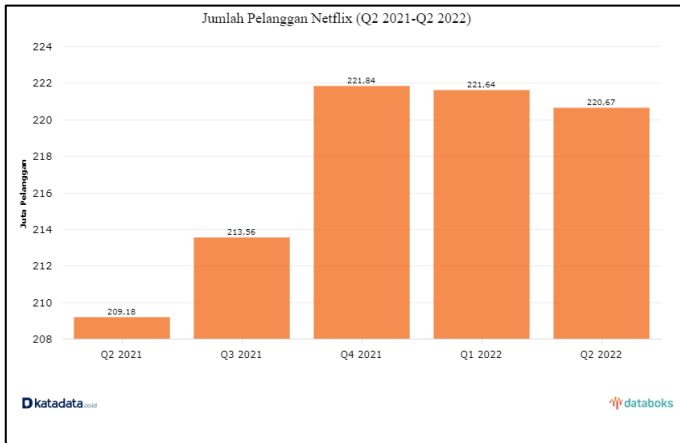
Figure 1. A Decrease in Netflix Interest Subscription (2021-2022)
Netflix s Source: katadata.co.id

Based on the data above, Netflix is experiencing declining customer interest. In the second quarter of 2022, the number of interested customers decreased by 200 thousand, with a total of 220.67. According to Netflix, one of the reasons for the decline in the number of subscribers is tight competition with other online video applications. Apart from that, the Netflix subscription fee is more expensive than other VoD applications. Even though it is still financially healthy, Netflix's profits have been eroded by rising operating costs and other financial burdens. Therefore, competition in the world of technology is getting tighter because many similar companies are emerging and starting to market their products on their own websites and websites owned by others.

Netflix uses paid mobile advertising to market its products. Social media and targeting consumers or audiences to increase wider reach is the goal of mobile advertising. Advertising aims to persuade, remind, and inform about a product. One of the most important aspects in informing and introducing a product's advantages to consumers is consumer behavior, which will show the extent of their commitment or confidence in making a purchase, which is a description of their buying interest. Consumer behavior that shows the extent of their commitment to purchasing is a description of purchasing interest. The emergence of consumer buying interest is indicated by consumers feeling interested and confident in the positive image of the brand they see, which has succeeded in making them want to own the product. Based on the description above, the problem formulation is as follows: 1) Does mobile advertising influence interest in purchasing Netflix subscriptions for FEB UNAS Management Students? 2) Does service quality influence interest in purchasing Netflix subscriptions for FEB UNAS Management Students? 3) Does price perception influence interest in purchasing Netflix subscriptions for FEB UNAS Management Students? Based on the problem formulation above, the research objective is to determine and analyze the influence of mobile advertising, service quality, and price perception on interest in purchasing Netflix subscriptions for FEB UNAS Management Students.

2   Hypothesis Development

2.1   Marketing Management

The definition of marketing management is the process of determining marketing objectives, marketing analysis, and achieving marketing objectives. According to the American Marketing Association (AMA), marketing management is defined as a function of an organization or a set of processes to communicate, create, and deliver value for consumers or customers and to create relationships with them to benefit the organization and its shareholders.

2.2   Purchase Interest

Part of the behavioral component in consuming attitudes is understanding buying interest or willingness to buy. There are several stages in which consumers can form their choices, namely several brands that combine in a set of choices and then ultimately make a purchase on the alternative they like most or the process that consumers go through in purchasing a service or good based on various considerations. Understanding of consumer buying interest. According to Ferdinand (2017), who describes buying interest, it can be classified using the following indicators:

   i.   A consumer's tendency to buy a product is transactional interest.
   ii.   The tendency of a person or consumer to refer to a product to other people is referential interest.
   iii.   Interest, which describes or describes the behavior of someone with a primary preference for a product, is the definition of preferential interest. If something happens to a preferred product, this preference can be changed.
   iv.   This interest describes or defines the behavior of a consumer who is always looking for information about the product he likes and looking for information as material to support the positive characteristics of the product is the definition of exploratory interest.

