



**DETERMINANT FACTORS OF CUSTOMER LOYALTY: CASE STUDY OF
NETFLIX SUBSCRIPTION VIDEO-ON-DEMAND SERVICE IN
INDONESIA**

UNDERGRADUATE THESIS

Submitted as one of the requirements to obtain

Sarjana Manajemen

By:

ARIANTIKA PARAWANGSA PERMANA PG

014201900070

FACULTY OF BUSINESS

MANAGEMENT STUDY PROGRAM

CIKARANG

SEPTEMBER, 2023

ACKNOWLEDGE

First of all, I would like to thank the presence of Ida Sang Hyang Widhi Wasa for His extraordinary blessings, namely the blessings of faith and the blessings of good health, so that I can complete my research steadily and successfully on time.

I would like to thank President University for giving me the opportunity to learn and earn my bachelor's degree. I also want to thank the people who have helped and supported me and always motivated me to write this thesis. Therefore, I would like to say thanks to:

1. My family, especially my Parents, my Bunda, Ian, Brothers, and Yuka for all their continuous support, endless love, and prayers.
2. My thesis supervisor, Mrs. Genoveva. I thank her very much for her guidance, advice, encouragement, and patience. I would like to thank you for trusting me, and always taking the time to improve my thesis. It is an honor for me to have her as my mentor and thesis supervisor.
3. I'd also like to thank my fellow students who spent their college years joyfully studying together. It is accurate thanks to your assistance and support.
4. The Dean of the Faculty of Business, the Head of the Management Study Program, and all of President University's Lecturers and Staff for all of their knowledge and assistance.
5. All parties who have been involved in helping the researcher to finish this thesis well. Thank you so much!

Cikarang, Indonesia, September 7th,2023



Ariantika Parawangsa Permana PG

PLAGIARISM REPORT

THE INFLUENCE OF CUSTOMER BEHAVIOR, PRICING STRATEGY, AND HABITUAL BEHAVIOR ON CUSTOMER LOYALTY (Case of Netflix Subscription Video-on-Demand Service in Indonesia)".

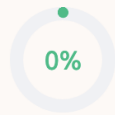
ORIGINALITY REPORT

| | | | |
|------------------|------------------|--------------|----------------|
| 16% | % | % | 16% |
| SIMILARITY INDEX | INTERNET SOURCES | PUBLICATIONS | STUDENT PAPERS |

PRIMARY SOURCES

| | | |
|----------|--|---------------|
| 1 | Submitted to President University Student Paper | 3% |
| 2 | Submitted to University of Birmingham Student Paper | 1% |
| 3 | Submitted to School of Business and Management ITB Student Paper | 1% |
| 4 | Submitted to University of Surrey Student Paper | 1% |
| 5 | Submitted to Swinburne University of Technology Student Paper | <1% |
| 6 | Submitted to Universiti Teknologi MARA Student Paper | <1% |
| 7 | Submitted to Technological University Dublin Student Paper | <1% |
| 8 | Submitted to Intercollege Student Paper | <1% |

GPTZero Test



This text is most likely to be written by **a human**

There is a **0%** probability this text was entirely written by AI

1.1 Background

Internet and technology have improved to become a part of our daily routines, enjoyed by many people across the world while affecting all that revolves around the routines of humankind such as education, finance, transportation, entertainment, and many more. The development of the internet and technology in the late 20th and early 21st centuries have been significant, allowing things that seemed impossible to do in the past to appear to be something considered to be normal in today's age. One spectacular example of the continuous growth of technology can be seen in the improvement of how we consume entertainment. A sizeable majority of customers worldwide possess and utilize computers and/or mobile devices, which has also led to a phenomenal increase in the amount of money that businesses are spending on digital advertising (Ritz et al., 2019).

Because of the technological revolution, people's lifestyles are changing quickly, they are quite mobile during their everyday activities, and the Internet has now replaced many of their essential necessities (Jokhu et al., 2021). Media consumption, especially in the film industry has shown vast growth. The cultural sectors are evolving as a result of streaming, but in a variety of ways and at varying rates. The trend toward streaming is most obvious in the music sector, but it is also prevalent in the film and

0/36 sentences are likely AI generated.

PANEL OF EXAMINERS APPROVAL SHEET

The Panel of Examiners declares that the Thesis entitled **DETERMINANT FACTORS OF CUSTOMER LOYALTY: CASE STUDY OF NETFLIX SUBSCRIPTION VIDEO-ON-DEMAND SERVICE IN INDONESIA** was submitted by Ariantika Parawangsa Permana PG majoring in Management from the School of Business was assessed and approved to have passed the Oral Examinations on September 7th, 2023.

Panel of Examiners



Assoc. Prof. Jhanghiz Syahrivar, S.E., M.M., Ph.D.

