Drivers of Customers Advocacy in Support of Subscription-based Digital Entertainment Services (NETFLIX)

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ABSTRACT: Subscription business models are increasingly gaining attention in recent year, especially entertainment services such as music subscription, streaming TV/movies and video games. One of the service platform that comes to mind is Netflix, a subscription-based video streaming service. Video on demand streaming service currently competing each other quite aggresively where these provider competing by providing different series that exclusively only available on their services or with different versatile pricing package in hope to attract new subscribers while retaining it's existing subscribers. This call for new strategy for Netflix to maintain it's position in competition. This research examines the relationship between customer empowerment values and customer advocacy in relation to a digital platform subscription-based consumption. A quantitative approach was employed by conducting a survey of 110 user of Netflix in Indonesia. Data collected was subsequently analyzed using partial least squares structural equation modeling (PLS-SEM) in order to test the formulated hypothesis. The research resulted in an understanding that value-for-choice, value-for-knowledge and value-for-involvement are significant predictors of customer advocacy of the platform. The findings suggest that Customer advocacy is primarily influenced by the level of product choice and convenience also reliable information and privacy security also constitute important elements for providers to deliver in order to promote advocacy behavior from customers using the platform.

KEYWORDS: Customer Advocacy, Customer Experience, Customer Empowerment Values, Subscription Video On-demand Streaming, Subscription-based Digital Entertainment Services.

INTRODUCTION

Subscription business models are increasingly gaining attention in recent year, many subscription services have become familiar to consumers around the world especially entertainment services such as music subscription, streaming TV/movies and video games. Increasing numbers of customers have been engaged in a new phenomenon referred to as subscription-based consumption which enables them to gain specific, or even unlimited, access to a desired product or service for a specified period in exchange for a recurring fee (Bardhi & Eckhardt, 2012). One of the service platform that comes to mind is Netflix, a subscription-based video streaming service that allows it's members to watch TV shows and movies, effectively disrupt the industry by offering services that allow it's member to stream and saving cost spend on buying large selection of movies while also keep updating it's library of movie overtime and offer personalized library selection based on it's member data. Video on demand streaming service currently competing each other quite aggresively, Netflix is not the only player now with Disney+, Hulu, Amazon Prime where these provider competing by providing different series that exclusively only available on their services or with different versatile pricing package in hope to attract new subscriber and retaining it's existing subscribers. With that, the role of loyal customers in influencing others to adopt a certain behavior, including that of promoting subscription-based services, has become important strategy. Loyal customers are willing not only to allocate a higher proportion of their spending, but also to recommend a product or service to others (Umashankar, Bhagwat, & Kumar, 2017). Bapna & Umyarov (2015) and Shi et al. (2015) suggested that peer pressure plays a significant role in encouraging others to purchase premium subscriptions (Bapna, Umyarov, & Shi, 2015). The internet has periodically enabled exponentially more extensive customer access to information, providing opportunities to identify and make purchases from a wider range of options and potential providers (Rangaswami et al., 2020). Hence, from a commercial perspective, retaining existing customers is becoming far more critical for the platform. One of the effective means of fostering customer retention is by harnessing the power of customer advocacy (Sweeney, Payne, Frow, & Liu, 2020).