2.3   Mobile Advertising

Marketing or mobile advertising that uses wireless networks and mobile advertising solutions as a medium for promoting products and services and building brand awareness is an activity of mobile advertising. The best advertising media conveys a new meaning in reaching users with other messages than traditional channels, such as radio, TV, print, and mail media, which are very promising for mobile advertising services, namely tiered media, which provides customers or consumers with information of a personal nature that is based on location, time, day and interest. Kotler and Keller (2016) state that the mobility advertising tier indicator consists of confidence and convenience.

2.4   Service Quality

Customer perception is about how good the service is or how good the service is. Our expectations are a definition of service quality. Service quality can provide a level of excellence defined as a quality that is good in terms of level or consistency compared to its competitors or service providers, which also need to be identified. What is expected by the target consumers of the tier regarding the quality of their services is the opinion of the supplier and Armstrong in 2018. According to Kerin & Hartley (2017), there are five dimensions or indicators in determining service quality, namely:

   i.   The appearance of physical facilities, personal equipment and communication materials is the definition of physical evidence.
   ii.   The ability to carry out promised services reliably and accurately is the definition of reliability.
   iii.   Preparedness to help customers or preparedness to provide good tier service is the meaning of response.
   iv.   The ability of knowledge and knowledge to convey a sense of trust and confidence is the meaning of guarantee or certainty.
   v.   The attention and care given to customers is the meaning of empathy.

2.5   Price Perception

The definition of price perception is a thought or interpretation of customers or tier consumers regarding the amount of material or money that will be used to obtain a desired service or product with a sacrifice value that is balanced with what is obtained from the product or service. According to Kotlier (2018), tiers can be indicators that describe prices, namely:

   i.   Affordability.
   ii.   Price competitiveness.
   iii.   Match the price to the quality of the product.
   iv.   Match the price to the product benefits.

## 2.6   The Relationship of Mobile Advertising to Purchase Interest

Consumer buying interest depends on the choice of several brands. Then, consumers will purchase by choosing the alternative they like most and then decide to purchase a service or goods based on various considerations (Fajria, 2017). As the definition suggests, advertising has a vital role in building sensitivity to the existence of the service or product being offered, increasing consumer or buyer knowledge about the service being offered, persuading or persuading potential consumers to buy or use the service, and differentiating the company from other companies that support the positioning.

2.7   The Relationship between Service Quality and Purchase Intention

The overall attitude shown by consumers towards services or goods after they obtain and use them is consumer satisfaction. They will undoubtedly experience dissatisfaction if the quality is far below consumer expectations. According to Kotler and Armstrong (2001), the level of a person's feelings after comparing their perceived performance to their perceived expectations is the definition of customer satisfaction. So, the level of consumer satisfaction is a function of the difference between perceived performance and expectations. If performance is below expectations, of course, customers will be disappointed. However, if performance meets expectations, customers will be satisfied. Then, if performance exceeds expectations, customers will be very satisfied and happy..

2.8   The Relationship between Price Perceptions and Purchase Intentions

The price level is the primary influence in attracting consumer buying interest because it can be directly tied to the consumer's ability to buy the product. The opinion of consumers or buyers on a price can influence the decision to buy a product under research by Oscardo (2021), suggesting that perception strongly influences consumers. For goods or services that can influence the product marketing process, the company's expenditure on production will be processed as a consideration for determining the selling price, which is certainly not easy to do.
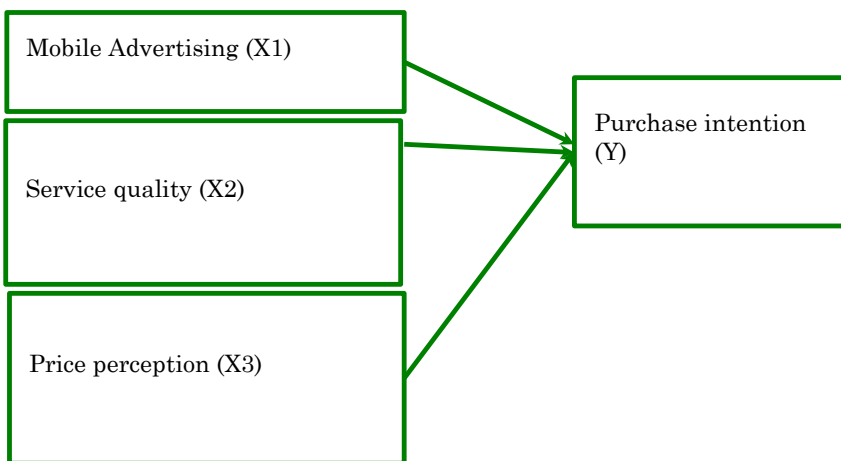
Figure 2. Research Model

