

The role of sales promotion in improving the relation between price perception and system quality of SVOD platform on purchase intention

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ABSTRACT

Keywords:

sales promotion

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price perception

system quality

This study aims to explore how Vidio.com can increase the number of users who are interested in even considering using this platform in the midst of fierce competition in the SVOD market, especially in Indonesia. The study was conducted from April to June 2023 and data collection took 1 month using a questionnaire method, namely Google Form which were distributed online to target respondents. The purpose of this research is to influence perceived price and perceived system quality in shaping consumer interest in subscribing to the SVOD platform - with a study on the Vidio platform. The results of this study indicate that the three variables under investigation have a major impact on users' intentions to subscribe to the platform (i.e., make a purchase). The impact of moderators between independent variables on dependents, specifically the influence of sales promotion methods can not enhance the relation of perceived pricing and perceived quality on enhancing the intention to purchase. Therefore, Vidio needs to pay attention to the performance of its application such as the speed of responding when users access features, the level of application errors or loading levels when the show is played, and privacy security, especially for users' personal data in order to provide a good user experience so that it can increase their interest in using the platform's paid packages.

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INTRODUCTION

Video On Demand Subscription (SVOD) is a service that provides access to various show programs according to the wishes of its users by providing a monthly rate. SVOD users will have full control over the show program such as deciding when to start the show (there is no restrictive broadcast schedule), pausing, forwarding or rewinding the duration during the subscription of the offered package. Usually, the shows or content presented are of high quality, diverse, available and can be enjoyed at any time according to the demand of users of legal streaming platforms (Techopedia, 2022).

Indonesia has a legal streaming platform that is quite a contributor to the country's SVOD revenue, namely Vidio.com. Based on the results of the Populix survey on the 12 favorite Video Streaming applications of the Indonesian people in 2022, it is explained that the Netflix platform remains the number 1 favorite application and is followed by Disney+ Hotstar. The Vidio.com platform is still in the 5th position (Angelia, 2022). This ranking is also supported by the results of the author's preliminary survey, of the 48 respondents who use SVOD, the most popular platform is Netflix with 34 respondents (70.8%) while Vidio is only 16 people (33.3%).

Seeing that Netflix still dominates the SVOD market, especially in Indonesia to date and is starting to be followed by several of its competitors such as Disney+, Hotstar and Viu, this study seeks to explore how Vidio.com can increase the number of users who are interested in even considering using this platform in the midst of fierce competition in the SVOD market in Indonesia. Lestari & Soesanto (2020) research on Netflix users in Indonesia states that the quality of the application system (application performance) and the high and

low subscription price can positively affect consumer attitudes and behaviors when using Netflix. Another factor that can affect consumer intention in using SVOD platforms is promotion (Gunawan, 2020). Promotional strategies have various types used by business actors in communicating products and building relationships with customers.

One of the promotions that is quite popular and often used by business actors because it is believed to increase consumer interest in buying products or services, such as one of them using the SVOD platform is sales promotion. Based on research from Syahrini & Arif (2019) on consumer purchase intention for travel products through the Traveloka mobile application, it is explained that sales promotion strategies such as discounts, free coupons and so on can form consumer purchase intentions for Traveloka products through the mobile application due to sales promotion strategies such as it is considered attractive by consumers, especially promo offers that are in accordance with consumer desires.

After looking at the results of previous research, the purpose of this research is to influence perceived price and perceived system quality in shaping consumer interest in subscribing to the SVOD platform – with a study on the Vidio platform. In this study, sales promotion were used as moderation variables for factors that can affect the high and low purchase intention. There are still few studies that raise sales promotion as a moderator variable, therefore the results of this research can later be used by Vidio.com companies to plan strategies that can shape consumer interest in using this streaming platform so that the number of users can increase in the midst of fierce competition in the SVOD market, especially in Indonesia.

