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# Customer Retention in OTT Subscription Services

**Beyond the Content, Toward Improved  
Strategies for Enhancing Customer Satisfaction**

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## Abstract

In recent years the popularity of subscription-based services has surged, driven by the increasing digitalization of industries. As the market have changed, the Over-The-Top (OTT) video streaming industry has witnessed a rapid growth, leading to intensified competition and the need for effective retention strategies to keep users on the platform. Previous studies have proven content to be one of the vital components for consumers and their choice to continue their subscription on a video streaming platform. However, solely focusing on content is not a strategically sustainable approach due to the high costs of producing new, original content.

Based on the problem background, we identified a need for companies to develop a further understanding of what consumers value apart from content. The purpose of this study is therefore to look further into how certain attributes in the subscription-based business model affect consumers, depending on how they rank certain attributes importance. This knowledge can lead to strategies which can be implemented to improve customer satisfaction and increase retention rates. The results of this study could give valuable insight in consumer preferences for specific attributes related to subscription-based video streaming service. Our proposed research question is as follow:

- ***How can OTT video subscription services increase customer retention by focusing on specific components in the business model, without focusing on platform related content?***

The study identifies three main components in the business model, which each relate to specific attributes beyond content have an impact on customer satisfaction and retention. The components were ranked by consumers in the following order of importance: price, user experience, and customer service. Furthermore, specific attributes, such as offering multiple subscription plans, loyalty programs and having a functionally designed platform, were identified as attractive and one-dimensional attributes, indicating their significant impact on customer satisfaction. While content remains important, the findings highlight the need to prioritize and develop strategies for these specific quality attributes, since they can help improve customer satisfaction and have a positive effect on customer retention.

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# 1. Introduction

*The primary objective of the first chapter is to describe the markets where subscription-based video streaming services are provided and used today, as well as current trends that affect retention and financial sustainability. The chapter further discuss relevant components of subscription service business models. Throughout the chapter, relevant information that supports the relevancy of our research and highlights our research gap is presented. The chapter aims to give the reader an overview of the research as well as awaken an interest for the purpose of the study.*

## 1.1 Problem background

### 1.1.1 Subscription-based services

A subscription service is a type of consumption where an individual purchases the right to use goods or services for a certain time on a recurring basis (Carlos et al., 2016, p. 13). By creating personalized experience through automated purchasing, subscription services are a convenient way to deliver tangible benefits from business to customers. The demand for subscription services has grown recently, as has the number of subscription service providers (Chen et al., 2018). Subscription services could in theory be adapted to almost any industry, and new categories amongst subscription services have emerged in recent years, changing from a product delivery-centered approach to new types of services that leverages in the digital environment (Kim & Kim, 2020, p.2).

The most prevalent types of subscription services mentioned in literature related to the subject includes four categorizations: software, subscription boxes, e-commerce, and accessibility services (Andonova et al., 2021., Carroni & Paolini, 2020., Ramkumar & Woo, 2018., Kim & Kim, 2020). Software subscription services usually have a single product behind a paywall that offers continued or licensed usage of the software to its paying consumers (Paddle, n.d). It could be subscriptions on software such as Adobe (Adobe, 2023) or Microsoft Office (Microsoft, 2023). Subscription boxes are parcels filled with surprise items or customized products that are mailed to the consumer (Andonova et al., 2021, p. 631). Examples of subscription boxes could be Hellofresh, which is a meal-kit company (Hellofresh, 2020), or Glossybox and Snip which deliver beauty-related products to its consumers each month (Glossybox, 2023., Sniph, 2023). Subscription boxes are usually available to its consumers through e-commerce; however, all e-commerce subscriptions are not subscription boxes. E-commerce subscriptions also include other types of deliveries such as recurring mass deliveries or single products to its consumers (Paddle, n.d), one example of this is the company Estrid, which offers refill subscriptions on razorblades to their customers on a recurring basis (Estrid, 2022). Accessibility services are another type of subscription service that could be describes as a combination between software and e-commerce type services. Accessibility services give their consumers access to products or content and include services like Spotify or Netflix (Paddle, n.d).

Within these categories, consumers receive a variety of services, often paid for on a monthly, quarterly, or annual basis depending on the subscription program. The service provided through these four categories varies and it can be anything from streaming services, refills of certain products or providing customers with new, customized products (Paddle, n.d). As the subscription service model is being adapted by more companies, it



is accessible in various fields such as fashion, health and fitness, audio and video, food and beverage, personal care, and beauty (Reportlinker., 2022).

The growth in the subscription service industry was demonstrated in a study from the consulting company McKinsey where results based on thousands of shoppers in the US show how customer usage has increased along with the increased popularity of subscription services (Chen et al., 2018). Applying a subscription service business model can help create a devoted client base by containing an appealing service design. Clients are gaining the most convenience from the straightforwardness and comfort of the service offered, and user data can be used to anticipate things like inventories and expenses (Tricarico., 2022). More consumer brand merchants and manufacturers have in recent years started to develop subscription-based services, extending their business portfolio, and proving that business models are becoming more applicable in several industries. This illustrates the attractiveness of subscription services to expand to new markets and find new potential customers (Chen et al., 2018). This is reflected in the large number of new players that are adapting to the subscription service business model and showcase the subscription service model economic impact and future significance in many different markets (Bischof et al, 2020, p.1-2., Chen et al., 2018)

#### 1.1.2 Over-The-Top media services

The changing digital environment has provided new opportunities for firms who wish to expand their subscription-based business models to create more custom-drawing offerings (Kim & Kim, 2020, p.1). In the past years, subscription-based business models have become increasingly popular within the Over-The-Top (OTT) industry (Yahoo Finance, 2023). Yahoo Finance (2023) reports consumers to OTT video services are demonstrating a willingness to pay for premium services in order to access streaming content. Thus, OTT streaming services with a subscription-based business model do classify as an accessibility service (Carroni & Paolini, 2020, p. 2). Over-The-Top media services are services that provides access to video or audio content that streams over internet bypassing the traditional providers cable, broadcast, and satellite TV platforms through various networked devices, such as laptops, tablets, and smartphones (Statista, 2023d).

OTT services was introduced in 1995 when ESPN live streamed a baseball game for the first time in history, and in the late 2000s the technology got more available and the industry took off (Zype, 2020). In the early years of the OTT market, companies used the advertising-based business model, where the content was free and available for everyone and funded by advertisements. Aligned with the rapid OTT video market growth, video streaming companies that had attached a large number of users changed to a subscription-based business model (Paytm, 2022). In this business model, customers are required to pay an ongoing fee for the duration of their usage of the service, ensuring a continuous payment structure (Paddle, n.d).

Historically, a shift from the advertising-based business model to subscription-based business model has shown to be the general correct course of action for OTT services when the company have gained a stable customer base (Carroni & Paolini, 2020, p. 5). Carroni & Paolini (2020, p. 5) emphasize the advantageous with the subreption-based business model within the OTT video market is that it generates a more predictable and constant revenue stream. Two elements that explain the advantage of the shift of business model is customer retention and customer satisfaction which is shown to be more central



elements in the subscription-based business model than advertising-based business model (Anderson et al, 2015, p. 254). The study by Anderson et al. (2015, p. 255) examine differences between advertising and subscription-based business model, establish in the findings that customer retention and customer satisfaction promote a predictable and constant revenue stream which is advantageous as it facilitates financial planning. Moreover, a combination of these two business models is possible. Video streaming services that use the freemium model are offering customers a subscription plan or in-platform purchases to get access to premium or exclusive content, while also offering free content on their platform with adverts. By offering both free and premium subscription options, streaming services have been able to attract a large user base and successfully convert them into paying customers (Arkenberg, 2021c).

Nevertheless, the research by Carroni and Paolini (2015, p.10) identify a significant correlation of improved customer satisfaction and the shift from an advertising-based business model to a subscription-based business model within OTT services. The underlying cause of the increased customer satisfaction is that the consumers perceive a greater user experience with subscription-based business models. These models generally provide a more seamless experience without interruptions from advertainments. Additionally, consumers perceive quality improvements of the service, qualities such as a wider and more premium content catalogue than the general advertising-based platform (Carroni & Paolini, 2020, p. 2).

The OTT video market is currently growing worldwide and has grown rapidly in the past years. The global OTT video market is growing in terms of market value, numbers of actors and customers. In 2023, the global OTT video market is projected to generate approximately US\$316 billion in revenue, with the United States as the largest market, accounting for US\$316 billion, followed by China as the second largest market, estimated to generate around US\$74 billion (Statista, 2023d). Thus, the United States clearly holds the position as the largest market. The global trend of market growth shows several new entrants competing for market shares facing a strong competition from large established market actors such as Netflix, Disney+, and HBO Max (Insider Intelligence, 2022). The increase of actors and the market growth has started a new consumer behavior for individuals consuming video content. The consumer behavior trend is viewable by the increasing numbers of customers terminating cable and satellite TV and instead swap to online streaming services (Nielsen, 2022). Pasirayi & Fennell (2021, p. 1) reveals a correlation between the increase of video streaming service subscribers and the decrease of cable TV customers. Thus, the new viable consumer behavior trend is to cut the cable TV in a switch to a subscription-based video streaming service.

The global OTT audio market, including radio, podcast, and music streaming services, also do grow in terms of market value, numbers of actors and customers (Statista, 2023d). In 2005, the OTT audio market experienced substantial growth due to advancements in technology. The technology enabled audio streaming into personal devices that was accessible and easy to use for the consumer, for example the smartphone (Behl, 2022). However, in comparison with the global OTT video market, the global OTT audio market holds a lower valuation. According to Statista (2023b), the global OTT audio market is projected to reach an estimated revenue total of US\$98 billion in 2023, with a projected compound annual growth rate of 4 percent between 2023 and 2027. Thus, the audio market is experiencing slower growth compared to the video market, with a compound

annual growth rate (CAGR) of 4 percent as opposed to 10 percent CAGR (Statista, 2023b).

The OTT market is projected to have a positive market growth, both the audio and video market. However, considering market size (Statista, 2023d) OTT video streaming services are more popular to date, than OTT audio streaming services. This is additionally validated in a survey performed by Deloitte where the results showed 82 percent of the respondents subscribe to a paid video streaming service and 60 percent of the respondents subscribe to a paid streaming music service (Arbanas et al., 2021, p. 4). Moreover, the report highlights distinct consumer behavior patterns observed between OTT video and audio consumers. The report indicates that OTT video consumers are perceive it as more challenging to manage their satisfaction levels in relation to the cost and demand of entertainment, resulting in increased frustration (Arbanas et al., 2021, p. 9). Furthermore, the study explains that the increase in video streaming platforms paradoxically causes dissatisfaction among consumers. The reason for this is it makes managing subscriptions and finding preferred content between platforms containing different types of content catalogues. Additionally, video streaming companies do remove and add content regularly which complicates as content is the primarily reason to subscribe, if preferred content gets removed it may be a reason enough to switch streaming platform (Arbanas et al., 2021, p. 9).

Thus, due to the high demand of content that cannot be fulfilled by one single platform, consumers perceive the need of subscribing to several video streaming services. This is demonstrated by the number of paid subscriptions per consumer. In subscription-based video streaming services, the average number of subscriptions is 4, which is twice the average compared to subscription-based audio streaming services, where the average is 2 (Arbanas et al., 2021, p. 9). Arbanas et al. (2021) determines this leads to frustration by consumers.