3   Data and Methodology

Students from the class of 2018 to the class of 2022, Faculty of Economics and Business, National University, majoring in Management, participated in this research. Objects and subjects with tier-specific qualities and characteristics are determined by researchers to be studied, and then conclusions are drawn to form a tier-specific definition of the population. This research has a population of all FiEB UNAS management students interested in subscribing to online streaming on the Netflix application.

In this research, the sampling technique used is non-probability, which does not provide equal expectations and opportunities in each factor or population. The method for collecting sample data in this research is by using purposive sampling. The purposive sampling method is used when a researcher wants to target an individual using characteristics of interest in a research study. (Dana P. Turnier 2020). This tier technique has criteria, namely, being at least 18 years old, being an active student at the economics and business faculty of the National University Management Study Program, and having the attractiveness criteria for subscribing to Netflix. Based on the tier formulation, the number determined in this research is 100 samples of active students from the FiEB UNAS Management study program.

The technique used is a quantitative approach. Then, the writer uses the chosen survey method as a primary data source. The survey method collects information and research data to enable researchers to solve problems using SPSS 26. Researchers use instruments to collect data using questionnaires or questionnaires. A questionnaire (list of questions) is a method for conducting a level investigation into a problem of general interest by circulating a written form to several subjects to obtain responses or responses. The questionnaire in this research is aimed at FiEB UNAS Management Students.

4   Results

4.1   Validity and Reliability Test

Based on the results of the validity research instrument test, which consists of 2 (two) question items for the Mobile Advertising variable (X1) using SPSS 26, it can be concluded that (X1.1 = 0.900, of 5 (five) statement items (X2.1 = 0.674, X2.2 = 0.859, X2.3 = 0.884, X2.4 = 0.805,) statement items (X3.1 = 0.907. , Y3 = 0.941, Y4 = 0.775) From the results of the output, all validity tests are declared valid and reliable.

Based on the reliability research instrument test results, the values of all variables are indicated as good in this research. They can be determined to be acceptable as seen from the reliability statistics output, namely the, Cronbach's alpha value for all variables is above 0.60. Where each variable Mobile Advertising (X1) is 0.934, Service Quality (X2) is 0.945, Price Perception (X3) is 0.934, and purchase interest (Y) is 0.932.

4.2   Classic Assumption Test

Based on the Normality test, it shows the exact Sig value. (2-tailed) tier includes kie within 0.017. This means that the distribution of purchase interest results (Y), which originates from Mobility Advertising (X1), Service Quality (X2), and Price Analysis (X3), is normally distributed at the significance level $\alpha = 0.05$.

Based on the results of the multicollinearity test, it shows that the VIF value for Mobile Advertising (X1) is 2.186 < 10, the tolerance value is 0.457 > 0.10, the VIF value for Service Quality (X2) is 1.923 < 10, and the tolerance value is 0.520 > 0.10 The VIF value for Price Piersiepsi (X3) is 2.833 < 10, and the tolerance value is 0.353. With the results obtained, the Riegries equation model does not cause multicollinearity and can be used in this research.

