The Influence of Electronic Service Quality, Perceived Value, and Perceived Price on Loyalty through Satisfaction as a Mediating Variable on Netflix Customers in Banda Aceh City

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Abstract

This study aims to measure the influence of electronic service quality, perceived value, and perceived price on customer loyalty, with satisfaction serving as a mediating factor among Netflix customers in Banda Aceh City. The study's population consists of all Netflix customers in Banda Aceh, and a sample size of 264 respondents was selected. Data was collected through a questionnaire. For analysis, Structural Equation Modeling (SEM) and the Sobel test were used to examine the relationships among the variables. The results indicate that, for Netflix customers in Banda Aceh City, electronic service quality, perceived value, and perceived price significantly impact customer satisfaction. Furthermore, electronic service quality and perceived price significantly influence customer loyalty; however, perceived value does not have a significant effect. Customer satisfaction plays a positive role in enhancing loyalty and serves as a mediating variable in the relationships between electronic service quality, perceived value, and perceived price with loyalty. These findings suggest that satisfaction strengthens the connection between these factors and customer loyalty for Netflix users in Banda Aceh City.

Keywords: electronic service quality, perceived value, perceived price, loyalty, satisfaction

1. Introduction

Netflix is a video-on-demand platform based in the United States that offers a diverse selection of television shows, movies, anime, documentaries, and other video content. Users can access this content through any internet-connected device. Currently, Netflix is available in over 190 countries and supports more than 30 languages. The platform allows users the freedom to choose what they want to watch, without any advertisements or contractual obligations. (Netflix, 2020). Netflix is the most frequently accessed video-on-demand (VOD) application by Indonesian users, with a usage rate reaching 69%, followed by Disney+ at 62%, YouTube at 52%, Viu at 36%, Vidio at 25%, WeTV at 24%, HBO GO at 15%, IFlix at 13%, and IQIYI, Mola TV, and GoPlay each at 12%. Amazon Prime ranks the lowest with a rate of 8%. Each of these VOD platforms applies different subscription pricing. Netflix's pricing ranges from IDR 49,000 to IDR 169,000 per month, Disney+ ranges from IDR 65,000 to IDR 119,000 per month, Amazon Prime is IDR 59,000 per month, Vidio ranges from IDR 39,000 to IDR 180,000 per month, and HBO GO ranges from IDR 79,000 to IDR 119,000 for a three-month subscription. Based on a pre-survey conducted regarding customer loyalty toward the Netflix application, the overall average score obtained was 3.34, which falls below the "good" threshold of 3.41. This indicates that, in general, consumer loyalty toward Netflix is still considered unsatisfactory. One of the loyalty indicators examined was the willingness of customers to speak positively about the product (Diallo et al., 2021); (Kotler et al., 2022). However, the results show that respondents were not fully inclined to voluntarily recommend or promote Netflix to others. This suggests that while users may still be using the service, emotional attachment and brand engagement have not yet been optimally formed, possibly due to factors such as perceived price, quality of experience, or the growing presence of strong competitors (Nilashi et al., 2021).

Furthermore, the pre-survey results regarding customer satisfaction with the Netflix application revealed an average score of 3.40, slightly below the "good" threshold of 3.41. This indicates that respondents' level of satisfaction with Netflix is relatively moderate and not yet optimal. In other words, users felt that their experience with Netflix was just "ordinary" and did not leave a highly satisfying impression. This condition signals that consumers may potentially shift to other streaming services in the future if alternative platforms offer better value in terms of content, pricing, features, or user experience (Al-dweeri et al., 2017). Therefore, Netflix needs to enhance service quality and strengthen the perceived value among consumers to retain its customer base and prevent churn (customer switching to competitors).

