



The Effect of Promotion, Customer Relationship Management and Brand Satisfaction on Customer Loyalty: Netflix Indonesian

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| Article Info | Abstract |
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| Article History Received: 2022-07-24 Revised: 2022-08-18 Published: 2022-09-07 Keywords: <i>Promotion;</i> <i>CRM;</i> <i>Brand Satisfaction;</i> <i>Customer Loyalty.</i> | The development of the video-on-demand industry has made many new players want to jump right in, which was originally just a movie vendor to Netflix, now it is a competitor such as Disney+ Hotstar, HBO, and Amazon Video Premiere, VIU, & Vidio. The Information reported that 60 percent of subscribers canceled Netflix subscriptions in Q4 2021 and in Q1 2022 Netflix lost 200,000 subscribers and is projected to lose 2.5 million subscribers by 2022. This study aims to determine how sales promotion, CRM, & Service Innovation affect customer loyalty. The research method used in this study is a quantitative method with multiple regression analysis. The population in this study were people who had been or were using the Netflix service. The sampling technique used in this study was Nonprobability sampling and the size of the sample in this study was calculated by Bernoulli's formula with a total of 100 respondents, with the SPSS25 for Windows test tool. The results showed that promotion, customer relationship management, and brand satisfaction affect Netflix customer loyalty. The magnitude of the influence of promotion, service innovation, and brand satisfaction on customer loyalty is 37%. |
| Artikel Info | Abstrak |
| Sejarah Artikel Diterima: 2022-07-24 Direvisi: 2022-08-18 Dipublikasi: 2022-09-07 Kata kunci: <i>Promosi;</i> <i>CRM;</i> <i>Brand Satisfaction;</i> <i>Customer Loyalty.</i> | Perkembangan industri video on demand membuat banyak pemain baru ingin terjun langsung yang semula hanya sebagai vendor film kepada Netflix sekarang menjadi pesaing seperti Disney+ Hotstar, HBO, Amazon Video Premiere, VIU, & Vidio. The Information melaporkan 60 persen pelanggan membatalkan langganan Netflix dalam Q4 2021 dan dalam Q1 2022 Netflix kehilangan 200.000 pelanggan dan memproyeksikan akan kehilangan 2.5 juta pelanggan hingga 2022. Penelitian ini bertujuan untuk menentukan bagaimana sales promotion, CRM, & Service Innovation berpengaruh terhadap customer loyalty. Metode penelitian yang digunakan dalam penelitian ini adalah metode kuantitatif dengan analisis regresi berganda. Populasi dalam penelitian ini adalah orang yang pernah atau sedang menggunakan layanan Netflix. Teknik pengambilan sampel yang digunakan dalam penelitian ini adalah Nonprobability sampling dan besarnya sampel dalam penelitian ini dihitung dengan rumus Bernoulli dengan total 100 responden, dengan alat uji SPSS25 for Windows. Hasil dari penelitian menunjukkan bahwa promotion, customer relationship management, brand satisfaction berpengaruh pada loyalitas pelanggan Netflix. Besarnya pengaruh promotion, customer relationship management, brand satisfaction terhadap loyalitas pelanggan sebesar 37%. |

I. INTRODUCTION

Netflix is a video on-demand streaming platform with 221 million users in the world and has a 22% market share in Indonesia according to a survey from AMPD Research with VIU as its big competitor which has the same market share value of 22%. Netflix's popularity was hit by many competitors which caused customers to switch platforms a lot. Based on the Just watch survey throughout 2020, Netflix has lost a market share of 10% from 32% due to the onslaught of Disney+ Hostar, VIU, and Vidio with cheaper promotions, such as Disney which cooperates with Telkomsel for monthly subscription packages, and Vidio which cooperates

with XL Axiata. Throughout 2021, there were 60% cancellations of 1-year subscription packages by new users and had an impact of a 6% decrease in revenue.

The loyalty of a customer has the meaning of self-awareness not to change brands with a commitment to use the product or service continuously according to Marlius (2020). Indicators of loyal customers according to Griffin in Yunaida (2018) there are 3 things, namely Repurchase, Retention, and Referrals. XiaoXue Wu & Jiatong Zhou (2021) revealed that promotion has a strong effect on customer loyalty in the Global Stream Media Market. Consumers will decide to reuse a product or service if they get

satisfied with the brand as revealed by Kazi (2020) to Content-based Platforms customers. In addition, good customer relationships need to be maintained and improved because Kumar and Mokha (2022) doing good customer relationship management has a significant influence on increasing customer loyalty by making customers feel cared for. Loyalty Challenges in Indonesia with the presence of technology are getting less and less, especially in the millennial and Z generations. Referring to the results of research by Populix and Daymond Worldwide (2017), 62.65% of generation Z stated that they are not fixated on one brand when shopping and only 29% buy from the same brand, this figure is smaller than generation X, which is still at 35%. This condition is a challenge for Netflix, which wants to maintain its customers amid the onslaught of new brands from video-on-demand providers.

