LUBS5451M - Marketing Research

MSc International Marketing Management

A study into how Netflix can reverse the trend of declining subscribers

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December 2022

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Executive Summary

This is a study on Netflix and its current position in the entertainment industry. The study demonstrates how Netflix can increase subscribers. Secondary research includes journals, reports, books, newspapers, and websites. The qualitative research method used was one-on-one interviews, and the quantitative research method was a survey of 236 respondents. Secondary and qualitative research derived content, price, and competition to be the main antecedents influencing Netflix's decline in subscribers. These were then tested to find out consumers' behavioural intentions toward Netflix. The key findings were that competition and price had a negative perception, but content had a positive perception on behavioural intention. The multiple regression model accounts for 56.9%, proving a strong correlation between antecedents and perception. The beta value of .771 in the bi-variate regression analysis shows a positive correlation between perception and behavioural intention. It is concluded that new entrants in the video streaming industry are disrupting for Netflix to maintain its influence on existing consumers; Netflix's price point is much higher than its competitors; Netflix's content has no negative significance on consumers. Netflix should offer various price points, bundle deals, and student packages to cater to different demographics and offer new features, as mentioned elaborately in the recommendations section.

1. Background to the study

1.1 Industry Review

Over-the-top (OTT) media refers to the distribution of video content, such as films and TV shows, over a public network, instead of traditional cable or satellite providers (Kim, 2021). The global OTT market has experienced phenomenal global growth in recent years, offering unlimited streaming for an annual or monthly fee (Westcott, 2022; Chang and Chang, 2020). It is expected to reach 86.80 billion by 2026 (Menon, 2022), as the population of cord-cutters is increasing worldwide (Deloitte, 2017; Green 2008). The sudden increase of online streaming platforms can be due to affordable internet access and low-cost devices (Fuduric et al., 2018; Chen, 2019).

More recently, in 2021, the OTT industry experienced continued changes from technological progress, evolving generational behaviours, and ongoing impacts from the global pandemic (Kaur et al., 2020). Amid recurring COVID-19 surges, people sought more media and entertainment at home. By the end of 2022, socio-economic dynamics will have converged with technology to amplify change (Westcott, 2022). This is driving more innovation and competition, and putting pressure on business models to keep up with changing behaviour (Westcott, 2022).

There has been a shift in focus in Netflix from the DVD rental industry to the OTT industry (Voigt et al., 2017), allowing it to stand still in the entertainment market. Netflix's unique business model has allowed it to become one of the most significant companies in global streaming, or even the whole entertainment industry (Sun, 2022). In the subscription-based OTT market, Netflix is the global leader, with 220 million subscribers worldwide (Forristal, 2022), with revenue increasing from 1.36 billion USD to 26 billion USD in 13 years (Stoll, 20222). Netflix has a broad content and has consistent internal expansion to reach worldwide audiences (Sun, 2022).

However, Netflix lost 200,000 subscribers in the first quarter of 2022 for several reasons (Forristal, 2022). These include the slowing down of releasing its originally produced series due to the pandemic, and the weakening of Netflix subscriber base due to the high prices (Zhou, 2022).

New establishments have also weakened Netflix dominance (Kim, 2021). For example, Disney Plus, which launched in November 2019, has managed to amass over 152 million subscribers just by the third quarter of 2022 (Stoll,2022). Amazon Prime Video has also been making its mark

with consumers. It was the second most searched video streaming service worldwide after Netflix. Amazon Prime Video already has 200 million subscribers worldwide, despite only launching in December 2016. While more OTT services are infiltrating the market, Amazon Prime Video subscriptions are only forecasted to rise (Stoll, 2022).

Another controversy facing Netflix is the war between Russia and Ukraine. Companies like Apple and Meta have pulled out of Russia and de-platformed pro-Russian outlets spreading misinformation (Katwala, 2022). This has led many to urge Netflix to pull out of Russia, resulting in a loss of 700,000 accounts in Russia, erasing a third of their value, making a significant difference to them (Telford and Jeong, 2022).

1.2 Literature Review

The literature review will explore the internal and external factors contributing to the decline in Netflix subscribers. The internal factors discussed are price and content. The external factors outlined are competition and COVID-19.

1.2.1 Internal Factors

(1) Content

Quality control of content has contributed to Netflix subscriber loss (Tassi, 2022). The competition for talent and the desire to lock down popular writers by spending lots of money, whilst trying to create Netflix originals, has led executives to allow poor-quality shows to be the face of Netflix (Ryan, 2015). Netflix originals dominate the Top 10 list, most of which have been poorly rated by critics and viewers (Tassi, 2022). There are also additional problems, such as shows like 'Stranger Things' and 'Never Have I Ever' only having one season left. This will make it difficult for Netflix to retain its subscribers later when the shows finish (Tassi, 2022). Nevertheless, Pilipets (2019) argues that binge-watching low-quality content is the main driving force behind Netflix's promotional stance. This is because it still provides hedonic motivation for the viewer, increasing the trust in Netflix and the content it provides (Venkatesh, 2012). Therefore, it encourages the viewer to continue the subscription (Chen and Lin, 2018; Helkkula, 2016). This is addressed as "the Netflix

effect" (McDonald, Smith-Row 2016). This strategy exacerbates the time spent on the platform, producing attention value for Netflix (Pilipets, 2019). Alternatively, Ryan (2015) argues these low-quality shows do not encourage the viewer to re-watch them, even if they enjoyed viewing them for the first time. Moreover, the evidence gathered from the second half of 2022 contradicts AA Bobmanuel (2022) implication that Netflix has been on a general decline. This is because Netflix was able to outperform these predictions with the support of the upcoming second season of the popular television series, such as 'Stranger Things' or 'The Crown' (Nicolaou, 2022). This continues to emphasise the idea that Netflix popularity fluctuates due to its content.

(2) Licensed Content

Netflix is dependent on licensed content, such as the 'House of Cards', accounting for nearly two thirds of its viewing hours (Trainer, 2019). This is a significant problem for Netflix because, as Maddodi and Krishna (2019) explain, some companies from which Netflix licences will launch their own streaming services resulting in Netflix no longer having access to that content. For example, Warner Media has launched HBO Max, meaning 'Friends' will only stream on this platform exclusively after the Netflix licence runs out in certain countries like Japan and Greece (Trainer, 2019). The overflow of Netflix originals presents another problem for Netflix. Warner Bros research suggests this could lead to viewers choosing content they are more familiar with, and rejecting the original content Netflix spent lots of money producing (Schwartzel, 2019).