The pre-survey results on electronic service quality for the Netflix application yielded an average score of 3.39, still below the "good" category threshold of 3.41. This indicates that customers' perception of Netflix's

electronic service quality has not yet reached a fully satisfactory level. The findings suggest that respondents do not view Netflix as having a distinct competitive advantage compared to other streaming applications. In the context of digital services, electronic service quality includes system reliability, ease of subscription, transaction security, and platform responsiveness (J. Y. Lee et al., 2023). When these aspects are not perceived as superior or distinctive, consumers tend to view the service as just one of many available options rather than their primary choice (Muzammil et al., 2017). Therefore, Netflix needs to enhance the differentiation of its electronic services to build sustained customer trust and loyalty.

The pre-survey results concerning perceived value toward Netflix showed an overall average score of 3.38, which remains below the "good" threshold of 3.41. This indicates that users do not yet perceive an optimal balance between the cost incurred and the benefits or service quality received. In other words, respondents feel that the quality of service provided by Netflix does not fully justify the price paid. This low perceived value may affect both satisfaction and loyalty, as consumers often compare their spending with the experience received (Schiffman & Kanuk, 2019). If users feel the service does not provide added value or significant advantages, they are more likely to consider switching to other streaming platforms that offer similar features at a more competitive price.

Finally, the pre-survey on perceived price for the Netflix application resulted in an average score of 3.39, which is still below the minimum "good" threshold of 3.41. This indicates that most respondents perceive Netflix's pricing as less reasonable when compared to the benefits and service quality they receive. This perception reflects a mismatch between consumers' expectations for fair pricing and the actual subscription rates offered. In other words, consumers feel that the price charged is not commensurate with the features, content, or user experience delivered (Prasetyo et al., 2021). When the perceived price is deemed irrational or too high, it may reduce the intention to renew subscriptions or repurchase, and may even drive users to switch to more affordable or higher-value competitor platforms.

2. Literature
2.1. Loyalty
Customer loyalty can also be viewed as the result of a reciprocal relationship between the company and the consumer, in which the company consistently provides added value, satisfactory service quality, and maintains customer trust (Akbar et al., 2020); (Dirgantari et al., 2022). Factors such as product reliability, responsive customer service, and a strong brand image contribute to the development of this loyalty. Therefore, creating and maintaining customer loyalty becomes a crucial strategy for companies to build sustainable competitive advantage and ensure long-term business continuity (Ali et al., 2021); (Amin et al., 2021).

2.2. Satisfaction
Customer satisfaction is also an important indicator in evaluating business success, as satisfied customers tend to repurchase, provide recommendations, and establish long-term relationships with the company. Factors influencing satisfaction include product quality, fair pricing, good service, ease of access, and responsiveness to complaints (Salamah et al., 2022). Thus, maintaining and enhancing customer satisfaction is one of the main priorities in sustainable marketing strategies and business development (Ghorbanzadeh & Rahehagh, 2021).

2.3 Electronic Service Quality
Electronic service quality refers to the extent to which a digital platform or information technology-based service can effectively, conveniently, and reliably meet customer needs and expectations (Ali et al., 2021). In this context, service quality is not only assessed through speed and ease of information access but also includes factors such as transaction security, clarity of information, user-friendly interface design, and the system's ability to respond promptly and accurately to customer requests (Rita et al., 2019). High-quality electronic services create positive user experiences, which in turn enhance customer satisfaction and loyalty (Kasmir, 2017). In today's digital era, electronic service quality has become a critical aspect in building business competitiveness, particularly for companies that rely on online platforms such as e-commerce, streaming services, digital banking, or subscription-based applications. Customers expect seamless systems, 24/7 accessibility, and accurate solutions to their needs. Therefore, companies are required to continuously innovate, maintain their systems, and improve both technical and non-technical aspects to ensure optimal electronic service delivery and to create added value for users (Kotler & Armstrong, 2018).

