

## CHAPTER I

### INTRODUCTION

#### A. Background of Study

With the rapid development of innovations, there is a high likelihood of significant benefits for society in simplifying daily activities and fulfilling everyday needs. Digital services refer to businesses or activities created by digital producers. Digital platforms and social media are relatively new phenomena. To understand the impact of these technologies on communication practices, it is essential to view them from a broader perspective, recognizing previous habits and established relationships while considering modern theories about how media communication and populist ideologies interact. Digital media transforms the quality and features of political rhetoric, fostering the growth of ideological entrepreneurship.

Digital services are ventures or activities established by digital producers, involving transactions conducted via websites or applications, particularly through the internet.<sup>1</sup> Fundamentally, knowledge of how to leverage advanced digital technology shapes the marketing strategies employed, which significantly affect performance.<sup>2</sup> Digital marketing plays a critical role in strengthening products to ensure competitiveness and fostering partnerships, influencing products, services, and materials produced. These outcomes highlight the importance of utilizing high-quality internal resources to achieve business success.<sup>3</sup> Digital technology greatly assists and simplifies the process for potential consumers to access information about various activities related to products or brands being sold

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<sup>1</sup> Yunan Yusuf, "Kepribadian Merek," *Jurnal Ulumul* No. 4 (2018), p. 7.

<sup>2</sup> Sjoukje Goldman et al., "Strategic Orientations and Digital Marketing Tactics in Cross-Border e-Commerce: Comparing Developed and Emerging Markets," *International Small Business Journal*, Vol, 39, No. 4, (2021), p.354.

<sup>3</sup> Leny Muniroh, et. al., "Pengaruh Pemasaran Digital Terhadap Keunggulan Kompetitif, Serta Implikasinya Terhadap Kinerja Pemasaran Di Bag UMKM Di Bogor", *Jurnal Ilmu Sosial Technium*, Vol. 2, No.4 (2023), p.236.



by a company, made available through digital media.<sup>4</sup> Technological advancements are a form of globalization that has transformed the entire scope of marketing in recent years. Previously, marketing communication was traditional and conventional. Now, communication methods have been integrated into the digital realm.<sup>5</sup> Service marketing innovations in the digital era enable the use of data and analytics to win customers' hearts, focus marketing efforts more precisely, and evaluate results effectively.<sup>6</sup>

The utilization of information technology continues to evolve, bringing significant impacts. Many businesses have discovered that adopting e-business improves productivity and efficiency.<sup>7</sup> In many aspects of human life, one of which is the music and entertainment media industry, YouTube Premium was created by YouTube as an official platform to reach its audience.<sup>8</sup> YouTube is a website that offers a variety of videos and content. Videos on this site can range from short videos, educational videos, live broadcasts, music videos, tutorials, comedy, education, entertainment, TV shows, to lifestyle content.<sup>9</sup>

YouTube Premium (formerly known as YouTube Red) is a paid subscription streaming service that provides ad-free streaming for all videos hosted on YouTube. YouTube subscribers can also download videos for offline viewing on mobile devices, play videos in the background, and access music streaming services. With over 2 billion users nearly

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<sup>4</sup> Raden Roro, *et. al.*, "Rancang Bangun Sistem Penjualan Jasa Digital Printing Berbasis Web (Studi Kasus CV. Citra Galimas)," *Sains, Teknologi Dan Masyarakat*, Vol. 2, No. 4, (2022), p.110.

<sup>5</sup> Hafidari Tapak Pitrang and Reza Widhar Pahlevi, "Pengembangan Bisnis Jasa Pemasaran Digital Dengan Business Model Canvas," *Journal Competency of Business*, Vol. 6, No.2 (2023), p. 170.

<sup>6</sup> Djoko Hananto, *et. al.*, "Inovasi Pemasaran Jasa Meningkatkan Daya Saing Bisnis Di Era Digital," *Journal of Global Humanistic Studies*, Vol. 2, No. 1 (2023), P. 5.