(3) Price

Reelgood's investigation shows Netflix is the most expensive among numerous popular OTT platforms (Travis, 2022; Nicolaou, 2022). Bobmanuel (2022) suggested the reason behind the growing subscription prices is the average cost of $8 million to produce a Netflix series episode. The rising cost of production, as well as the economic crisis, have negatively impacted the loss of business, as people cannot justify spending an extortionate amount of money when they have other priorities (Brown, 2022). Various studies suggest people either cancel the subscription or share passwords with family and friends (Bobmanuel, 2022; Brown, 2022). This is an additional consequence of its premium differentiation identity of 'no ads', as until recently Netflix believed that "There is much more growth in the customer market than in advertising" (Siegal, 2022). Kweon and Kweon (2021) have used a subscription pricing analysis, further supporting this argument. Hulu is Netflix's main rival, using ad-supported lower-priced subscription plans that provide the viewer the

choice to suit their budget and still watch exclusive and award-winning shows at a competitive price. Seventy percent of Hulu's subscribers choose its lower-priced ad-supported plan. Thus, Kweon and Kweon (2021) suggest consumers are comfortable with ad-supported options.

1.2.2 External Factors

(1) Competition

There are countless OTT platforms, such as Disney Plus, Amazon Prime, and Hulu, leading in the market which are subscription-based models (Fuduric et al., 2020). Research has shown Netflix has suffered a net loss of 970,000 subscribers during the second quarter of 2022 (Maas, 2022), with the largest subscriber loss of 1.3 million from its predominant market, the US and Canada. One of the main reasons for this, Bobmanuel (2022) argues, is the emergence of new entrants. New entrants are cheaper and arguably provide better quality content (Chen, 2022), making it challenging for Netflix to maintain their influence within the OTT industry (Bobmanuel, 2022). For example, Disney is Netflix's current threat, as they have withdrawn its studios productions from Netflix to reserve exclusive distribution of its content on Disney Plus. Furthermore, Disney's acquisition of 21st Century Fox, Marvel and a 60% stake in Hulu makes it difficult for Netflix to maintain a competitive edge (Kallel, 2021; Chen 2022). Equally, Disney has other ways to monetize their content such as theme parks and merchandise (Telford and Jeong, 2022). Additionally, competitors such as Amazon.com offer a bundle deal that makes it a unique membership (Wayne, 2018), giving users the benefit of shopping, music, sport streaming, and unlimited films via Amazon Prime for the same price (Song, 2021; Hutchins, 2019). Monthly memberships also depend on whether the viewer is a student, making it almost half the price cheaper (Kweon and Kweon, 2021). Furthermore, subscription based services are vulnerable to discontinuation (Udoakpan and Tengeh, 2020), so OTT platforms such as Netflix face likely threats from its competitors such as All 4 that use advertisements instead of subscription fees. Therefore, while streaming rivals can monetize their content through other means, Netflix can no longer rely on subscribers as its sole source of income (Telford and Jeong, 2022).

(2) Covid-19

The COVID-19 pandemic, whilst not affecting the equity of Netflix, has disturbed the structure due to a temporary peak of subscriptions during the beginning of the health crisis (Stankova, 2022). This is because users were more susceptible to using Netflix during restriction periods, such as quarantine. Netflix reached 182.9 million paid subscribers in the first three months of 2022 (Stankova, 2022). Once those restrictions were lifted, viewing declined and membership growth started to decelerate. Eventually, subscriptions were cancelled, as they were no longer needed to pass time, implying Netflix was not able to retain long-term users (Mehta et al., 2020). Stankova (2022) argues this is because Netflix's equity was not strong enough to entice viewers to continue the subscriptions. This confirms that there is a potential issue with the original series and quality of content (Bobmanuel, 2022), as well as the cost of the subscription Netflix provides (Kweon and Kweon 2021).

2. Management problem, Research problem & Objectives

2.1 Management problem

Netflix is losing subscribers all over the world due to various reasons, in particular competition, price, and content quality. The company is looking for ways to regain its lost subscribers.

2.2 Research Problem

The aim of this study is to evaluate and identify the factors that have caused a dip in subscribers, and come up with strategic recommendations on how it can gain a competitive advantage in its operations.

2.3 Objectives

The objectives of this paper are as follows:

1. To identify the different criteria considered by viewers when subscribing to a certain online video streaming industry.
2. To determine the importance of each criterion influencing the subscription of a certain online video streaming industry.
3. To find out how viewers rate each criterion in relation to Netflix and other online video streaming industry companies.
4. To analyse the information gathered and to determine how Netflix should emphasise the different criteria to attract more subscribers.
5. To identify if there are external factors that have influenced a decrease of subscribers.

3. Qualitative Research

3.1 Methodology

To collect qualitative data, a brief set of questions were drafted based on the literature review (**refer to Appendix 1**). The process included in-depth, one-on-one interviews with 7 individuals in a

semi-structured format. This was useful to gain insight into the research factors and identify missing factors that will facilitate answering the research question. The lack of structure allowed the research team to gain a personal perception of why certain online streaming services are preferred over others. The interviews were conducted both in person and online to create convenience for the interviewee. **Refer to Appendix 2** for respondents demographics of qualitative research.

The areas covered are as follows:

1. <u>Internal factors</u>: diversity of content, prices, subscription plan, business model
2. <u>External factors</u>: political, economic, and social factors

3.2 Findings

The following three topics have been chosen to progress with the research of this study, because they appeared frequently throughout the interview process and the literature review.

3.2.1 Competition

When asked about competitors, the interviewees agreed that Amazon Prime and Disney Plus have outperformed Netflix because of their own originals, promptly updated content, and new films. One interviewee (M,24) said "Netflix's competitors are clearly outdoing them now in many ways. For example, new films from Marvel are available on other OTT platforms sooner". This corresponds with previous findings, where Bobmanual (2022) argues that new entrants in the streaming service platforms are making it difficult for Netflix to maintain their influence.

One of the participants' (F,20) perceptions is that there are not enough reality shows on Netflix, and if there were, she would be more inclined to watch Netflix: "Compared with Disney Plus, Netflix lacks original reality shows", contradictory to the research of Ryan (2015), which suggested that Netflix has lost subscribers because it is spending a lot of money trying to create Netflix Originals, while simultaneously struggling to lock down popular writers and creating poor quality originals.