2.4. Perceived Value
Perceived value is the customer's subjective evaluation of the benefits received from a product or service compared to the cost or sacrifice they incur to obtain it. This perception includes not only functional value, such as quality, price, and usefulness, but also emotional, social, and psychological aspects such as convenience, prestige, or brand image (Rather et al., 2024). In other words, perceived value is formed by the balance between what customers receive and what they give, meaning that each individual may have different evaluations depending on their needs and expectations. Perceived value plays a crucial role in the consumer decision-making process because it can influence

levels of satisfaction, loyalty, and repurchase intention. When customers feel that the value they receive exceeds the cost incurred, they tend to feel satisfied and build a stronger emotional connection with the brand. Therefore, companies need to understand what is considered valuable by their target consumers and adjust their marketing strategies, product design, and service delivery to create a positive perceived value in the minds of customers (Lovelock & Wirtz, 2011).

2.5. Perceived Price

Perceived price refers to consumers' subjective view or judgment regarding the fairness, appropriateness, and attractiveness of the price of a product or service offered (Prasetyo et al., 2021); (Tjahjaningsih & Prabowo, 2020). This perception is not solely based on the nominal price itself, but is also influenced by perceived quality, prior experiences, promotional offers, and comparisons with competitors' pricing. In other words, consumers do not always seek the lowest price, but rather a price that is considered "reasonable" or "fair" in proportion to the benefits received (S. Lee et al., 2011).

3. Method

In this study, the population under consideration encompasses all Netflix customers residing in Banda Aceh City, which amounts to a total of 864 individuals. To effectively derive a sample size that would provide meaningful insights, the researcher utilized a formula that calls for eight times the number of indicator variables present in the study. Given that there are 33 indicators as outlined by (Ferdinand, 2014), this calculation yielded a sample size of 264 participants. To analyze the data collected from this sample, the researcher selected an appropriate analytical tool tailored to the specific objectives of the research (Tjiptono & Diana, 2003). The analysis was primarily conducted using the Structural Equation Modeling (SEM) technique, facilitated by the AMOS software, which is ideal for evaluating direct effects among variables. Additionally, to explore potential indirect effects, the researcher applied the Sobel test, ensuring a comprehensive examination of the relationships within the data.

4. Result
4.1 Structural Model
Following the measurement model test, the structural model test is illustrated in Figure 1 below.
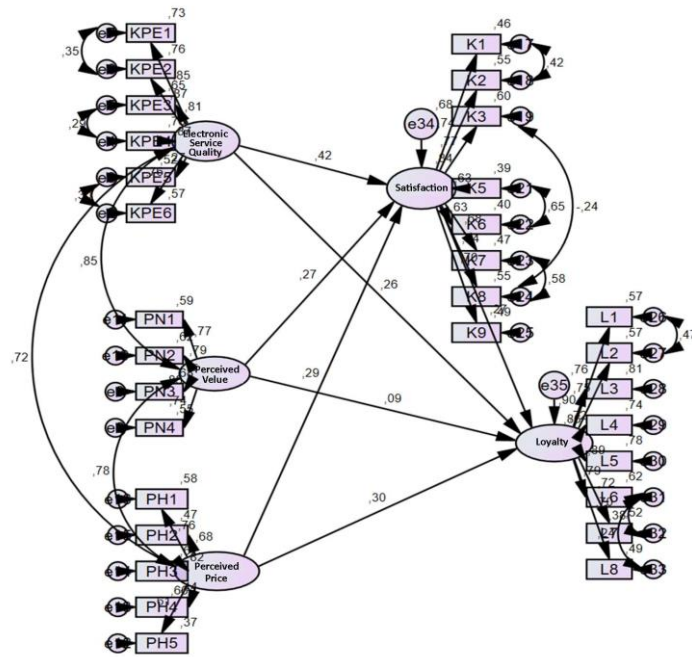

Figure 1. Structural Model Analysis Result

4.2. Hypothesis Testing
The results of the direct effect tests are shown in Table 1 below.

Table 1. Regression Result

			Estimate	S.E.	C.R.	P	Label
Satisfaction	<---	Electronic Service Quality	.420	.093	4.228	***	
Satisfaction	<---	Perceived Value	.274	.089	2.395	.017	

