

## The Purchase Decisions Analysis of Netflix Users in Indonesia

Risqy Aziz Basuki<sup>1</sup>, Cynthia Eddja<sup>2</sup>

<sup>1,2</sup>Departement of Business Administration, Kwik Kian Gie Business School

### Abstract

Indoor entertainment has experienced relatively high growth, especially during the COVID-19 pandemic. People are allocating more of their spending to paid subscription-based streaming services. One of the most widely used companies by Indonesians is Netflix. Netflix users in Indonesia continue to increase yearly, even though many competitors offer competitive prices. Netflix is constantly innovating and developing, improving the quality of its service and promoting in various media in various ways. The object of this study is Netflix in Indonesia, and the sample of this study is users who have used and purchased Netflix in Indonesia. The data collection method in this study was by collecting questionnaires through Google Forms with a total of 315 respondents. The data analysis technique used in this study is PLS-SEM using SmartPLS 3.3.3 and SPSS 26.0 for validity, reliability, and descriptive analysis. The results showed that the quality of service, price, and promotion positively and significantly affected the purchase decisions of Netflix users in Indonesia.

**Keywords:** Quality of Service, Price, Promotion, Purchase Decision, Netflix

### INTRODUCTION

Various activities inside the house are currently in demand by people in Indonesia. Mainly since the COVID-19 pandemic occurred in 2020 in Indonesia, the government has asked the public to limit activities outside. This makes people reduce their activities and expenses for activities outside the home. Few allocate their time, daily exercise, and costs to subscription video streaming services or Video on Demand. Executive Director of the Institute of Information and Communication Technology (ICT), Heru Sutadi, said that the number of users of the Video on Demand streaming service in Indonesia at the beginning of the pandemic in March 2020 increased [1]. The emergence of the Video on Demand trend began to replace DVD or Bluray and conventional television [2]. In addition, the addition of blocking illegal streaming sites by the Ministry of Communication and Information (KOMINFO) made a significant decrease and made its users switch to paid streaming services [3]. The increasing number of people towards Video on Demand has caused many companies to enter this industry.

Here are some names of applications that are often used by people in Indonesia with the number of uses, types of packages offered, and prices per month in 2020:

**Table 1:** Video on Demand Applications That Are Often Used in Indonesia in 2020

NO	Name	Multiple Uses	Subscription Plans	Price per Month (IDR)
1.	Netflix	31%	Mobile phone	54,000
			Basis	120,000
			Standard	153,000
			Premium	186,000
2.	Viu	17%	Buy 1, Get 2	115,000
			Buy 2, Get 3	20,000
3.	Vidio.com	15%	Premium Gold	19,000
			Premium Platinum	29,000
4.	iFlix	12%	Monthly Plan	39,000
5.	MNC Now	8%	All content	30,000
6.	MAX Stream	7%	GALA 9GB	69,000
			GALA 24GB	99,000
			GALA 40GB	149,000
7.	Genflix	3%	Gold	49,000
8.	HBO Go	3%	Monthly	60,000
9.	Disney+	2%	1 month	39,000
10.	Goplay	2%	GoPlay Access	89,000

Source: Populix.com, (2020) [4] Sikatabis.com

Netflix arrived in Indonesia in 2016 and was blocked by Telkom Group. Even though it was blocked, Netflix Indonesia also maintained its

Correspondence address:

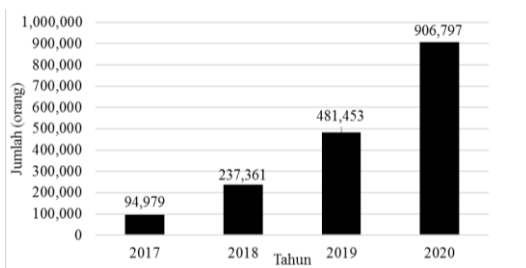
**Risqy Aziz Basuki**

Email : rizqy.basuki@kwikkiangie.ac.id

Address : Departement of Business Administration,  
Kwik Kian Gie Business School, Jakarta, Indonesia.