II. METHOD

The research approach used is a quantitative method with multiple regression analysis techniques to see the influence between promotion, CRM, and brand satisfaction variables on customer loyalty with the SPSS25 analysis tool for Windows. The sampling of the study used the Nonprobability side with a purposive sampling technique, which does not provide equal opportunities for the population and only customers who have subscribed or are subscribed for at least 1 month. The sample size was calculated using Bernoulli's formula so that the overall sample taken was 100 respondents to be surveyed. The questionnaire was used on the Linkert scale with a scale of 1-5 with a value of strongly disagreeing-strongly agreeing.

III. RESULT AND DISCUSSION

A. Result

This study also presents validity and reliability tests by presenting the convergent validity of data as in table 1.

Table 1. Validity and Reliability Test Results

| Construct | Correlation Value | Description | Cronbach's Alpha | Description |
|----------------------------------|-------------------|-------------|------------------|-------------|
| Promotion | | | | |
| X1.1 | 0,416 | Valid | 0,866 | Reliable |
| X1.2 | 0,601 | | | |
| X1.3 | 0,723 | | | |
| X1.4 | 0,854 | | | |
| Customer Relationship Management | | | | |
| X2.1 | 0,927 | Valid | 0,837 | Reliable |
| X2.2 | 0,751 | | | |

| Construct | Correlation Value | Description | Cronbach's Alpha | Description |
|--------------------|-------------------|-------------|------------------|-------------|
| X2.3 | 0,660 | Valid | 0,840 | Reliable |
| X2.4 | 0,928 | | | |
| Brand Satisfaction | | | | |
| X3.1 | 0,808 | | | |
| X3.2 | 0,848 | | | |
| Customer Loyalty | | | | |
| Y1.1 | 0,785 | Valid | 0,796 | Reliable |
| Y1.2 | 0,775 | | | |
| Y1.3 | 0,810 | | | |

The data that has been collected through the questionnaire is then analyzed with multiple regression analysis techniques to determine the influence of promotion, customer relationship management, and brand satisfaction variables on Netflix customer loyalty through the help of the SPSS Application 25 results the analysis results will provide an overview of the calculation table that will be outlined in the Multiple Linear Regression model equation which can be seen in the table below.

Table 2. Multiple Linear Regression

| Coefficients ^a | | | | | | |
|---|-------------------------|-------------------------------------|--|-------|--------|-------|
| Model | | Unstandar- dized Coefficients | Stand ar- Dized Coeff- icients | t | Sig. | |
| | | B | Std. Error | | | Beta |
| | | | | | | |
| 1 | (Constant) | 0,408 | 0,613 | 0,664 | 0,508 | |
| | Promotion | 0,130 | 0,041 | 0,164 | 3,163 | 0,002 |
| | CRM | 0,024 | 0,034 | 0,034 | 0,699 | 0,486 |
| | Brand Statis Faction | 1,240 | 0,065 | 0,848 | 18,962 | 0,000 |
| a. Dependent Variable: CUSTOMER LOYALTY | | | | | | |

a. Dependent Variable: CUSTOMER_LOYALTY

$$Y = 0,408 + 0,130X_1 + 0,024X_2 + 1,240X_3$$

The constant value of 0.408 means that the dependent variable which is the customer loyalty variable is worth 0.408 if the variables of promotion, customer relationship management, and brand satisfaction are considered constant. In other words, if the value of the independent variable does not change, the value of customer loyalty also does not change. If the value of the regression coefficient of the promotion variable shows 0.130 this means that the promotion variable if the value increases by one and other independent variables, namely the customer relationship management and brand satisfaction variables are considered constant, then the addition of points to the promotion variable is 0.130. A positive sign for the regression coefficient value indicates that promotion has a positive effect on customer loyalty. This means that

the higher the promotion, the higher the customer loyalty, and vice versa. If the value of the regression coefficient of the customer relationship management variable shows 0.024, this means that the customer relationship management variable if value increases by one, and other independent variables, namely the promotion and brand satisfaction variables are considered constant, then the addition of points to the customer relationship management variable is 0.024. A positive sign for the regression coefficient value indicates that customer relationship management has a positive effect on customer loyalty. This means that the higher the customer relationship management, the higher the customer loyalty, and vice versa.