Respondents also conclude that Netflix "doesn't show anything that's live at all" (M, 21), unlike its competitors Disney Plus and Amazon, which "shows a lot of live sport, such as cricket and

football matches", this suggests they are falling behind. This aligns with previous findings where Song (2021) and Hutchins (2019) agree that Amazon's bundle deal offers unlimited films, TV episodes and live sports altogether.

Furthermore, respondents indicate that Netflix's price point is comparatively higher than its competitors: "Netflix is slightly more expensive than Amazon Prime Video"; "Compared to Netflix, Disney Plus is much more affordable". As pointed out by Kweoan and Kweoan (2021), Amazon has monthly memberships and bundle deals with multiple services for which the prices are halved depending on whether you are a student.

3.2.2 Content

When viewers were asked about the content, there was a proven correlation between their dissatisfaction with Netflix and the quality of the content. One interviewee (M,24) indicated, "They just throw out any random content. They should take quality into account and keep the audience in mind". One respondent (F,20) also identified an absence of information regarding further episodes of shows, "It lacks the information about subsequent episodes of some series". This supports Ryan's (2015) research, concluding that poor content quality is the primary reason for subscriber decline.

The respondents argued that Netflix has made its 'original content' the flagship of its business model. One of the interviewees (M,24) expressed that "Netflix originals are pretty good, like 'Extraction' and 'Black Mirror'. Exclusive content is what stands out to me when it comes to picking an OTT platform". However, another respondent (M,21) prefers licensed content: "I do not care that much about Netflix Originals. I know there are a few good ones, but I do not especially look out for them". With the same viewpoint of Warner Bros research, consumers may decide to watch content they are more familiar with, rather than the expensively produced content Netflix offers (Schwartzel, 2019).

Respondents indicated that Netflix has a significant dependency on licensed content, which motivates viewers to continue Netflix subscriptions, and is least bothered by the quality of the new content it provides. "Netflix has a lot of older stuff on there, such as previous years of Top Gear going back to like 10 years ago", one of the respondents (M,21) said. This leads to the same conclusion as Trainer (2019), that dependency on licensed content is a problem for Netflix, because

the holders of Netflix licences will launch their own streaming services, meaning Netflix will lose its competitive edge.

3.2.3 Price

Respondents indicate the subscription price of Netflix is too high and not fair for the content it provides. In particular, the younger group of respondents identify that the price charged by Netflix is not affordable, forcing them to choose between Netflix and basic necessities: "As a student, I can't afford that much... it is incredibly difficult to make ends meet" (M, 24). This agrees with Brown's (2022) suggestion that the economic crisis will negatively impact people's purchasing power, hence some viewers will be forced to unsubscribe. Thus, there is a clear correlation between the rise in living costs and the dissatisfaction in the subscription fee of Netflix.

When asked about their solution against unaffordable prices, the respondents tended to share their accounts with families or friends to save money. One of the respondents (M, 24) said "I must pay for it by myself, but I have borrowed the account from a friend in the past". The respondent (M, 24) also suggested that if there is a period Netflix does not have interesting films or videos, he unsubscribes to save some money. This draws the same conclusion as Bobmanuel (2022) that people either cancel the subscription or result in password sharing if the price is unfair.

One of the respondents (M, 24) suggests that "Netflix should have a different price range for different target audiences"; "I wish to see films at a lower price, even if I need to see some advertisements. If the advertisements are not so long, that works for me" (M, 24). It shows that consumers are comfortable with affordable ads support options, as outlined by Kweon and Kweon (2021).

4. Research Framework

In the research framework depicted, the independent variables are price, content, and competition which were derived from secondary research and qualitative analysis. These independent variables are assumed to be positively or negatively correlated with perception (the mediator). The mediator of the research framework is presumed to be positively related to the outcome variable, behavioural

intention (dependent variable). The control variables demonstrated in the research framework are gender, income, and age.
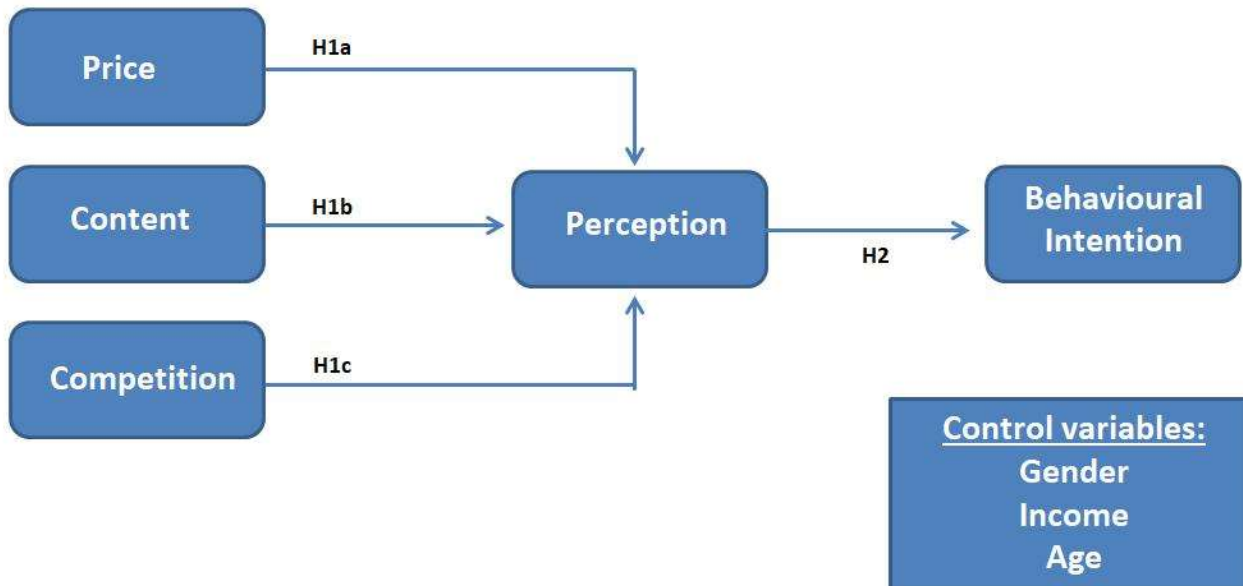
H1a: Price exerts a negative significant influence on perception.

H1b: Content exerts a positive significant influence on perception.

H1c: Competition exerts a negative significant influence on perception.

H2: Netflix user's perception exerts a positive influence on their behavioural intention.