The results of the hierarchy of reliability test show a Sig value for each independent variable, namely Mobility Advertising (X1), which is 0.393; Service Quality (X2), which is 0.347 and Price Piercing (X3) which is 0.308, which then shows that the actual results are

greater than 0. .05 (sig > 0.05) which can be interpreted as meaning that the data in this research does not have a problem of heteroscedasticity and in the end this research can be continued.

4.3   Multiple Linear Regression Analysis

The insight into the results of the equation that has been presented is as follows:

i.   The estimated coefficient uses a variable called the "mobile advertising standard coefficient," which has a value of 0.215 and has a positive sign, which indicates that good price perception will increase consumer demand.

ii.   A positive estimate of the standard coefficient variable (X2) for service quality shows that more people will be interested in buying if they read positive reviews.

iii. The coefficient of standardization of the product variation variable (X3) produces a positive estimated coefficient of around 0.509, which indicates that consumers will be more interested in purchasing a product if the product is significantly different from the norm.

.
4.4   Model Feasibility Test

F value is 208.795 based on the F test results. Compare it with the calculated F value of 208.795, which has a sig value of 0.000. By using the SPSS 26 program, it can be seen that the calculated value of Sig = (0.000) is smaller than alpha, resulting in an error limit of greater than 5%. The kinetics of the Sig value in the ANOVA table is less than the predetermined threshold alpha value—in this case, 0.000; 0.05, it can be concluded that the tier model is binary. Based on the Sig value found in this research, it can be concluded that the model used here is reliable and accurate. The value of the dependent variable can be explained by changes in one of the independent variables.

Based on the results of the determination coefficient (R^2) test, the determination coefficient (R^2) figure is approximately 0.867. This shows that the ratio between the global variable and the global variable is 0.867 or 86.7%. Fluctuations in interest in Netflix subscriptions are caused by the influence of Mobile Advertising (X1), Service Quality (X2), and Price Strategy (X3), and the level of relationship with 86.7% is explained by other factors outside the research model analyzed in this research.

5   Discussion

5.1   The influence of Mobile Advertising (X1) on Interest In Purchasing Netflix Subscriptions (Y)

In this research, advertising mobility (X1) in the highest test, t-count is 3.912, and the largest t-table is 1.988 with a significance level of 0.000 <0.05, this shows that advertising mobility has a positive and significant influence on interest in buying Netflix subscriptions. In other words, high advertising mobility will generate interest among FIB Una's students in subscribing to Netflix, so it can be concluded that H1 is accepted.

These results align with research stating that mobile advertising has a positive and significant influence on business interests (Emilia & Satria, 2020). In the research, the results of this tier state that the advertising tool used by Netflix, namely YouTube Ads, influences marketing interest because, in its strategy, the biggest influence on marketing interest is credibility, where the research team finds that Netflix ads on YouTube ads can be trusted and generate positive perception.

5.2   Influence of Service Quality (X2) on interest in purchasing a Netflix subscription (Y)

In this research, the test's quality of service (X2) is the lowest, the t-count is 6.162, and the t-table is 1.988 with a significance level of 0.000 <0.05. This shows that service quality positively and significantly influences interest in purchasing Netflix subscriptions, so it can be concluded that H2 is accepted.

These results align with research studies regarding service quality variables, which positively and significantly influence consumer buying interest (SR Salsyabilla & AR Pradipta, 2021). In the research, the quality of service at the shopee market is said to be good,

as seen from the assessment of consumers who provide very agreeable responses to the indicator of the desire to help provide convenience to consumers and provide responsive service.

5.3 The influence of price perception (X3) on interest in purchasing Netflix subscriptions (Y)

In this research, the price perception (X3) in the t-test, the calculated t is 8.135, and the t table is 1.988, with a significance level of 0.000 < 0.05. This shows that price perception has a positive and significant effect on interest in purchasing Netflix subscriptions, so it can be concluded that H4 is accepted.

These results align with research that states that price perceptions positively and significantly influence consumer buying interest (Yuda et al., 2021). In his research, the influence of price on buying interest on Tokopedia is very good. Price has a very important role in influencing consumer decisions in purchasing products, so it determines a product's marketing success (Kotler & Armstrong, 2015).