### 1.1.3 Content war

Despite the projected growth of the OTT market, the increasing churn rates are becoming a growing issue for streaming services (Brumley, 2022). Churn rates are increasing in both the OTT audio and video market. Although, the churn rates in the two markets are influenced by distinct factors and to varying degrees (Arbanas et al., 2021, p. 8). Consumers to video streaming services are more likely than audio streaming consumers to cancel the subscription if finding content elsewhere that is more compelling. However, increase in price showed to be the most likely reason to leave the platform for both audio and video streaming services (Arbanas et al., 2021, p. 8). On the other hand (Arkenberg, 2021b, p. 11) determine content still is the main reason to why consumers cancel video streaming subscriptions as consumers actively are seeking and prioritizing new compelling content. The search for compelling content has led to a decrease in the average duration of subscription which is causing financial sustainability problems for video streaming companies (Brumley, 2022). An example of this is the second most common reason consumers cancelled their subscription, as revealed in the Deloitte survey, was the expiration of the free trial or discount period (Arkenberg, 2021b, p. 10)

The consumer behavior trend of actively seeking new content in combination with the rapid increase of services available, has led to a decrease in the average duration of subscription (Arbanas et al., 2021, p. 8). The expanded availability of different streaming platforms with a great supply of content catalogues to choose from, has given the power

to the users as it has provided them the advantage of flexibility to shift between services. Thereby, it has resulted in a shortened average subscription duration (Roettgers, 2022). Since content is the primary reason to why consumers cancel their subscription, it is also the primary reason to why they sign up. This, in combination with the of flexibility to shift between platforms, has led to an increasing consumer behavior to sign up for specific content and when the content is consumed, shift to another platform to access new content (Arkenberg, 2021b, p. 11). The decrease in the average subscription duration is causing financial sustainability issues as it is a fundamental element of the subscription-based business model (Arkenberg et al., 2021b, p. 2).

In line with earlier observations and statements, Boston Consulting Group (2022) identified the increasing number of subscription-based video streaming services has led to consumer behavior of trying out new services, resulting in a shorter average subscription duration. This trend is demonstrated in the research conducted by Deloitte, which revealed that 62 percent of respondents who cancelled a subscription to a video streaming service, had initially signed up to watch a specific show and subsequently cancelled once they finished watching it (Arkenberg et al., 2021b, p. 9). Additionally, the survey revealed 46 percent of the participants had canceled at least one video streaming service subscription in the previous six month (Arkenberg et al., 2021b, p. 5). Although, the study was made of US citizens and should not be accounted as a worldwide trend despite the US video streaming market is by far the largest geographical market. However, the trend of a market stagnation due to a perceived unlimited access of content catalogues from many platforms to shift between is recognizable worldwide according to Statista (2023d).

The observed trend is demonstrated by a significant number of customers who start a subscription because of a release of compelling original content to then unsubscribe within one to six months after joining (Mullin & Mercelis, 2022). The Wall Street Journal (2022) reports that within six months of a high-profile release of exclusive content, HBO, Disney+ and Apple TV all lost more than half of the subscribers who had joined in connection with the release. On the other hand, it is arguable that the original content attracts subscribers to streaming services since almost 50 percent stay for longer than six months. Although, it indicates that OTT video streaming services with a subscription-based business model do need to release a certain number of compelling series or movies to satisfy the subscribers and make the subscription feel valuable (Sweney, 2022).

However, it is not a financial sustainable customer acquisition or customer retention strategy to rely on producing compelling content if the average length of subscription is not on a certain level. This is because the cost to produce that level of quality content that attracts customers to continuously pay for the access is massive (Sweney, 2022). The intense market competition in combination with the high priority of content from the consumers, are forcing video streaming companies to invest heavily in compelling content in order to acquire customers and retain customers (Antenna, 2022). Thus, the strong market competition has driven up the level of quality needed in production and content which has escalated the expenses to a level that affects the financial sustainability (Sweney, 2022) which primarily affects the smaller competitors under the market leader Netflix. Smaller competitors cannot afford to invest in a production that does not attract customers, but they do also have to invest in content to not lose customers (Kafka & Molla, 2023). The pursuit of content and distribution has escalated into a content war between the market leaders (Emmer, 2021). The intensifying competition of the

streaming war is led by Netflix, Amazon and Disney, and has put pressure on established broadcasters such as Sky and BBC to make substantial investments in high-budget content (Sweney, 2021). For instance, United Kingdom experienced a substantial escalation in the production costs associated with high-end television shows, as it more than doubled between the years of 2019 and 2020 (Sweney, 2021). Moreover, Deloitte identify the streaming war and thereby the content war is going global and therefore emphasizes that it is more important than ever for video streaming services to know their potential customers (Ciampa et al., 2019).

A market summary by Vox (Kafka & Molla, 2023) demonstrates major competitors to the market leader Netflix, as the video streaming platforms Disney+, HBO Max and Hulu all suffered losses in the first three quarters of 2022, while Netflix reported a profit. The competition to acquire and retain customers through compelling content affected Disney+ as it was not able to achieve a balance between expenses on content, pricing strategy and marketing (Brumley, 2022). This is reflected in the results from 2021 where the Disney+ recorded a record loss of US\$ 1.5 billion, despite reporting a record revenue of US\$5 billion (Brumley, 2022).

The issue of retaining customers causing problems with the financial sustainability for video streaming services are also identified as an increasing trend in subscription-based audio streaming services. Although to a smaller degree and the main reason is related to price rather than content (Arkenberg et al., 2021b, p. 8). An underlying factor to why subscription-based audio streaming services are not facing issues regarding balancing the expenses of producing content and customer retention is because exclusive content is not as high prioritized by consumers compared to video streaming (Arbanas et al., 2021, p. 8). Thus, the content war within the video streaming market is not an issue for the audio streaming market. Nevertheless, the content is still a vital element for consumers. However, content development differs between the two markets. Audio content does not need the same amount of time and money to produce compelling content, thus it can be produced more cost-effectively with less infrastructure (Behl, 2022). The fact that audio streaming consumers are more likely to cancel their subscription due to an increase of price (Arkenberg et al., 2021a, p. 8) facilitates the financial planning and balancing the financial elements in order to achieve a financial sustainable model as it is easier to adapt the pricing strategy (Anderson et al. 2015, p. 259). The survey by (Arbanas et al., 2021, p. 16) reveals video streaming consumers would prefer to pay for a US\$12 per month subscription for as service with no ads. However, Netflix, the most popular video streaming service, records the highest monthly fee at US\$15.49 (Durrani, 2023).

On the other hand, the trend of increased churn rates is a possible consequence of the pressured economic affected by the COVID-19 crisis and thus may revert to its former state (Arkenberg et al., 2021a, p. 6). The market leader, Netflix, concurred with that observation and stated that the increase in churn rates was solely attributed to the pandemic, emphasizing that it was not a persistent trend. It is possible that the trend was triggered by the pressured economic due to the COVID-19 crisis, as a survey made by Deloitte in January 2020 showed within the previous 12 months 20 percent of the respondents had cancelled a subscription (Arkenberg et al., 2021c, p. 5). The same study was made in October the same year, with the result 46 percent of the respondents in October had cancelled at least one subscription within the last half-year (Arkenberg et al., 2021c, p. 5). However, the trend with increase of subscription cancellations and decrease of subscription duration is continuing to grow (Shaw, 2022). In October 2022, the

subscription cancellation per million users were higher than ever (Brumley, 2022) and Netflix started the first quarter of 2022 by losing 200 000 subscribers which made the stock price drop more than 35 percent in one day (Shaw, 2022). The next quarter, Netflix nearly lost over one million subscribers making the stock price drop 8 percent (McCluskey, 2022). The continued stagnation trend of is further indicated in the 2023 Q2 report from Disney. According to the Walt Disney Company's Q2 report (2023a, p.5), Disney+ reported a decrease of 4 million subscribers worldwide compared number of subscribers at the close of 2022. The loss was primarily from the Indian and American market. However, the report also shows that Disney managed to narrow its streaming losses, with an increase of average revenue per unit (2023b, p. 7) as a result of the increase in subscription fees (Whitten, 2023). Notable, Disney+ holds the second-largest market shares worldwide, following Netflix (Statista, 2023d), When comparing the monthly cost of the service, Disney+ is priced at US\$7.99, whereas Netflix, as previously mentioned, is priced at US\$15.49 (Durrani, 2023).

#### 1.1.4 Understanding churn and customer retention

Individual media consumption habits are changing quickly, which has aided international OTT service providers enjoy significant commercial development in recent years. According to PwC's 2022 Global Entertainment and media outlook perspectives report, OTT video services grew with 22.8 percent in 2021, and is expected to have a compound annual growth rate of 7.6 percent through 2026 (Chow et al., 2022, p.5) As markets become increasingly saturated, the strained relationship amongst video streaming providers in the industry reflects the rising consumption of OTT services (Dorothea Tumiwa & Furinto, 2022, p. 1364). Subscription service companies are at the same time becoming more dependable on the continuous usage from customers and predicting customer churn has become one vital tool for companies economic forecasting and growth (Dorothea Tumiwa & Furinto, 2022, p.1365). By predicting customer churn, companies are able to identify customers who are expected to quit using the service in the near future. Churn management, which is the term developed to describe and identify customer turnover, is one helpful tactic used in pinpointing these customers so that proper retention efforts can be made (Hadden et al., 2005, p.2903). By increasing customer retention, stronger relationships can be built and the customers devotion and loyalty for the company will most likely increase (Posselt & Gerstner, 2005, p. 43).

Estimating churn rates within a company can be done using different models, which most times rely on heavy amount of customer data as input in the models (Hadden et al., 2005, p.2902). There is no suggested optimal churn model that is applicable to all industries and companies since the models will vary depending on what data is collected and used in each case. In order to retrieve results that can be put into practice to create a solution, commercial software or data mining are two methods that are most commonly used by companies today. (Hadden et al., 2005, p.2903). The importance for a company to analyze such data and predicting customer churn can be supported by the verity that acquiring new customers could in some cases be significantly more costly than the expense of retaining existing customers (Affeldt et al., 2022, p.1). Customer acquisition strategies could involve boosting a firms advertising strategies through investing capital in marketing strategies, promotion, or PR campaigns. A motivation behind these efforts could be improved brand equity, which has proven to have a meaningful impact on customer acquisition and customer lifetime value, increasing retention rates, and thereby also a firm's profitability (Heitman et al., 2012, p.61-62)

Emerging with “the new economy” that came with internet, Reichheld & Schefter (2000) explored together with Earl Sasser (2000) from Harvard Business School, how technological adaptation affected the value of customer retention. The results showed that because of the high cost of customer acquisition, many customer relationships are initially unprofitable. Customer relations only produce significant returns in later years, when the cost of serving devoted consumers decreases and the volume of their purchase's increases. This led to the conclusion that increasing customer retention by 5 percent could lead to an increase in profits by 25 percent up to 95 percent. Even though the state of the landscape has developed in many ways during the past years, this still emphasizes the importance of focusing on customer retention as a key driver of long-term profitability.