5. Quantitative Research

5.1 Methodology

For the purpose of this research, a survey method was used to gather data for quantitative analysis. The research group used convenience sampling because it is inexpensive and the respondents were chosen based on proximity and ease of accessibility. This technique was useful to

quantify the antecedents and test the hypothesis, to understand user's perception when subscribing to Netflix and other OTT platforms, while observing and analysing their viewpoints in the best possible manner.

5.1.1 Sampling Design

The researchers conducted a survey of 31 questions using a convenience sampling method due to time and cost constraints. According to Creative Research Systems (2022) the sample size required for the population of Leeds was 600, but due to lack of resources the sample size of 236 respondents was achieved.

5.1.2 Questionnaire design

The research team identified key variables from the literature review and determined the content for the questions using precedent (**refer to measurable scale table in Appendix 3**) to design the questionnaire. The areas of questions covered were based on independent variables: price, content, competition; the mediator variables: perceived value, enjoyment, satisfaction, compatibility; and dependent variable: behavioural intention towards Netflix. The question format used was a 7-point Likert Scale (1-strongly disagree to 7-strongly agree). Each area of the questionnaire included 2-7 questions.

5.1.3 Fieldwork

Once the questionnaire was designed on a Word document (**refer to Appendix 4**) and applied on Qualtrics, a digital survey platform used to collect the data, the research team circulated the survey to the OTT subscribers. This was done in the United Kingdom, in particular to the students of the University of Leeds.

5.1.4 Analytical issues

Basic statistics like mean and standard deviation were derived from collected raw data and run through SPSS tool to perform multiple and bivariate regression. Anova (Analysis of Variance) tables were produced to analyse if there are significant effects between independent, mediator and dependent variables. Graphical representations and tables were used to represent the derived results. The research team adopted these methods to produce accurate data upon presumed hypotheses.

5.1.5 Ethical Statement

To ensure the research is completed ethically, the following steps were taken:

1. The research team made sure that consent forms were filled out by the respondents of this study (**see Appendix 5-5.1 & 5.2**) for both qualitative and quantitative research.
2. The researchers respected the confidentiality and anonymity of their respondents.
3. The research team ensured that its participants knew the purpose, benefits, and intention behind the study before engaging voluntarily.
4. The researchers guaranteed that any kind of harm is kept to an absolute minimum, and no one under-18 or in a vulnerable state participated.
5. This study showed that the research is independent and ensured that this work is plagiarism free.
6. The information collected was used for academic purposes only, without any commercial purpose, and not shared with third parties, and will be used for university assessment only.
7. The researchers of this study will ensure that they delete the interview transcripts off their devices after the submission of this report.

5.2 Results and Analysis

5.2.1 Respondents Profile

As the table in **Appendix 6** shows, the majority of respondents (56.86%) are women. Most of the respondents belong to the age group 21-30 years, which is 53.5% of the overall age group. It is

evident from the table that 33.8% of the respondents belong to the household income bracket of under 10,000 pounds a year.

5.2.2 Reliability analysis

The total reliability statistics table (**see Appendix 7**) displays that all the Cronbach's alpha values are above .8 meeting the threshold minimum .7 advised by DeVellis (2016). As all the values of the Cronbach's alpha are higher than .8 it is unnecessary to delete any of the scale items. Based on the comprehensive analysis, the research team can confidently conclude that each construct presented in the research framework is a reliable scale with internal consistency (Palihawadana,2022).

5.2.3. Descriptive Results

5.2.3.1 Antecedents of perception

Since the Likert scale is from 1 (strongly disagree) to 7 (strongly agree), any mean score above the midpoint 4 implies strong agreement with the measurement item, and any mean score below the midpoint shows strong disagreement. If the mean score is 7, then respondents completely agree, while a mean score of 1 means they totally disagree (**refer to Table1, Appendix 8**).

It is clear from **Table2, Appendix 8** that since no mean score went below the midpoint, the respondents agree with all the items that make up the three antecedents – Content, Price and Competition. Out of all the antecedents, Q1-1 is agreed upon the most with a mean of 4.87 and Q3-4 is agreed upon the least with a mean of 3.10, below the midpoint. The summated mean score related to content is 4.46, and is the most agreed upon construct among the three antecedents (**see Table 1, Appendix 8**).
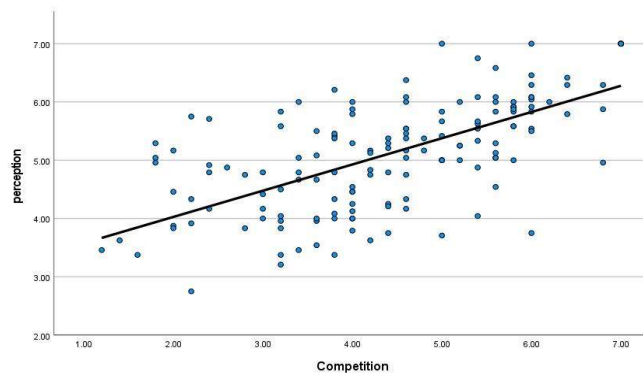
5.2.3.2 Perception

Netflix's perceived value is the least, with a mean of 3.78. It is below the midpoint, indicating that people are more in disagreement with perceived value statements. Perceived enjoyment and compatibility have the same mean value of 4.31, slightly above the midpoint, suggesting people are more in agreement with these statements (**refer to Appendix 9**).

5.2.3.3 Behavioural Intention

In **Appendix 10**, Q8-3 has a mean value of 4.29, which is greater than the midpoint value, indicating that people have agreed to continue using Netflix in the near future. Whereas Q8-2 has a mean value of 3.83, which is below the midpoint, meaning respondents are more likely to use other video streaming platforms rather than Netflix.
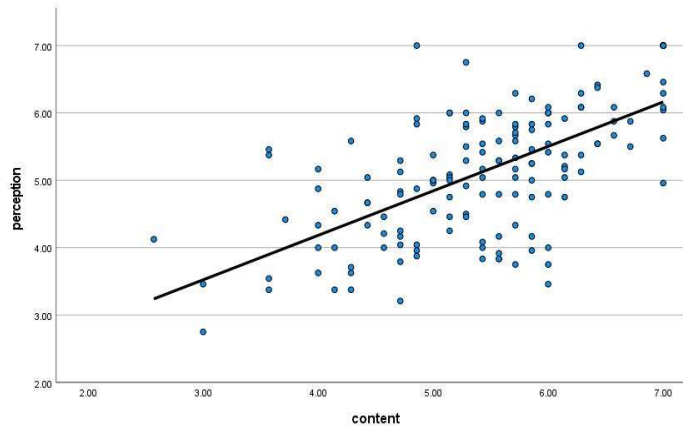
5.2.4. Further Analysis

