

FACTORS INFLUENCING NETFLIX PURCHASE INTENTION IN JAKARTA

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ABSTRACT

The purpose of this research is to determine the influence of service quality, trust, and e-payment on purchase intention for Netflix streaming services in Jakarta. The research design utilized is causal with a quantitative approach. The instrument for this research is a questionnaire in a Google form which is distributed via social media. The sample size was 180 respondents who were Netflix users in Jakarta. The sample selection technique in this research was carried out using a purposive sampling technique. Data analysis used SmartPLS software version 4.0. Data analysis consists of outer and inner models. The outer model includes validity and reliability tests, while the inner model includes R-square, Q-square, f-square test, GoF test, path analysis, and hypothesis tests. The outcomes about of this research appear that service quality, trust, and e-payment have a significant positive effect on purchase intention on the Netflix streaming service in Jakarta.

Keywords: Service Quality, Trust, E-payment, Purchase Intention.

1. INTRODUCTION

The rapid development of technology has made the internet a medium to help humans, especially in the science and technology fields. This media development comes with various forms and features, one of which is in the realm of entertainment. New media that has emerged such as streaming media in the form of video or audio content has become a regularly used by the community in various daily activities (Kurniansyah and Malau, 2020). Streaming movies is one of the most popular forms of entertainment which are associated with people who share a hobby of watching movies. The presence of digitized films makes movies available to be played and watched through computers, smartphones, and tablets (Wibowo, 2018). In today's digital age, many people have switched from television to movie streaming service applications, including Netflix, Prime Video, Disney+Hotstar, etc. Netflix is a multinational company based in the United States and has been actively engaged in the entertainment field. It was founded on August 29, 1998 by Hastings and Mare Randolph in California. Netflix is a paid video streaming service which accommodates award-winning TV shows, anime, documentaries, movies, and drama series. Netflix is a streaming service which allows subscribers to watch movies or TV shows without advertisements and has the accessibility to be played through connected internet devices. Netflix is well known among millennial streaming service users. Netflix, which contains motion pictures from different nations, is an application that's regularly utilized by the more youthful era.

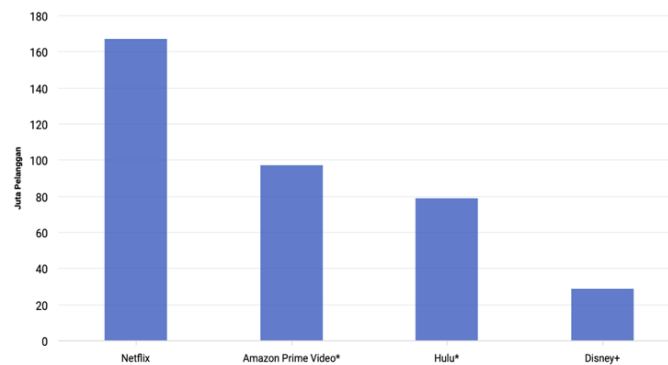


Figure 1. Netflix Users in 2020
Source: Pusparisa, (2020)

Based on the information in 2020 which can be seen in Figure 1, Netflix has the most noteworthy esteem compared to the other three applications, however in 2022, the demand for Netflix has decreased hence becoming the second in the number of users. The information can be seen within the information underneath.

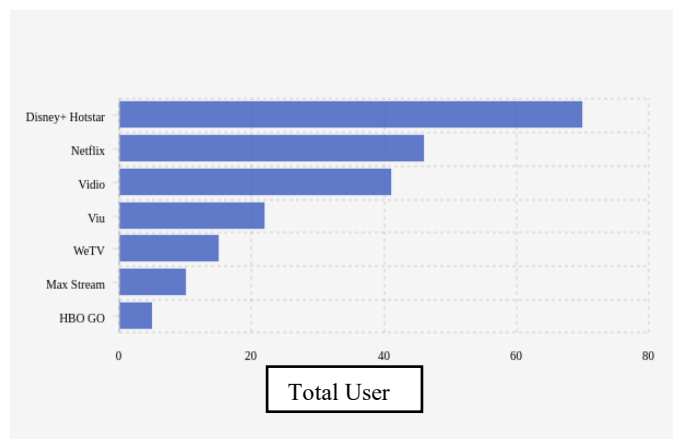


Figure 2. Netflix Users in 2022
Source: Annur (2023)