The hypotheses used were:

- 1) H1: Perceived price affects purchase intention on the Vidio streaming platform
- 2) H2: Perceived system quality has a positive effect on purchase intention on the Vidio streaming platform
- 3) H3: Sales promotion positively moderates the influence of perceived price on purchase intention on the Vidio streaming platform
- 4) H4: Sales promotion positively moderates the influence of perceived system quality on purchase intention on the Vidio streaming platform

METHOD

The research was conducted from April to June 2023 and data collection took 1 month using a questionnaire method, namely Google Form which were distributed online to target respondents. In this study, a 4-point likert scale been used to avoid answers that can produce biased values because the tendency of respondents to answer a neutral number of 3 when using a 5-point likert scale due to their lack of understanding of the statements in the questionnaire. The items used to measure the constructs come from various sources. Purchase intention adapted from Purwianti & Ricarto (2018), Perceived Price from Yossy (2017), Sales promotion from Wirakanda & Pardosi (2020), and content quality from Calisir et al. (2014).

The object of the research used is the Vidio.com platform because one of the platforms has a fairly high competitive level against Netflix and is developing in Indonesia and later the final results can be used to see how it compares with previous similar research and the development of the SVOD market in the future, especially in Indonesia. The population proposed in this study is people who are at least over 17 years old, live in Greater Jakarta and know about Vidio.com applications and have used free access to this streaming platform but have never subscribed to a paid package. It should be noted that in this study, the population is dynamic so that the overall population cannot be known for sure. The number of samples taken in this study is 180 respondents over the age of 17. The descriptive statistics and structural equation model through SmartPLS 3 were employed for analysis of the results using the application of the PLS Consistent Algorithm.

This study analyzed and tested data using two stages: outer model test and inner model test. The outer model test measured the validity and reliability of the model, using Convergent Validity and discriminant validity. Reliability tests measured the consistency of the measuring instruments, using composite reliability and cornbach alpha. A good reliability value is > 0.70 , while a composite reliability value of 0.60 is acceptable. The inner model test predicted causal relationships between latent variables directly, using R-Square calculations. The hypothesis test used Structural Equation Modelling (SEM) analysis using the Smart – Partial Least Square (PLS) application Ver. 3.2.9. The T test was used to examine the effect of each partially independent variable on the bound variables, with a significance level of 0.05 (5%). The study aimed to determine the acceptance or rejection of the hypothesis based on the data obtained from the sample.

RESULTS AND DISCUSSION

Descriptive Analysis

To collect data, this study used two criteria for respondents, namely having used free access to vidio.com platform and subscribed it as paid package of vidio.com platform. This criterion is used because the way the promotion carried out by vidio.com is to give a free subscription for 1 month to its potential customers. As a

result of this promotion, although the provision of a free subscription has been given, not all access to the features they offer is open to customers who take advantage of this free promotion. In addition, not everyone who gets free access wants to use this access to subscribe. In data collection for two months, 275 respondents were successfully collected. However, only 180 respondents (65.45%) met this criterion and 95 respondents did not meet the criteria (Table 1).

Table 1. Respondent Profile

Respondent Profile	Frequency	Percentage	
Domicile	Jakarta	71	39,4%
	Bogor	31	17,2%
	Depok	23	12,8%
	Tangerang	36	20,0%
	Bekasi	19	10,6%
Total	180	100%	
Age	17-21	76	42,2%
	22-26	78	43,3%
	27-31	18	10,0%
	32-36	4	2,2%
	37-41	2	1,1%
	42-46	2	1,1%
Total	180	100%	
Gender	Female	112	62,2%
	Male	68	37,8%
Total	180	100%	

Based on Table 2, Vidio.com streaming platform has a good perception by its consumers in terms of price and system quality. This good perception makes consumers interested in subscribing to paid plans of Vidio.com platforms. In addition, Vidio has also carried out a good sales promotion strategy in order to increase the number of viewers. Perceived price has the lowest OMS value of 3.1, this value shows that the Vidio platform does not offer a paid package price that suits the user's wishes.