5.2.4.1 Graphical Representations

Graph 1

17
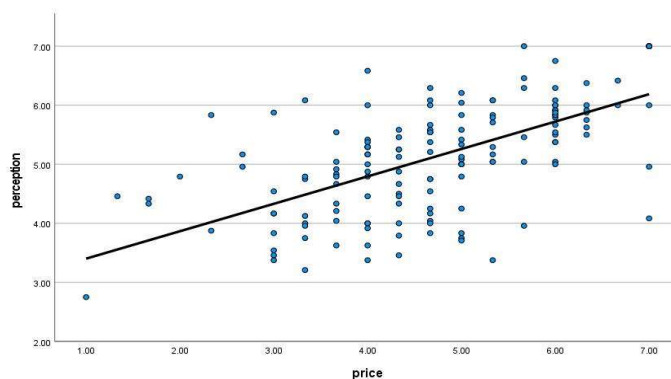
Graph 2

Graph 3

 Regression graphs to assess whether the significance found in **Appendix 8 & 9** resembles a positive or negative impact when analysing the effects of competition, price and content upon perception towards Netflix. **Graph 3** shows a positive relationship between content and perception, so when satisfaction with Netflix's content increased, so did participant's perception of Netflix as a service. **Graphs 1** and **2** show that both competition and price have a negative influence on perception as people strongly disagreed with the statements about competition and price.

5.2.4.2 Multiple Regression Analysis

To further analyse the results from the survey several hypotheses were tested to examine relationships between key variables. The hypotheses are presented below:

H1a: Price exerts a negative significant influence on perception.

H1b: Content exerts positive significant influence on perception.

H1c: Competition exerts a negative significant influence on perception.

To test the above three hypotheses, a multiple regression analysis was conducted using the Enter Method to test whether the three predictors (content, price, competition) exert a relevant significant influence on the dependent variable (perception). The adjusted R square value .569 (**refer**

to Appendix 11) demonstrates a high association between the three predictors and the dependent variable. A remarkable model is shown (F3,150=68.319, p<.001). The results are displayed below:

Predictor variables (H1a, H1b and H1c)	Beta	P
Content	.318	<.001
Price	.267	<.001
Competition	.317	<.001

The results demonstrate that all predictors have a similar strong significant connection to perception. All the assumptions of the predictors hold true. Content and competition show nearly the same Beta coefficient (.318 and .317 respectively), with each of the independent variables presenting 31.8% and 31.7% of the variation in perception. The lowest Beta coefficient can be seen as .267 (p<.001) in price, explaining 26.7% of the deviation of the criterion variable (Palihawadana, 2022).

Therefore, it is proven that the content of Netflix has a positive effect on perception, while the price and competition of Netflix have a negative effect on perception of Netflix.

5.2.4.3 Bi-variate Regression

H2: Netflix user's perception influences their behavioural intention.

To test the above assumption, a Bivariate regression using the enter method was performed to test whether Netflix users' perception (predictor variable) has a positive influence on behavioural intention (dependent variable). The data of R square (.595) (**see Appendix 12**) illustrates that there is a correlation of 59.5% between intention and perception. A remarkable model is shown (F1,151=221.769, p<.001). Beta value of .771 proves that the predictor variable and dependent variable are positively correlated, meaning the higher the Netflix user's perception, the higher the behavioural intention would be. The result proves the assumption at p<.001 (Palihawadana, 2022).

5.2.4.4 Control variables regression analysis

Control variables	Beta	P
Age group	.015	.767

	.029	.579
Gender	.029	.579
Household income	.045	.388

A control variables regression analysis was conducted to test if those variables (age group, gender, and household income) have any influences on behavioural intention. The results show values of .767, .579 and .388 for age group, gender and household income respectively (p >.05) (**see Appendix 13**). This indicates that these three control variables do not have significant effects on behavioural intention (Palihawadana, 2022).

6. Conclusions & Recommendations

6.1 Conclusion

This research is an analysis of Netflix's issue of losing subscribers. The research analyses the subscriber's intention by combining the results of one-on-one in-depth interviews and data analysis of a survey, drawing on the following conclusions:

(1) With the OTT market expanding rapidly (Westcott, 2022; Chang and Chang, 2020) newer organisations have eroded Netflix's dominance like Disney Plus and Amazon Prime Video (Kim, 2021). In this survey, over 55% of respondents said they would consider changing their video streaming subscription platform if a competitor offered better prices or content than Netflix. This suggests that the entry of competitors into the market could drive up the cost of maintaining content dominance for Netflix and a wider range of choice for consumers, leading to a loss of subscribers.

(2) As Mehta (2020) suggests, the respondents of one-on-one in-depth interviews indicated they would not subscribe to Netflix in the long run. From the quantitative analysis, the coefficient results for the effect of price and competition on consumer subscription intentions are both less than 0.001, indicating that these two elements have a highly significant effect. Thus, it can be seen that Netflix is unable to attract consumers to continue their subscription mainly due to the cost of subscription (Kweon and Kweon, 2021) and more choices of OTT platform that provide additional features and wider services (Kallel, 2021; Chen 2022).

(3) More than 40% of respondents felt that Netflix's pricing was too high and that there were fewer subscription tiers to choose from for consumers from various social-economic backgrounds. Respondents in this study showed the same view as Brown (2022) that they would be more inclined to subscribe to Netflix if there was a package less expensive with advertisements.

(4) Consumer gender, age and household income do not significantly influence consumer preference on choosing OTT platforms. From the quantitative analysis, the coefficients of gender, age and household income on consumers' subscription intention were all greater than 0.05, indicating that these three elements do not have a significant impact.

(5) The coefficient results for the effect of content on behavioural intentions is less than 0.001, indicating that it has a positive significant effect. Over 70% of respondents said they would like to continue to subscribe to Netflix and have a positive view of Netflix's future operations. Meanwhile,

they believe that lower pricing and the addition of more content would make Netflix subscriptions more attractive.

6.2 Recommendations

The researchers of this study have identified ways in which Netflix can regain its subscription loss and have come up with some strategic recommendations:

(1) Pricing

Netflix's pricing is perceived as expensive by 40% of the respondents. Therefore it is suggested that Netflix needs to come up with better pricing models in order to regain its lost subscribers. Particularly, Netflix should launch a low-cost subscription model that includes ad-supported content for the low-income group.

