



The Effect of Antecedents on Online Streaming Subscription on Vidio Companies

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ABSTRACT

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As the time goes by and by the developing technologies, there are much shifting conditions because of that development, including in the media industry. Technologies bring ease and options. The increasing options may bring factors that can influence customers in choosing whether to use cable TV or an online streaming platform for their entertainment. Based on research by Lee et al (2018), there are factors which can affect customer decision about choosing cable TV or online streaming platform. Those factors are ease of use, additional purchases, media options, social trends, available options, and cost.

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1. Introduction

As time goes by and the development of technology, many changes have occurred due to the development of technology including the media industry. With more wide variety of media options, which factors make customer choose to use cable TV services or online streaming. Factors affecting the decision such as ease of use, cost, social trends, age & generation. The development of technology and change of generation trends that makes this industry developing fast and the born of online streaming platform. Study case conducted by Nielsen Company proved that household only use 14% from all channel availables in their cable TV (Nielsen, 2009). The data from the survey show that half of people being survey plan to leave regular cable TV and switch to streaming services, because of the high cost of cable services. For user who For users who have left the cable TV service, 80% said they had unsubscribed due to the continued increase in the price of the service. The survey also found that many users are switching and watching digital service options, such as Netflix, Amazon Prime, and Hulu (Cox, 2017).

Services to watch content digitally is called OTT (Over-The-Top). OTT is an online streaming services content in the form of data, information, and multimedia which operate through internet network. Apart from the fact that viewers enjoy the personalization offered by online streaming services, when using online streaming users get a sense of togetherness in two ways, the first is by connecting with other people who have the same interest in various broadcast programs. The second is by being associated with their home or place of residence when they are outside by consuming local programs and shows (Tse, 2016). This industry was chosen as the research topic because it is a massive and growing industry at the moment. One example of this OTT platform is Vidio. Vidio itself is used in this study because Vidio itself is an online streaming platform with the highest revenue from subscription fees in Indonesia and also has the highest number of mobile phone users in Indonesia.

2. Research Model dan Literature Review

With the aim of looking at the factors that can influence consumer selection on cable TV and online streaming, the model used in this study was adopted from previous research conducted by Lee, Nagpal, Ruane, Lim (2018) by using the context of cable TV and online streaming users who located in Jabodetabek. Here is the research model:



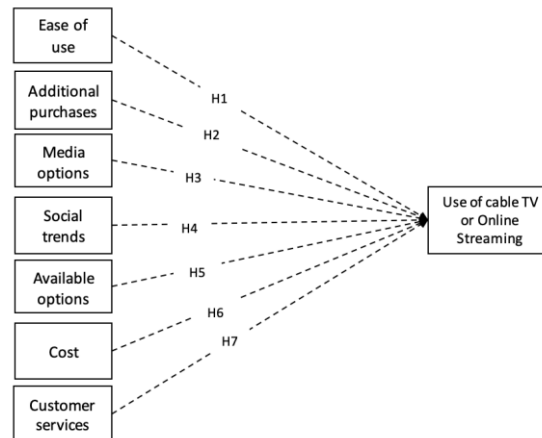


Fig 1. research model

2.1. Use of Cable Television

In Law no. 32 of 2002 explains that cable television broadcasting or cable television is an electromagnetic spectrum that is channeled through cables and or a frequency spectrum used in a subscription broadcasting system so that it can provide a subscription broadcast program. Cable TV or Community Antenna Television (CATV) is a broadcasting method used to broadcast television programs via radio frequency signals that are transmitted to subscriber devices with the help of optical fiber or coaxial cable. Subscription television is a television channel broadcasting service that is carried out specifically for viewers who are willing to pay regularly. This service is usually provided using a digital or analog system via satellite media

2.2. Use of Online Streaming

Online streaming means listening to songs or viewing videos live, without having to download a document onto a computer or a device and watch it later (<http://www.bbc.co.uk/webwise/guides/about-streaming>). Online streaming services offer a variety of online entertainment that shows various shows such as television shows, movies, live streaming events and others. Where the services provided can be adjusted according to user demand and tastes and at a relatively cheap price with a subscription rate of IDR 30,000 to a range of IDR 200,000 per month. This online streaming service itself can be enjoyed via smartphones, PCs, or smart TVs.

