

The Fairness of Price and Satisfaction On Loyalty Of Digital Streaming Services Users

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Abstract

The digital streaming industry faces increasing competition, particularly in price competition. The subscription prices of digital streaming platforms vary, making it difficult for companies to maintain price fairness. The fairness of price is a psychological factor that impacts consumer reactions to prices, and it significantly impacts satisfaction and loyalty. This study examines the relationship between price fairness, consumer satisfaction, and loyalty among digital streaming subscribers in Medan City. The sample consisted of 180 respondents, with the data collected using a questionnaire. The results showed that the fairness of price has a positive and significant impact on the satisfaction of customers and loyalty, the satisfaction of consumers positively and significantly affects loyalty, and price fairness influence consumer loyalty through the satisfaction of customers positively and significantly. The study suggests that digital streaming companies should adjust prices to meet consumer satisfaction and loyalty. Future research should explore engagement and expand the types of streaming platforms to gain further understanding. The findings can help digital streaming companies adjust prices to meet customer needs and preferences, ultimately increasing consumer satisfaction and loyalty.

Keywords: The fairness of price, Consumer satisfaction, Consumer loyalty.

Abstrak

Industri streaming digital menghadapi persaingan yang semakin ketat, terutama dalam persaingan harga. Harga berlangganan platform streaming digital bervariasi, sehingga menyulitkan perusahaan untuk menjaga kewajaran harga. Kewajaran harga merupakan faktor psikologis yang mempengaruhi reaksi konsumen terhadap harga, dan memiliki hubungan yang signifikan dengan kepuasan dan loyalitas. Penelitian ini menguji pengaruh antara kewajaran harga, kepuasan pelanggan, dan loyalitas di antara pelanggan streaming digital di Kota Medan. Sampel terdiri dari 180 responden, dengan data yang dikumpulkan menggunakan kuesioner. Hasil penelitian menunjukkan bahwa pengaruh kewajaran harga adalah positif dan signifikan terhadap kepuasan dan loyalitas pelanggan, kepuasan pelanggan positif dan signifikan mempengaruhi loyalitas, dan kewajaran harga secara positif dan signifikan berpengaruh terhadap loyalitas pelanggan melalui kepuasan pelanggan. Penelitian ini menyarankan bahwa perusahaan streaming digital harus menyesuaikan harga untuk memenuhi kepuasan dan loyalitas pelanggan. Penelitian di masa depan harus mengeksplorasi keterlibatan dan memperluas jenis platform streaming untuk mendapatkan pemahaman lebih lanjut. Temuan ini dapat membantu perusahaan streaming digital menyesuaikan harga untuk memenuhi kebutuhan dan preferensi pelanggan, yang pada akhirnya dapat meningkatkan kepuasan dan loyalitas pelanggan.

Kata Kunci: Kewajaran Harga, Kepuasan Pelanggan, Loyalitas Pelanggan.

1. Introduction

Competition in the digital streaming industry is getting tougher. This competition does not escape in terms of price competition, namely how reasonable the price the company offers for a subscription to use its services is. Based on DataIndonesia.id (2023) as of January 26, 2023, which shows that the subscription price of digital streaming platforms is very varied and competitive, even with a much different range ranging from Rp.19,000 to Rp.220,000 (Annur, 2023). If value-based pricing differs so much between firms in a market that the price difference cannot be sustained, why and how prices are adjusted remains to be explained (Farm, 2020). If prices fall short of the expectations of consumers, they will be deemed unjust. Consumers will anticipate that the price supplied will satisfy their demands, equality, and norms of society (Setiawan et al., 2020). Consumer reactions to pricing are significantly influenced by the fairness of price or unfairness, a psychological aspect (Kalem & Kocoglu, 2020). The fairness of price and satisfaction have a high association, according to several earlier studies (Ahmed et al., 2023; Setiawan et al., 2020; Severt et al., 2020). The fairness of price has a significant and positive influence on consumer satisfaction and loyalty, according to Opata et al. (2019). Loyalty is positively correlated with perceived the fairness of price (Liao et al., 2020). Consumer loyalty is positively, but not significantly, impacted by perceived the fairness of price (Octaviani et al., 2021). Thus, research into the relationship between the fairness of price and consumer satisfaction and loyalty in digital streaming is imperative.