LITERATURE REVIEW

Subscription Video on Demand (SVoD) refers to video streaming services that require users' subscriptions for authorized access to content. For example, Netflix users must pay a monthly subscription fee to watch their content these platforms may also offer different price packages for individuals, students, and families to make payments more flexible. In a subscription-based platform, customers are allowed to select products that match their taste and expectations from various options (Bischof, Boettger, & Rudolph, 2020). Customers expect to find the optimum solution to their needs in the most convenient manner and the shortest possible time (Li, 2017). Advocacy can be found in numerous situations. In marketing, customer advocacy refers to highly influential communication with the intention of persuading target audiences (Sashi, Brynildsen, & Bilgihan, 2019). Advocates enthusiastically communicate their rewarding experience of a specific company's products or services to others, expressing passion about those offerings with the result that others will join them (Sweeney et al., 2020). Satisfied customers promote favorable attitudes toward a brand and are more likely to spread positive word-of-mouth (WOM) recommendations about the brand to their peers through both off-line or on-line media (Keller, 2007). As a result, customers may relate their positive experiences and recommend products through online WOM. The internet, together with the greater accessibility of knowledge which it has enabled, have drastically altered the relationship between companies and their customers (Shin, Perdue, & Pandelaere, 2020). In the past, customers demonstrated passive and impotent behavior, whereas there now exists an opportunity to render them even more active and empowered (Acar & Puntoni, 2016). Customer empowerment is about how customer experience can be improved by providing customers with the information, tools, and knowledge they need to take control of their customer experience. When customers feel more confident that they can take control of specific issues themselves, this will help improve their overall satisfaction with your products and services. As a result, they will also be more likely to recommend the company and buy from it again in the future. Having experience in making smarter decisions, reducing the time and effort expended, navigating available choices with ease, and limiting their uncertainty and risk could, indeed, bring added value for customers (Lawer & Knox, 2006), which motivates them to share their experience with others (Moynagh & Worsley, 2002).

Hence, author would like to break down Customer Empowerment Values into three main values that likely affected customer behaviour to become brand advocate in this case Netflix and formulate below hypothesize:

H1: Value for Choice is positively related to Customer Advocacy

H2: Value for Involvement is positively related to Customer Advocacy

H3: Value for Knowledge is positively related to Customer Advocacy

RESEARCH METHOD

This research will take Netflix as an object for case study research reported in here representing Video On-Demand Streaming Services as one form of the subscription-based platform as it successfully developing customer empowerment that reinforces considerable customer advocacy.
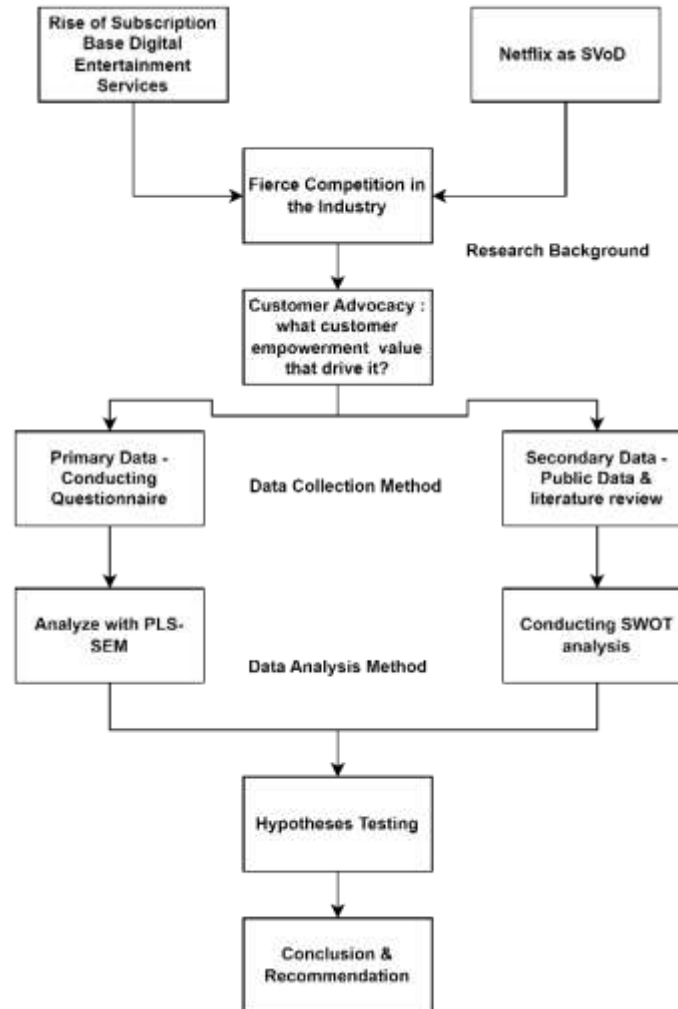
Figure 1.0. Research Design