Purchase intention plays a vital role in increasing the number of users in Netflix streaming services. Factors which can influence purchase intention of streaming services are service quality, trust, and e-payment. A key factor in the rise in streaming service purchases is service quality. It guarantees functions to prevent harm when streaming movies yet the unavailability of movies on the Netflix platform, forcing customers to subscribe on other platforms. In order for people to purchase the given good or service without hesitation, trust is tied to a sense of trust. The higher amount of sense of trust in Netflix, it will respectively contribute to the high level of purchase intention. The availability of payment using e-payments are very convenient for people who don't have a credit card. They can easily make payments to Netflix, yet the limitation payment system makes it difficult for users to make transactions on the Netflix application. Over time, technological developments have encouraged people to use the electronic payment system because everything is done via a smartphone. With a sense of interest in using streaming services, it will have a positive impact on purchasing streaming services. A frequent problem in improving Netflix streaming services is due to the fact that prices are too high compared to other service applications. When the desired movie is unavailable in the Netflix app, for example, consumers may become less trusting of the streaming service and become unsatisfied with its offerings. For the best resolution

of video quality, Netflix charges a price that is also somewhat high. This leads to a negative impact on purchasing Netflix streaming services. The Netflix subscription price starts at IDR 54,000 for the lowest quality, while the highest quality is costs IDR 186,000. It may be inferred that, among other things, the following variables may raise interest in purchasing streaming services: A customer's decision to purchase Netflix streaming services may be influenced by a few factors, including transaction simplicity, service quality, and consumer confidence in the platform.

Purchase Intention

According to Kotler & Keller (2016), purchase intention is a form of consumer behavior which has the desire to buy a product. According to Beneke *et al.* (2016), purchase intention is an impulse that represents a person in purchasing a certain product based on needs, attitudes, and perceptions of the product.

Service Quality

As maintained by Kotler & Keller (2016) and Kotler & Armstrong (2021), service quality is the overall features and characteristics of a product or services including activities, benefits, or satisfaction offered that are intangible to meet customer needs that do not result in any ownership. According to Tjiptono (2015), service quality is an effort to fulfill the needs and desires of consumers to provide satisfaction to users.

Trust

Chen and Chang (2013), define trust as a person's faith in another party predicated on that other party's declaration, assurance, or word. Concurring to Jogiyanto (2017), trust is an evaluation given by clients after getting, preparing, and utilizing so as to deliver an appraisal based on client presumptions.

E-Payment

Musthofa *et al.* (2020), defined e-payment as a digital payment method which utilizes a smartphone or application. According to Yudhanti (2018), e-payment is an electronic transaction related to the transfer of money from one party to another.

Interconnection between Service Quality and Purchase Intention

Research conducted by Buchori and Harwani (2021); Ahmed *et al.*, (2017); Abbas *et al.*, (2020); Mahira *et al.*, (2022) stated that service quality has a significant positive effect on purchase intention. The quality of services provided such as category arrangement, movie availability and movie screening can affect user's purchase intention, thus a hypothesis is as follows:

H1: Service quality has a significant and positive effect on purchase intention on Netflix streaming services in Jakarta.

Interconnection between Trust and Purchase Intention

Research conducted by Buchori and Harwani (2021); Bernika and Ekawanto (2023); Mahliza (2020); Kawet *et al.*, (2017) summarizes that trust has a significant and positive effect on purchase intention. Trust can be in the form of user security, movies provided, and others can influence user purchase intention, hence the second hypothesis is as follows:

H2: Trust has a significant positive effect on purchase intention on Netflix streaming services in Jakarta.

Interconnection between E-Payment and Purchase Intention

Research conducted by Hossain and Zhou (2018); Halim *et al.*, (2020); Astuti & Diansyah, (2022); Kurniadi (2023) concluded that e-payment has a significant and positive effect on purchase intention. Electronic payment systems that make it convenient for users to carry out the transaction process hence they can influence purchase interest, thus the hypothesis is as follows:

H3: E-payment has a significant positive effect on purchase intention on Netflix streaming services in Jakarta.

Based on the aforementioned description, the research model in this study is as follows:

