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Intention In Buying Video- On-Demand Subscription Services

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Abstract

Nowadays subscription video-on-demand seems to become a solution to entertainment access in the form of video such as movies and series. Through the subscription video-on-demand service, consumers can control what they want to watch, which can be accessed anytime and anywhere if the electronic device is connected to the internet. Seeing many internet users in Indonesia, making subscription video-on-demand service have great potential to develop in Indonesia. In addition, the development of the SVOD industry is accompanied by a high level of competitiveness in it. So, it needs a strategy to expand the market by having more customers for business continuity and growth of the subscription video-on-demand platform. Therefore, it is important to find out the factors that influence the intention in purchasing subscription video-on-demand. The research was conducted using a sample of 152 respondents with the criteria of being domiciled in Semarang City and knowing about video on demand subscription services. Data were obtained from questionnaires which were then processed and analysed using Structural Equation Modelling (SEM) as analytical methods and AMOS as a data processing tool. The author found that perceived usefulness, perceived enjoyment, social value, perceived ease of use, and perceived price have a significant effect on the purchase intention of subscription video-on-demand.

Keywords

Perceived Usefulness, Perceived Enjoyment, Social Value, Ease of Use, Perceived Price.

1. Introduction

The advancement of the internet has brought about major changes over time, including consumer trends. The internet has also influenced the shift in people's behavior in how they obtain and enjoy entertainment. The internet provides wider access for people to enjoy entertainment online. In recent years, the online content service industry has experienced very rapid development by offering alternative entertainment, one of which is in the form of Subscription Video on Demand (SVOD). This is thanks to the emergence of the video streaming industry as an alternative media to the conventional television industry and cable television. Subscription Video on Demand (SVOD) services as video streaming services based on monthly or annual subscriptions, which provide a variety of unlimited video content where customers can choose to watch according to their wishes and can be accessed anytime on all devices if they are connected to the internet. SVOD shifted its business focus to creating a variety of content that makes someone willing to pay to enjoy it (Lotz, 2020).

Based on survey data from Media Partner Asia (MPA) during the pandemic, there was a spike in the number of subscribers to subscription video on demand services, but this number is still very small compared to the total number of internet users in Indonesia, which is 202.6 million. Seeing the huge potential in the subscription video on demand market supported by the average number of viewers and the growth of internet users, the SVOD industry in Indonesia is predicted to continue to experience massive development in the future. That is why digital industry companies are starting to compete to present video-on-demand subscription services with various attractive offers in order to compete for the entertainment content market.

The increasingly tight level of competition makes it important for SVOD service providers to carefully understand consumer perceptions regarding their purchasing intention in SVOD services. Previous studies have proven that an individual's purchasing intention motivation can be influenced by considering perceived usefulness, perceived pleasure, and perceived ease of use based on the TAM theory developed by Heidjen (2004) and the perception of consumer value developed by Sweeney & Soutar (2001).

Perceived usefulness in this study is defined as the extent to which an individual believes that using an online content service will fulfil certain goals (Chu and Lu, 2007). Perceived pleasure is the extent to which consumers consider that using a particular system is enjoyable, regardless of the consequences of use that arise (Davis et al., 1992). Meanwhile, perceived ease of use is defined as the consumer's belief that using a particular system will be free from effort, both physically, mentally, and learning the system (Davis, 1989).

The researcher expanded this research model by proposing a social value variable in consumer value perception developed by Sweeney and Soutar (2001). Social value involvement was chosen because there was no variable that represented external motivation from the perspective of social environmental assessment. Social value is the extent to which customers believe that using an application will improve their self-concept (Sweeney & Soutar, 2001). In online content services, the main challenge for this business is how to persuade individuals to spend money on the service (Dinsmore et al., 2017). So, price perception can be interpreted as an individual's belief that he or she must pay a certain amount of money to get a particular product or service (Chu & Lu 2007; He, 2018).

Based on the background that has been described above, the objectives of this study are: (1) To analyse the influence of perceived usefulness on intention in purchasing video on demand subscription services, (2) To analyse the influence of perceived enjoyment on intention in purchasing video on demand subscription services, (3) To analyse the influence of social values on intention in purchasing video

on demand subscription services, (4) To analyse the influence of perceived ease of use on intention in purchasing video on demand subscription services, (5) To analyse the influence of perceived price on intention in purchasing video on demand subscription services.

2. Literature Review

2.1. The Influence of Perceived Usefulness on Purchase Intention

Perceived usefulness arises based on the results of consumer considerations of the usefulness obtained, both in the form of functional benefits and the convenience provided (Chu & Lu, 2007). Furthermore, the development of the study of perceived usefulness found that there was a significant impact of perceived usefulness on purchase intention, because when consumers consider a technology to be able to provide benefits, consumers become more interested in using the technology (Jung, et al., 2009).