From figure 1.0, we can see that on this research our focus will be on finding what customer empowerment values that positively affect customer advocacy, this research will be conduct with quantitative approach by conducting a survey of 110 Netflix user in Indonesia. Data collected was subsequently analyzed using partial least squares structural equation modeling (PLS-SEM) in order to test the formulated hypothesis. Since the direction of the influence of the hypothesis is already clearly as "positive/negative", the correct statistical test is one-tailed. It is said that there is a positive and significant influence if the T-statistical value > T-table (1,645) at a significance rate of 5% (alpha = 0,05), on the contrary if T-statistic < T-Table (1,645), then there is no significant impact between the two variables (Sarstedt et al., 2020)

ANALYSIS

From the data analysis the path coefficient, p-value, and t-ratio values for the relations tested in each hypothesis path are shown as follow, if T-ratio > T-table (1,645) with alpha 0,05 (5%) then we can say that variable have significant & positive influence, whereas if T-ratio < T-table (1,645) then there's no significant & positive influence between both variable (Ringle & Sarstedt, 2016)
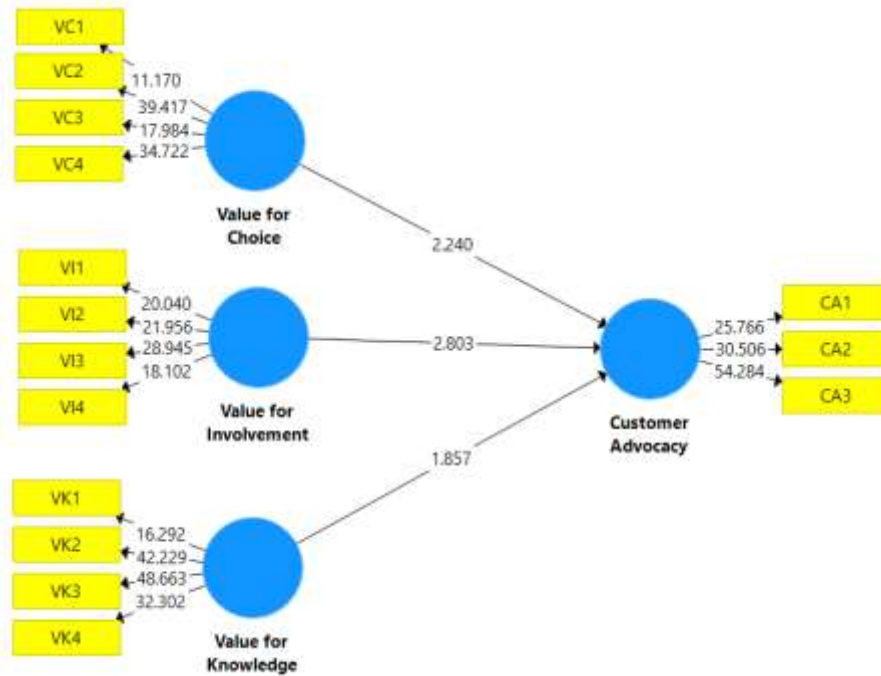
Figure 2.0. Measurement Model

Table 1.0. Size and significance of path coefficient

Path	Path Coefficient	T-ratio	P-values	Result
H1 : Value for Choice -> Customer Advocacy	0.349	2.240	0.013	Supported
H2 : Value for Involvement -> Customer Advocacy	0.396	2.803	0.003	Supported
H3 : Value for Knowledge -> Customer Advocacy	0.173	1.857	0.032	Supported

H1: Value for Choice is positively related to Customer Advocacy
From our model we got T-ratio for variable Value for Choice is 2,240 and P-value 0,013 while Path Coefficient 0,349. With P-value <0,05 we can also conclude that H1: Value for Choice is positively related to Customer Advocacy.