#### 1.1.5 An overview of the Swedish OTT video market and its actors

In line with the global growth of the OTT video market (Statista, 2023d), the Swedish OTT video market is also experiencing a continuously growth (Statista, 2023c). In the end of 2023, the prediction is that the Swedish market will reach a total revenue of approximately US\$1.3 million. In the upcoming years, 2023 to 2027, the market is predicted to have a compound annual growth rate in revenue of 7 percent (Statista, 2023c), which is similar to the predicted global market's growth rate of 10 percent during the same period of time. Moreover, the subscription-based business model is increasingly popular among video streaming services and the subscription-based OTT video (SVOD) market has shown a rapidly growth in the last five years. Between the years of 2017 and 2021, the revenue growth increased notably from US\$200 million to US\$485 million (Statista, 2023c). Additionally, across the same time period the average revenue per subscriber increased from US\$80 to US\$121. The SVOD market contains the highest average revenue per user of all types of OTT video markets in Sweden (Statista, 2023c). However, the prediction is that the increase has stagnated and may reach the culmination of the average revenue per user in the near future. Considering the trend of increasing costs associated with customer retention and acquisition, the stagnating growth trend is alarming for the market (Sweeney, 2022).

The demographics of the Swedish OTT video market is evenly distributed among various groups. Thus, there is no particular group that dominates the market (Statista, 2023c). In 2021, a study made by Statista revealed an equal distribution of gender, men comprise 53 percent of the Swedish video streaming consumer base, while women account for the remaining 47 percent (Statista, 2023c). Moreover, the survey divided the age range into five classifications: 18-24 years, 25-34 years, 35-44 years, 45-54 years and, 55-64 years. The two largest groups were consumers in the age of 25-34 and 35-44 which represented 29 percent respectively 23 percent of the market. The oldest age classification represented the smallest group containing 12 percent of the market. Regarding the income demographic, Statista divided the groups into three categories: low income, medium income, and high income. However, no further information of the income span was provided. Nevertheless, the survey showed a similar distribution between low and medium income which represent 28 respectively 31 percent, thus high income represents the largest group with 41 percent of the consumers (Statista, 2023c). Thereby, the survey indicates a wide spread of the demographics based on these categories and indicates that almost anyone can be a customer regardless age, income, or gender (Statista, 2023c).

Furthermore, the survey investigated hourly usage of video streaming services per week. Data were categorized into six groups based on time span of usage per week: less than 1 hour, 1-5 hours, 6-10 hours, 11-15 hours, 16-20 hours, and more than 20 hours. The two



notably largest groups were 6 to 10 hours (22.5 %) and 1 to 5 hours (24 %) which together almost accounting for almost 50 percent of the users (Statista, 2023c). However, the survey shows that the category 1-5 hours have decreased between the years of 2019 to 2022 whereas the category 11 to 15 hours have increased each year during the same period of time. Thus, the survey indicates of a weekly hourly increase of video streaming usage, in addition to the increase in numbers of users.

Likewise, to the global subscription-based video streaming (SVOD) market, the Swedish SVOD market is highly competitive. According to Statista (2023c), the five largest SVOD companies together contain 62 percent of the total market shares. The streaming platforms with the largest percentage of market shares are the two American giants Netflix and Disney+, who each records 14 percent of the market. Viaplay emerges as the closest competitor, holding 12 percent of the market shares, followed by C More and HBO Max both containing 11 percent each of the market shares. The fastest growing newcomer is Amazon Prime Video which launched in Sweden in September 2021 (Cision, 2021) and in just over a year captured 7 percent of the market shares (Statista, 2023c). Amazon Prime Video demonstrated their interest in the Swedish streaming market with their three-year deal with Nordisk Film, with the start in 2023. According to the Head of Originals Nordics Amazon Studios, Karin Lindström the deal with Nordisk Film is one of the largest deals ever made in the Nordic film industry (Eklund & Hultman Wessman, 2022). The contract implies Amazon Prime Video gets exclusive rights to be the first to release big cinema hits after it has been showed in cinemas (Eklund & Hultman Wessman, 2022). Thus, the substantial investments of access to compelling content indicates the attractiveness of the market as well as the importance of the content catalogue in order to attract and retain customers.

Despite the indications with heavy investments in an attractive market, data indicates that the Swedish SVOD market is in a stage where the recent years rapid growth is stagnating (2023c), which corresponds with the global market trend (Statista 2023d). Further, the global market trend of the need to invest heavily in quality content in order to be competitive (Sweney, 2022) is present in Sweden as well, which is shown by the deal between Amazon Prime Video and Nordisk film considering the size of the deal together with Amazon Prime Video's objective, to gain rapid market shares and attract consumers by offering early access to popular cinema movies (Eklund & Hultman Wessman, 2022).

## 1.2 Research gap

The current literature on customer retention within video streaming services has been primarily focused on content related factors such as quality, variety and exclusivity. Studies have proven that content is the most crucial element when selecting a video streaming service to describe to (Ambekar et al. 2020, p. 63). However, studies also indicate attributes such as price and platforms design affect the decision (Ambekar et al. 2020, p. 60). Dorothea Tumiwa and Furinto (2022, p. 1366) emphasizes subscription-based video streaming services need to improve the quality of content competitiveness in terms of exclusivity, attractiveness, and quality to improve user retention. Accordingly, Ambekar et al. (2020, p. 57) examined eight components that influence millennial consumers in India to subscribe, with six of the components relating to content.

However, since content is the main value creation for video streaming services, other attributes beyond content gets overlooked. Thus, there is a limited understanding of the additional strategies and attributes that can contribute to improving customer retention.



Many times, studies in the same field result in suggestions on how to improve the content in some way. Our hope is that we can provide a greater understanding of what other attributes of a subscription-based video streaming service customers value apart from content that can enhance customer retention.

The focus area is highly relevant due to the rapid growth experienced by the video streaming market in recent years, as well as the current trend of market leaders making substantial investments in quality content to quickly capture significant market shares. This emphasizes the importance of investigating customer retention strategies beyond content-related attributes, as the industry dynamics and competition highlight the need for a comprehensive understanding of the factors that contribute to long-term customer loyalty. Thus, it remains a need to explore and understand the influence of alternative factors beyond content to gain a more comprehensive understanding of customer retention dynamics.

Moreover, the United States and China represent the largest geographical markets in terms of revenue within the video streaming industry (Statista, 2023d). This, a significant portion of the existing research, as well as the available data, is predominantly originates from these regions. Therefore, there is a further research gap in investigating attribute preferences beyond content specifically in the Swedish video streaming market. The Swedish market is interesting considering the market growth as well as Swedish video streaming services that has to compete with global market leaders that now is entering the market (Statista, 2023c).

### 1.3 Purpose

The purpose of this study is to improve the understanding of what attributes customers in Sweden value in their OTT video subscription services and what makes them stay on the platform apart from the content provided. We aim to contribute new knowledge to business managers in this field which can be used when developing and implementing new strategies. By highlighting essential components, we hope that these can be conveyed into the business model to improve customer retention and satisfaction.

### 1.4 Research question

According to the problem formulation/context mentioned above, our research question culminates in the following:

*How can OTT video subscription services increase customer retention by focusing on specific components in the business model, without focusing on platform related content?*

## 2. Theoretical framework

*This chapter aims to present the different theories, concepts, and models found most fitting to our study and the theoretical field we are exploring. The role of the theories presented is to act as a framework that can be used for the analysis of the empirical material which will be presented later in the study. We hope that the theories presented, along with our discussions around the findings, will contribute to a better understanding for consumer satisfaction and preferences related to video OTT service platforms and their business models.*

### 2.1 Subscription-based business model

Building and maintaining an innovative and efficient business model is of uppermost importance for firms to surviving and growing their business. A firm's business model should be designed to create and capture sufficient value to meet the competitive landscape it is faced with (Healy et al., 2017, s.3). The components in the business model act as a framework on how an organization create, deliver, and capture value and how this is done depends on several factors. Based on Osterwalder and Pigneur (2010, p.23), there are three key processes that should be in place to maintain a viable business through the business model. These are; value creation, value delivery and value capture. Value creation constitute the process by which a business creates value or benefits for its consumers. Value delivery refers to a company's governance and organizational framework that enables it to efficiently produce and distribute goods and lastly, value capture is the process of monetizing a firm through client interactions, such as through payments, subscriptions, or fees (Muzellec et al., 2023, p. 17).

Subscription services are based on the core concept that customers chose to sign up for a subscription instead of making a one-time purchase, something that with time has given rise to a number of modern business model innovations (Choudury et al., 2020, p.297). While the subscription services itself is an old existing business model, the changing digital environment has given firms new opportunities to provide customer-drawing offerings through the emergence of new business models that are linked to different types of subscription services (Chen et al., 2018, p., Kim & Kim, 2020, p.1). By identifying key drivers of subscription-based business models, we can evaluate factors that are used to enhance business model performance specifically for subscription related businesses. A subscription-based business model can be applied and operated in a broad variety of industries and contexts. It can be applied both in B2B and B2C and is ideal in situations where the service or product that is offered is needed on a regular basis (Choudury et al., 2020, p.299). It is a flexible business model that can be operated in a broad variety of context and industries and is ideal when businesses want to keep consumers in their ecosystem (Choudury et al., 2020, p.298). The core of the service, however, is that the subscription should provide its consumers with some type of benefit and value that they would not get otherwise, such as continued availability or less time required to purchase products (Choudury et al., 2020, p.299). By aligning competitive strategy with the business model configuration, companies are able to improve their success factors depending on the market, the components of the company and what their consumers value (Choudury et al., 2020, p. 296).

The business model of a company should be designed with their consumers in mind, focusing on the consumer perception of the company and its different touch points (Healy et al., 2017, s.3). The business model can according to Osterwalder and Pigneur (2010, p-15) be described through nine building blocks which is customer segments, value

propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure (Osterwalder & Pigneur, 2010, p. 16-17). Business models are often complex and to cover all aspects would be hard without further insight in a firm's organization (Schweizer, 2005, p.41). This thesis is focused on the parts of the business model that is closely related to customer satisfaction and retention, which is most central for the purposed area of research.

### 2.1.1 Price models in subscription-based services

Within the realm of business models, a key element is the value proposition, which is a multifaceted concept. Depending on the customer segment and what type of service or product that is offered, the value proposition can come to look very different (Osterwalder & Pigneur, 2010, p. 23). One potential way to deliver a value proposition is to offer an attractive price model (Osterwalder & Pigneur, 2010, p. 24).

The OTT video industry is highly competitive, and strategies concerning price models are constantly evolving as providers seek to gain advantage over their competitors. General economic theories commonly used for price predictions are still suitable for these types of subscription-based business models. However, literature covering pricing strategies for these types of businesses mention how subscription-service models differ from other business models in terms of price models because they typically involve a recurring fee for access to the service. Unlike one-time purchases, subscription-based services normally enter an agreement with its customers, which usually is defined in length and frequency of the service provision. Thereafter, the payment occurs either with regular intervals which is typically monthly or annually, or the service is paid for in advance by the consumer (Choudury et al., 2020, p.297). This type of payment model includes predictions of cash flow due to a recurring revenue from consumers and the ability to experiment with different price models tailored to these specific characteristics (Fruchter & Sigué, 2012, p.2181).