Chair-Panel of Examiners



Dr. Jean Richard Jokhu, M.M

Examiner 2



Assoc. Prof. Dr. Dra. Genoveva, M.M

Examiner 3

STATEMENT OF ORIGINALITY

In my capacity as an active student of President University and as the author of the thesis/final project/business plan stated below:

Name : Ariantika Parawangsa Permana PG
Student ID number : 014201900070
Study Program : Management
Faculty : Business

I hereby declare that my thesis/final project/business plan entitled **DETERMINANT FACTORS OF CUSTOMER LOYALTY: CASE STUDY OF NETFLIX SUBSCRIPTION VIDEO-ON-DEMAND SERVICE IN INDONESIA** is to the best of my knowledge and belief, an original piece of work based on sound academic principles. If there is any plagiarism detected in this thesis/final project/business plan, I am willing to be personally responsible for the consequences of these acts of plagiarism and will accept the sanctions against these acts in accordance with the rules and policies of President University.

I also declare that this work, either in whole or in part, has not been submitted to another university to obtain a degree.

Cikarang, September 7th,2023



Ariantika Parawangsa Permana PG


CONSENT FOR INTELLECTUAL PROPERTY RIGHT

| | |
|------------------------|---|
| Title of Thesis | DETERMINANT FACTORS OF CUSTOMER LOYALTY: CASE STUDY OF NETFLIX SUBSCRIPTION VIDEO-ON-DEMAND SERVICE IN INDONESIA |
|------------------------|---|

1. The Author hereby assigns to President University the copyright to the contribution named above whereby the university shall have the exclusive right to publish the contribution and translations of it wholly or in part throughout the world during the full term of copyright including renewals and extensions and all subsidiary rights.
2. The Author retains the right to re-publish the preprint version of the contribution without charge and subject only to notifying the University of the intent to do so and to ensuring that the publication by the University is properly credited and that the relevant copyright notice is repeated verbatim.
3. The Author retains moral and all proprietary rights other than copyright, such as patent and trademark rights to any process or procedure described in the contribution.
4. The Author guarantees that the contribution is original, has not been published previously, is not under consideration of publication elsewhere and that any necessary permission to quote or reproduce illustrations from another source has been obtained (a copy of any such permission should be sent with this form).
5. The Author guarantees that the contribution contains no violation of any existing copyright or other third – party right or material of an obscene, indecent, libellous

or otherwise unlawful nature and will indemnify the University against all claims arising from any breach of this warranty.

6. The Author declares that any named person as co – author of the contribution is aware of this agreement and has also agreed to the above warranties.

| | |
|------------|--|
| Name: | Ariantika Parawangsa Permana PG |
| Date: | September 7 th ,2023 |
| Signature: |  |

SCIENTIFIC PUBLICATION APPROVAL FOR ACADEMIC INTEREST

As an academic community member of the President's University, I, the undersigned:

Name : Ariantika Parawangsa Permana PG
Student ID number : 014201900070
Study program : Management

for the purpose of development of science and technology, certify, and approve to give President University a non-exclusive royalty-free right upon my final report with the title:

DETERMINANT FACTORS OF CUSTOMER LOYALTY: CASE STUDY OF NETFLIX SUBSCRIPTION VIDEO-ON-DEMAND SERVICE IN INDONESIA

With this non-exclusive royalty-free right, President University is entitled to converse, to convert, to manage in a database, to maintain, and to publish my final report. There are to be done with the obligation from President University to mention my name as the copyright owner of my final report.

This statement I made in truth.

Cikarang, September 7th, 2023



Ariantika Parawangsa Permana PG

ADVISOR APPROVAL FOR JOURNAL OR INSTITUTION'S REPOSITORY

As an academic community member of the President's University, I, the undersigned:

Name : Assoc. Prof. Dr. Dra. Genoveva, M.M
Employee Number : 20100700252
Study program : Management
Faculty : Business

declare that following thesis:

Title of thesis : **DETERMINANT FACTORS OF CUSTOMER LOYALTY: CASE STUDY OF NETFLIX SUBSCRIPTION VIDEO-ON-DEMAND SERVICE IN INDONESIA**

Thesis author : Ariantika Parawangsa Permana PG
Student ID number : 014201900070

will be published in **journal** or **institution's repository**

Cikarang, September 7th,2023



(Assoc. Prof. Dr. Dra. Genoveva, M.M)

Determinant Factors of Customer Loyalty: Case Study of Netflix Subscription Video-On-Demand Service in Indonesia

ABSTRACT

The purpose of this study is to identify the determinant factors of customer loyalty towards Netflix's subscription video-on-demand service in Indonesia. The study will focus on two independent variables, namely pricing strategy and habitual behavior, with the mediating variable of customer satisfaction and the dependent variable of customer loyalty. The study will use a quantitative approach, with purposive sampling and the data will be collected through an online survey. The target population for this study is Netflix subscribers in Indonesia aged 18-34 years old. The sample size will be consisting of 129 respondents. The study will use PLS-SEM as the primary analysis tool to test the research model and hypotheses. The study will contribute to the existing literature by providing insights into the factors that influence customer loyalty towards Netflix in Indonesia. The findings of this study are expected to be useful for Netflix in developing effective strategies to improve customer loyalty and retain customers in the highly competitive Indonesian market. The study will also provide insights into the applicability of the PLS-SEM technique in the context of customer loyalty research. In conclusion, this study aims to provide insights into the determinant factors of customer loyalty towards Netflix's subscription video-on-demand service in Indonesia. The study will use PLS-SEM as the primary analysis tool and an online survey to collect data. The result shows that pricing strategy does have a positive impact on customer loyalty which mediated by customer satisfaction, which oppose to the result of habitual behavior which shows a negative impact. The findings of this study are expected to be useful for Netflix in developing effective strategies to improve customer loyalty and retain customers in the highly competitive Indonesian market.

