

# THE INFLUENCE OF ELECTRONIC WORD OF MOUTH AND BRAND IMAGE ON THE PURCHASE DECISION OF VIDEO ON DEMAND NETFLIX SUBSCRIPTION (STUDY ON NETFLIX USERS IN MEDAN CITY)

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**ABSTRACT:** Pandemi Covid-19 telah menyebabkan perubahan pada setiap orang. Perubahan tersebut telah mempengaruhi industri komunikasi yang menciptakan konsep Video on Demand. Netflix merupakan layanan streaming yang merekomendasikan berbagai acara seperti film, anime, dokumenter, dan sebagainya di perangkat yang terhubung ke Internet. Masuknya Netflix ke Indonesia menimbulkan berbagai macam isu baik dari pemerintah maupun masyarakat. Penelitian ini bertujuan untuk mengetahui pengaruh electronic word of mouth (E-WOM) dan brand image terhadap keputusan pembelian berlangganan Netflix di Kota Medan. Pengumpulan data dilakukan dengan metode survei kemudian dianalisis dengan menggunakan regresi linier sederhana. Hasil penelitian yang dilakukan menunjukkan bahwa variabel E-WOM (X1) tidak berpengaruh signifikan terhadap keputusan pembelian. Sedangkan variabel citra merek (X2) berpengaruh signifikan terhadap keputusan pembelian. Namun, E-WOM dan citra merek memiliki pengaruh yang sama (simultan) terhadap keputusan pembelian (Y). Hasil koefisien korelasi (R) sebesar 0,836, dimana nilai koefisien ini menunjukkan hubungan antara E-WOM dan citra merek terhadap keputusan pembelian.

**Kata kunci:** *Electronic Word Of Mouth, Brand Image, Purchase Decision, Video on Demand Netflix*

**Abstract:** The Covid-19 pandemic has caused changes in everyone. These changes have influenced the communication industry which created the concept of Video on Demand. Netflix is one of the streaming services that have a variety of shows such as movies, anime, documentaries, and many more. During the first time, Netflix came to Indonesia, they had many issues with government and public services. The purpose of this research is to analyze the effect of electronic word of mouth (E-WOM) and brand image on the purchase decision of Netflix subscriptions in Medan city. The research used an associative method with a quantitative approach. The sample and populations in this research are 100 people who have used Netflix in Medan City. Data were collected using a survey method and then analyse by using simple linier regression. The results of the research conducted indicate that the E-WOM variable (X1) has no significant effect on purchasing decisions. Meanwhile, the brand image variable (X2) has significantly influenced buying decisions. However, E-WOM and brand image have an equal (simultaneous) effect on purchase decisions (Y). The result of the correlation coefficient (R) of 0.836, where this coefficient value shows the relationship between E-WOM and brand image on purchasing decisions.

**Keywords:** *Electronic Word Of Mouth, Brand Image, Purchase Decision, Video on Demand Netflix*

## 1. INTRODUCTION

The rapid development of the times followed by technological developments increases, human life cannot be separated

from technological advances (*detik.com*).

The existence of technology affects society and the surrounding environment. Total Internet users worldwide reach 4.95 billion,

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the number of Internet users in Indonesia reaches 204.7 million. The number of Internet users in Indonesia covers 73.7% of Indonesia's total population, an increase of 4% from 4.76 billion in January 2022, (databoks.katadata.co.id, 2022).

Since the Covid-19 pandemic, changes have occurred in everyone. Changes in consumer behavior patterns affect the communication industry which gave birth to the concept of Video on Demand services. Video on Demand service gives users complete control. The presence of various Video on demand services has encouraged business people to create various strategies that can attract consumers to use their services, because customers are the only determining factor in making decisions to buy subscription packages for Video on demand services (Biznet home, 2020). There are several VOD services in Indonesia, one of which is Netflix. Netflix is a streaming service that recommends a wide variety of TV shows, movies, anime, documentaries, and so on on any device connected to the Internet. Consumers can watch as much as they want, whenever they want without a single advert, all for one low monthly price (Netflix.net).