2.3. Ease of Use

Ease of Use is defined as the degree to which a person believes that computers can be easily understood (Davis, 2004:5). Meanwhile, Jogiyanto put forward the definition of ease of use as the extent to which individuals believe that using technology will be free from effort. On the other hand, if the individual considers that information media is not easy to use, he will not use it (Jogiyanto, 2008). Research in the UK examines the picture of attitudes towards digital media, technology and media consumption in general. The study looked at the user-friendly attributes of digital media including computers and interactive TV, and looked at the problems faced when adopting streaming media technology. From this study it was found that one of the barriers to adoption of streaming media is the ease of use experience (Keogh, Davidoff, Freeman and Lessiter, 2001). The ease of use attribute is formed by four indicators, namely: flexible, easy to learn, easy to use, and able to control work.

2.4. Additional Purchases

Research has also been conducted to determine the relationship between digital products (online media streaming) and physical products that focus specifically on the music industry such as recording, CD and online streaming (Lee, Choi, Cho, and Lee, 2016). To complement the baseline data, information was also collected on how often the artist performed, album-specific characters, and album ratings. In addition to the correlation analysis model, an econometric model was also developed to determine the impact of online music streaming and sales of recorded music. The results showed that there was a significant positive relationship between online streaming and record sales, but album prices and ratings did not significantly affect record sales (Lee, Choi, Cho, and Lee, 2016). Regarding the research in this book, we tried to understand the effect on additional purchases or “additional purchases” when consumers search for online



streaming or cable TV services. Whether the choice between online streaming and cable TV results in more sales or additional purchases. The additional purchases attribute is formed by three indicators, namely prices affordable by consumer purchasing power, price comparisons with competitors, and price conformity with competitors.

2.5. Media Options

Some concerns have also been raised about whether online streaming will have a cannibalistic effect on traditional cable TV networks (Cha and Chan-Olmsted, 2012). With the development of technology and infrastructure of video streaming, many people question its effect on television, many think that the new media, namely video streaming, will completely replace the old media, namely television. What motivations do users have for watching video content, and are there differences between users and non-users of online video platforms. It was found that non users of online video platforms saw online video platforms as a substitute for cable TV. Websites and online streaming services have been growing and users are motivated to access this online media rather than traditional TV, this is also influenced by factors such as age, media usage, experience in internet use, audience activity and generation. The key to customer satisfaction is of course also influenced by the price of the service, how much the customer is willing to spend every month to be able to have the right to watch (Hibberd's, 2004). The cost they are willing to spend is influenced by the channel options or content they have access to.

2.6. Social Trends

Trend is a movement (tendency) up or down in the long term, which is obtained from the average change over time. The average change can increase or decrease. If the average change increases, it is called a positive trend or the trend has an upward trend. Conversely, if the average change decreases, it is called a negative trend or a trend that has a downward trend (Maryati, 2010:129). This major change in streaming and broadcast media is due to changes in eras and generations (Prince and Greenstein, 2013). Cable TV subscription fees per year are very high compared to the costs that must be incurred to subscribe to online streaming platforms. With internet services, the price of cable TV services can be cut in half so that the cost of online streaming services can be quite small. The birth of online streaming services such as Netflix has changed the way consumers view television. This of course is also influenced by the age factor, 61% of customers aged 16-29 years view the main way of watching television, namely through streaming services on the internet, while 59% of adults say cable connections are the main means of watching television.