There are several general price models that are commonly discussed in the context of business models. What theory that is most appropriate to apply depends on factors such as if its a product or service, market attributes and preferences of the specific customer base (Smith, T.J, 2016, p.2). Generally, when deciding on a price for a product or service, firms should always consider *the law of demand* (Marburger, D., 2015, s.11). The law of demand is a fundamental principle of economics that explains the relation between price and demand. It is just not the price of a particular service or good that determine the demand, but it can also be impacted by factors such as consumer preferences, competitors, price substitutes (Marburger, D., 2015, s.12-14). By analyzing the market and the consumers purchasing decisions, firms can adapt their price models so that it becomes more attractive for the consumers (Smith, T.J, 2016, p.12). The price determinants of a product or service in a market economy is discussed in the textbook *Microeconomics* by Robert S. Pindyck & Daniel L. Rubinfeld (2013) where some commonly used price strategies within general business models are mentioned as well as other factors such as inputs and outputs that all have an effect on the price.

Subscription services need to consider not only the price of the service, but also incorporate other price related factors such as in the different price models offered to their customer base. Flat-rate is a price model used within the consumer media market such as online streaming services. Flat-rate payment option charges a predetermined flat cost independent of actual usage from the consumer, and all features and levels of access for

one price (Lambrecht, A & Skiera, B., 2006, p.213). Customers of flat-rate plans must pay a set amount for unlimited service usage which makes this structure simple to understand and provides a savings opportunity for high-consumption clients (Kienzler et al., 2021, p. 132). Although this payment method sounds most fitting for high consuming clients, most consumers tend to be drawn towards flat-rate payment plans (Train, 1991, p.211) instead of more flexible price plans such as pay-per-use, where the price is decided upon the usage where each unit consumed results in a higher price (Kienzler et al., 2021, p. 132). This is proven to be true whether if the costs are equal (Train, 1991, p.211) or sometimes even larger (Nunes, 2000, p.1). This could be because of the thought of facing an increased price complexity due to the need to calculate the final payment amount and carry the risk of excessive costs (Kienzler et al., 2021, p. 132). A possible explanation to this is the so called flat-price bias, which is a phenomenon founded upon the idea that consumers usually overvalue their expected usage and thereby believe that flat-rate pricing could be their cheapest option even though it might exceed their actual needs (Train, 1991, p.211). Consumers frequently weigh various payment alternatives before selecting a service, not only based on price itself but also based on the different price models offered (Krämer, J. & Wiewiorra, L., 2012, p. 29-30). Amongst some of the most used video streaming services today such as Netflix and HBO Max, they offer a similar price for their subscription service, which highlights the importance of providing other benefits within the price model that can attract customers (Durrani, 2023).

Tiered pricing is another payment method that is common amongst subscription services (Emmer, M., 2019). Tiered pricing is an approach that takes into consideration customer's preferences and steps away from the "one size fits all" solution. It offers a variable pricing plan with a set price per unit. It is based of different categorizations or price plans, so called levels or *tiers*. This price strategy uses different thresholds of a certain metric to decide the scale of the price depending on the consumers (Paddle, 2021). In order to assure customer satisfaction, businesses should always strive to find the best payment alternative and price that will meet consumers preferences and willingness to pay. By understanding consumer preferences and how they value different attributes, firms can adapt their business model and create more value for its current users and improve customer retention (Pindyck, R & Rubinfeld, D., 2013, p.68)

### 2.1.2 User experience activities

Another part of the subscription-based business model that evolves around the consumers and could have an impact on customer retention is the activities surrounding and contributing to user experience. This refers to the holistic experience of a user's involvement in any product, service, or technology. User experience takes into consideration all types of interactions of the object or system which can be anything from a platform, medical device, smartphone, appliance, software, dashboard on car, voting machine or any other type of human-made object (Rosenzweig., 2015, p. 7-8). User experience is a very broad term that covers all types of interaction with the consumer such as mechanical, mental or physical. Except for the direct interaction with the consumers, the term user experience also includes other touch points that consumers can come in contact with, such as the brands website, customer service, online help, store experience and operating instructions (Rosenzweig., 2015, p. 8).

By focusing on certain parts of the user experience that is most vital for its consumers, subscription services can provide an engaging and interactive platform for users which can enhance their experience. The user interface and design are relevant for consumers

using a video subscription service and this could be further looked at using user-centered design which focuses on putting the users wants and needs in firsthand which could lead to increased customer satisfaction (Crane & Still, 2017, p.15). When applying this approach, developers aim to first survey potential consumers before even starting the design and developing process. With feedback being collected beforehand through observations, interviews, and by evaluating competitors and the market, the requirements to be able to develop something becomes clearer. This approach also means adapting the design along the developing process by consulting with consumers, and trying out early prototypes to see if it gets the wished reactions (Crane & Still, 2017, p.16). If a user-centered design approach is adapted, its common that the consumer helps designing the product or service they are using, and they are therefore an important part involving the product development process (Choudury et al., 2020, p.323). User-centered design is especially meant to provide businesses with new insights on how to innovate their designs to be more fitting for their audience. For this to work, there needs to be interested and engaged consumers around the products, services, or solutions the firm is providing (Choudury et al., 2020, p.325).

Another touch point for consumers can be through different type of loyalty programs that the company offers. Loyalty programs provide benefits, savings, and other unique incentives, making them a means of luring new clients and keeping existing ones. These are valuable communication tools for companies and can be a way for companies to interact with its consumers and keep them interested and involved in their business. It can be used in order to create brand value and gain trust of customers through for example rewards, discounts or other special incentives which encourages purchases and brand loyalty (Alnsour et al., 2021, p. 297). Loyalty programs many times collect and analyze customer data which is something that is becoming more common, since it is proven to be highly beneficial for businesses who wish to know more about their consumers. Customer data is by most businesses today seen as a tool that in the end can be implemented to aid the decision-making process within a firm. Leveraging customer data-also called “big data”-can help companies secure a competitive edge, market analysis, generate new strategic ways of working with advertising or savings (Choudury, 2020, p. 197). By using loyalty programs, it is possible for companies to reward the best customers and thereby motivating consumers to continue using their service or product, promoting repurchase behavior. By offering loyalty programs, marketing literature mentions a distinguished increase in customer retention due to increased brand loyalty from customers (Alnsour et al., 2021, p. 297).

### 2.1.3 The importance of customer service

There are as mentioned several touch points of a business model that impacts the consumer in different ways. Apart from the design of the service or product, the customer service is another touchpoint that has a direct effect on customers and can impact their image about a brand and thereby create impact the relationship between a firm and their customers. Most times, offering a good customer service experience leads to better long-term relationships with users (Choudury et al., 2020, p.176).

With the power of internet also came the power of the customers as stated by Price & Jaffe (2014, p.5). The dynamic changes in the business world such as social media, mobile and internet access almost everywhere anytime has led to customers given more space to form their own opinions and put other demands (Price & Jaffe, 2014, p. 6). Therefore, it has become more important than ever to be able to maintain a loyal, satisfied customer



base. One of the ways companies do this today, is through their customer service. This generational shift can be referred to as the Me2B shift, meaning the customers now own the relationship and determined how they chose to interact with businesses (Price & Jaffe, 2014, p. 7). Customer service is also important asset for a company since it extracts more value from the customers, by providing personal service which can increase their satisfaction and thereby result in higher retention rates for a firm.

HubSpot, which is a CRM platform working with connecting and scaling companies, presents in their latest annual state of service report from 2022 that around 80 percent of the 1400 customers who participated in the survey answered that they are willing to pay more to companies with better customer service. Further, PwC (2018) published a report which highlights the importance of making customers feel validated and satisfied through providing them with customer service. Out of the people asked, 73 percent answered that customer experience is a very important factor in their purchasing decision. Also, the report shows statistics on how bad experiences even can drive customers away from the company or their platform. 32% of the customers answered that after just one bad experience with a company, they would walk away from the affiliated company or brand (Puthiyamadam, 2018).

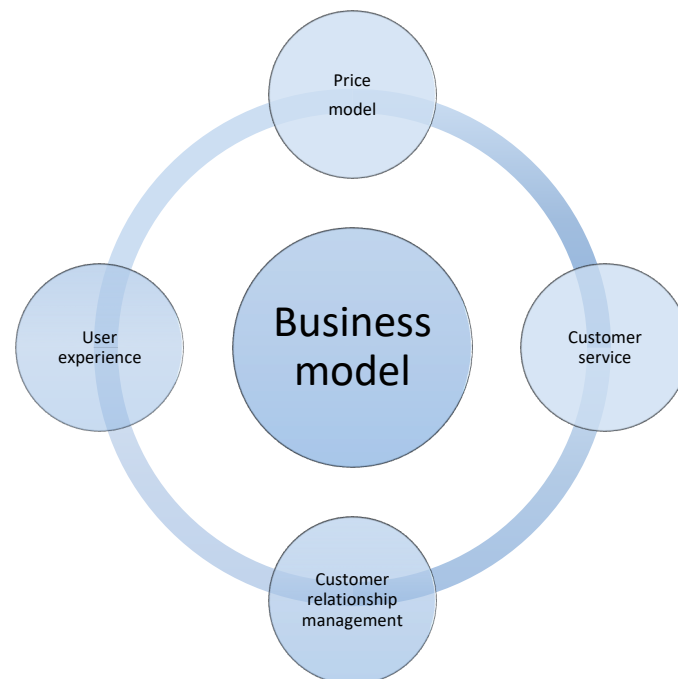
Another attribute that can play a role in customer satisfaction and that can be linked to customer service is availability. In most industries its highly valued and consumers have expectations of the guaranteed availability of the product. This is more common if the product or service is contract-based or flat-rate related, which is two common payment methods within subscription-based services. This is due to its ability to make it easier to entitle customers to all the services necessary in order to assure them constant availability for a specific product or service. By adapting a company's business model to increase its availability it can create value for users in the long run and thereby companies are also able to demand a heftier price premium (Choudury et al., 2020, p.178).

## 2.2 Enhancing satisfaction through consumer relationship management

Managing customer satisfaction is a key factor for companies in order to achieve a high level of customer retention (Murali et al., 2016, p. 67). An enhanced level of customer satisfaction results in enhanced customer retention and customer loyalty which further leads to superior return on investment (Posselt & Gerstner, 2005, p. 43). Thus, it is important that companies continuously evaluate critical factors that affect customer satisfaction and based on this develop strategies designed to increase customer satisfaction. The increased number of products, communication channels and commercial that affects the consumers has led to a harder environment to build and maintain a strong and profitable business (Jonsson, 2005, p.9). Therefore, customer relationship management (CRM) is an essential part of business management since it acts as a combination of practices, strategies and technologies that companies use in their market communication (Jobber et al., 2019, p.316).

CRM is dependent on being able to maintain a two-way dialogue with a business consumer, and also being able to use collected customer data from customer usage and surveys to create a platform, service or product that the customer finds valuable enough to pay for (Jonsson, 2005, p. 13). Hence, CRM can be seen as a great tool for working with a company's business model and its different components such as customer service, implementation of feedback or loyalty programs. By implementing certain business tools and techniques, managers can build and adapt their business models for capturing and

creating value. Almohaimmeed (2019, p. 432) summarizes CRM as a strategy used to create value for the business and its customers through building lasting relationships with profitable and loyal customers. This is done by coordinating the communication to customers and aligning all channels, creating a “single customer view” (Jobber et al., 2019, p.316). The relationship firms build through their interaction with their customers is crucial to maintain a strong relationship and increase customer retention (Noermijati, F.R.N & Tifliyah S.Z., 2021, s.898). There are several dimensions to the term CRM, and it can be implemented in different channels such as sales, marketing and customer service in order to enhance the overall experience for customers (Almohaimmeed., 2019, p. 432). New technology has created opportunities to practice customer relationship management in a more effective matter. It has made it possible for firms to manage a much greater number of customers at the same time, while also making their communication more personalized to each individual customer (Jobber et al., 2019, p. 317). CRM is a tool suggested to be implemented in organizations in order to create a better experience for its consumers (Jonsson, 2005, p.22).