<sup>7</sup> Isaac Matidza, *et. al.*, "Use of Digital Marketing in Estate Agency Industry in Malawi," *jurnal E-Learning and Digital Media*, Vol. 17, No. 3 (2020), P. 260.

<sup>8</sup> Kana Achsan Basri, "Jual Beli Manfaat Youtube Premium Di Twitter Perspektif Hukum Islam" (*Skripsi: Universitas Islam Negri Walisongo Semarang*, 2022), p. 10.

<sup>9</sup> Desak Made Febri Purnama Sari and Ignacia Linda Marcelina, "Customer Intention Sebagai Mediasi Perceived Usefulness Dan Perceived Price Terhadap Buying Decision Konsumen Youtube Premium Di Bali," *BISMA: Jurnal Bisnis Dan Manajemen*, Vol, 16, No. 2 (2022), P. 93.



encompassing all internet users YouTube is one of the leading video-based social media platforms. The average YouTube user is between the ages of 18 and 34. YouTube has also expanded to over 100 countries and supports 80 languages. YouTube users collectively generate one billion hours of watch time daily, watching videos of their choice worldwide. An increasing number of people are using digital streaming services across various media industries. Although YouTube, Netflix, and Spotify remain central topics in discussions about streaming, several services have emerged and disappeared, shaping a rich, complex, and dynamic landscape of services that utilize various versions of the streaming model.<sup>10</sup>

According to Auxier & Anderson, YouTube is the number one social media platform even in Indonesia. YouTube is also the favorite video platform for Generation Zillennials in Indonesia: a survey conducted in September 2023 revealed that 96% of internet users stated YouTube as the most preferred video platform among Zillennials in Indonesia, surpassing other video platforms.<sup>11</sup> This is due to technological advancements that lead to online-based media. The Indonesian Internet Service Providers Association (APJII) reports that 89.03% of smartphone users have internet access. Data shows that 79% of them use it for online transactions. According to a recent 2021 Pew Research Center survey, 81% of Americans reported using YouTube as a video-sharing platform, and for those under 30, YouTube ranks first in monthly active users after Spotify where YouTube has more than 2 billion monthly active users globally.<sup>12</sup> And Spotify in the second quarter of 2021, Spotify reported having 165 million paid subscribers

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<sup>10</sup> Hendrik Storstein Spilker, "The dimensions of streaming: toward a typology of an evolving concept," at [22.00], <<https://journals.sagepub.com/doi/full/10.1177/0163443720904587>> Viewed on 27 februari 2024

<sup>11</sup> Nidhi, Statistik Youtube 2024: Wawasan & Tren Utama, at [13.00], <[https://affmaven.com/id/youtube-statistics/?utm\\_source=chatgpt.com](https://affmaven.com/id/youtube-statistics/?utm_source=chatgpt.com)> Viewed on 19 oktober 2024

<sup>12</sup> Novina Putri Bestari, "Spotify Vs YouTube, Siapa Raja Streaming Musik Sejati?," at [10:48] <[https://www.cnbcindonesia.com/tech/20201208103602-37-207579/spotify-vs-youtube-siapa-raja-streaming-musik-sejati?utm\\_source=chatgpt.com](https://www.cnbcindonesia.com/tech/20201208103602-37-207579/spotify-vs-youtube-siapa-raja-streaming-musik-sejati?utm_source=chatgpt.com)> Viewed on 08 December 2024



and a total of 365 million monthly active users.<sup>13</sup> Meanwhile, in the order of paid subscribers YouTube Premium and Youtube music entered second after spotify premium: as of January 2024, these services have more than 100 million paid subscribers.<sup>14</sup> And spotify premium: as of Quartal II-2021, spotify had 165 million paid subscribers.<sup>15</sup> From the data above, it can be seen that YouTube has a much higher number of monthly active users than spotify, while spotify has more paid subscribers than YouTube premium and YouTube music