Based on justwatch.com data, Netflix's market share in Indonesia reached 24 percent in Q4 2021. This figure is slightly higher by 2 percent compared to Disney plus Hotstar, which is 22 percent. The price

offered by Disney Plus Hotstar is also more affordable than Netflix. Telkomsel markets Disney Plus Hotstar with a cellular data package which is cheaper than the cost of subscribing to Netflix. On the other hand, Netflix Indonesia has a bad relationship with the provider Telkom which is Telkomsel's parent until mid-2020 yesterday, Netflix is still blocked by Telkom and its subsidiaries. The blocking of Netflix was only opened in July 2020 (kumparan.com). Netflix had 221.8 million subscribers worldwide in 2021. The number of subscribers was recorded at 8.2 million in the fourth quarter of 2021 (databoks.katadata.co.id, 2022). This figure missed the company's expectations of an additional 8.5 million subscribers in the fourth quarter of 2021. Netflix also announced its performance results in the first quarter of 2022. In the report said, Netflix lost 200,000 subscribers in the first quarter of 2022 (finance.com).

The news of losing the number of customers is certainly a big blow for the company. Especially with the company's target to add 2.5 million new users in the first quarter. This is also due to the development of other VOD services such as Disney hotstar, Viu, HBO, Video, WeTv, and others (cnn indonesia.com).

In line with the rapid development of information technology, the exchange of information between consumers no longer occurs face-to-face but can also be done via the internet, resulting in the development of

E-WOM. Most of the effects of word of mouth are created naturally (Ismagilova *et al.*, 2017). Consumers began to talk about the brand used or or have strong feelings about the brand. Netflix participated in entering the market by using marketing through E-WOM. By using and utilizing communication through E-WOM, the value of Netflix's brand image has increased so that purchases are made by consumers.

## 2. LITERATURE REVIEW

E-WOM according to Litvin (Ismagilova 2017:17) which means that is all informal communication to consumers through internet technology regarding the use or features of certain goods and services or their vendors. The E-WOM indicators according to (Nurrouman, 2018), namely: Platform assistance, Concern for other consumers, Extraversion/positive self-enhancement, Advice seeking.

Brand image according to Keller and Swaminathan (2020: 67) is the impressions and beliefs held by users as reflected in the associations held in the customer's memory. The indicators for brand image according to Keller and Swaminathan (2020:83) are User profiles, Purchase and usage situations, Personality and values, History; heritage; and user experiences.

Purchasing decisions according to Tjiptono (2019:21) is a process by which the consumer recognizes the problem, seeks information about a particular product, and evaluate each alternative that can solve the

problem, then lead to a purchase decision. The indicators for purchasing decisions according to (Kotler and Keller 2019: 187) are: Product choice, Brand choice, Dealer choice, Purchase amount, Purchase timing, and Payment method.

## 3. METHOD

This research uses associative method with quantitative approach. The population in this study are Netflix users in the city of Medan who have purchased Netflix. The technique for determining the number of samples is purposive sampling method with 100 respondents - the data collection design uses google form and data processing through SPSS.

The data analysis method used is by using statistical tests in the form of validity test, reliability test, normality test, multicollinearity test, heteroscedasticity test, partial test (t-test), simultaneous test (f-test), linear regression test, and coefficient of determination test to ascertain whether the instruments made could be used as analytical tools in this study margins will not be printed. This research was carried out in Medan City from February to March 2022.

## 4. RESULT AND DISCUSSIONS

### 1. *The effect of E-WOM on Netflix purchasing decisions in Medan.*

Based on the test results using the Software Statistics program for the E-WOM variable (X1) on the Purchase Decision (Y) obtained

a tcount value of 1,779 where the tcount value is smaller than the ttable value, which is 1,984 ( $1,779 < 1,984$ ) with a significance

value greater than 0.05 ( $0.078 > 0.05$ ) and the regression coefficient is positive at 0.109.