Netflix can also reduce its price point for certain countries to reflect the disruptions in a country's economy. For example, in the United Kingdom there's a financial crisis happening and this has caused inconvenience amongst the working class who previously had more spending money. Therefore, this will prevent the loss of subscribers as viewers will not be forced to choose between necessities and recreational activities. In this way the company will maintain the existing subscribers and reduce financial losses.

Netflix can also use the referring scheme. A 30%- 50% discount could be given to those who referred Netflix to another consumer for a limited amount of time for example the first 3 months. This discount will only work after the consumer has successfully subscribed. This will benefit netflix because it will create a word-of-mouth between consumers.

Netflix can have separate price points for different categories of content. For example, if a consumer wants to use the platform to only view original conten the price will be lower than subscribing to the whole package. This will ensure that Netflix grows its subscriber base, appealing to different target audiences.

(2) Competition

The research team suggests Netflix to start live streaming of sports to attract the sport spectators of the world's population. It could also start streaming live news from news channels across the world.

The company could also offer bundle deals and student packages like Amazon, where the user would get several additional benefits with the subscription. Student discounts and offers would attract the student masses. This way Netflix would appeal to different demographics.

Netflix can add a playlist of all the songs used in the films and series as an additional feature making the experience engaging to viewers. This will introduce convenience as viewers will not need to take the extra step to find the songs on google or youtube, it would also make them stay on the platform for a longer time. Netflix could implement this strategy by collaborating with music streaming platforms like Spotify. This feature can create a competitive edge for Netflix over other video streaming platforms.

(3) Content

Netflix can look into producing more seasons of their popular shows like 'Stranger Things' and 'Never Have I Ever' for existing customers who enjoy those shows as they only have one season left (Tassi,2022).

6.3 Limitations

Although several recommendations have been outlined for Netflix, it is equally acknowledged that the study suffers from some limitations.

One limitation is the lack of recent research studies outlining Netflix's decline in subscribers. Some of the references were taken from websites and news articles which are not as credible as journal articles. Thus, this creates a knowledge gap as websites and news articles can be subjective, with no quality assurance.

The quantitative research has been restricted by time and resource limitations. This resulted in a small sample size of 236 respondents. This is a limitation to the generalizability of the findings as there was an occurrence of bias in the selection of the sample. Most of the surveying was completed

within the United Kingdom, but a large pool of respondents were from the University of Leeds. If the survey were to take place again in Leeds, 600 people would need to be surveyed (Creative Research Systems, 2022) to provide a more accurate representation of the population within the results.

Not every respondent might have truthfully expressed their viewpoint, leading to distortion of survey data. In addition, people had no incentives to answer the survey, so they might have responded quickly and without full awareness of their answer choice. For instance, refreshments or gift cards could be offered, to encourage quick and efficient responses to quality surveys.

Furthermore, the rate of change in the studied topic area has been a limitation for this study. This is because it is a rapidly evolving area of research hence some of the sources used might be outdated in the near future. Furthermore during the progress of this study, Netflix has made some strategic changes which correspond with the recommendations made in this study.

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Appendices

Appendix 1

Hello, thank you for joining me for this interview about Netflix loss of subscribers. By doing this interview you agree that your answers will be used for our project in market research regarding Netflix. Please feel free to not answer any questions that you do not feel comfortable answering.

Could you tell me a bit about yourself?

1. Do you own any OTT subscriptions right now? If yes, which one and why do you use that?

2. Have you ever had a Netflix subscription?

2.1 Who paid for it and how many people were using it without paying by sharing passwords?

2.2 Now that they have the new rule of sharing only with house members would you continue to keep the subscription? (Follow up questions)

3. How many OTT platforms were you subscribed to before and after the pandemic? Why did you choose them? Has the covid-19 pandemic made you more conscious in choosing to pay for entertainment platforms?

(or)

Has the covid-19 pandemic made you want to subscribe to more ott platforms? How many? What are the reasons behind each one? After the pandemic did you continue your subscriptions? Why/ why not?

4. Do you think Netflix's existing subscription prices are fair? If not, why?

5. Do you know what 'Binge watching' is? Do you ever 'Binge watch' on OTT platforms? If yes, why do you think you binge-watch?

6. What do you think about some of the "Netflix originals"? Have any of the "Netflix originals" tempted you to buy its subscription?

7. How would you compare Netflix's content with other streaming platforms in the market?

8. Have you ever thought of unsubscribing from Netflix? If yes, could you tell us why and describe that time in your life?

9. Are there any external political factors affecting you from subscribing to Netflix? Specifically, has the Russia and Ukraine war made you take a stance on unsubscribing from Netflix by any chance?

10. How satisfied are you with Netflix's price plans?

10.1 Would you prefer Netflix now that they have changed their subscription models to a cheaper version with advertisements? Would you use this plan?

10.2 Do you think this will allow them to retain their subscriber numbers? What sort of audience do you think this initiative will appeal to ?

11. What makes a streaming platform stand out to you?

11.1 What could Netflix do to make your experience as a viewer better?

11.2 And is there something you do not like about Netflix?

Thank you for participating in this interview.

Appendix 2

The key demographics for Qualitative Research

Age	Gender	Occupation	Income
30	Female	Student	Under £10,000
24	Male	Working Professional	£20,000-£29,999
21	Male	Student/ Working professional	Under £10,000
21	Male	Student	Under £10,000
24	Male	Student/Working Professional	Under £10,000
20	Female	Student	Under £10,000
24	Male	Student/Working Professional	Under £10,000

Appendix 3

Measurement Scale table

Construct	Example Questions	Sources of Questions

Antecedents	Content Has consistent quality Is well made Has an acceptable standard of quality OTT platforms offer content of consistently good quality OTT platforms offer the content they promise OTT platforms offer content of an acceptable standard The video streaming service offers a wide range of content The video streaming service offers exclusive and original content The video streaming service offers live entertainment and sports The video streaming service offers a wide variety of global content	Sweeney and Soutar (2001); Grewal et al., (1998); Lai (2004) Chakraborty et al., (2022) Guo (2022)
	Price Is a good buy Is worth the money Is fairly priced Is reasonably priced Is economical Appears to be a good bargain	Petrick (2002)
	Competition It makes sense to buy X instead of any other brand, even if they are the same. Even if another brand has the same features as X, I would prefer to buy X. If another brand is not different from X in any way, it seems smarter to purchase X Prices at X are acceptable. The service that X provides meets my personal needs.	Yoo and Donthu
Perception	Perceived value I feel I am getting good SMS service for a reasonable price. I feel that subscribing to SMS meets both my high quality and low-price requirements. I would value SMS as it would meet my needs for a reasonable price.	Grewal et al., (1998) Lai (2004)
	Perceived enjoyment I find online video streaming entertaining I find online video streaming pleasant I find online video streaming exciting I find online video streaming fun	Guo (2022)