*Figure 1. Components in the subscription-based business model*

### 2.3 Consumer behavior

The ability to manage and maintain customer retention is associated with long-term sustainable competitive advantages (Anderson, et al., 2004, p. 173). By understanding the consumer behavior behind customer churn, companies can develop strategies to improve customer retention (Van Doorn et al., 2010, p. 255). The three-component model of consumer commitment provided by Bansal et al. (2004, p. 244) determine companies need to focus on consumer behavior elements beyond buying behavior in order to understand why customers are shifting to competitors or cancelling their service. The model investigates how affective commitment, continuance commitment, and normative commitment affects customers intention to switch service to a competitor (Bansal et al., 2004, p. 243). The study acknowledges the importance for service providers to focus on elements beyond customer buying behavior, to understand customers switching



intentions, and thereafter manage and improve customer retention to gain a long-term sustainable competitive advantage (Bansal et al., 2004, p. 248).

The study revealed that affective commitment was the most powerful driver of customer retention, subsequently normative commitment (Bansal et al., 2004, p. 247). Affective commitment is connected to emotional attachment to the company and reflects the consumers psychological bond in terms of loyal commitment. Two vital factors that affects the how strong the affective commitment is, is the level of trust and customer satisfaction (Bansal et al., 2004, p. 238). By building a strong brand personality through an interactive platform for example, OTT video services can enhance emotional attachment to bolster loyalty and thereby increase customer retention (Palomba, 2022, p. 13). However, failure to create affective attachment can trigger the customer to switch to a competitor (Camba-Fierro et al., 2021, p. 7). According to Camba-Fierro et al. (2021), it can be an outcome from the customer perceive the service as inconsistencies and instabilities in the performance.

Affective emotions can have a negative impact of customer retention if the customer experience inconsistencies and instabilities, which can trigger emotions to switch to a competitor (Camba-Fierro et al., 2021, p. 7). Nevertheless, quality attributes from the service can build a strong emotional connection with the customer by building a strong brand personality for example, and lead to increased loyalty (Palomba, 2022, p. 13). Furthermore, affective commitment in turn may affect the normative commitment which in turn may affect the consumers switching intentions (Bansal et al., 2004, p. 244). However, the main factor of normative commitments are subjective norms that are developed by socialization and influence individuals' behavior which may affect customer's sense of obligation to continue doing business with the service provider (Bansal et al., 2004, p. 239).

Thus, customers tend to continue with the service provider if the emotional connection is strong. Therefore, by focusing on consumer behavior beyond consumer buying behavior, in terms of customer satisfaction unrelated to direct purchases, companies can improve customer retention by prioritizing building strong emotional connections through trust and satisfaction (Bansal et al., 2004, p. 248). This notion is further supported by the analysis conducted by Brakus et al. (2009, p. 66), in which the authors recognize a positive correlation between consumers brand experience and loyalty. Moreover, a positive brand experience not only increases satisfaction but also fosters consumer loyalty through an emotional attachment to the brand. Thus, companies that build a brand personality that connects with their consumers increases the probability of gaining satisfied and loyal consumers as brand personality has an indirect and direct influence consumer behavior (Brakus et al., 2009, p. 65).

Research conducted by Murali et al. (2016, p. 81) emphasizes the importance of after-sales services and that customer satisfaction is a main objective to target in order to gain competitive advantage. In the context of subscription-based video streaming services, after-sales can be defined as the continued subscription after the customer first subscribed to the platform. Thus, the customer retention depends on the customer satisfaction, which in turn is due to the met expectations of the service and platform. In addition, the customer will continuously evaluate the level of satisfaction until the day the satisfaction is not in line with the subscription fee. Therefore, it is vital that the organization has a great

understanding of what features the customer value and what requirements it has on the service in order to maintain customer satisfaction.

### 2.3.1 Demographical aspects of consumer behavior

To utilize a video streaming service, it necessitates more than just a subscription. In addition to a video streaming subscription, one must possess a functional television, smartphone, or tablet, along with reliable internet connectivity. Therefore, the conditions of consuming video streaming services are different between individuals (Lee et al., 2021, p. 3). This is in accordance with Brading et al (2007, p. 44) who determine consumer behavior in internet services correlates with the level of income and education as the standards of the elements apart from the service itself may differ. The experience of internet use also plays an important role, which often are associated with preferences differ between the older and younger generations (Brading et al., 2007, p. 44). Thus, consumer behavior, preferences, and willingness to pay are related to the individual experience with technology and the personal standard of internet and watching devices (Goyanes, 2014, p. 753). Further, Goyanes (2014) states that paid online services have been shown to be affected by demographic variables such as age and education, as they are related to individual standards.

The differences in consumer behavior due to demographic aspects are further validated by the study by Lee et al. (2021). The study states that age, gender, and income have an impact on users spending on paid OTT services. The findings reveal that older users spend less due to limited technological access and knowledge (Lee et al., 2021, p. 14). Preferences and willingness to pay can thus differ due to demographics. Therefore, Lee et al. (2021) emphasizes the importance for paid OTT services of understanding demographic variables and underlines age in designing personalized strategies.

Moreover, research by Sadana & Sharma (2021, p.363) further indicates that preferences differ between the age demographic and emphasizes the importance of analyzing preference variation to target different generations in the customer segments. The study determines that content is crucial for all age demographics and suggest that video streaming services could benefit of understanding different preferences that customers value since it differs more between the generations (Sadana & Sharma, 2021, p.362). The authors emphasize that while young consumers favoring OTT services, cable TV can still survive by focusing on older age groups (Sadana & Sharma, 2021, p.363). These individual differences in preferences are explained by different conditions when consuming video streaming services (Lee et al., 2021, p. 3), and the individual experience with technology (Goyanes, 2014, p. 753). Thus, Sadana & Sharma (2021, p.363) emphasizes it is more important for video streaming companies to target the younger generation and understand their preferences.

### 2.3.2 Customer engagement

The correlation between a strong emotional attachment and high customer retention, as determined in the study by Bensal et al. (2004), is further supported by a more recent study by Van Doorn et al. (2010) who emphasize customer engagements promotes emotional attachment, which in turn promotes customer retention. The authors Van Doorn et al. (2010, p. 262) emphasize the importance of systematically observe and analyze relevant customer engagement behavior components in order to further evaluate and improve the customer retention strategy. The study determines customer engagement behavior as multidimensional and comprehensive set of indicators that can produce long

term effects, thus it should be evaluated based on their valence, quantity, the channel utilized, as well as short- and long-term effects (Van Doorn et al., 2010, p. 262). The study emphasizes three components of dimensions of customer engagement: active participation in the service experience, customers emotional attachment to the service provider, and cognitive engagement (Van Doorn et al., 2010, p. 259).

Hence, Van Doorn et al. (2010, p. 261) proposes that companies improve customer retention by managing customer engagement behavior through a three-step management process. The first step is identification. To identify components in engagement behavior that do engage and do not engage customers as well as identify the most and the least engaged customer segments (Van Doorn et al., 2010, p. 261, 262). The second step in the customer engagement behavior process is to evaluate the identifications from step one and examine potential short- and long-term objectives based on the identifications. The evaluation of the identified engagement components is important as it facilitates the decision making regarding the customer base, in particular for the customer segment with the most engaged customers (Van Doorn et al., 2010, p. 262). The third and last step in the management process by Van Doorn et al (2010, p. 262) is to act on customers' engagement behavior by design business or marketing strategies based on the findings in step one and two as well as develop capabilities and recourses to implement and fulfill the strategies. Accordingly, companies enhance their level of customer engagement, thus increasing customer retention. This is because more engaged customers tend to be more loyal, and thus are more likely to continue being customers (Van Doorn et al., 2010, p. 263).

The widespread adoption of smartphones, in combination with the escalation of OTT services, has facilitated multitasking for users while consuming video content as well as effortless platform switching. This has posed difficulties for OTT services to maintain customer engagement which are making it difficult for the companies to retain revenue growth and sustain the business model (Chhabria & Kour, 2022, p. 541). Therefore, Chhabria and Kour emphasize the importance of involving consumer engagement and satisfaction in the strategies in order to improve customer retention to ensure customers gets attached to the platform. In a published literature by Barker and Wiatrowski (2017, cited in Chhabria & Kour, 2022, p. 541), it was described a big part of the success of Netflix and Amazon is due to their successful implementation of brand functions that involve consumer experience and engagement on the platforms.

### 2.3.3 Customer satisfaction

As previous declared, there is a correlation between customer satisfaction and customer retention (Murali et al., 2016, p. 67), whereby a high degree of customer satisfaction leads to customers to feel stronger emotions of loyalty which in turn leads to enhanced customer retention and thus a greater return on the customer acquisition investment (Posselt & Gerstner, 2005, p. 43). In 1980, Richard L. Oliver (1980, p. 460) introduced a cognitive model of the influencing factors and consequences of satisfaction decision. The model presented is a framework to understand customer satisfaction and dissatisfaction based on the perceived performance of products or services relative to customers' expectations (Oliver, 1980, p. 467). Further research was made on this topic, and in 1996 Richard L. Oliver published further research that expanded the *Expectancy Disconfirmation Model* he introduced in 1980 (Oliver, 1996, p. 99).

With the expectancy disconfirmation model, Richard L. Oliver (1996, p. 102) emphasize customers develop expectations regarding the product or service before purchasing it. The theory determine customers are satisfied with their purchase dependent on how well the product or service meets the in advanced developed expectations (Oliver, 1996, p. 107). Thus, if the product exceeds the expectations the probability of the customer being satisfied increases (Oliver, 1996, p. 109), which in turn promotes customer retention (Murali et al., 2016, p. 68). However, if the product does not meet expectations, the model determines the customer to be more likely to be dissatisfied (Oliver, 1996, p. 119), and thus probably not stay as a customer or not return (Murali et al., 2016, p. 68). Furthermore, Oliver (1996, p. 125) emphasize the importance of measuring and managing customer satisfaction through effective strategies considering the level of satisfaction can lead to negative consequences or positive outcomes for the business.

Even though the expectancy disconfirmation model was introduced before the 21st century, it is still a relevant theory to understand customer satisfaction. To illustrate, the model is the most common method to use explaining citizen satisfaction with public services (Zhang et al., 2022, p. 147), and is also frequently used to understand online consumer behavior (Liao et al, 2011, p. 241). The study by Liao et al. (2011) uses the expectancy disconfirmation theory to analyze the influence the functions of information quality, system quality and service quality have regarding customer satisfaction and regret. The study provides results that indicates regret is a key factor explaining discontinued use of a service and that has a direct and indirect influence on the intentions to return (Liao et al, 2011, p. 244). Furthermore, the study establishes that information content, website performance, and quality of service all play a unique and fundamental role in reducing regret and enhancing customer satisfaction for online services. Therefore, the study recommends online platforms to focus on improving the quality of these elements and developing website features in order to meet as well as exceed customer expectations to enhance customer satisfaction (Liao et al, 2011, p. 244) which subsequently will lead to improved customer retention (Murali et al., 2016, p. 68).