Keywords: *Video-On-Demand, Netflix Indonesia, customer satisfaction, customer loyalty*

TABLE OF CONTENTS

| | |
|--|------|
| ACKNOWLEDGE..... | i |
| PLAGIARISM REPORT | ii |
| GPTZero Test..... | iii |
| PANEL OF EXAMINERS APPROVAL SHEET | iv |
| STATEMENT OF ORIGINALITY | v |
| CONSENT FOR INTELLECTUAL PROPERTY RIGHT | vi |
| SCIENTIFIC PUBLICATION APPROVAL FOR ACADEMIC INTEREST | viii |
| ABSTRACT | x |
| TABLE OF CONTENTS | xi |
| CHAPTER I INTRODUCTION | 1 |
| 1.1 Background | 1 |
| 1.2 Problem Identification..... | 10 |
| 1.3 Research Questions | 11 |
| 1.4 Research Outline | 11 |
| CHAPTER II LITERATURE REVIEW..... | 13 |
| 2.1 Review of Literature | 13 |
| 2.1.1 Pricing Strategy | 13 |
| 2.1.2 Habitual Behavior | 14 |
| 2.1.3 Customer Satisfaction | 16 |
| 2.1.4 Customer Loyalty..... | 17 |
| 2.2 Hypotheses Development..... | 19 |
| 2.2.1 The Influence of Pricing Strategy on Customer Satisfaction Positively.... | 19 |
| 2.2.2 The Influence of Habitual Behavior on Customer Satisfaction Positively | 19 |
| 2.2.3 The Influence of Pricing Strategy and Habitual Behavior on Customer Satisfaction Positively..... | 20 |
| 2.2.4 The Influence of Customer Satisfaction on Customer Loyalty Positively. | 21 |
| 2.2.5 The Influence of Pricing Strategy on Customer Loyalty Positively | 22 |
| 2.2.6 The Influence of Habitual Behavior on Customer Loyalty Positively..... | 23 |
| 2.3 Theoretical Framework | 24 |

| | |
|---|----|
| 2.4 Previous Research | 26 |
| 2.5 Research Gap | 37 |
| CHAPTER III METHODOLOGY | 41 |
| 3.1 Research Design..... | 41 |
| 3.2 Research Framework..... | 42 |
| 3.3 Sampling Plan | 44 |
| 3.3.1 Population | 44 |
| 3.3.2 Sample..... | 44 |
| 3.3.3 Sampling Size | 46 |
| 3.4 Measurement / Operational Definitions | 47 |
| 3.4.1 Demographic Profile | 48 |
| 3.4.2 Operational Definitions | 49 |
| 3.5 Data Collection Design | 54 |
| 3.6 Data Analysis Design | 54 |
| 3.6.1 Descriptive analysis | 55 |
| 3.6.2 Partial Least Squares Structural Equation Modelling (PLS-SEM) | 57 |
| CHAPTER IV ANALYSIS AND DISCUSSION OF FINDINGS | 61 |
| 4.1 Respondent Profile | 61 |
| 4.1.1 Characteristics of Respondents by Gender | 62 |
| 4.1.2 Characteristics of Respondents by Age..... | 63 |
| 4.1.3 Characteristics of Respondents by Occupation..... | 64 |
| 4.1.4 Characteristics of Respondents by Last Educational Background..... | 65 |
| 4.1.5 Characteristics of Respondents by Monthly Expenses | 66 |
| 4.2 Descriptive Analysis | 66 |
| 4.3 Partial Least Squares (PLS) | 69 |
| 4.3.1 Outer Model Analysis | 70 |
| 4.4 Result & Interpretation..... | 78 |
| 4.4.1 The Influence of Pricing Strategy towards Customer Satisfaction | 79 |
| 4.4.2 The Influence of Habitual Behavior towards Customer Satisfaction..... | 79 |

| | |
|---|-----|
| 4.4.3 The Influence of Pricing Strategy and Habitual Behavior towards Customer Satisfaction | 80 |
| 4.4.4 The Influence of Customer Satisfaction Towards Customer Loyalty..... | 81 |
| 4.4.5 The Influence of Pricing Strategy Towards Customer Loyalty | 82 |
| 4.4.6 The Influence of Habitual Behaviour Towards Customer Loyalty..... | 82 |
| 4.5 Discussion | 83 |
| CHAPTER V CONCLUSION AND RECOMMENDATION..... | 85 |
| 5.1 Implication for Policy and Practice..... | 85 |
| 5.2 Suggestions for the Company | 86 |
| 5.3 Suggestions for Future Research..... | 87 |
| 5.4 Research Limitations | 88 |
| REFERENCES..... | 89 |
| APPENDIX..... | 100 |