If the value of the regression coefficient of the brand satisfaction variable shows 1,240, this means that the brand satisfaction variable if value increases by one and other independent variables, namely the customer relationship management and promotion variables are considered constant, then the addition of points to the brand satisfaction variable is 1,240. A positive sign for the regression coefficient value indicates that brand satisfaction has a positive effect on customer loyalty. This means that the higher the brand satisfaction, the higher the customer loyalty, and vice versa.

Table 3. Simultaneous Hypothesis Testing

| ANOVA ^a | | | | | |
|--------------------|----------------|----|-------------|---------|-------------------|
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 Regression | 189,633 | 3 | 63,211 | 197,493 | .000 ^b |
| Residual | 30,727 | 96 | 0,320 | | |
| Total | 220,360 | 99 | | | |

a. Dependent Variable: CUSTOMER_LOYALTY

b. Predictors: (Constant), BRAND_SATISFACTION, CRM, PROMOTION

Based on the analysis in the table above, based on the significant value in the following cases if it is below < 0.05 . In the table above, it can be seen that its important value is 0.000. Therefore, from the value of its importance, we can conclude that promotion, customer relationship management, and brand satisfaction affect customer loyalty at the same time.

Table 4. Determination Coefficient

| Model Summary | | | | |
|---------------|-------------------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .928 ^a | 0,861 | 0,856 | 0,56575 |

a. Predictors: (Constant), BRAND_SATISFACTION, CRM, PROMOTION

From the results shown in the table above, the square of R in this study was 0.861 or 86.1%. This means that customer loyalty is influenced by promotion, customer relationship management, and brand satisfaction by 86.1%. The remaining 13.9% or 0.139 was influenced by other variables or factors that were not studied.

B. Discussion

Based on the results of the analysis of promotion, customer relationship management, and brand satisfaction Netflix's customer loyalty both partially and simultaneously, the hypothesis test of promotion, customer relationship management, and brand satisfaction was simultaneously shown with a value of $p \text{ (sig)} = 0.000 < 0.05$. Thus it is proven that the variables of promotion, customer relationship management, and brand satisfaction influence customer loyalty. Netflix has done many things in its marketing strategy such as bundling promotions with providers in Indonesia such as Telkomsel, XL, Indihome, etc. as well as implementing an advanced CRM system where every user has a movie or series recommendation following the pattern of viewing behavior from the user himself and Netflix always maintains the quality of products and services functionally to maintain customer satisfaction in enjoying Video on Demand services. Netflix's business strategy of daring to disrupt the market with streaming video feature services and Netflix original series provides its satisfaction and pride for users to continue to subscribe and wait for other works.

IV. CONCLUSIONS AND SUGGESTIONS

A. Conclusions

Based on the results obtained, the variables of promotion, customer relationship management, and brand satisfaction influence Netflix's customer loyalty, it is better than in every strategic policy-making by the company, it is necessary to pay attention to the elements of promotion, use of CRM tools and prioritize the Netflix brand name. Based on the results of multiple linear regression analysis, with a

constant value of 0.408, which means that if promotion, customer relationship management, and brand satisfaction are equal to zero, the value of customer loyalty will increase with the same value. As for the promotion direction coefficient that affects Netflix's customer loyalty, a regression coefficient of 0.130 with a positive sign was obtained. Based on these results, it can be concluded that if the company can increase the value of promotions on Netflix, there will be an increase in Netflix's customer loyalty. As for the customer relationship management direction coefficient that affects Netflix's customer loyalty, a regression coefficient of 0.024 with a positive sign was obtained. Based on these results, it can be concluded that if the company can increase the value of CRM in the company, there will be an increase in Netflix's customer loyalty.

As for the brand satisfaction direction coefficient that affects Netflix's customer loyalty, a regression coefficient of 1,240 with a positive sign was obtained. Based on these results, it can be concluded that if the company can increase the value of brand satisfaction on Netflix, there will be an increase in Netflix brand satisfaction. The value of the coefficient of determination of R square in this study was 0.861 or 86.1%, which means that customer loyalty is influenced by promotion, customer relationship management, and brand satisfaction of 86.1%, while the remaining 13.9% or 0.139 was influenced by variables or other factors that were not studied.

B. Suggestions

Discussions related to this are still very limited and require input, suggestions for the next author are to study more deeply and comprehensively about The Effect of Promotion, Customer Relationship Management and Brand Satisfaction on Customer Loyalty: Netflix Indonesian.

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