#### 2.3.4 The influence of trust on customer retention

Furthermore, as earlier stated by Bensal et al. (2004, p. 238) trust is an essential component in in affective commitment which in turn fosters customer retention (Bensal et al., 2004, p. 248). The relationship between trust and customer retention within online businesses is further proved to be related by Chen (2007) who studied an effective sample size of 908 online retail customers. The study brought a new perspective by researching the factors that contribute to trust of consumers with one or several purchase experiences and including the consumer's entire purchase experience beyond the web experience (Chen, 2007, p. 177). The findings confirm that consumers' future intentions to remain customers or continue using the service are direct outcomes of trust, which significantly influences customer retention. (Chen, 2007, p. 187). Moreover, the study identifies website design, fulfillment/reliability, privacy/security and customer service are the four key drivers of consumer trust and thus customer retention, with emphasizes on customer service having the greatest impact (Chen, 2007, p. 188). Given that the research validates trust to impact the customer's intention to return to the company or continue being a consumer, Chen (2007, p. 189) recommends online retail managers to manage trust as an important tool to improve customer retention. Trust is gained by a throughout satisfactory customer experience (Chen, 2007, p. 190). Thus, Chen (2007, p. 190) emphasizes the importance for companies to measure customer satisfaction while identifying weak areas in the four key drivers of consumer trust: *website design, fulfillment/reliability,*

*privacy/security*, and *customer service* in order to improve the level of consumer trust, which in turn leads to improved customer retention.

However, if the four key drivers of customer trust mentioned by Chen (2007, p. 190) do not satisfy the customer's needs and expectations, companies can gain trust by successfully recover the failure (Magini et al., 2007, p. 214). The study by Magini et al (2007) reveals the service recovery paradox is a justifiable theory rather than a smoldering myth. The service recovery paradox implies when companies respond to a service failure with superb action, they not only resolve the customer's dissatisfaction but also exceed the customer's pre-failure satisfaction with their post-failure satisfaction (Magini et al., 2007, p. 213). Thus, the customer is more satisfied with the service after the failure than before the failure occurred, which additionally increases the customer's trust to the company (Magini et al., 2007, p. 213). In the view of the preceding and considering trust and satisfaction have an impact on customer retention (Bansal et al., 2004, p. 248), companies can improve customer retention by consistently measure the service performance and develop an effective service strategy that effectively manages customer problems in an excellent manner (Magini et al., 2007, p. 218). However, if the customer perceives the service recovery as mediocre, the service only validates the expectations and there is no corresponding increase in paradoxical satisfaction. In order to exceed the customers' expectations, it is important that the strategy is flexible and responsive to customer needs as it bolster trust (Magini et al., 2007, p. 214). Nevertheless, the study emphasizes that the customer's earlier experiences with the service provider is of substantial contribution to the effect of the service recovery paradox (Magini et al., 2007, p. 220). Customers who have previously experienced service failures without having received extraordinary service recovery, are less likely to be satisfied to the extent that exceeds pre-failure satisfaction. The is because these customers are more inclined to attribute the cause of the problem to the service provider, compared to first-time customers who may not have preconceived notions about the quality of the service (Magini et al., 2007, p. 220).

#### 2.4 Kano model

In the 1980s, Professor Noriaki Kano recognized that product and service attributes influence customer satisfaction differently depending on whether the attribute exists or not, and that the impact of the absence of an attribute differs among different product attributes (Bicheno, 2004, p. 34). One attribute can cause a high level of dissatisfaction for the customer when absent, while the customer does not notice the absence of another attribute, even though the customer is satisfied when that attribute is present (Witell & Löfgren, 2007, p. 54). Professor Kano revealed that customer satisfaction is dependent on both linear and non-linear product and service attributes. Non-linear attributes mean that the relationship between quality performance and customer satisfaction is non-linear and attribute-dependent, implying that the impact on satisfaction varies across different attributes (Lee et al., 2011, p. 179). Thus, the knowledge of how different quality attributes are perceived by the customer is important when developing customer retention strategies building on customer satisfaction. The Kano model facilitates to identify how the service or products different attributes is perceived by the customer as it evaluates the level of customer satisfaction depending on the absent or present of the attribute (Bicheno, 2004, p. 34).

The model has existed for a significant period of time and has since late 2000s gained acceptance and attention to apply in business planning, product development and strategic thinking (Lee et al., 2011, p. 179). It is a great instrument for businesses to identify how their attributes or features the business provide effects customer satisfaction as quality attributes are associated with how consumers perceive the service (Lee et al., 2011, p. 180). By providing structured and categorized data of customer requirements in relation to customer satisfaction, The Kano model facilitates business development (Madzik, 2018, p. 390). To evaluate the attributes in relation to customer satisfaction, the model categorizes product or service qualities into five categories that prioritize customers' preferences.: *must-be attribute*, *one-dimensional attribute*, *attractive attribute*, *indifferent attribute*, and *reverse attribute* (Bicheno, 2004, p. 35). The different categories reflect how the attribute affect customer satisfaction, and all attribute categories impact on customer satisfaction depending on the existents or absent of the attribute (Lee et al., 2011, p. 180). Thus, the Kano model is two-dimensional as it divides customer requirements to functional and dysfunctional categories (Bicheno, 2004, p. 35).

#### 2.4.1 Attractive attributes

An attribute that classifies as attractive, is an attribute that promotes customer satisfaction when the service provides the attribute. However, if the attribute is absent, it does not necessarily lead to customer dissatisfaction (Bicheno, 2004, p. 36). This is illustrated with a package of milk by Witell and Löfgren (2007, p. 56). People experience satisfaction when a milk package extends its shelf life, whereas they feel dissatisfied if the packaging reduces the shelf life. Similarly, when it comes to a quality attribute like leakage, people are not satisfied if the package remains leak-free, but their level of dissatisfaction intensifies significantly if it starts to leak. Thus, these are qualities that exceed the expectation the customer has of the service quality (Shahin et al., 2012, p. 343). Since an attractive attribute provides satisfaction when present the attributes are often associated with emotions by the costumer. Thereby, the attribute can give the customer a wow-factor and it is referred as the “surprising quality” by Kano (Bicheno, 2004, p. 36). Shahin (et al., 2012, p. 344) emphasize the specific advantages of understanding attractive attributes in a context of business development as attractive features are often emphasized to have wide range of possibilities for differentiation that may lead to a positive effect on customer satisfaction.

#### 2.4.2 One-dimensional attributes

Attributes that classify to one-dimensional, provides customer satisfaction when existing and creates dissatisfaction when it is not present. These features are related to a non-friction customer experience and can be identified by evaluating the delivery of the service performance to the customer and be improved by research and development (Bicheno, 2004, p. 35). Therefore, these attributes are not often associated with emotions from the customer (Bicheno, 2004, p. 36). Speed and smoothness are often components that are valued in this category (Shahin et al., 2012, p. 343). Thus, one-dimensional qualities are related to performance and are not often associated with customer emotion. Therefore, increased customer satisfaction for a one-dimensional attribute correlate with a greater performance of the attribute. (Shahin et al., 2012, p. 343).

#### 2.4.3 Must-be attributes

Must-be qualities are components the customer would not declare until the service fail to perform the feature (Shahin et al., 2012, p. 343). Thus, a must-be attribute is a basic but fundamental component to the services (Bicheno, 2004, p. 35) as it creates high levels of



customer dissatisfaction when not present (Shahin et al., 2012, p. 343). These attributes are therefore often taken for granted by the customer since the customer do rarely notice the feature until it does not perform as expected (Bicheno, 2004, p. 36). As a result, does not must-be attributes necessarily lead to customer satisfaction when the service performs the quality, but do lead to dissatisfaction if the quality is not performed (Shahin et al., 2012, p. 343). Bicheno (2004, p. 36) compares the must-be category to Maslow's Hierarchy of Needs where the needs are divided in a hierarchal pyramid and each step of the pyramid represent one of the basic human needs. Maslow states that the need in the bottom of the hierarchy must be fulfilled, before the next need can be fulfilled (Fisher, 2009, 349) which is comparable to the Kano model theory. If a company fail to satisfy the customers must-be needs, it will most likely result to not satisfy the customer at all despite performing one-dimensional and attractive qualities (Bicheno, 2004, p. 36).

#### 2.4.4 Indifferent attributes

Quality attributes that are classified as indifferent do not have a positive or negative influence on the perceived satisfaction of the customer (Witell & Löfgren, 2007, p. 57). However, Fundin and Nilsson (2005, p. 157) emphasize attribute qualities are dimensional and thus indifferent attributes can change over time and be valued as attractive. Therefore, business should evaluate the importance of the attribute even though it does not currently affect the customer satisfaction. However, it is not important for businesses to focus on indifferent attributes because the lack of influence of satisfaction, therefore the attribute is classified as carefree or potential depending on the importance of the attribute (Shahin et al., 2012, p. 348).

#### 2.4.5 Reverse attributes

Reverse attributes affect the customer satisfaction negatively. A reverse attribute creates a high level of dissatisfaction the more fulfilled the attribute is (Fundin & Nilsson, 2005, p. 157). Witell and Löfgren (2007, p. 57) determines that the reverse attribute reflects on the fact that all customers value features the same. Nevertheless, an attribute that categorize to reverse attributes causes dissatisfaction when present, and satisfaction when absent (Violante & Vezzetti, 2017, p. 17).

The categorization of the different service attributes provides companies with an understanding of how the attributes affect customer satisfaction in different ways (Shahin et al., 2012, p. 344). Effective management of customer satisfaction is critical for companies to achieve high levels of customer retention (Murali et al., 2016, p. 67). When customers are highly satisfied with a company's products or services, they are more likely to remain loyal and increase their repeat purchases, leading to a superior return on investment (Posselt & Gerstner, 2005, p. 43). Therefore, the categorization provided by the Kano model is a valuable tool for identifying customer service needs and determining which attributes have the greatest influence on customer satisfaction (Shahin et al., 2012, p. 344). Shahin et al (2012, p. 344) further emphasize must-be, one-dimensional and attractive attributes all have different effects on how the customer perceive the service. For instance, attractive qualities offer numerous opportunities for differentiation while must-be features are perceived as standard. Therefore, in order to improve customer satisfaction, thus customer retention, companies should prioritize attractive attributes rather than qualities categorized as must-be. However, if a must-be feature does not exist, the customer perceive dissatisfaction (Shahin et al., 2012, p. 343).



## 2.5 Limitations and critics of the Kano model

Despite, the increase in popularity of and credibility of the Kano model, (Lee et al., 2011, p. 179), criticism have been arisen towards the model. In the article by Shahin et al (2012), the authors contribute to quality management and customer research and practice with its comparative analysis of the Kano types. In their article, the authors highlight four components of criticism: *evaluation of attributes performance level, classification criteria, decision support* and, *producer's/service provider's capacity* (Shahin et al., 2012, p. 344, 345).