6   Conclusion

6.1   Conclusion

Based on the results and discussion of research carried out by the author through the stages of data collection, data processing, and data analysis, this research produces the following conclusions.

Mobile Advertising positively and significantly affects interest in purchasing Netflix subscriptions for FEB UNAS Management Students. Supported by the highest indicator value, namely Netflix's "trust", which has a very strong influence on purchasing interest. This means that if mobile advertising increases, then interest in buying will also increase.

Service quality positively and significantly affects interest in purchasing Netflix subscriptions for FEB UNAS Management Students. In other words, the quality of service makes Netflix the choice of consumers with the quality of its visual display that attracts attention, ease of accessing the application, confidence in providing fast consumer responses, guaranteed security in using the application, and empathy in meeting the needs of consumers who are interested in purchasing a Netflix subscription. This means that if Netflix services improve, then interest in buying will also increase.

Price perception positively and significantly affects interest in purchasing Netflix subscriptions for FEB UNAS Management Students. Supported by the highest indicator value, namely "Price Match with Product Quality", where when subscribing, Netflix provides quality that matches the price offered. This means that if the price perception matches what is being offered, then consumers will be interested in purchasing a Netflix subscription

6.2   Suggestion

Netflix needs to increase promotion and continue to maintain the name (brand) of the company itself by maximizing the strategy of mobile advertising to be more intensive so that the company can continue to exist, thrive and remain attractive to its consumers. The X2 Quality of Service variable, due to the advancement of technology and information, as well as many digital media streaming service providers similar to Netflix. So it is expected that Netflix can maintain the quality of service and good product quality so that it can maintain customer loyalty. The X3 Price Perception Variable, regarding the subscription price offered, then an affordable price with good quality can make consumers more interested in making purchases at this company, and consumers make their first choice to subscribe to the online streaming application Netflix.

References

Anindatu, Margareth Hervi (2021). Pengaruh *Elektronic Word of Mouth* Terhadap Keputusan Berlangganan Netflix Bagi Mahasiswa Di Yogyakarta. S1 thesis, Universitas Atma Jaya Yogyakarta. http://e-journal.uajy.ac.id/id/eprint/25060

Ferdind. (2017). Metode Penelitian Manajemen. Edisi II. Semarang : Badan Penerbit Universitas Diponegoro.

Ford, K. L., Albritton, T., Dunn, T. A., Crawford, K., Neuwirth, J., & Bull, S. (2019). Youth study recruitment using paid advertising on instagram, snapchat, and facebook: Cross-sectional survey study. Dalam JMIR Public Health and Surveillance (Vol. 5, Nomor 4). JMIR Publications Inc. https://doi.org/10.2196/14080.

Geraldine, Yemima Marvell & Ari Susanti (2021). Pengaruh Merek, Kualitas Produk, Media Sosial dan Harga Terhadap Minat Beli Konsumen Pada Produk Brand Wardah. Jurnal Program Studi Manajemen, Sekolah Tinggi Ilmu Ekonomi Surakarta. file:///C:/Users/user/Downloads/880-Article%20Text-4935-1-10-20210623.pdf

Karina Saskia Fauzita, & Dr. H. Popo Suryana, SE.,MSi, Pembimbing (2022). Pengaruh Electronic Service Quality Terhadap Keputusan Pembelian dan Dampaknya pada Kepuasaan Layanan Video On Demand Netflix (Studi Pada Mahasiswa Di Kota Bandung). Skripsi (S1) thesis, Perpustakaan Fakultas Ekonomi dan Bisnis Unpas. http://repository.unpas.ac.id/id/eprint/56113

Kompasiana.com. 2020. Netflix dan Perkembangan "Streaming on Demand" pada Industri Video Gim Halaman all – Kompasiana.com. (n.d.). Retrieved Desember, 2022, from https://www.kompasiana.com/yonathan90/5a7f0c80dcad5b0d2f09d2f2/netflix-dan-perkembangan-streaming-on-demand-pada-industri-video-game?page=all

Kotler, Amstrong. (2006). Manajemen Pemasaran Analisis, Perencanaan, Implementasi dan Kontrol. Edisi Millenium. Jakarta : PT Prenhallindlu.