	Customer satisfaction My choice to subscribe to this SMS service is a wise one I think I did the right thing when I subscribed to this SMS service My overall feelings towards SMS service provided can be described as... Compatibility Online video streaming services fit my lifestyle Online video streaming services fit well with how I watch video content Online video streaming services are compatible with most aspects of my video consumption habit	Cronin et al., (2000) Lai (2004) Guo (2022)
Behavioural Intention	I will make an effort to travel internationally in the near future. I am willing to travel internationally in the near future. I will certainly invest time and money to travel internationally in the near future. I will certainly invest time and money to travel intentionally in the near future. I am planning to travel internationally in the near future. I intend to travel internationally in the near future I intend to use the fee-based video streaming service in the near future I am willing to pay for the fee-based video streaming service in the near future I will continue to use the fee-based video streaming services in the near future	Ertas and Kirlar-Can (2022) Guo (2022)
	Subscription Intention I frequently subscribe to OTT streaming platforms I have intention to subscribe to OTT platforms I think it's a good idea to subscribe to OTT platforms Continuation Intention I intend to continue using OTT rather that to discontinue its use I intend to use OTT platforms rather than other alternatives I will continue using OTT platforms in the future	Menon (2022)
	Repurchase Intention If possible, I want to continue using OTT platforms I plan to continue using OTT platforms in the future I will likely continue to use OTT platforms in the future	Chakraborty et al., (2022)

Appendix 4

Questionnaire

This survey is part of a marketing research study into how Netflix can reverse the trend of declining subscribers conducted by a group of International Marketing MSc students. This study has no commercial value and the results will be used only for academic purposes. Your response will be held anonymously and confidentially. This questionnaire takes between 5-10 minutes to complete. Taking part in this survey is entirely voluntary.

□ I agree to participate

□ I do not agree to participate

Following is a list of statements about Netflix content. Please indicate your level of agreement with each by ticking the most appropriate box that describes your own view, **on a scale of 1= Strongly Disagree, to 7= Strongly Agree.**

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
Netflix offers a wide range of content							
Netflix offers exclusive and original content							
Netflix offers live entertainment and sports							
Netflix offers a wide variety of global content							
Netflix offers content of consistent good quality							

Netflix originals have consistent good quality							
Netflix Originals offer content of an acceptable standard							

Following is a list of statements about Netflix competition. Please indicate your level of agreement with each by ticking the most appropriate box that describes your own view, **on a scale of 1= Strongly Disagree, to 7= Strongly Agree.**

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
It makes sense to subscribe to Netflix instead of any other online streaming service, even if the content is similar							
Even if another online streaming service has the same features as Netflix, I would prefer to subscribe to Netflix							
It makes sense to subscribe to Netflix instead of any other online streaming service, even if the content is similar							

Even if another online streaming service has the same features as Netflix, I would prefer to subscribe to Netflix						
Even if another online streaming service has better content than Netflix, I would prefer to subscribe to Netflix						
Even if another online streaming service has better pricing than Netflix, I would prefer to subscribe to Netflix						
If another online streaming service is not different from Netflix in any way, it seems smarter to purchase Netflix						

Following is a list of statements about Netflix perceived value. Please indicate your level of agreement with each by ticking the most appropriate box that describes your own view, **on a scale of 1= Strongly Disagree, to 7= Strongly Agree.**

	Strongly disagree	**Disagree**	**Somewhat disagree**	**Neither agree nor disagree**	**Somewhat agree**	**Agree**	**Strongly agree**

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I feel I am getting a good online video streaming service from Netflix for a reasonable price							
I feel that subscribing to Netflix meets both my high quality and low-price requirements							

Following is a list of statements about Netflix perceived enjoyment. Please indicate your level of agreement with each by ticking the most appropriate box that describes your own view, **on a scale of 1= Strongly Disagree, to 7= Strongly Agree.**

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
Netflix content excites me							
Netflix content amuses me							
Netflix content is thrilling							

Following is a list of statements about Netflix perceived satisfaction. Please indicate your level of agreement with each by ticking the most appropriate box that describes your own view, **on a scale of 1= Strongly Disagree, to 7= Strongly Agree.**

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
My choice to subscribe to Netflix service is a wise one							
My overall feelings towards Netflix provided can be described as positive							

Following is a list of statements about Netflix perceived compatibility. Please indicate your level of agreement with each by ticking the most appropriate box that describes your own view, **on a scale of 1= Strongly Disagree, to 7= Strongly Agree.**

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
Netflix fits my lifestyle							
Netflix fits well with how I watch video content							
Netflix is compatible with most aspects of my video consumption habit							

Following is a list of statements about Netflix. Please indicate your level of agreement with each by ticking the most appropriate box that describes your own view, **on a scale of 1= Strongly Disagree, to 7= Strongly Agree.**

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree

I intend to continue using Netflix rather that to discontinue its use						
I intend to use Netflix rather than other alternatives						
I will continue using Netflix in the future						

Are you?

☐ Male

☐ Female

☐ Non-Binary/Third Gender

☐ Prefer not to say

What age group do you fit under?

☐ 0-20

☐ 21-30

☐ 31-40

☐ 41-50

☐ 51-60

☐ 60+

What level of household income do you fit under?

☐ Under £10,000

☐ £10,000-£19,999

☐ £20,000-£29,999

☐ £30,000-£39,999

☐ £30,000-£39,999

☐ £40,000 or more

Appendix 5

5.1 Consent form for Questionnaire (Quantitative Research)

We are students from MSc International Marketing Management at Leeds University Business School. As part of our study, we are carrying out a survey to find out what aspects affect users' satisfaction with Netflix. By participating in this study, you are agreeing to provide as honest answers as you can. This study has no commercial purpose and the results will be used only for academic purposes. Any response you will provide will be anonymous and confidential.

By selecting "I agree," you are consenting to the conditions described above.

☐ I agree

☐ I disagree

5.2 Consent form for Interviews (Qualitative Research)

I _____ hereby give my consent for the interview in relation to the research which will be used only for academic purposes.

I certify that I have been informed of the confidentiality of the data gathered for this project as well as the anonymity of my participation.; that I have been given satisfactory answers to my inquiries concerning project procedures and other matters; and that I have been informed that I am free to withdraw my consent and cease participation in the project or activity at any time without any consequence.