The mapping methodology of the Kano model is criticized by Riviere et al. (2006, p. 575) as the model only provides a basic outline of customers satisfaction in relation to the service performance level. This is because the resultant Kano category remains qualitative in essence and fails to accurately represent the specific degree to which customers are content. Further, the original Kano model have faced criticism over the classification criteria (Berger et al., 1993, p. 8). The authors argue the model lacks clear classification criteria and may be subjective in classifying customer needs. Berger (et al, 1993, p.9) states the different classification criteria are not defined explicitly in the Kano model as classifying customer needs into four quadrants is subjective due to a lack of logical classification criteria. On the other hand, Shahin et al. (2012, p. 345) points out a model that supplements lack of specification. In the proposed model, the Kano quality category is represented in two dimensions using customer satisfaction coefficients. Specifically, a positive number indicates the relative value of fulfilling the customer's need, while a negative number represents the relative cost of failing to meet that need.

The criticism about decision support, is based on the model may not fully consider the impact of customer expectations on their perception of quality. While the model emphasizes the importance of meeting customer needs and preferences, it may not fully account for how these needs are shaped by pre-existing expectations. Additionally, Shahin et al. (2012, p. 345) bring attention to the Kano Model places too much emphasis on customer needs and preferences while overlooking other important factors that should be considered in product design and development, such as technological feasibility and production costs. Essentially, the model may be overly focused on meeting customer demands at the expense of other important considerations that can impact the product's success.

### 3. Scientific methodology

*The purpose of this chapter is to present our pre-understanding and philosophical assumptions of the research. It further aims to provide an overview of the literature research process, as well as the reliability of the used sources which are discussed.*

#### 3.1 The authors pre-understanding

According to Bryman and Bell (2019, p. 37) business research is influenced by a variety of factors. Apart from the chosen philosophical approach in the study, the authors personal values and pre-understanding of the subject will impact how the thesis come together (Bryman & Bell, 2019, p. 38-39). Previous understandings or knowledge about a certain subject, usually inherited by earlier experiences, can be defined as pre-understandings (Gilje & Grimen, 2007, p. 183). This refers to previous insights, knowledge, and experiences that the researcher possesses about the organization discussed in the thesis. The pre-understandings might involve key events or other types of cultural or historical attributes that are routed within an organization and that might influence the work of the thesis. It could inflict the study by potentially causing difficulties in separating the authors opinions from the data collected from the conduction of the study (Bryman & Bell, 2019, p. 38-39). The subjects the authors are exploring in this thesis are mainly involved in the areas of management, customer behavior and organizational studies which are all familiar topics to the authors gained through prior education within the Business Administration program, where the authors have taken similar courses mainly focused on topics related to organizational management and entrepreneurship. The authors share an interest in market trends, entrepreneurship and managerial implications on organizations. This shared interest led to the research study which aims to examine subscription-based video streaming services and their business models, to find which key-metrics are highly valued by Swedish customers.

According to Ragins (2012, p. 496) pre-understanding amongst researchers could potentially become a pitfall for researchers since it could result in a lack of explanation for the terminology used in the thesis work. However, even though both authors are relatively familiar with many of the relevant theories touched upon, the authors hope to provide a framework which can be understood even if the reader has restricted knowledge in the field of Business Administration. To achieve this, the authors aim to present the theories in a clear and concise manner and providing clear language throughout. The authors of this text do not have any prior work-related experience or insight within the video streaming service industry. This creates a lack of bias since the authors are unimpeded by pre-existing understandings or values that may influence the thesis work, which could lead to a higher assurance of a fair and objective analysis. On the other hand, both authors are frequent users of video streaming services which might still unintentionally impact the research study. We use or have in the past used streaming services that offer both flat-rate price models and tiered pricing. This creates a familiarity with the different models. Further, we mostly have prior experiences with subscription services which are some of the bigger ones on the market such as Netflix, HBO Max or Viaplay. This might affect our perspective on streaming services since we have not previously been consumers to less-known brands which might rely on other key-factors than the bigger brands. This highlights the importance of remaining open-minded and critical while seeking new information to reduce biased results. A conscious effort has been made to remain impartial and to try maintaining an objective viewpoint throughout the research and the authors hope to diminish potential research barriers by looking at the

research from an objective point of view, in hopes to contribute to a more insightful and informative thesis paper.

## 3.2 Research Philosophy

### 3.2.1 Positivism and Interpretivism

To properly collect and analyze research data, researchers should apply appropriate methods to achieve this in a systematic and methodical way (Collis & Hussey, 2014, p. 2). Two opposite paradigms within research methodology are interpretivism and positivism, which both are based on different principles and assumptions about science and the surrounding world. The two paradigms can be used as a framework for this study and its design. Determining the philosophical considerations for the study helps create a clear framework towards finding useful and trustworthy results (Collis & Hussey, 2014, p. 43-44). Positivism suggest that reality is independent of humans and rests on the assumption that knowledge is rational and scientifically verified-based upon empirical research such as experiments and observations, which will lead to new theories and discoveries. Positivists assume that social phenomena can be measured by using quantitative methods and collecting quantitative, statistic forms of data. Further, the paradigm focusses mainly on objectivity and has a rather subjective and intuitive approach when interpreting research. The paradigm indicate that reality can be explained through fixed laws which would result in a type of “cause and effect” relationship between the social and natural world (Collis & Hussey, 2014, p. 44).

Interpretivism is based upon the idea that social reality is formed by our own perceptions and is therefore highly subjective, indicating that the social world is closely associated with people’s own minds, thoughts, and feelings. Interpretivist do not necessarily intend to find new theories, but rather focuses on understanding and exploring social phenomena, its complexity, and how it can be understood better. The aim with this paradigm is to contribute to an improved understanding of different social phenomena. Interpretivists adapt strategies and methods which rather increases the understanding for the social reality we are surrounded with. This is accomplished by adapting a qualitative method of analysis and research (Collis & Hussey, 2014, p.45). According to interpretivism, social reality is highly subjective since it is shaped by our own perceptions, showing that it is impossible to separate the social world from people's own minds, emotions, and feelings (Collis & Hussey, 2014, s.7).

In general, positivism aims to produce generalized information objectively through quantifiable observations of observable social reality free from subjective bias or personal preferences (Saunders et al., 2019, p. 144-147), while interpretivism indicates that objects are very complex and cannot be generalized into certain fixed laws but rather need to be studied in a more subjective, versatile approach (Saunders et al., 2019, p. 148-149). These two paradigms differ greatly in their approaches in how a study should be conducted depending on what philosophical approach you take on. The purpose and nature of our study indicated that to gain useful results a quantitative study is necessary, which involves collecting and analyzing data using quantitative methods (Collis & Hussey, 2014, s.7). Further, we see how in this study, positivism is the more suitable approach when conducting the research.

Following the arguments put forward by Bryman and Bell (2019, p. 19), it is the research methodology which help explain observations and patterns of the research phenomena.

Bryman and Bell (2019, p. 30) further states that studies which measure data through surveys or other instruments usually from an objective and external viewpoint, almost always fall within the positivist paradigm. This thesis is based upon a collection of data which is made through a closed-question survey, which diminishes the possible outcomes of the collected data to be interfered by either the participants or researchers own values since they are only given a limited number of possible outcomes which can describe their opinions, limiting the complexity and subjectivity of the research attributes. Bryman and Bell (2019, p. 30) state that the role of research within this paradigm is to try out different theories with the aim to provide new material from data sampling methods, which fits with the chosen data collection method in this thesis which aims to gather data that can later be generalized over a larger population. The framework of the study is based upon different theories which the authors hope to align with the results to examine the relationship between customer satisfaction, retention, and components in the business model something well-fitting with the positivist approach (Bryman & Bell, 2019, p. 30).

### 3.2.2 Ontology, Epistemology, Axiology

A practical application of social sciences are the philosophical concepts ontology, epistemology and axiology which provide a foundation for of how researchers approach a certain study of a particular phenomenon. These concepts contribute to the framework of a study by explaining the approach it has on the values, reality and knowledge gathered and presented. Alignment between the theoretical assumptions and the chosen design and research method is important to ensure useful results that can be used for future knowledge implications or research. Therefore, the philosophical component of social science is necessary to understand and adapt to the study research (Bryman & Bell, 2019, p. 26).

Ontology refers to the nature of reality and how it impacts the study of the research object. Depending on the view of reality there can be different outcomes of a study (Collis & Hussey, 2021, s. 43-44). One essential question which ontology addresses is concerning what social phenomenon is being studied, and whether it should be interpreted objectively and externally or subjectively, where the observers themselves are seen as having an impact on the research phenomena research (Bryman & Bell, 2019, p. 26). The positivists paradigm suggests that researchers are external observers who do not interfere or impact the study. The ontological assumption is therefore that there is only one reality, and that reality is objective and distanced from the researchers.

Epistemology refers to the nature of knowledge and how it can be acquired. By making this distinction, researchers can recognize what methods should be used when conducting their research to best align it with their own assumptions (Saunders et al., 2019, p. 133-134). The positivist paradigm suggest that knowledge is based on empirical data and observations (Collis & Hussey, 2021,46-47). The data collection method in this thesis is based on quantitative data perceived through empirical methods, with the intention of acting as objective evidence that can be analyzed and interpreted. This can then be used to develop new theories about the subject (Collis & Hussey, 2021,46-47).

*Axiology* refers to the values that shape how the results from the study should be interpreted and how the research process should be constructed. Positivist would regard the research phenomena as something objectively observed- separated from the values and belief from others. It emphasizes the importance to keep the research separated from external influences to diminish biases (Collis & Hussey, 2021,48). In other words, positivism does not consider how the values and perception of science are interpreted and if it could inflict the research process. Therefore, axiology takes a minimal role in this thesis since it will mainly neglect personal values and beliefs throughout the research.

### 3.2.3 Deductive and inductive research approach

The study design is reliant on what method that embodies the philosophical premises of the chosen research paradigm the best (Collis & Hussey, 2014, p. 53). While conducting a research project and considering the different research methods that can be applied, the two most frequent and contrasting approaches in research literature is the inductive and deductive research approach. These approaches are used to describe the construction of the nature of reality in which the research takes place. The two primary research methods are said to be applied to categorize the chosen methodical options (Collis & Hussey, 2014, p. 7). This thesis paper is based on a positivist approach which usually aligns with deductive research, implying the research involves a framework which rests on the assumption that data should be tested through empirical observations and generalizations to create an increased understanding and explanation of the research phenomenon (Collis & Hussey, 2014, p. 47). This study will rely on a smaller sample size which according to Patel & Davidson (, 2019, p. 111) and Bryman, & Bell (2019, p. 178) can act as a subset which result can imply generalizable results for a larger population, something that is recommended for studies where time and money might be limited.

The deductive research approach is more often also interrelated with a quantitative study, and the research has a higher chance to be affected by subjective values from researchers due to how the research framework is constructed (Patel & Davidson, 2019, s. 27). The inductive research methods on the other hand, act as a framework for more interpretivist methods since it moves from individual observations to statements of general patterns or laws, indicating that it puts a stronger wight on developing new theories based on the observations made in the empirical reality (Collis & Hussey, 2014, p. 7). The perception of reality is less noticeable within the deductive approach, mostly due to a larger objectivity (Patel & Davidson, 2019, s. 27). The reasoning behind the choice to address the study with a deductive approach is supported by the reasoning that it is the approach most suitable with the quantitative data. The choice is further motivated by the framework of our study where we will conduct a study on a sample-size population which will then be generalized to a larger population.