2.7. Available Options

In the available options or choices, of course there is a decision that must be chosen to produce a final choice. The decision itself has the meaning of the word which means choice, namely the choice of several possibilities (Salusu, 1996:51). It can also be said that the decision is the result of a thought process in the form of choosing one of several alternatives that can be used to solve the problem at hand. The large selection of platforms and content available from both cable TV and online streaming makes customers have to deal with many choices (Taneja, Webster, and Malthouse, 2012). Users do not divide their time based on all available media but instead users select the desired media and consume it. The study also proves that cable TV users in households only use 14% of the total channels available to them and this is the main reason for consumers to switch to online streaming services because the availability of channels can be more tailored to customer preferences (Nielsen, 2009). The number of media choices that are presented to users from traditional to online media, age is the main factor that affects users' media choices.

2.8. Cost

Costs are resources that are sacrificed or released to achieve certain goals (Horngren et al, 2016: 28). With the increasing cost of cable TV services, and package prices that are difficult to adjust to personalize according to the desired broadcast, many customers have decided to choose their cable TV service and switch to online streaming platform services (Cox, 2017).

2.9. Customer Services

Customer service is any activity that is intended or aimed at providing satisfaction to customers, through services that can meet customer activities and needs (Kasmir SE.MM, 2008: 180). Customer service is a part of the organizational unit located in the Front Office which functions as a source of information and intermediary for banks and customers who want to obtain services and products. In accordance with their duties and functions, customer service is expected to be able to perform "One Stop Service" which means that customers only need to contact the Customer Services department in dealing with the bank (Classic Module of Bank Operational Laboratory, 2014: 1). Customer Service / customer service satisfaction is very

important because this factor affects customers in using a product or service. Customer satisfaction and service will affect whether someone will continue or terminate their subscription.

3. Metodology and Submission of Hypotesis

A questionnaire with a Likert Scale of 1 - 5 was created to accommodate this research survey. With the aim of doing hypothesis testing, data was collected by distributing online questionnaires to consumers. The consumers in question are consumers of cable TV and online streaming in Jabodetabek. The number of items in this questionnaire is 45 questions, but based on the results of the validity test on the pre-test, there are 25 items that are not valid. Therefore, the items used are only 20 questions. The number of respondents in this study was 138, which was determined by the Cochran formula.

Hypothesis test using SEM method with PLS approach. The first test carried out was a validity and reliability test with an analysis of the outer loading value, average variance extracted and composite reliability. Then the data will be analyzed structurally using the R-square analysis method, path coefficient and T-statistic with a significance level of 10%. The following are the hypotheses tested in this study:

- H1a : There is a positive relationship between ease of use and adoption of online streaming
- H1b : There is a positive relationship between ease of use and cable TV adoption
- H2a: Additional purchases are positively related to subscription usage online streaming.
- H2b: Additional purchases are positively related to television provider use cable.
- H3a: Available media options are positively related to streaming usage on line.
- H3b : Available media options are positively related to cable TV usage.
- H4a: Social trends have a positive relationship with online streaming adoption.
- H4b: Social trends have a positive relationship with cable TV adoption.
- H5a : There is a positive relationship between available choices and online streaming options.
- H5b : There is a positive relationship between the available options and the choice of cable TV.
- H6a : There is a negative relationship between cost and online streaming services.
- H6b : There is a negative relationship between cable costs and cable TV subscriptions.
- H7a : There is a positive relationship between customer service and online streaming usage.
- H7b : There is a positive relationship between customer service and cable TV satisfaction.

4. Result and Discussion

The results of data processing on the R-square test can be seen in Table 1 while the path coefficient and T-statistic tests can be seen in Table 2.

Table 1
R-square analysis

<u>Variabel Dependen</u>	R-Square
Online Streaming	0,585
Cable TV	0,356
Satisfaction	0,267