H2: Value for Involvement is positively related to Customer Advocacy
From our model we got T-ratio for variable Value for Involvement is 2,803 and P-value 0,003 while Path Coefficient 0,396. With P-value <0,05 we can also conclude that H2: Value for Involvement is positively related to Customer Advocacy.

H3: Value for Knowledge is positively related to Customer Advocacy
From our model we got T-ratio for variable Value for Knowledge is 1,857 and P-value 0,032 while Path Coefficient 0,173. With P-value <0,05 we can also conclude that H3: Value for Knowledge is positively related to Customer Advocacy.

The findings confirm that customer empowerment value for choice, involvement & knowledge considerably affecting people to become advocate for product or company, in this case Netflix. Exceptional customer experience is considered a critical factor in inducing the customer's willingness to become an advocate for a subscription-based consumption platform. By embracing true customer advocacy that serve as major step forward in evolving relationship between company and it's customer, company can drive

customer empowerment value to become faithful representative of customers interests. Customer advocacy can be preferred strategy as firm respond to new reality that customer are in control, not the company (Urban, 2004). With this knowledge that customer empowerment value for choice, involvement & knowledge can improve customer advocacy, author would like to share what Netflix can do for empowering customers value for choice, involvement & knowledge. To improve it's customer advocacy, Netflix would need new initiatives that would translate into new feature that they can implement. Here's some of suggestion define by author based on each empowerment value.

a.   Value for Choice

In a subscription-based platform, customers are allowed to select products that match their taste and expectations from various options (Bischof et al., 2020). Customers expect to find the optimum solution to their needs in the most convenient manner and the shortest possible time (Li, 2017).

Recommendation for Netflix to develop :

1. Movie search from media or link, feature that allow subscribers to search movie based on link from youtube or image resource
2. Utilize AI & machine learning technology to improve Netflix engine to not only help search but also record any query from subscriber, so when meet with similar search from similar media or link Netflix can get the result in no time, effectively increasing ease of access for subscriber to movie they interested

b.   Value for Involvement

When seeking products or services compatible with their requirements, customers value involvement by companies in the form of personalized attention, and ongoing communication (Lawer & Knox, 2006).

Recommendation for Netflix to develop :

Community choice feature

1. Personalized movie playlist

Netflix can develop feature that allow subscribers to submit their recommended movies playlist that they created so it can be seen by another subscribers and subscribers that like the playlist can give simple response in form of LIKE , this will boost subscribers involvement in creating new trend or developing more great movie choice in Netflix.

c.   Value for Knowledge

In this regard, the value-for-knowledge customers seek is related to issues of privacy, security, data ownership, and personal data use (Krafft et al., 2017) .

Recommendation for Netflix to develop :

1. Register Email for Account Sharing

currently Netflix indirectly allow for account sharing by login to many device with main email that registered on Netflix, in other word person with main email need to share email to other people that would like to login on their device, author would suggest solution with parent & child account method, where main account will serve as parent and for any people that want to join the sharing account will need to register their email as child account and enter code that will be generated to main account email, with this subscriber can still sharing account without exposing their email.

CONCLUSION

Come with digital era, customers are significantly informed, involved, and knowledgeable in deciding their choices leading to the rise of customer power. This research shows that customer empowerment, that come from better customer experience, can stimulate advocacy behavior as suggested by Lawer & Knox (2006). The research resulted in an understanding that customer empowerment values have quite significant and positive relationship with customer advocacy. This implies, in a practical way, companies are required to align their business plan with the needs of its customers. They should strive to discovering and deploying new approaches to capture important values that much needed by customers. Such actions could significantly support platforms in building a partnership with their customers, enabling them to tap into more customer advocates.

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