Previous research conducted by Sosa (2017) showed that perceived usefulness is one of the significant variables of purchase intention in factors influencing the purchase of music streaming services. Strengthened by Heijden's (2004) regarding the hedonic system which also supports this finding with the result that perceived usefulness influences the intention to use the system. The studies above show that users feel more willing to use the service system if the technology is considered to bring benefits to consumers, in this case the benefits provided are in accordance with the purpose of the hedonic system as entertainment for users. Therefore, based on the studies described above, the following hypothesis is proposed:

H1: Perceived usefulness has a positive effect on purchasing intention.

2.2. The Influence of Perceived Pleasure on Purchase Intention

Perceived pleasure determines the extent to which the use of a system can bring pleasure to consumers. Perceived pleasure focuses on the process of enjoyable use (Wang et al., 2018). The benefits obtained by customers in the form of perceived pleasure are considered to play a role in influencing the adoption of hedonic information system users (Heijden, 2004).

Research conducted by Sosa (2017) on online content services found that perceived pleasure positively and significantly influenced purchase intention. Kim et al. (2016) examined the influence of perceived pleasure on purchase intention with the results showing that there was a positive and significant influence between the two. Perceived pleasure in the previous literature described above has provided empirical evidence that when activities in the process of use are considered to provide joy to someone, a service will be considered valuable to its customers. Therefore, based on the studies described above, the following hypothesis is proposed:

H2: Perceived pleasure has a positive effect on purchase intention

2.3. The Influence of Social Values on Purchase Intention

Social value is described as a form of benefit obtained from association with one or more social groups (Sheth et al., 1991). Social value consists of an assessment of how a service affects an individual's self-conception and also an individual's conception of how he or she wants to be viewed by others (Hamari, 2020). Therefore, social value focuses on social acceptance and improving an individual's image among their social groups (Sweeney & Soutar, 2001).

In this era, the use of the latest technology is increasingly attracting attention and is considered to represent modern society. Therefore, in society, there is an assumption that by using a particular application a user is considered fashionable, then the application user can promote his or her image to the people around him or

her (Wang et al., 2013). The last few years have increasingly shown the importance of social values in service applications, because the use of technology and digital media that have become familiar in everyday life have given birth to more diverse forms of community in society and have a significant influence on increasingly broad social interactions.

Several previous studies related to the context of online content services have proven that social value positively and significantly influences purchase intentions, such as the study of Wang et al. (2013) who found that social value had a significant effect on purchase intention for mobile applications. Similar results are shown by studies from Khasanah & Sasana (2022), Hamari et al. (2020), and Hu et al. (2016) which also show that social values have a positive and significant influence on consumer buying intention. Therefore, based on the studies described above, the following hypothesis is proposed:

H3: Social values have a positive effect on purchase intention

2.4. The Influence of Perceived Ease of Use on Purchase Intention

Perceived ease of use refers to the ease of learning a system or the friendliness of using the system. Davis (1989) stated that one of the main reasons an individual accepts technology is because of the ease of its function and the benefits obtained from the functions presented in it. The reason why perceived ease of use is important is because consumers will not give an enthusiastic response to adopting a system or technology if they find it difficult to use Faqih (2022), especially for technologies that are relatively new so that consumers feel unfamiliar with using the technology or system. The perception of ease of use itself based on Heijden (2004) directly contributes to future intentions to use hedonic systems because it can enhance or hinder the user experience (Marpaung et al., 2024; Suparjo & Dana, 2024).

There are many previous studies that show that perceived ease of use has a positive and significant effect on behavioural intention Hew et al. (2016), and Faqih (2022) and intention to use Heijden (2004), and Leong et al. (2013) in the use of technology. The results of these studies show that perceived ease of use has been shown to contribute directly to future intentions to use hedonic systems because it can enhance or inhibit consumer experience.

H4: Perceived ease of use has a positive effect on purchase intention

2.5. The Influence of Price Perception on Purchase Intention

Price perception is defined as the monetary sacrifice made by consumers referring to financial payments (Wang et al., 2013b). Price perception according to Jacoby et al. (1998) is an individual's assessment of a price (high, fair, or low) which has a major influence on purchase intention and consumer satisfaction. Because generally, consumers who think rationally in economics consider price as an important factor (Zeithaml, 1988).