Table 2
Path Coefficient and T-statistic analysis

	<i>Original Sample (O)</i>	<i>T-statistic</i>	<i>Signifikansi</i>	<i>Hasil Penelitian</i>
<i>Ease of Use → Online Streaming</i>	0.598	5.545	Signifikan	Didukung
<i>Ease of Use → Cable TV</i>	-0.313	2.204	Signifikan	Tidak didukung
<i>Additional Purchases → Online Streaming</i>	-0.095	1.136	Tidak Signifikan	Tidak didukung
<i>Additional Purchases → Cable TV</i>	0.335	3.676	Signifikan	Didukung
<i>Media Option → Online Streaming</i>	0.168	1.345	Tidak Signifikan	Tidak didukung
<i>Media Option → Cable TV</i>	-0.101	0.813	Tidak Signifikan	Tidak didukung
<i>Social Trend → Online Streaming</i>	0.089	0.897	Tidak Signifikan	Tidak didukung
<i>Social Trend → Cable TV</i>	0.233	2.305	Signifikan	Didukung
<i>Availability → Online Streaming</i>	0.056	0.540	Tidak Signifikan	Tidak didukung
<i>Availability → Cable TV</i>	-0.054	0.432	Tidak Signifikan	Tidak didukung
<i>Cost → Online Streaming</i>	-0.013	0.145	Tidak Signifikan	Tidak didukung
<i>Cost → Cable TV</i>	0.308	1.900	Signifikan	Tidak didukung

Based on the results of the R-square analysis in table 1, it can be seen that the online streaming variable is explained by the independent variables of 58.5%. Then, cable TV is explained by the independent variables by 36.8%; and the satisfaction variable is explained by customer service by 26.7%. Based on table 2, from a total of 14 hypotheses, there are four hypotheses that are supported because they have a T-statistic value of more than 1.65, and 10 hypotheses are not supported. Based on the results of the study, most of the respondents in this study were in the young age group, as many as 71% had an age of less than 25 years, and 26% had an age of 25 to 34 years. This age group is a millennial generation who has a preference for using smartphones to search and find entertainment media for reasons of convenience. Even this group, based on research conducted by The Boston Consulting Group, is slowly leaving television because of the ease of access to information and entertainment using their smartphones (Inscription, 2020). In addition, in choosing online streaming media, respondents prefer to look at their internet service provider first to see how much it costs to use the quota when watching entertainment through their smartphone. The smaller the costs that must be incurred by the respondent to purchase internet quota, the higher the respondent's desire to use online streaming media. However, this effect is not significant because the internet packages offered by the provider are relatively cheap and have a price range that is not much different.

In addition, Bondad-Brown (2012) also emphasizes that there is a relationship between social trends and age in the adoption factor. Therefore, the insignificance of this relationship is due to the age factor where respondents at this age are already proficient and understand online streaming. Respondents adopted online media and cable TV without considering media choice and availability. Even when viewed from the influence of media choice on cable TV adoption, it shows a negative relationship meaning that the more channel choices on TV, the adoption of cable TV will also decrease because it means that respondents have to incur additional costs to add certain channels (<https://www.observe.com/internet>). Respondents prefer to adjust the purchase of additional channels according to their wants and needs. Moreover, to be able to get a

channel that suits their wants and needs, there is usually an additional fee that must be paid by consumers (https://www.cermati.com/internet/fi***-me***).

In this study, although customer service has a positive influence, there is no significance between these two relationships which occurs because of the development of customer service technology that can make it easier for all online streaming media users to be able to contact customer service as soon as possible if there are problems. In addition to developing the live chat feature, as well as using AI and data technology to personalize the application according to the user, thereby reducing the number of complaints because the information provided to users is in accordance with the user's movie habits and preferences (https://www.linkedin.com/pulse/how-ne-fli*-uses-ai-data-conquer-world-mario-gavira/). Therefore, customer service becomes insignificant due to a reduction in the number of complaints or obstacles by using the latest technology on various online streaming platforms.

5. Conclusion

- a. Online streaming service providers can consider factors such as ease of use, namely ease of use, and ease of access for consumers because these factors are the strongest factors that consumers consider in choosing online streaming services.
- b. One of the important indicators is the price that is affordable and in accordance with the purchasing power of consumers, price comparisons with competitors, and price compatibility with competitors.
- c. Consider maintaining good relations with consumers by maintaining or even improving the quality of their services. With a high level of satisfaction from consumers, it is expected that consumers can remain loyal to the services provided by each service provider.

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