Table 2. Overall Mean Score

Variable	Code	Statement	Mean Score	Average Mean Score
Perceived Price	P1	When viewed from the price, I think the 3 types of subscription packages Vidio.com worth buying	3.2	3.1
	P2	In my opinion, the price of the three platform subscription packages Vidio.com reasonable/in accordance with the benefits (advantages) that I will get later.	3.3	
	P3	The price of the subscription package for the Vidio.com platform is in accordance with the purchasing power of the Indonesian people.	3.1	
	P4	In my opinion, the price of the subscription plan of Vidio.com platform is more affordable than other streaming platforms.	3.1	
	P5	If the subscription plan Vidio.com more expensive than other legal streaming platforms, I still have an interest in subscribing.	2.8	
	CQ6	In my opinion, the shows offered by the platform Vidio.com in accordance with the current developments, especially in the film industry.	3.4	
Perceived System Quality	SQ1	I feel like Vidio.com platform has a quick response when I access the content or features available.	3.2	3.2
	SQ2	I feel that Vidio.com platform has good privacy security.	3.4	
	SQ3	I feel that Vidio.com platform rarely experiences problems such as one of them is error (not responding).	3.0	

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	SQ4	I was able to watch Vidio.com content from the beginning to the end of the duration smoothly without any buffering (loading).	3.1	
	SP1	Vidio.com platform often provides attractive offers that can benefit me.	3.3	
	SP2	Vidio.com platform often offers vouchers and discounts on paid subscription plans for me as a potential user.	3.4	
Sales Promotion	SP3	Vidio.com platform often holds giveaways or prize sharing programs that are interesting to me as a potential user.	3.3	3.3
	SP4	I visited the Vidio.com platform because of a discount/voucher/giveaway.	3.1	
	SP5	I intend to buy a paid subscription package on Vidio.com platform because of a discount/voucher/ giveaway program.	3.2	
	PI1	I'm always looking for information about Vidio.com app.	3.0	
	PI2	I prefer to subscribe to a paid plan on Vidio.com app rather than other legal streaming platforms in the future.	3.0	
Purchase Intention	PI3	I have the intention to subscribe to Vidio.com platform in the near future.	3.1	3.1
	PI4	If one day I subscribe to Vidio.com paid plan, then I will recommend this streaming platform to friends and family.	3.4	

Model Feasibility Result: Outer and Inner

Table 3 shows the variables perceived price, perceived system quality, sales promotion, and purchase intention have AVE values > 0.50. Thus, the variance produced by the indicator to measure the variable has a small measurement error so that the indicator can be said to be valid. All variables also have a Composite Reliability value > 0.70. In this way, the indicators used to measure variables are said to be reliable. Apart from that, each variable indicator has a Cronbach's Alpha value > 0.60 so it can also be said to be reliable for evaluating the reliability of indicators in measuring variables (consistency).

Table 3. Criteria value related to validity and reliability analysis

	Crobachs's Alpha	Rho_A	Composite Reliability	AVE
Perceived Price	0.8122	0.8146	0.8691	0.571
Purchase Intention	0.8241	0.8275	0.8834	0.6547
Sales Promotion	0.7268	0.7353	0.8455	0.6462
System Quality	0.7369	0.7391	0.8505	0.6548

Based on table 4, it can be seen that all variables have a root value of AVE (Fornell-Larcker Criterion) greater than the correlation value between variables. Thus the model has good discriminatory validity and can be said to be valid. In addition, table 3 also shows that each variable indicator has a Loading Factor value greater than the Cross Loading value so that the model meets the requirements for discriminatory validity.