2. Methodology

The possible relationship between the fairness of price, consumer pleasure, and loyalty is explained in this paper. Fairness in pricing is an independent variable. Consumer satisfaction serves as a mediating variable. Consumer loyalty is a dependent variable. The fairness of price is the perception of digital streaming customers about whether the difference between prices received socially or other comparable parties is reasonable, acceptable, or justified (Xia et al., 2004). The fairness of price dimension (Katyal et al., 2019; Setiawan et al., 2020) is operationalized using four dimensions: Distributive the fairness of price, procedural the fairness of price, comparative options, and consumer knowledge. Consumer satisfaction is the emotion that results from a person assessing how well or poorly they feel a product, service, or outcome performs compared to their expectations (Kotler et al., 2022). (Chung et al., 2020) Measure overall satisfaction using the construction details Satisfied with service, Content with service, Service did a good job, did what customers expected, Happy with service, Satisfied with experience. Consumer loyalty occurs when customers consistently buy one brand from a series of alternatives over time (Krishnan, 2020). According to (Saini & Singh, 2020), loyalty in service to customers is divided into attitudinal and behavioural.

The study's population consists of Medan City's digital streaming subscribers, the precise number of whom is unknown. 180 respondents (18 items x 10) made up the sample (Hair et al., 2021). A questionnaire was used as part of the data collection method. Using judgmental sampling, the sample consists of Medan City residents who use digital streaming services (Netflix, Disney +, Amazon Prime Video, and HBO GO). The criterion for the sample is that users must have utilised the services for more than three months. Path analysis using Structural Equation Modelling (SEM) is the data analysis technique. The conceptual basis for this study is as follows.

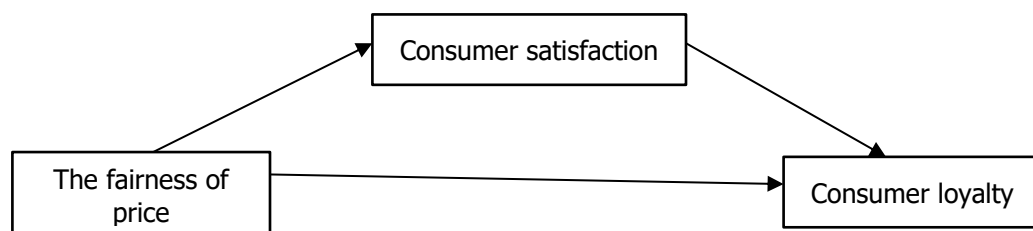


Figure 1. Conceptual Framework

3. Result and Discussion

3.1 Respondent Characteristic

Table 1. Description characteristics

Description	Category	Frequency	Percentage
Gender	Male	64	35.6
	Female	116	64.4
	Total	180	69.2
Age	17-20	54	30.0
	21-25	116	64.4
	26-30	10	5.6
	Total	180	69.2
Occupation	Job Seeker	25	9.6
	Civil Servant	3	1.2
	Student	127	48.8
	Employee	17	6.5
	Others	8	3.1
	Total	180	69.2
Subscription time	3-5 Month	105	40.4
	6-12 Month	22	8.5
	> 1 Year	53	20.4
	Total	180	69.2
Device Used	Laptop	41	15.8
	Smartphone	108	41.5
	Tablet	7	2.7
	Televisi	24	9.2
	Total	180	69.2

Source: Primary Data (2023)

According to Table 1 above, women make up most users of digital streaming services, representing 64.4% of those between the ages of 21 and 25. Additionally, Table 1 above demonstrates that students make up 48.8% of digital streaming service users, and 40.4% of users have been using streaming services for three to five months. Due to its greater practicality over various other devices, smartphones represent 41.5% of all device usage.