			Estimate	S.E.	C.R.	P	Label
Satisfaction	<---	Perceived Price	.295	.098	3.559	***	
Loyalty	<---	Electronic Service Quality	.256	.094	2.238	.025	
Loyalty	<---	Perceived Value	.092	.111	.758	.448	
Loyalty	<---	Perceived Price	.303	.099	3.166	.002	
Loyalty	<---	Satisfaction	.266	.054	2.177	.040	

Source: Processed Primary Data (2025)

The analysis results reveal compelling insights into the interplay between electronic service quality, perceived value, perceived price, customer satisfaction, and customer loyalty. Notably, electronic service quality emerges as a crucial factor, significantly impacting customer satisfaction with a substantial contribution of 42.0%. This statistic underscores the idea that the higher the quality of electronic services provided, the greater the likelihood of customers experiencing satisfaction. In addition to service quality, perceived value plays a significant role in shaping customer satisfaction, contributing 27.4%. This finding suggests that customers who feel they are receiving fair value from the service are more inclined to express satisfaction with their experience. Perceived price also has a noteworthy influence, accounting for 29.5% of satisfaction levels. This indicates that when customers perceive the pricing of a service as reasonable or appropriate, their overall satisfaction is likely to increase correspondingly.

Moving beyond satisfaction, electronic service quality also directly impacts customer loyalty, contributing 25.6% to this important metric. This relationship implies that enhancing the quality of electronic services can foster greater loyalty among customers. Interestingly, the analysis shows that perceived value does not significantly affect loyalty, suggesting that shifts in how customers perceive the value of a service will not necessarily translate into changes in their loyalty. Conversely, perceived price has a more pronounced role in influencing loyalty, contributing 30.3% to this aspect. This finding indicates that when customers find the price to be appropriate, their loyalty towards the service or product is likely to strengthen. Furthermore, customer satisfaction serves as a pivotal element in cultivating loyalty, with a contribution of 26.6%. This suggests that as customer satisfaction levels rise, so too does the likelihood of customers remaining devoted to the service or product they engage with. Thus, satisfaction emerges as a vital factor in driving long-term loyalty.

The mediation analysis, conducted through the Sobel test, provides additional nuance to these relationships. It indicates that customer satisfaction partially mediates the relationship between electronic service quality and loyalty, classifying this mediation as partial. In the case of perceived value and loyalty, satisfaction acts as a full mediator, meaning that any influence of perceived value on loyalty operates entirely through the lens of satisfaction. Similarly, with regard to the connection between perceived price and loyalty, satisfaction functions as a partial mediator, suggesting that while satisfaction plays a significant role, some direct influence from perceived price itself remains intact.

5. Conclusion

The results of the study indicate that for Netflix customers in Banda Aceh City, electronic service quality, perceived value, and perceived price significantly impact customer satisfaction. Additionally, while electronic service quality and perceived price significantly influence customer loyalty, perceived value does not. Customer satisfaction plays a positive role in enhancing loyalty and acts as a mediating variable in the relationships between electronic service quality, perceived value, and perceived price with loyalty. This suggests that satisfaction strengthens the connection between these factors and customer loyalty in Banda Aceh City towards Netflix. These findings present a scientifically validated model for boosting customer loyalty through improvements in electronic service quality, enhancing perceived value, aligning perceived price, and increasing customer satisfaction. Academically, this research supports customer loyalty theory and provides a foundation for future studies on these variables and subjects. However, the study is limited in scope concerning its variables and subjects. Several survey results yield the following recommendations for this study subject :

1. Although the current electronic service quality has been rated positively by customers, Netflix is advised to continuously innovate its digital service features, such as the recommendation system, streaming speed, user interface (UI/UX), payment system, and customer support. These innovations are crucial to ensure customer satisfaction and prevent them from switching to competitors, as electronic service quality has been proven to significantly influence satisfaction and loyalty.
2. Since perceived value significantly affects both satisfaction and loyalty, Netflix can enhance this perception by offering exclusive content, adding interactive features, or providing additional benefits such as seasonal promotions, loyalty quizzes, or locally relevant content for users in Indonesia, particularly in Banda Aceh. This strategy will reinforce the perception that the price paid is aligned with the value received.
3. Competitive and customer-aligned pricing has been shown to influence satisfaction and loyalty. Therefore, Netflix should continue evaluating its pricing structure, ensure cost transparency, and adapt to local

purchasing power. Offering various flexible subscription plans can also expand its user base and foster long-term loyalty.