Table 4. Criteria value related to discriminant validity using Fornell-Larcker Criterion

	Perceived Price	Purchase Intention	Sales Promotion
Purchase Intention	0.7633		
Sales Promotion	0.7057	0.8322	
System Quality	0.7098	0.6693	0.5012

Table 5 shows that purchase intention has an R-Square value of 0.5724 or 57.24%. This means that the purchase intention variable is influenced by 2 dependent variables (perceived price and perceived system quality) and 1 moderator variable on the dependent variable (sales promotion) amounting to 57.24%. This value explains that the exogenous variables in this model have a moderate influence on the endogenous variables

Table 5. R-square value

	R Square	R Square Adjusted
Purchase Intention	0.5724	0.5601

Hypothesis Testing

This study examines the influence between perceived price variables and perceived system quality on purchase intention with sales promotion moderation variables. The data analysis in this study uses the Smart – Partial Least Square (PLS) Ver. 3.2.9 application with the Structural Equation Modelling (SEM) analysis method. All feasibility tests (inner and outer models) show that the model is feasible to use. The hypothesis test was carried out to see the correctness or validity of the hypothesis raised in this study by looking at the T-Statistics and P-Values values. Based on Table 6, it can be seen that perceived price, perceived system quality, and sales promotion as moderator variables have a significant influence on purchase intention because they have a T-Statistic value of > 1.96 and P-Values < 0.05 .

Table 6. Hypothesis Test Results

	Hypothesis	T-Statistics	P-Values	Result
H1	P -> PI	3,169	0,002	Influential/accepted
H2	SQ -> PI	2,635	0,008	Influential/accepted
H3	P -> SP -> PI	1,785	0,074	Ineffectual/rejected
H4	SQ -> SP -> PI	0,606	0,545	Ineffectual/rejected
H5	SP -> IP	3,859	0,000	Influential/accepted

The Effect of Perceived Price to Purchase Intention

Perceived price is the consumer's perception of a product or service in looking at the price that is assessed based on price affordability, benefits received, product quality, high and low prices compared to competitors. Then the researchers formed the purchase decision (Yossy, 2017). Indicators of perceived price are product price affordability, price suitability with product quality, price competitiveness and price suitability with the benefits obtained (Kotler & Keller, 2016; Suryajaya & Sienatra, 2021).

The hypothesis of this study is that perceived price has a negative effect on purchase intention on the Vidio streaming platform. This hypothesis is in line with the results of the analysis that has been carried out that perceived price has a significant effect on purchase intention. This shows that the subscription price offered is one of the important factors that shape consumer interest in subscribing to paid packages of Vidio.com streaming platforms. Based on the questionnaire answers filled out by the 180 selected respondents, most of them are quite concerned about the suitability of the subscription price with the benefits offered by Vidio, if the subscription price is in accordance with the benefits provided, it is considered worth buying, and vice versa. In addition, they also pay attention to the affordability of subscription prices, whether the prices offered are more affordable or cheaper compared to similar competitors. This is because people tend to buy products at cheaper prices to manage their finances. Then, they also see if the subscription price offered is in accordance with their purchasing power, if the price offered exceeds their ability then there is a possibility that they decide not to subscribe. Finally and on the note, Vidio needs to be careful in setting prices, especially if you want to increase the price of subscription packages because not everyone still has an interest in subscribing if the price is quite expensive or higher than other legal streaming platforms even though the benefits offered are in accordance with the price because most of them are quite sensitive to price increases.

The results of this study are in line with previous research conducted by Leowarin & Thanasuta (2021) on subscription interest in Video-on-Demand applications in Thailand which explained that perceived price has a negative influence on purchase intention because Thai people are quite sensitive to price movements so that streaming platforms It is necessary to be careful in setting prices and also provide benefits that are in accordance with the subscription price offered to increase their interest in buying paid packages. Previous research that is also in line with the author's research results is a study from Fernandes & Guerra (2019) on subscription interest in music streaming applications which explains that perceived price has a negative influence on purchase intention. Where the higher the price of a music streaming subscription, the less interest customers will want to subscribe, and vice versa.