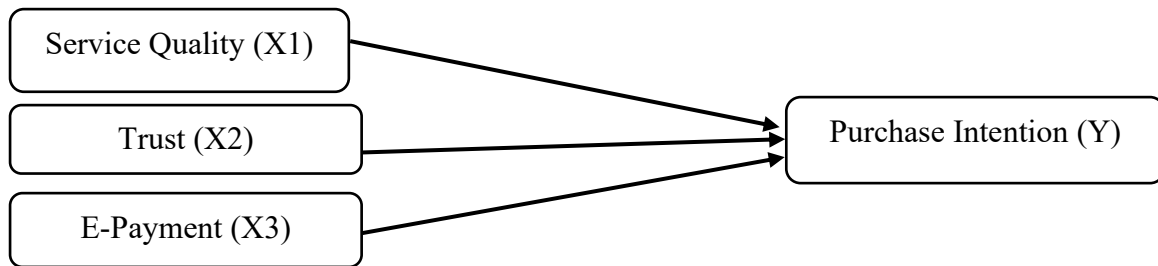


Figure 3. Research Model

2. RESEARCH METHOD

The research method used in this study is causal, which is a type of research that explains the relationship between two variables, where there are variables that influence and are influenced (Sugiyono, 2017). The approach in this study uses quantitative methods which seek to analyze the data that has been collected to answer hypotheses in quantifying data and usually applying certain statistical analyses (Malhotra *et al.*, 2017). The data collected in this study are primary data using a questionnaire as an instrument. In this study, the questionnaire will be distributed to respondents online. According to Sugiyono (2017) primary data is data taken directly from respondents' responses. Data analysis in this study used the version 4.0.0 of a software application, SmartPLS.

Variable operationalization in this study consists of five (5) statements related to service quality variables, four (4) statements regarding trust variables, five (5) statements related to e-payment variables, and four (4) variables regarding purchase intention. Table 1 below presents the operationalization of variables.

Table 1. Variable Operationalizations

Variables	Indicators	Outer Loading	Sources
Service Quality	Netflix's web/application loads its pages quickly	0.874	Goutam <i>et al.</i> , (2022)
	Netflix is user-friendly	0.813	
	Netflix's movie categories are arranged neatly	0.838	
	Netflix's page does not freeze while streaming movies	0.846	
	Netflix's web/application are always functional	0.856	
Trust	Word-of-mouth recommendations about Netflix are reliable	0.865	Rahman <i>et al.</i> , (2020)
	I rely on the opinions, suggestions, and reviews I read online about Netflix	0.851	
	Compared to other websites I have visited, the Netflix website and app are more reliable	0.849	

	I have confidence in Netflix as a streaming service overall	0.839	Ekizler (2020)
E-Payment	Electronic payment features are user-friendly	0.883	
	E-wallets and the Netflix app have a convenient interface	0.836	
	E-payments are effective for the purchase of Netflix's services	0.848	Hossain & Zhou (2018)
	Payments made online are safe	0.885	
	The privacy policy is private and protects the personal information of customers	0.813	
Purchase Intention	Users register up for a Netflix subscription	0.837	
	A user recommends Netflix to other customers	0.827	Limwirya <i>et al.</i> , (2023)
	User initiated a transaction	0.817	
	The user knows a lot about Netflix	0.859	
	Users will purchase Netflix's services over others	0.875	Goutam <i>et al.</i> , (2022)

3. RESULTS AND DISCUSSIONS

Based on the results of the outer model analysis, all the indicators utilized to measure the study's variables were determined to be valid and reliable. The results of the analysis of convergent validity (AVE value and outer loadings,) and discriminant validity (cross loadings) as well as the value of composite reliability and Cronbach's alpha show that all research indicators have satisfied the minimum requirements of the measurement method used. Table 1 displays the outer loadings value, which is above 0.7, indicating a legitimate value (Chin & Todd, 1995).

Table 2 provides that all indicators used to measure service quality, trust, e-payment, and purchase intention variables are reliable because they produce Cronbach's Alpha values above 0.6 and Composite Reliability above 0.7 (Sugiyono, 2017). If the AVE result is greater than 0.5, the AVE value is considered legitimate (Chin & Todd, 1995).

Table 2. Measurement Values

Variables	AVE	Cronbach'S Alpha	Composite Reliability
<i>Service Quality</i>	0.729	0.907	0.931
<i>Trust</i>	0.711	0.898	0.925
<i>E-Payment</i>	0.715	0.900	0.926
<i>Purchase Intention</i>	0.725	0.873	0.913

Table 3 appears that all markers utilized within the benefit quality, believe, e-payment, and buy purposeful factors have substantially come about since the external loadings value for each variable contains a huge esteem compared to other pointers.

Table 3. Cross Loadings Value

Codes	<i>Service Quality</i>	<i>Trust</i>	<i>E-payment</i>	<i>Purchase Intention</i>	Results
SQ1	0.874	0.742	0.753	0.780	Valid
SQ2	0.813	0.674	0.753	0.704	Valid
SQ3	0.838	0.709	0.751	0.742	Valid
SQ4	0.846	0.674	0.661	0.740	Valid
SQ5	0.856	0.726	0.750	0.759	Valid
T1	0.682	0.865	0.694	0.728	Valid
T2	0.721	0.851	0.767	0.787	Valid
T3	0.704	0.849	0.718	0.726	Valid
T4	0.730	0.839	0.722	0.765	Valid