existence by collaborating with a number of local operators and continuing to develop several features such as launching interfaces and subtitles in Indonesian [7]. In the end, in early 2020, the Ministry of Education and Culture of the Republic of Indonesia began to collaborate with Netflix in order to grow Indonesian cinema [8] and in July 2020 Telkom Group unblocked Netflix Indonesia and can be accessed throughout the Telkom Group network [9]. Along with the continued development of technology and adapted to the culture of the people, especially the Indonesian people, Netflix is trying to add several features and improve the quality of service to satisfy and make it easier for subscribers to stream more easily. Netflix has several plans offered at various prices depending on the plan to choose. Netflix has many competitors that provide competitive prices, but every year Netflix in Indonesia continues to increase.

Figure 1: Netflix number of steamers in Indonesia



Source: databoks.katadata (Jayani, 2019) [10]

Netflix Indonesia has a feature that can download movies or series in 25GB of internal storage, can adjust the streaming quality, search for films more neatly because it is organized by category and genre, and has a parental control feature that can help parents supervise children's viewing and can be used in groups depending on the subscription package chosen [11]. Aside from the components, Netflix presents Netflix Originals, where Netflix provides movies and programs that only air on Netflix and are made in good quality [12].

In addition, Netflix in Indonesia also holds promotions to increase their users. One of the ways they've done this is by doing a 30-day free movie trial. However, the upgrade is no longer valid in Indonesia. This free trial was removed because Netflix wanted to find other marketing promotions to attract new members [13]. Netflix is promoting by giving free access to watch TV series and movies on Netflix, which people can manage without a subscription [11]. This site was created to try to convince customers regarding

the quality of service Netflix has. In addition, various other promotions are carried out by Netflix, namely through social media, for example, Instagram, namely through the movie recommendation feature directly to Instagram Stories [14].

Netflix Indonesia also strives to establish a good relationship and wants to foster the trust of the Indonesian people. One way is by holding a workshop in August 2020, in collaboration with the Indonesian Ministry of Education and Culture, attended by 300 local Indonesian filmmakers, to realize Indonesian film people's creative capacity development program [15].

## MATERIAL AND METHOD

In this study, the object of the study was Netflix in Indonesia with population is all Netflix users in Indonesia whose use within the last one year (April 2020 - April 2021). The sampling in this study is by means of *Judgment Sampling*, which is used when a certain number or category of people have limited information sought [16]. The sample used in this study was a consumer who had used and purchased a Netflix subscription plans package in Indonesia. According to [17], PLS-SEM does not demand large amounts of samples with a recommended minimum of between 30 to 100. According to [18], *the ten times rule* is a method for determining the minimum sample size specific to the PLS path model, which is 10 times the number of arrows pointing to a variable, either as a formative indicator to a variable or a structural path to a construct or endogenous variable. The number of structural pathways directed at constructs or endogenous variables is 3, so the minimum sample needed in this study is  $10 \times 3 = 30$ . However, in general a larger sample size ( $>100$ ) is better, but a smaller sample size ( $<100$ ) is acceptable. The number of respondents obtained in this study was 315 respondents.

## Data Collection

Data collection is carried out by providing questions to the researcher subjects and collecting their responses and answers by conducting a survey method that is managed using questionnaires distributed electronically through Google Forms. The data obtained is quantitative and uses a Likert scale of 1-5, namely 1 for "STS" Strongly Disagrees, 2 for "TS" Disagrees, 3 for "CS" Simply Agrees, 4 for "S" Agrees, and "SS" for Strongly Agrees. The data analysis used in this study was PLS-SEM using SmartPLS 3.3.3 and for testing validity, reliability,

and descriptive analysis using SPSS 26.0. Pls-SEM testing is carried out by evaluating the measurement model (outer model) and the structural model (inner model).