Of the total 180 respondents, some of them agreed that the streaming platform Vidio.com have a subscription package price that matches the benefits offered. Then the price of the subscription package is also more affordable than similar competitors and in accordance with the purchasing power of the Indonesian people. Finally, there is a slight difference between respondents who disagree (52 respondents) and strongly agree (54 respondents) to continue to subscribe to the Vidio streaming platform if the price is increased/more expensive than other legal streaming platforms in the future. This difference comes back to each respondent's how they respond to price movements, whether they are the type of person who is sensitive to price movements or not. This statement is supported by the results of the Overall Mean Score in table 4.3 with a total average score of 3.1 which explains that the Vidio platform already has a good price perception by consumers based on the indicators raised in this study.

The Effect of Perceived System Quality to Purchase Intention

Perceived system quality is the consumer's perception of the availability of bandwidth in a network as well as the level of network quality in delivering video streaming services (Lestari & Soesanto, 2020; Liou et al., 2015). Indicators of perceived system quality are the time needed to access the information system (response time), the frequency of information system interference (reliability), the level of comfort in accessing the information system, the flexibility and accessibility of the information system (Calisir et al., 2014).

In chapter 2, the authors hypothesize that perceived system quality has a positive effect on purchase intention on the Vidio streaming platform. This hypothesis is in line with the results of the analysis that has been carried out that perceived system quality has a significant effect on purchase intention. This shows that the quality of the application is one of the important factors that shape consumer interest in subscribing to paid packages on Vidio.com streaming platforms. Based on the questionnaire answers filled out by 180 selected respondents, most of them only pay attention to the speed of the application's response when opening the available content or features. If the application is unresponsive and takes a long time to move from 1 page to another, it can cause a bad experience and disappoint its users, thus reducing their interest in subscribing to streaming platforms, especially Vidio because it is considered a waste of time and cannot meet their needs. Then, they also pay attention to the intensity of errors in an application, if the application often experiences not responding, it can also cause a bad experience and end up losing interest in subscribing to the Vidio platform's paid packages. Finally and as a note, every streaming platform, including Vidio, must have good privacy security because each application stores its users' personal data as consumer data for the company and if the data is leaked to irresponsible parties, it can harm its users and reduce interest in subscribing to paid packages further because it is considered a streaming application which is not safe. Because the storage of personal data is quite sensitive for the public, it needs to be paid attention to by the Vidio streaming platform.

The results of this study are in line with previous research conducted by Alkhawaja (2022) about the interest of Jordanian students in using e-learning systems as a learning medium which shows that perceived system quality has a significant influence on purchase intention because the higher the quality of the e-learning system, the higher the interest of Jordanian students in using e-learning systems as a learning medium. Previous research that is also in line with the author's research results is a study from Rifaldi et al. (2021) on consumer interest in using PT KAI services through the KAI Access application which explains that perceived system quality has a significant influence on purchase intention, where the higher the quality of the KAI application in meeting user needs, the higher their interest in using KAI Access to take advantage of the services offered or buy tickets because a positive experience arises for them.

Of the total 180 respondents, some of them agreed that the Vidio.com streaming platform has a good level of responsiveness and speed when accessed from 1 page to another. In addition, this platform also has a low level of error intensity (not responding) and each of its shows can be watched by users from the beginning to the end of the duration smoothly without any obstacles. Finally, respondents also strongly agree that vidio.com platform has good privacy security. This statement is supported by the results of the Overall Mean Score in table 4.3 with a total average score of 3.2 which explains that the Vidio platform already has a good perception of the quality of the application system by consumers based on the indicators raised in this study.

CONCLUSION

The study reveals that perceived price, system quality, and sales promotion significantly influence users' intentions to subscribe to the Vidio platform. It emphasizes the importance of aligning package pricing with benefits and considering the cost of market share of paid packages offered by competitors like Netflix, Disney, and Hotstar. Too low a price may lead to poor quality or high prices, forcing users to switch to other OTT platforms. The quality of the application system also affects consumer interest in subscribing to the Vidio platform. Vidio should focus on improving application performance, such as speed of response, application errors, and privacy security, to increase user interest in paying for paid packages.

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