4. As satisfaction serves as a key mediating factor in strengthening the relationship between service quality, value, and price with loyalty, the company should prioritize customer satisfaction as a strategic goal. This can be achieved through customer feedback-driven approaches, expedited complaint handling, and the creation of personalized and enjoyable customer experiences. High satisfaction levels will deepen emotional attachment and enhance loyalty to the platform.

5. Netflix is encouraged to strengthen its digital customer support services, such as chatbots and real-time assistance, to ensure quick responses to user inquiries or complaints. Responsive service will enhance user convenience and support a positive perception of electronic service quality.

6. To enhance perceived value, Netflix may consider collaborations with local brands or service providers, such as internet service providers or e-wallet platforms, to offer bundled services that are economical and more valuable for consumers in Banda Aceh.

7. To maintain customer loyalty, Netflix could implement a point-based or digital badge reward system for long-term users, offering incentives such as early access to new content, subscription discounts, or exclusive features.

8. Netflix should also pay attention to culturally and socially relevant content for the Banda Aceh community. Showcasing local films, series, or documentaries can strengthen emotional engagement and improve perceived value and loyalty.

9. Given the importance of perceived price in influencing loyalty, Netflix should maintain a clear and honest pricing communication strategy. Avoid hidden fees and ensure that customers fully understand the benefits of each subscription package offered.

10. Netflix is encouraged to conduct regular surveys to assess satisfaction levels and identify critical points in the user experience, enabling proactive and data-driven improvements.

11. To sustain its advantage in electronic service quality, Netflix should invest in the latest technologies, such as artificial intelligence and machine learning in its recommendation systems, enabling more personalized and relevant viewing experiences.

12. The company may also develop interactive features, such as in-show polls, branching episodes (interactive storytelling), or user comment features to enhance engagement and strengthen perceived value.

13. Providing light educational services such as "Netflix Edu" or short documentaries on social, cultural, and educational themes can serve as added value, expanding Netflix's role from entertainment to information, thereby improving the overall perceived benefit of the service.

14. Netflix can partner with educational institutions or local creative communities to produce locally based content, simultaneously supporting the development of the creative industry in Banda Aceh and generating positive social value that enhances loyalty.

15. To maintain relevance and strengthen long-term loyalty, Netflix should sustain active and personalized communication with its users via email, social media, or the app, consistently delivering content recommendations, updates, and loyalty program information in an engaging manner.

16. Improving electronic service quality : netflix should continue enhancing its digital service quality, including access speed, server reliability, and ease of navigation within the app. This is important because electronic service quality has been proven to have the most dominant influence on customer satisfaction, which ultimately drives loyalty.

17. Optimizing perceived value : the company can strengthen perceived value by adding exclusive content and additional features that provide a distinctive experience compared to competitors. By offering value beyond just subscription costs, customers will feel that the benefits they receive are equal to or even exceed the amount they pay.

18. Implementing competitive pricing strategy : this study indicates that perceived price affects loyalty. Therefore, netflix can offer flexible pricing schemes, such as student-friendly packages or bundled subscriptions with internet service providers, so that customers perceive the subscription price as fair and worthwhile.

19. Focusing on enhancing customer satisfaction : satisfaction has been proven to be a mediating variable influencing loyalty. Netflix can conduct regular satisfaction surveys, respond quickly to complaints, and introduce feature updates based on user needs to maintain a positive customer experience.

20. Implementing Innovation and local adaptation : to strengthen loyalty, netflix can adapt its content and features to align with the local culture in banda aceh, for example, by offering more content in the indonesian language or providing local subtitle options. This approach will foster a closer connection between users and the platform, enhancing long-term loyalty.

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