Kotler On Marketing- Philip Kotler – Google Buku. (n.d.). Retrieved Desember, 2020, from https://books.google.co.id/books?id=iHWxeT7X5YYC&printsec=frontcover&hl=id#v=onepage&q&f=false

Kotler, Philip & Armstrong, Gary. (2012). Prinsip-Prinsip Pemasaran (13th ed.). Jakarta : Erlangga.

Kotler, P & Keller, K. (2016). Manajemen Pemasaran (edisi 12). PT. Indeks.

Kotler, Philip, & Amstrong, G. (2012). Principles of Marketing. New Jersey: Pearson Prentice Hall.

Kotler, Philip dan Keller, Lane Kevin. (2007). Manajemen Pemasaran edisi 12 jilid 2. Benyamin Molan (penerjemah). Marketing Management. PT. Indeks : Jakarta.

Kotler, Philip & Armstrong Gary. (2013). Prinsip-prinsip Pemasaran, edisi ke-12 Penerbit Erlangga.

Kotler, Philip dan Keller. (2009). Manajemen Pemasaran. Jilid satu. Jakarta : Salemba Empat.

Lestari, Rahayu & Elwisam (2019). Pengaruh Persepsi Harga, Kualitas Produk, dan Citra Merek Terhadap Kehttps://openlibrarypublications.telkomuniversity.ac.id/index.php/management/article/view/16521

Lonan, J. F., Ogi, I. W. J. M., & Karuntu, M. M. (2023). Pengaruh Persepsi Harga, Kualitas Produk dan Keragaman Produk Terhadap Loyalitas Konsumen Melalui Aplikasi Tokopedia (Studi Mahasiswa di FEB UNSRAT). *The Influence of Price Perceptions, Product Quality and Product Diversity on Consumer Loyalty Through Tokopedia Applications* (*Student Study At* FEB UNSRAT). Oleh. *102 Jurnal EMBA*, *11*(3), 102–112. Universitas Sam Ratulangi. file:///C:/Users/user/Downloads/Johanes+F.+Lonan.+OK.pdf

Lupiyoadi, Rambat. (2006). Manajemen Pemasaran Jasa. Jakarta : Salemba Empat.

Marchapada G, Mozart Satria &Tri Indra Wijaksana (2021). Pengaruh Viral Marketing Terhadap Minat Beli Konsumen Pada Layanan *Video On Demand* (VOD) Netflix. *e-Proceeding of Management* : Vol.8, No.5.

Nathaniel, E., & Kusuma, S. (2020). Pengaruh Mobile Advertising Terhadap Minat Beli Layanna Netflix Selama Pendemi Covid-19. Des, 4(2), 195–205. https://datareportal.com/reports/digital-2020-

Stanton, J.W. (1985). Prinsip Pemasaran. Edisi ketujuh. Jakarta : Erlangga.

Sudaryono. 2020. Metode Penelitian Pendidikan. Penerbit Kencana Prenada Media Grup.

Sugiyono. (2017). Metodologi Kajian. Jakarta: Rajawali Pers.

Sugiyono. (2012). Memahami Kajian Kualitatif. Bandung: Alfabeta.

Sugiyono. (2014). Metode Penelitian Kuantitatif, Kualitatif, dan R&D, (Cetakan ke-20), Alfabeta, Bandung.

Sugiyono. (2017). Metode Kajian Kuantitatif Kualitatif. Bandung: Alfabeta.

Sugiyono. (2018). Metode Kajian Pendidikan Kuantitatif, Kualitatif, dan R&D. Bandung: Alfabeta.

Zaki, M., and Saiman. 2021. "Kajian Tentang Perumusan Hipotesis Statistik Dalam Pengujian Hipotesis Penelitian." Jurnal Ilmiah Ilmu Pendidikan 4:115–18.