**Table 1.1**  
**Partial Significance Test Results (t-test)**

| Coefficients <sup>a</sup>                  |                                 |                             |            |                           |       |      |
|--|---------------------------------|-----------------------------|------------|---------------------------|-------|------|
| Model                                      |                                 | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|  |                                 | B                           | Std. Error | Beta                      |       |      |
| 1  | (Constant)                      | 2.415                       | 1.523      |                           | 1.585 | .116 |
|  | <i>Electronic word of mouth</i> | .109                        | .061       | .158                      | 1.779 | .078 |
|  | <i>Brand image</i>              | .338                        | .043       | .707                      | 7.944 | .000 |
| a. Dependent Variable: Keputusan Pembelian |                                 |                             |            |                           |       |      |

*Source: Primary Data Processing Result (2022)*

This shows that the E WOM variable (X2) has no significant effect on the Purchase Decision (Y). To be able to make E-WOM have a significant effect on purchasing decisions, E-WOM must be accompanied by providing incentives for various reviews from social media so that users feel curious and participate in watching these shows on Netflix's over the top service. Based on that, these results can also be influenced by the low desire and awareness of some people to access movies or series directly from legal platforms such as the Netflix application. The results of the ineffectiveness of E-WOM on purchasing decisions can also be caused by a person's lack of trust in information on social media or the internet. As said by Huang et al., (Ismagilova et al., 2017) the effect of E-WOM is different from WOM because using online media

causes the informant (informant) and the recipient of information not to meet each other face to face, only limited to writing comments from a person or several informants, so that the credibility of the person or informant cannot be guaranteed.

## *2. The effect of Brand Image on Netflix purchasing decisions in Medan*

Based on the test results using the Software Statistics program for the Brand image variable (X2), the tcount value is 7.944 which means it is greater than the ttable value of 1.984 ( $7.944 > 1.984$ ) with a significance value smaller than 0.05 ( $0.000 < 0.05$ ) and the regression coefficient is positive at 0.338. This shows that the Brand image variable (X2) has a significant effect on Purchase Decisions

(Y). The brand image that Netflix has built for its customers has succeeded in formulating their success formula by

increasing the quality and value of their products, creating a strong brand position to consumers.

3. *The effect of E-WOM and Brand Image on Netflix purchasing decisions in Medan.*

**Table 1.2**  
**Simultan Results (F-Test)**

| ANOVA <sup>a</sup>  |            |                |    |             |         |                   |
|---|------------|----------------|----|-------------|---------|-------------------|
| Model   |            | Sum of Squares | df | Mean Square | F       | Sig.              |
| 1   | Regression | 1064.967       | 2  | 532.483     | 112.769 | .000 <sup>b</sup> |
|   | Residual   | 458.023        | 97 | 4.722       |         |                   |
|   | Total      | 1522.990       | 99 |             |         |                   |
| a. Dependent Variable: Keputusan Pembelian                                      |            |                |    |             |         |                   |
| b. Predictors: (Constant), <i>Brand image</i> , <i>Electronic word of mouth</i> |            |                |    |             |         |                   |

Source: Primary Data Processing Result (2022)

Based on the results of data processing in Table 1.2, it can be seen that the calculated F value obtained is 112.769, which means the Fcount value is greater than the F table value, which is  $112.769 > 3.09$  or based on the sig value which is  $0.000 < 0.05$ . These results mean that the independent variables, namely E-WOM (X1) and Brand Image (X2) have a simultaneous (simultaneous) effect on the dependent variable, namely the purchase decision (Y). This happens because E-WOM only acts as an invitation or recommendation. So if EWOM is not accompanied by product trust, product quality, consumer reviews, then consumers are not interested in making a

Purchase. Although there are unsatisfactory results on the E-WOM variable, but if the E-WOM and Brand image variables are combined it will have a significant effect on purchasing decisions. This means that the E-WOM variable cannot stand alone and must be accompanied by supporting variables.

## 5. CONCLUSION

The E-WOM variable has no significant effect on purchasing decisions to subscribe to VOD Netflix in Medan. The brand image variable has a significant effect on purchasing decisions to subscribe to VOD Netflix in the city of Medan. E-WOM and brand image

variables have a simultaneous effect on purchasing decisions to subscribe to VOD Netflix in the city of Medan. Netflix can collaborate with the Indonesian film industry to create local films or series by utilizing E-WOM communication so that new programs will look more attractive so that consumers are interested in buying and making purchasing decisions. Maximizing attractive promotional programs such as inviting actors who are launching the latest films on the Netflix application, to take interviews or play games with other players on Netflix's social media account channels. Netflix must always try to provide optimal satisfaction to consumers so that when consumers give their opinions on various social media or the internet, the shared consumer experience is a positive experience, so that the Netflix brand image will remain good in consumers' memories.

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