Before performing the test, the statement item needs to be tested for validity. Validity and reliability tests were conducted with 30 respondents by distributing pre-questionnaires. The pre-questionnaire represents variables such as service quality, price, promotion, and purchase decisions to be studied. Validity and reliability tests were performed using the SPSS version 26.0 program. Validity tests determine how precisely an instrument can measure what it wants to measure [19]. The validity test is carried out by the Pearson Product Moment test method. The statement item is declared valid if the significance value is below 0.05. The statement item is declared invalid if the significance value is above 0.05.

## **RESULT AND DISCUSSION**

### **The Relationship between Service Quality and Purchase Decisions**

The results of testing this study show that the quality of service has a significant and positive influence on purchase decisions. This can be interpreted to mean that the better or higher the quality of service, the purchase decisions of Netflix users in Indonesia will be better or higher. Vice versa, the worse or lower the quality of service, the purchase decisions of Netflix users in Indonesia will be worse or lower as well, so hypothesis one in this study is accepted.

This is in line with several previous types of research, namely showing that service quality has a positive and significant influence on purchase decisions [20]; [21]; [22]. However, this study has different results from other studies where service quality was found to have a negative and significant effect on purchase decisions [23], and service quality was found to have no significant and positive influence on purchase decisions [24].

### **The Relationship between Price and Purchase Decision**

The results of testing this study show that price has a positive and significant influence on purchase decisions. This can be interpreted to mean that the higher the price, the higher the purchase decision of Netflix users in Indonesia. Vice versa, the lower the price, the lower the purchase decision of Netflix users in Indonesia. The existence of a positive relationship between prices and purchase decisions can also be caused by prices set in accordance with the quality of

service provided by Netflix by Good Indonesia. According to [25], customers can also decide to buy a product when they can get a value or profit from owning or using the product according to the value or price they exchange.

The results of this study are in line with several previous type of research, namely showing that prices have a positive and significant influence on purchase decisions [26]; [21]; [23]. However, this study has different results from the theory according to [25] which states that under normal conditions demand and prices are inversely proportional, namely the higher the price, the lower the demand and different other studies where the price is found to have a negative and significant effect on purchase decisions [27]; [22] and prices do not have a significant and negative influence on purchase decisions [24].

### **The Relationship of Promotion to Purchase Decisions**

The results of testing this study show that promotion has a positive and significant influence on purchase decisions. This can be interpreted to mean that the better or higher the promotion, the better or higher the purchase decisions of Netflix users in Indonesia. Vice versa, the worse or lower the promotion, the worse or lower the purchase decision of Netflix users in Indonesia which is getting worse or lower as well.

This is in line with several previous type of research, namely showing that promotions have a positive and significant influence on purchase decisions [21]; [22]. However, this study has different results from other studies where promotion was found to have a negative and significant effect on purchase decisions [27]. In other studies as well, researchers were found to have no significant influence on purchase decisions.

## **CONCLUSION**

The quality of service has a positive and significant effect on the purchase decisions of Netflix users in Indonesia, which means that the better or higher the quality of service, the purchase decisions of Netflix users in Indonesia will be better or higher as well, and vice versa.

The price has a positive and significant effect on the purchase decisions of Netflix users in Indonesia, which means that the better or higher the quality of service, the purchase decisions of Netflix users in Indonesia will be better or higher, and vice versa.

The promotion has a positive and significant effect on the purchase decisions of Netflix users in

Indonesia, which means that the better or higher the quality of service, the purchase decisions of Netflix users in Indonesia will be better or higher as well, and vice versa.

The limitation of this study is the researcher less get respondents with broader respondent characteristics. Respondents in this study tended to be more students or students and those aged 12-25 years. In addition, in this study, the variables used were still few and had not been done pre-research as a basis for the research background. This study also lacked more specific information about the respondent's domicile area and still covers an area that is still too large, namely Indonesia and has not been specific in one particular area.