I agree to take part in one or more electronically recorded interviews for this project. I understand that such interviews and related materials will be kept completely anonymous and that the results of this study may be published in an academic journal or book.

I agree that any information obtained from this research may be used in any way thought best for this study.

_____   _____

Appendix 6

Respondents Demographic

Demographic	n	%
Gender		
Male	64	43.54
Female	83	56.86
Age Group		
0-20	12	5.3
21-30	122	53.5
31-40	5	2.2
41-50	5	2.2
51-60	6	2.6
60+	2	.9
Household income		
Under £10,000	77	33.8
£10,000- £19,999	32	14
£20,000- £29,999	13	5.7
£30,000- £39,999	11	4.8
£40,000 or more	16	7

Appendix 7

Reliability Analysis

Construct	Cronbach's alpha
Content	.811
Competition	.884
Price	.865
Perception	.861
Behavioural Intention	.865

Reliability Statistics	
Cronbach's Alpha	N of Items
.861	4

Item Statistics			
	Mean	Std. Deviation	N
Value	3.2273	1.38631	154
Enjoyment	2.6948	1.04298	154
Satisfaction	2.8442	1.13114	154
Compatibility	2.6861	1.01781	154

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Value	8.2251	8.013	.650	.863
Enjoyment	8.7576	9.359	.720	.821
Satisfaction	8.6082	8.344	.829	.773
Compatibility	8.7662	9.689	.681	.836

Appendix 8

Antecedents of Content, price and competition – Means and standard deviations

Construct	Items	Means	s.d

Content	Q1-1. Netflix offers a wide range of content	4.87	1.20
	Q1-2. Netflix offers exclusive and original content	4.74	1.11
	Q1-3. Netflix offers live entertainment and sports	3.36	1.97
	Q1-4. Netflix offers a wide variety of global content	4.64	1.29
	Q1-5. Netflix offers content of consistent good quality	4.54	1.36
	Q1-6. Netflix Originals have consistent good quality	4.52	1.19
	Q1-7. Netflix Originals offer content of an acceptable standard	4.53	1.20
	Summated mean and standard deviation	4.46	1.33
Price	Q2-1. Netflix is worth the money	4.1	1.37
	Q2-2. Netflix is fairly priced	3.63	1.52
	Q2-3. Netflix appears to be a good bargain	3.52	1.50
	Summated mean and standard deviation	3.75	1.46
Competition	Q3-1. It makes sense to subscribe to Netflix instead of any other online streaming service, even if the content is similar	3.64	1.59
	Q3-2. Even if another online streaming service has the same features as Netflix, I would prefer to subscribe to Netflix	3.75	1.55
	Q3-3. Even if another online streaming service has better content than Netflix, I would prefer to subscribe to Netflix	3.09	1.81
	Q3-4. Even if another online streaming service has better pricing than Netflix, I would prefer to subscribe to Netflix	3.10	1.88
	Q3-5. If another online streaming service is not different from Netflix in any way, it seems smarter to purchase Netflix	3.63	1.52
	Summated mean and standard deviation	3.46	1.67

Table 1: The Likert scale used was from 1=Strongly disagree to 7=strongly agree.

	Items	Means	s.d
	Q1-1. Netflix offers a wide range of content	4.87	1.20

Content	Q1-3. Netflix offers live entertainment and sports	3.36	1.97
Price	Q2-1. Netflix is worth the money	4.10	1.37
	Q2-3. Netflix appears to be a good bargain	3.52	1.50
Competition	Q3-4. Even if another online streaming service has better pricing than Netflix, I would prefer to subscribe to Netflix	3.10	1.88
	Q3-2. Even if another online streaming service has the same features as Netflix, I would prefer to subscribe to Netflix	3.75	1.55

Table 2: Highest and lowest Means and standard deviations

Appendix 9

Perception

Construct	Items	Means	s.d
Perceived value	Q4-1. I feel I am getting a good online video streaming service from Netflix for a reasonable price	3.92	2.01
	Q4-2. I feel that subscribing to Netflix meets both my high quality and low-price requirements	3.63	2.41
	Summated mean and standard deviation	3.78	2.21
Perceived enjoyment	Q5-1. Netflix content excites me	4.48	1.11
	Q5-2. Netflix content amuses me	4.23	1.24
	Q5-3. Netflix content is thrilling	4.21	1.21
	Summated mean and standard deviation	4.31	1.17
Perceived satisfaction	Q6-1. My choice to subscribe to Netflix service is a wise one	4.12	1.25
	Q6-2. My overall feelings towards Netflix provided can be described as positive	4.19	1.20
	Summated mean and standard deviation	4.16	1.23
Perceived compatibility	Q7-1. Netflix fits my lifestyle	4.24	1.23
	Q7-2. Netflix fits well with how I watch video content	4.34	1.17
	Q7-3. Netflix is compatible with most aspects of my video consumption habit	4.35	1.12
	Summated mean and standard deviation	4.31	1.17

Appendix 10

Behavioural Intention

Items	Means	s.d
Q8-1. I intend to continue using Netflix rather than to discontinue its use	4.14	1.43
Q8-2. I intend to use Netflix rather than other alternatives	3.83	1.48
Q8-3. I will continue using Netflix in the future	4.29	1.26

Appendix 11

Multiple Regression Analysis

Model Summary	
Model 1	Adjusted R Square
1	.569
a. Predictors:(Constant), competition, content, price	

ANOVA				
Model		df	F	Sig.
1	Regression	3	68.319	<0.001
	Residual	150		
	Total	153		
a. Dependent Variable: perception				
b. Predictors:(Constant), competition, content, price				

Coefficients

Model		Standardised Coefficients Beta	Sig.
1	(Constant)		<0.001
	Content	.318	<0.001
	Price	.267	<0.001
	Competition	.317	<0.001
a. Dependent Variable: perception			

Appendix 12

Bivariate Analysis

Model Summary	
Model 1	R Square
1	.595
a. Predictors:(Constant), perception	

ANOVA				
Model		df	F	Sig.
1	Regression	1	221.769	<0.001
	Residual	151		
	Total	152		
a. Dependent Variable: Behavioural Intention				
b. Predictors:(Constant), perception				

Appendix 13

Control Variables regression analysis

Coefficients

Model		Standardised Coefficients Beta	Sig.
1	Perception		<0.001
	Age	.015	.767
	Income	.045	.388
	Gender	.029	.579
a. Dependent Variable: Behavioural Intention			