3.2 Validity and Reliability

Tabel 2. Validity and Reliability

Construct	Items	Outer Loading	α	CR	AVE
The fairness of price	PF1	0.771	0.913	0.929	0.623
	PF2	0.823			
	PF3	0.786			
	PF4	0.834			
	PF5	0.667			
	PF6	0.811			
	PF7	0.829			
	PF8	0.781			

Source: Primary Data (2023)

Tabel 2. Validity and Reliability

Construct	Items	Outer Loading	α	CR	AVE
Satisfaction	SAT1	0.839	0.894	0.922	0.702
	SAT2	0.875			
	SAT3	0.825			
	SAT4	0.813			
	SAT5	0.836			
Loyalty	LOY1	0.805	0.882	0.914	0.680
	LOY2	0.819			
	LOY3	0.874			
	LOY4	0.825			
	LOY5	0.799			

Source: Primary Data (2023)

Based on Table 2, it is determined that each variable indicator (the fairness of price, customer satisfaction, and loyalty) is shown to be enough to accomplish the convergent validity requirements because it has an outer loading value and an AVE > 0.5. Table 2 shows that research constructs have CR (Composite Reliability) and Cronbach's Alpha values > 0.70, indicating that they satisfy the reliability requirements.

3.3 R Square

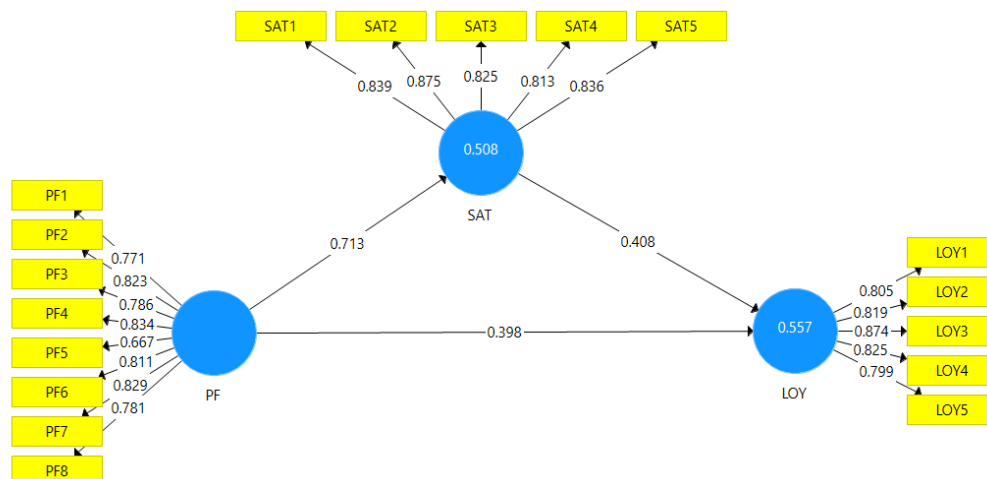
Tabel 3. R Square Result

Variables	R Square	R Square Adjusted
Satisfaction	0.508	0.506
Loyalty	0.557	0.552

Source: Primary Data (2023)

Based on Table 3 above, the Adjusted R^2 value contributes to 55.2% of the variation in the pricing fairness (PF) and consumer satisfaction (SAT) constructs, which in turn contributes to variations in the consumer loyalty (LOY) construct. Thus, variations in other components contribute to 44.8% of the variation in consumer loyalty. Furthermore, the variance in pricing fairness (PF) constructions can account for 50.6% of the variation in consumer satisfaction (SAT) constructs, as indicated by the Adjusted R Square value. Therefore, variations in other constructions contribute to 49.4% of the variation in consumer satisfaction.