Based on previous studies from marketing and consumer research, price perception has been identified as having an influence on consumer purchase intention (Song, 2014; He et al., 2018; Fernandes and Guerra, 2019). Therefore, price often represents a measure of the extent to which customers sacrifice to use a technology. So, the higher the money spent by users to obtain technology, the lower the intention to buy and use a product/service. Research on factors that drive purchase intention in the context of online content services conducted by He, et al., (2018) showed that price perception has a negative and significant effect on purchase intention. Other studies found in the studies of Song (2014), and Fernandes and Guerra (2019) where price perception significantly has a negative effect on consumer purchase intention.

H5: Price perception has a negative effect on purchase intention

3. Methods

The population in this study was the people of Semarang City who were aware of the video-on-demand subscription service. Furthermore, a sampling method was carried out using purposive sampling. This study took a sample of 152 samples. However, from the total number of samples, only 133 samples were taken according to the number needed, with the following criteria: (1) domiciled or currently residing in Semarang City and (2) aware of the video-on-demand subscription service. The data collection method in this study was using a questionnaire distributed online to respondents. The questionnaire in the study utilized the use of an interval scale with a variable measurement method using a Likert scale. Meanwhile, the data analysis method in this study was carried out using quantitative analysis with the Structural Equation Model (SEM) analysis technique, which was then processed using the Analysis of Moment Structure (AMOS) program.

4. Results

The test results in this study indicate that perceived usefulness has a positive and significant effect on purchase intention, because the results of the hypothesis test show a positive coefficient with a critical ratio of 2.920 and a probability value of 0.003 which is smaller than 0.05. When the significant value is smaller than 0.05, it proves that perceived usefulness has a significant effect on purchase intention. So, the first hypothesis is accepted. The findings in this study are in line with previous research conducted by Sosa (2017) that perceived usefulness has a positive effect on purchase intention. In addition, this finding is also supported by Heidjen (2004) who stated that perceived usefulness influences usage intention where consumers feel more willing to use the system if the system is considered to provide benefits according to the consumer's usage goals.

The test results in this study indicate that perceived usefulness has a positive and significant effect on purchase intention, because the results of the hypothesis test show a positive coefficient with a critical ratio of 2.243 and a probability value of less than 0.05, which is 0.025. When the significant value is less than 0.05, it proves that perceived pleasure has a significant effect on purchase intention. So, the second hypothesis is accepted. The findings in this study are in line with previous research conducted by Heidjen (2004), Sosa (2017) and Kim et al. (2016) that perceived pleasure has a positive effect on purchase intention.

The test results in this study indicate that social values have a positive and significant effect on purchase intention, because the results of the hypothesis test show a positive coefficient with a critical ratio of 4.105 and a probability value that is much smaller than 0.05. When the significant value is smaller than 0.05, it proves that social values have a significant effect on purchase intention. So, the second hypothesis is accepted. The findings in this study which show that social values have a positive and significant effect on consumer purchase intention are in line with and support previous research conducted by Wang et al. (2013) and Hamari et al. (2019).

The test results in this study indicate that perceived ease of use has a positive and significant effect on purchase intention, because the results of the hypothesis test show a positive coefficient with a critical ratio of 2.522 and a probability value smaller than 0.05, which is 0.012. When the significant value is smaller than 0.05, it proves that perceived ease of use has a significant effect on purchase intention. The results of this study are in line with the research literature of Hew et al (2016) and Faqih (2022) which shows that perceived value has a positive and significant effect on purchasing intention.

The test results in this study indicate that price perception has a positive and significant effect on purchase intention, because the results of the hypothesis test show a negative coefficient with a critical ratio of 3.194 and a probability value of

0.012 which is known to have a value smaller than 0.05. When the significant value is smaller than 0.05, it proves that the perception of ease of use has a significant effect on purchase intention. These findings are in line with and support previous studies by Song (2014), He et al. (2018), and Fernandes and Guerra (2019).

5. Conclusion

Based on the collection, processing, and analysis of research data, this study concludes that several factors significantly influence consumer purchase intention in subscribing to subscription video on demand (SVOD) services. Perceived usefulness enhances purchase intention when the service provides functional benefits aligned with consumer goals, such as relevant content and a well-curated portfolio. Perception of pleasure also plays a key role, as services perceived as entertaining increase consumer willingness to subscribe. Social value further contributes to purchase intention, as consumers are more likely to subscribe if they feel the service enhances social connection or status. Providing platforms for community engagement can strengthen this effect. Perceived ease of use also has a positive impact, with intuitive and user-friendly designs encouraging subscriptions. However, perceived price negatively influences purchase intention. High costs reduce consumer interest, emphasizing the need for competitive and quality-based pricing. The research model has not fully met the criteria for a good fit, particularly in terms of AGFI and GFI values. Additionally, not all distributed questionnaires were returned, reducing the sample size. Future studies are encouraged to expand the sample and variables used, as well as offer incentives and clear instructions to improve participation and data quality.

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