#### ACKNOWLEDGEMENT

The author would like to Kwik Kian Gie Business School that has provided support in this work.

#### REFERENCES

- [1]. Hadyan, R. 2020. *Video on Demand Naik Daun, Bagaimana Kondisi di Indonesia?*. Bisnis.com. diakses 4 Januari 2021. <https://teknologi.bisnis.com/read/20201003/84/1300143/video-on-demand-naik-daun-bagaimana-kondisi-di-indonesia>
- [2]. Gasella, S. 2020. *Dinamika Distribusi Film di Era Platform Streaming yang Semakin Booming*. Kumparan. diakses 10 Februari 2021. <https://kumparan.com/shandy-gasella/dinamika-distribusi-film-di-era-platform-streaming-yang-semakin-booming-1uNNDr45BCs/full>
- [3]. Syahrianto, M. 2020. *Sisi Positif Pandemi Corona: Penonton Streaming Bajakan Menurun*. Wartaekonomi.co.id. diakses 15 Januari 2021. <https://www.wartaekonomi.co.id/read295175/sisi-positif-pandemi-corona-penonton-streaming-bajakan-menurun>
- [4]. *Fenomena Binge Watching dan Persaingan Sengit layanan video on demand di Indonesia* (2020). Populix. diakses 5 Juni 2021. <https://www.info.populix.co/post/fenomena-binge-watching-dan-persaingan-sengit-layanan-video-on-demand-di-indonesia>
- [5]. *Get MAXstream Package*. 2021. diakses 18 Januari 2021. Telkomsel. <https://www.telkomsel.com/en/videos/maxstream-packages>
- [6]. *Purchase Package* 2021. Vision Plus. diakses 18 Januari 2021. <https://www.visionplus.id/user/package>
- [7]. Kartika, E. Y., & Tanjung, F. 2020. *Usai Diblokir 4 Tahun, Begini Jalan Panjang Netflix Dapatkan "Restu" Telkom*. Blok-a.com. diakses 18 Januari 2021. <https://www.blok-a.com/usai-diblokir-4-tahun-begini-jalan-panjang-netflix-dapatkan-restu-telkom/>
- [8]. Syafina, D. C. 2020. *Netflix & Kemendikbud Jalin Kerjasama Kembangkan Film Nasional*. Tirto.id. diakses 18 Januari 2021. <https://tirto.id/netflix-kemendikbud-jalin-kerjasama-kembangkan-film-nasional-erA8>
- [9]. Clinton, B. 2020. *Telkom IndiHome dan Telkomsel Resmi Buka Blokir Netflix*. Kompas. diakses 18 Januari 2021. <https://tekno.kompas.com/read/2020/07/07/14190027/telkom-indihome-dan-telkomsel-resmi-buka-blokir-netflix>
- [10]. Jayani, D. H. 2019. *Berapa Pelanggan Streaming Netflix di Indonesia?* Databoks. diakses 18 Januari 2021. <https://databoks.katadata.co.id/datapublish/2019/08/13/berapa-pelanggan-streaming-netflix-di-indonesia>
- [11]. Pertiwi, W. K. (2020). *Netflix Diam-diam Hapus Gratisan Uji Coba 30 Hari di Indonesia*. Kompas. diakses 30 Maret 2021. <https://tekno.kompas.com/read/2020/10/15/15040087/netflix-diam-diam-hapus-gratisan-uji-coba-30-hari-di-indonesia#:~:text=KOMPAS.com - Netflix diam-,tanpa harus berlangganan lebih dulu.>
- [12]. Franedy, R. 2020. *Ramai Dibicarakan, Apa Itu Netflix Original?*. CNBC Indonesia. diakses 5 Juni 2021. <https://www.cnbcindonesia.com/tech/20200107142603-37-128272/ramai-dibicarakan-apa-itu-netflix-original>
- [13]. *Netflix Kini Menghapus Layanan Uji Coba Gratis 30 Hari*. 2020. Kumparan. diakses 30 Maret 2021. <https://kumparan.com/berita-update/netflix-kini-menghapus-layanan-uji-coba-gratis-30-hari-1uOyfZden5t/full>
- [14]. Putri, A. R. 2019. *Pengguna Instagram Kini Bisa Bagikan Film Netflix di Stories*. Kumparan. diakses 20 Januari 2021. <https://kumparan.com/kumparantech/pengguna-instagram-kini-bisa-bagikan-film-netflix-di-stories-1548300341957044741/full>
- [15]. Farisi, B. Al. 2020. *Kembangkan Industri Film Indonesia, Netflix Gelar Workshop*