EP1	0.763	0.750	0.883	0.773	Valid
EP2	0.766	0.725	0.836	0.764	Valid
EP3	0.747	0.726	0.848	0.749	Valid
EP4	0.728	0.740	0.885	0.767	Valid
EP5	0.695	0.696	0.813	0.724	Valid
PI1	0.722	0.680	0.740	0.837	Valid
PI2	0.724	0.770	0.750	0.827	Valid
PI3	0.736	0.731	0.703	0.817	Valid
PI4	0.753	0.786	0.758	0.859	Valid
PI5	0.780	0.757	0.780	0.875	Valid

The next stage is inner model analysis. The initial analysis is to calculate the coefficient of determination or R^2 value to gauge how well the model's ability to explain the dependent variable (Ghozali, 2014).

Table 4. R^2 Value

Variable	R^2	R^2 - Adjusted
<i>Purchase Intention</i>	0.867	0,865

The R^2 test results show that service quality, trust, and e-payment have a strong influence on purchase intention of 0.867. Q^2 , also known as predictive relevance, is the second inner analysis. The purpose of this test aims to determine whether the variables used in this study can predict the research model well.

Table 5. Q^2 Value

Variable	Q^2
<i>Purchase Intention</i>	0.864

The test appears to show that the Q^2 value of purchase intention is 0.864, which implies that the variables of this study can predict the research model used well. The third analysis includes effect size or f^2 . This test intended to determine the magnitude of the effect of predictor variables on the structural model. The test results in Table 6 show that the f^2 value of service quality on purchase intention is 0.165 which means it has a moderate effect, trust on purchase intention is 0.234 which means it has a moderate effect, and e-payment on purchase intention is 0.130 which means it has a small effect.

Table 6. Effect Size Value (f^2)

Variables	f^2
<i>Service Quality => Purchase Intention</i>	0.165
<i>Trust => Purchase Intention</i>	0.234
<i>E-payment => Purchase Intention</i>	0.130

Furthermore, the Goodness of Fit (GoF) test is aimed to provide validation regarding the combined performance between the measurement model (outer model) and the structural model (inner model). The GoF formula is as follows:

$$\text{GoF} = \sqrt{\text{AVE}} \times R^2 = \sqrt{0,720} \times 0,867 = 0,790$$

The test results show 0.790 which means it has a large degree of practicality.

Table 7. Hypothesis Test Result

Hypothesis	Original Sample	t-statistic	P-value	Results
<i>Service Quality => Purchase Intention</i>	0,320	3,668	0,000	Supported
<i>Trust => Purchase Intention</i>	0,326	3,923	0,000	Supported
<i>E-Payment => Purchase Intention</i>	0,299	5,487	0,000	Supported

The hypothesis testing aims to test the significance of variable X on Y by looking at the t-statistic value of > 1.96 and the p-value of < 0.05 . Based on Table 7 above, it can be summarized that the first hypothesis (H1) is supported. Thus, service quality variables have a positive and significant effect on purchase intention. This research is aligned with research conducted by Buchori and Harwani (2021); Ahmed *et al.*, (2017); Abbas *et al.*, (2020); and Mahira *et al.*, (2022). The better service quality that users get will increase customer purchase intention. It is also apparent from Table 7 ahead that the following hypothesis (H2) is accepted. The trust variable has a positive and significant effect on purchase intention. This research is aligned with research conducted by Buchori and Harwani (2021); Bernika & Ekawanto (2023); Mahliza (2020); and Kawet *et al.*, (2017). The trust that users have in the streaming services provided will affect consumer buying interest. The more users believe in the application, it will increase consumer purchase intention. Finally, the third hypothesis (H3) is likewise accepted. The e-payment variable has a positive and significant effect. This research is aligned with research conducted by Hossain & Zhou (2018); Halim *et al.*, (2020); Astuti & Diansyah (2022); and Kurniadi (2023). The greater the ease and security felt by users, the greater the consumer interest in purchasing.

4. CONCLUSIONS AND SUGGESTIONS

Based on the findings of the research and discussion described above, it can be concluded that service quality, trust, and e-payment have a positive and significant impact on purchase intention. Previous studies conducted examined e-commerce whereas this research focuses on streaming services. The implications of this study provide input so that companies are serious about providing excellent service quality and convenience to customers in transactions especially on streaming services.

Suggestions for the company involve enhancing the functionality on the application to ensure there are no errors when streaming movies, using reliable influencers to build trust, expanding the application system for payment methods in order that payments can be made in a variety of ways, and providing special prices for current users to raise user loyalty to Netflix streaming services. For subsequent studies it is encouraged to raise the number of respondents and broaden the research area, allowing the research to be more generalized and accurate.

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