On a social level, service marketing is a social process carried out by individuals and groups working together to determine each other's needs and wants. Previous research indicates that product marketing is not the same as service marketing. Service marketing has intangible characteristics, and its products are not physically visible. Services are described as a process that connects inputs and transforms them into outputs. For product or service providers, it is crucial to build trust with customers to reduce the perception of risk and encourage them to use and purchase the product or service. Service management aims to improve the achievement of a certain level of service quality. This Level is directly tied to customer satisfaction since it has a close relationship with customers. Managing service quality is more complex than managing manufacturing products.<sup>16</sup>

Customer satisfaction can be determined by the quality of service the customer receives is key to expanding a business, gaining a broader market

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<sup>13</sup>Wahyunanda Kusuma Pertiwi, "YuoTube Music Makin Populer, Jumlah Pelanggan Tembus 50 Juta," at [08:03] <[https://tekno.kompas.com/read/2021/09/05/08030077/youtube-music-makin-populer-jumlah-pelanggan-tembus-50-juta?utm\\_source=chatgpt.com](https://tekno.kompas.com/read/2021/09/05/08030077/youtube-music-makin-populer-jumlah-pelanggan-tembus-50-juta?utm_source=chatgpt.com)> Viewed on 05 September 2024

<sup>14</sup>Liputan 6, "YuoTube Premium dan Music Berbayar Kantongi 100 juta Pelanggan," at [10:00] <[https://www.liputan6.com/tekno/read/5519722/youtube-premium-dan-music-berbayar-kantongi-100-juta-pelanggan?utm\\_source=chatgpt.com](https://www.liputan6.com/tekno/read/5519722/youtube-premium-dan-music-berbayar-kantongi-100-juta-pelanggan?utm_source=chatgpt.com)> Viewed on 03 Februari 2024

<sup>15</sup>Yudha Pratomo, "YouTube Music Makin Populer, Jumlah Pelanggan Tembus 50 Juta" at [08:03] <[https://tekno.kompas.com/read/2021/09/05/08030077/youtube-music-makin-populer-jumlah-pelanggan-tembus-50-juta?utm\\_source=chatgpt.com](https://tekno.kompas.com/read/2021/09/05/08030077/youtube-music-makin-populer-jumlah-pelanggan-tembus-50-juta?utm_source=chatgpt.com)> Viewed on 05 September 2024

<sup>16</sup>Syed Zeeshan Zahoor, et. al., "Social Media and Purchasing Behavior: A Study of the Mediating Effect of Customer Relationships," *journal of Global Marketing*, Vol. 32, No.2 (2019),P. 98.



reach, and increasing greater profits for both individuals and organizations. Customer satisfaction determines brand loyalty, which helps maintain the company's position and competitiveness. It also enables the acquisition of new customers through promotions by satisfied customers or word-of-mouth marketing from loyal customers.<sup>17</sup> Once customers are satisfied with the goods or services they receive, they will compare the services provided by competing businesses.<sup>18</sup> Therefore, an organization must prioritize maintaining quality.<sup>19</sup>

A consumer's experience with a brand can influence brand loyalty. Consumer loyalty to a brand increases due to a strong brand personality. Brand personality can also evoke emotions, both negative and positive, and can predict loyalty. The brand experience delivered for a company should leave a lasting impression on the customer. A repeated and enjoyable experience with a brand will lead customers to make repeat purchases of the product.<sup>20</sup> When a customer is satisfied with a brand, they will provide positive reviews and consistently use the same brand. Companies in the online streaming industry must analyze the factors that most influence users in utilizing online streaming applications to remain competitive in the highly competitive online streaming market. A positive attitude toward a brand leads to consistent behavior, resulting in brand loyalty. Brand loyalty creates value that can reduce marketing costs, attract potential new customers, and increase sales. Loyal consumers often share information about the brand with others and are not easily influenced by marketing

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<sup>17</sup> Rahman hakim arriza romadhoni, "Pengaruh Service Quality Terhadap Customer Satisfaction Dan Brand Loyalty Telkomsel" *Studi Pada Pengguna Telkomsel Di Kota Malang* (Skripsi: UIN Malang, 2021). p. 20.