- Pascaproduksi Film*. Kompas. diakses 30 Maret 2021.  
<https://www.kompas.com/hype/read/2020/08/27/184620566/kembangkan-industri-film-indonesia-netflix-gelar-workshop-pascaproduksi>
- [16]. Sekaran, U., & Bougie, R. 2017. *Metode Penelitian untuk Bisnis Buku 2 (6th Ed.)*. Jakarta, Indonesia: Salemba Empat.
- [17]. Ghozali, I., & Latan, H. 2015. *Partial Least Square Konsep Teknik Dan Aplikasi Menggunakan Program Smart PLS 3.0 Edisi 2*. Semarang, Indonesia: Badan Penerbit Universitas Diponegoro.
- [18]. Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. 2018. *Multivariate Data Analysis*. United Kingdom: Cengage Learning EMEA.
- [19]. Priyatno, D. 2016. *Belajar Alat Analisis Data dan Cara Pengolahannya dengan SPSS*. Yogyakarta: Gaya Media.
- [20]. Ali, H., Narulita, E., and Nurmahdi, A. 2018. The Influence of Service Quality, Brand Image and Promotion on Purchase Decision at MCU Eka Hospital. *Business and Management Studies* 3(1): 88–97.
- [21]. Mal, L. H., & Mertayasa, I. G. A. 2018. Pengaruh Harga, Promosi, dan Kualitas Layanan Terhadap Keputusan Pembelian Tiket Pesawat Secara Online di Situs Traveloka.Com Pada Mahasiswa Program Studi Manajemen Fakultas Ekonomika dan Humaniora Universitas Dhyana Pura Bali. *Jurnal Ekonomi Dan Pariwisata* 13(1): 63–73.
- [22]. Mulya Firdausy, C., & Idawati, R. 2019. Effects of Service Quality, Price and Promotion on Customers' Purchase Decision of Traveloka Online Airline Tickets in Jakarta, Indonesia. *International Journal of Management Science and Business Administration* 3(2): 42–49.
- [23]. Mustafidah, N. 2020. Skripsi: *Pengaruh Keragaman Produk, Persepsi Harga dan Kualitas Pelayanan Terhadap Keputusan Pembelian Konsumen Pada Holland Mart Durenan*. Institut Agama Islam Negeri Tulungagung.
- [24]. Perkasa, R. P., Firdaus, M., & Pudjanarso, A. 2021. Impact of Service Quality, Atmosphere of Store, Price and Word of Mouth on Purchase Decisions in Swiwings, Jember. *Journal of Management and Business Application* 4(1): 399–406.
- [25]. Kotler, P., & Armstrong, G. 2018. *Principles of Marketing (17th ed.)*. England : Pearson Education.
- [26]. Harahap, D. A., & Amanah, D. 2020. Determinants of Consumer Purchase Decision in SMES. *International Journal of Scientific & Technology Research* 9(03): 3981–3989.
- [27]. Gusrita, D., & Rahmidani, R. 2018. *Pengaruh Marketing Mix dan Lingkungan Sosial terhadap Keputusan Pembelian Online Pakaian Wanita di Kota Padang* 1 (4): 944–954.