3.4 Hypothesis Testing

**Figure 2.** Result of Structural Equation Modelling

Tabel 3. Direct and Indirect Effects

Direct Effect	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Hypothesis
PF -> SAT	0.713	0.715	0.043	16.614	0.000	Accepted
PF -> LOY	0.398	0.403	0.079	5.065	0.000	Accepted
SAT -> LOY	0.408	0.402	0.084	4.836	0.000	Accepted
Indirect Effect	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Hypothesis
PF -> SAT -> LOY	0.291	0.287	0.063	4.653	0.000	Accepted

Source: PLS Algorithm Test (data processed, 2023)

Customer satisfaction is positively and significantly impacted by price fairness with P values (0.000) < 0.05 for the direct effect, as shown by Figure 2 and Table 3. As a result, hypothesis 1 is approved. With P Values (0.000) < 0.05, the fairness of price has a positive and significant impact on consumer loyalty. As a result, hypothesis 2 is approved. P Values (0.000) < 0.05 indicate that consumer satisfaction has a positive and significant impact on the loyalty of consumers. As a result, hypothesis 3 is approved. As a result, hypothesis 3 is approved. With a P value of (0.000) < 0.05, Table 3 further demonstrates the indirect effect—the fairness of price—that positively and significantly affects consumer loyalty through consumer satisfaction. As a result, hypothesis 4 is approved.

3.4 Discussion

3.4.1. The fairness of price has a positive and significantly impact on Consumer Satisfaction

Test results show that the fairness of price has a positive and significant effect on the satisfaction of customers. This study's results corroborate those of Opata et al. (2019), showing that pricing fairness significantly and favourably affects satisfaction. The fairness of price and satisfaction are highly significant (Severt et al., 2020). The fairness of price has a direct impact on consumer satisfaction (Ahmed et al., 2023). Price equity significantly and favourably affects consumer satisfaction (Setiawan et al., 2020).

3.4.2. The fairness of price has a Positive and Significantly impact on Consumer loyalty

The fairness of price has a positive and significant impact on consumer loyalty, according to test results. The findings of this study support those of Opata et al. (2019), who found that the fairness of price has a major and positive impact on loyalty. Loyalty is positively correlated with perceived the fairness of price (Liao et al., 2020). Consumer loyalty is positively, but not significantly, impacted by perceived the fairness of price (Octaviani et al., 2021).

3.4.3. Consumer loyalty is Positively and Significantly Affected by Consumer satisfaction

Consumer loyalty is positively and significantly impacted by consumer satisfaction, according to test results. The findings of this study are connected with e-consumer loyalty, which is largely driven by consumer satisfaction and only marginally by customer trust (Al-Tit, 2020). Positive word-of-mouth and customer repurchase intention are strongly impacted (increasing) by consumer satisfaction (Slack et al., 2020). the satisfaction of customer has a big impact on loyalty, which includes intentions to recommend and repurchase products (Kim, 2021). Consumer loyalty is strongly and favourably impacted by consumer satisfaction (Situmorang & Harmawan, 2022; Utami et al., 2023).

3.4.4. Through consumer satisfaction, the fairness of price has a positive and significant impact on consumer loyalty

The impact of price fairness on consumer satisfaction and loyalty is positive and significant, according to test results. The findings of this study support the claims made by Opata et al. (2019), who contend that the fairness of price has a significant and positive moderation effect on satisfaction and loyalty. Through the mediating role of consumer satisfaction, the fairness of price has a major impact on consumer loyalty (Ahmed et al., 2023).

4 Conclusion

The study's findings indicate that consumers of digital streaming services are mostly female and between the ages of 21 and 25. Students make up most users of digital streaming services, and most have been doing so

for three to five months. Due to its greater practicality over other devices, smartphones are the most used gadget. This research concludes that the fairness of price impacts consumer satisfaction and loyalty positively and significantly. Pricing fairness also has a significant and positive impact on customer loyalty through the satisfaction. The study's expected results will be utilized to assist digital streaming providers in adjusting their prices to reflect what customers receive, so increasing customer satisfaction and retention. Researchers also suggest that future research can further explore in terms of engagement and expand the types of streaming platforms to other brands that are not yet in this study to gain further understanding.

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