<sup>18</sup> M. Sadiq Sohail, et.al., "The Impact of Social Media Marketing on Brand Trust and Brand Loyalty," *International Journal of Online Marketing* Vol. 10, No. 1, (2019), p. 18.

<sup>19</sup> Virgistira Mulya Hutami, "Pengaruh Brand Image Kartu Im3 Terhadap Kepuasan Layanan Dan Loyalitas Pelanggan," (Skripsi UIN Malang, 2016), p.5.

<sup>20</sup> Cici Cici and Rahayu Mardikaningsih, "Pengaruh Kepribadian Merek, Pengalaman Merek, Dan Cinta Merek The Body Shop Terhadap Loyalitas Merek," *Journal of Trends Economics and Accounting Research*, Vol. 2, No. 4, (2022), p. 95.



efforts from competing brands. Consequently, customers are willing to pay a premium price for products or services they purchase and use daily.<sup>21</sup>

This study focuses on consumers' willingness to pay a premium price for using online streaming entertainment services like YouTube Premium, a topic that has not been widely explored in Indonesia. Previous research suggests loyal customers can influence and encourage others to purchase a particular brand. A brand serves as an indicator of the value a company provides to its customers. Value is an asset for a company to maintain customer satisfaction and loyalty. Consumers are not merely buyers or users of products; they are also business assets whose loyalty must be preserved.<sup>22</sup> On the other hand, customer satisfaction can be achieved when business actors prioritize the quality of service provided to customers.<sup>23</sup> Consumers are central to marketing, with every individual being the focal point of marketing efforts. Each individual is a consumer, whether consuming food, non-food products, or services. Consumers have the freedom to choose the products they purchase.<sup>24</sup>

## **B. Problem Formulation**

Based on the background behind research, the question research in this study is:

1. Does Service Quality have a significant effect on the *Brand Loyalty* of YouTube Premium Users?
2. Does Brand Personality have a significant effect on the *Brand Loyalty* of YouTube Premium Users ?

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<sup>21</sup> Chulmin Lim and Seongcheol Kim, "Examining factors influencing the user's loyalty on algorithmic news recommendation service," *Journal of Humanities and Social Science Communications*, Vol. 11, No.10 (2024), p. 11.

<sup>22</sup> N Dayuh Rimbawan, "Pengaruh Service Quality Dan Product Quality Terhadap Customer Satisfaction Pada Rumah Makan Ayda," (*Skrispi: UNUD Bali*), p. 1720.

<sup>23</sup> *ibid*

<sup>24</sup> Paulina Irena, "Respon Pengguna Shopee Pada Iklan Shopee COD Dengan Model AISAS (Attention, Interest, Search, Action, & Share)," *Jurnal Audience*, Vol. 6, No. 2 (2023), p. 255.



3. Does Service Quality and Brand Personality have a significant effect on the Brand Loyalty of YouTube Premium Users?

### **C. Purpose of Study**

Based on the research questions above, then objectives of this study following are as follows:

1. To Find out if *Service Quality* influences on the *Brand Loyalty* of Youtube Premium Users.
2. To Find out if *Brand Personality* influences on the *Brand Loyalty* of Youtube Premium Users
3. To Find out if *Service Quality* and *Brand Personality* influences on the *Brand Loyalty* of YouTube Premium Users

### **D. Research Benefits**

The results of this study are expected to provide benefits for the following parties :

1. Academic Benefit

This research is expected to add insight into academics and a deeper understanding of the wider community regarding the influence of service quality and brand personality on brand loyalty of premium YouTube interest users. And academic problems this research greatly contributes to the development of marketing management science. Especially in understanding the factors that influence brand loyalty.

2. Practical Benefits

The results of this study are expected to provide insight into the field of marketing management by testing the effect of service quality and brand personality on the brand loyalty of YouTube Premium users.



In addition, it can also provide appropriate solutions to overcome problems related to factors that affect interest in premium YouTube videos. And this research can be used as material for the music industry to pay attention to service quality, brand strength, and brand loyalty. In addition, the results of this study are also expected to be a reference or develop insights for further research on service quality, brand personality, and brand loyalty.