### 3.3 Literature search and review

A properly conducted literature search is an important part in creating a solid foundation for the research work (Olsson & Sörensen, 2021, p.26). To conduct a relevant and academic orientation of the study, we chose to use a combination of Umeå University database and library to find relevant information in both academic articles and textbooks. If the information we were searching for could not be found or did not exist on these platforms, we instead turned to other sources, such as published reports, relevant news articles or websites. These types of platforms were mainly used when the information that needed to be accessed contained information about specific market trends, news, or organizational information about a specific company. In our literature search we have

made careful choices as to what articles to include in our research. In firsthand, peer reviewed articles were prioritized since that gives an indication of high credibility and relevance since they have already been reviewed by other experts in the area before publication (Eriksson & Wiedersheim-Paul, 2014, s. 96).

In our research process, we started by identifying our area of interest, which was customer-oriented industries, mainly focused on customer loyalty and retention. When starting to make broad searches such as “customer loyalty” and “customer retention” we found a variety of articles related to a broad area of research. According to Patel & Davidson (2019, s.61) large databases can sometimes contribute with immense amount of potential literature which therefore implies the suggestion to add a fair number of limitations to the searches in order to increase the chances of finding reliable and useful sources. We did this partly by making more specified searches in our field of interest such as “Current trends in B2C businesses”, “Business models and B2C companies” and “Customer churn and retention”. We also conducted our searches more specifically by categorizing literature by publication date or accessibility.

Through the early studies we took part of we were able to create an understanding for a rising problem in the video subscription field with customer retention. This motivated our choice to become more specific with our research and we specified on the topic of subscription services. Looking into several varieties of the phenomenon, we decided on in-depth research of the video subscription-based services. As the research is closing in on a more specific subject, the conduction of the research will increase in complexity and limitations (Patel & Davidson, 2019, s. 61). Our searches were on terms like “streaming services” and “subscription-based services”. Further, we found the term “OTT services” in many of the academic articles we came over. This made us look further into other articles with similar terminology related to OTT services and content. After gaining further insight about the subject, we were able to differentiate a few attributes linked to OTT services and that affected customer retention. We could then examine different theories that could be linked to customer satisfaction. This was made through searches such as “churn rates”, “churn models” and “business model components”. We wanted to find a model that was well applicable for our study. We found the Kano-model, which can be used to compare different attributes found in subscription services and their business models, and later examine their effect on customer satisfaction. This is where we later developed a relevant theory for our proposed study. The kano-model was however first discovered in mostly mathematical based articles, so we had further investigated how the model could be linked to our theme in the thesis. We used the mentioned search-platforms to look for relevant studies which included information about the Kano-model linked to economics and business, where perhaps the gradients of the model that were less complex. This was done by making searches such as “kano-model refined version” and “improved kano-model”.

Further, we have used Umeå University’s library to access printed textbooks, mostly for the methodological framework. Hence, these books have helped us gain new knowledge in the process of research design framework and methodological research. Textbooks are generally great sources when looking for specific systematic models or theories (Patel & Davidson, 2019, s. 60). Since we are conducting our study in English it was natural for us to read mostly English-based articles. Partly due to a broader variety of accessible material but also because it was a logical progression, given our existing work was written in English. However, following the decision to concentrate on customer segments in the



Swedish market, we began to conduct searches in Swedish in order to obtain relevant information pertaining to the Swedish market. Despite the usage of many books, most literature used refrains from scientific articles accessed online, since we found that these related best to our research question and purpose. The sources access online can sometimes be better and give a more nuanced picture than other literature sources, such as printed books, due to their availability and accessibility to more newly published literature (Patel & Davidson 2019, s. 60).

### 3.4 Source criticism

There are four criterias which can be applied when evaluating information and assessing the reliability of a source (Thurén & Werner, 2019, p. 11). These are; authenticity, timeliness, independence, and tendentiousness (Thurén & Werner, 2019, p. 12). The first criteria, authenticity, ensures the source has not been forged before publication. It is important to critically review a source to make sure this criterion is ensured; a low or uncertain authenticity of a source can impact the research negatively. Timeliness indicates that the longer time that has passed between a certain observation or situation and the published story, the more reason to be critical to the source reliability. The independence criterion indicate that the source should be self-sufficient and not a report or copy of another source, meaning that primary sources should be used to increase the credibility of a source. Lastly, tendentiousness refers to the authors motives to publish a text which is biased, creating a false reality for the reader. In order to enhance the overall credibility of the thesis, it is important to regard these criterias throughout the writing process, to make sure that the sources that are being cited and used to maintain a trustworthy and credible text (Thurén & Werner, 2019, p. 12).

Following the timeliness criteria, sources used should be as recent as possible to strengthen the credibility of the study and to ensure that they are relevant (Thurén & Werner, 2019, p. 12). The literature search for this study has taken this into consideration the relevance and credibility of the sources used. Whenever possible, literature that is relevant to today's market trends and conditions has been used. To maintain credibility, the usage of older sources has been tried to be kept to a minimal. For instance, theoretical models like the Kano-model and other relevant theories have been referenced from older literature due to their wide acceptance and applicability to our study, despite their publishing date.

In some cases, the authors have incorporated sources which might exhibit lower tendentiousness when refering directly to websites or platforms associated with specific companies, since there is a risk that the information presented on there is biased. However, the choice to still use these sources might be supported by the argument that they provide unique information which could not be found in other academic, peer reviewed articles or literature. Efforts have been made to not let personal values affect the information presented. However, the bias criterion is difficult to establish for the news sources used as we cannot ensure that these texts have not been skewed. However, by only using relevant information and refraining from any potentially biased statements from these text as evidence for arguments presented in the thesis, we can diminish the risk of it affecting the study (Thurén & Werner, 2019, p.88) These sources might also lack in authenticity since they have not undergone the same peer reviewing as many of the other sources used have. Therefore, the use of these sources has been strictly limited to when it is necessary. Overall, the authenticity criteria have been largely fulfilled as the goal has been to use peer review sources to strengthen the credibility. Further, to

consistently strive to meet the independence criteria efforts have been made to only use and refer to primary sources. This because primary sources provide firsthand information, reducing the potential for bias or distortion introduced by secondary interpretations (Thurén & Werner, 2019, p.74) .In conclusion, efforts have been mad throughout the work to assure the four criteria for source criticism has been met to the greatest extent possible in order to increase the credibility of the study.

## 4. Practical Methodology

*The purpose of this chapter is to present the methodological choice, research design, sample method and the continuous approach on how the data will be interpreted for our empirical analysis. Further, an explanation of the constructing of the survey will be included. The chapter will end by giving an overview of the pilot testing that was made to ensure the quality of the survey.*

### 4.1 Methodology

The methodological choice holds significant importance since it determines the practical course of action which a study should undergo in the process of data collection methods, analysis and theoretical choices (Eliasson, 2022, s. 21). There are two separate approaches to methodology, which includes the qualitative and quantitative approaches (Bryman & Bell, 2017, s. 58). The research question and purpose of this study, along with its framework, is more suitable for a quantitative study. This study aims to generate generalizable results through quantifiable data retrieved from a multiple-choice survey, something that is common within quantitative studies (Bryman & Bell, 2017, s. 59). Furthermore, the quantitative data collection aligns with the philosophy related to the adapted positivist approach (Patel & Davidson, 2019, s. 52).

The data collection in this research will be based on a smaller sample size, which will result in a few, less complex set of variables that are interpreted on a larger scale to draw more generalizable conclusions about a larger population. According to Patel & Davidson (2019, p. 54), in quantitative research, researchers must make efforts to minimize their own values and interpretations in order to ensure that the analysis of the research object is based on logical and analytical assumptions. During the data collection, there will be no interfering with the participants of the study, and neither will there be any alternative outcomes than the ones pre-determined in the survey, which limits the possibility for participating respondent to in any way themselves interfere with the study in any other way than given. Patel & Davidson (2019, s. 113) resonate that qualitative studies discuss and examine certain subjective forms of phenomenon, such as individual's perceptions and feelings about certain things, which qualitative studies do not need to include due to the study's purpose. Consequently, a quantitative method and the scientific approaches that relate to it are well aligned with the purpose of this study and its proposed framework.

### 4.2 Research design

The research design determines the methodology for collecting and analyzing data (Bryman & Bell, 2019, p. 45), thus the research design is chosen based on the research purpose in order to obtain reliable and valid data (Bryman & Bell, 2019, p. 46). Bryman and Bell (2019, p. 48) emphasize five different types of research designs that are relevant for research authors to examine: experimental design, longitudinal design, case study design, comparative design, and cross-sectional design. To answer the research purpose in this study, the research design must be able to generalize a wider population beyond the individual participants and provide insights into their behaviors and the underlying meaning behind those behaviors (Bryman & Bell, 2019, p. 45).

The cross-sectional design includes several participants in the research to obtain variation in all the variables that are being examined. The research design collects data through structured interviews, semi-structured interviews, unstructured interviews, or quantitative surveys (Bryman & Bell, 2019, p. 61). Considering this, the cross-sectional design is able

to generalize a wider population beyond the individual participants (Bryman & Bell, 2019, p. 58). This factor is important in this study in view of the research purpose. The cross-sectional design is also effective in collecting data from several participants all at once (Bryman & Bell, 2019, p. 58), which is advantageous in this study due to the time and resource constraints. In addition, the cross-sectional design is capable of providing findings on the relationship between variables, such as how customers value service or product attributes (Bryman & Bell, 2019, p. 58). Taking all into account, the cross-sectional design is the most suitable research design for this study. Based on the needed number of participants to achieve reliable and valid data combined with the time and cost constraints, a quantitative online survey is the most effective method for collecting data in this study.

However, the experimental design was considered. It is a reliable method to investigate the relationship between cause and effect and obtain causal findings (Bryman & Bell, 2019, p. 49). Although, due to limited control over behavioral variables, there is a probability that the findings may not reflect real-world conditions, especially considering the challenges of creating authentic and realistic scenarios (Bryman & Bell, 2019, p. 49). For this reason, the experimental design is not suitable for this study since it would have been difficult to achieve, considering the limited resources for this study in terms of money and time.

Furthermore, a case study would encounter similar challenges of generalizing the results to a larger population as the design implies to only study a single case (Bryman & Bell, 2019, p. 63). Thus, it will not reflect the larger population as it would affect the reliability and validity (Bryman & Bell, 2019, p. 45). Moreover, in a longitudinal research design, the sample is observed and studied at multiple time points over an extended period and is most commonly used to chart changes over time (Bryman & Bell, 2019, p. 62). Further, comparative research design aims to compare two or more groups in comparison with each other (Bryman & Bell, 2019, p. 68). The study aims to only contribute with generalized findings for a larger group of individuals rather than comparing separate groups against each other. However, smaller demographic segments might still be relevant to analyze since the findings could contribute to an increased understanding of the consumer behavior and the discovery of causal connections between variables (Bryman & Bell, 2019, p. 45).

When conducting a survey, Bryman & Bell (2019, p. 58) emphasize the importance to ensure a sample that can contribute with further insights of the researched subject. This study investigates video streaming consumers in Sweden. Therefore, it is first and foremost important to make sure the participants understand the questions correctly to obtain findings that reflect the real-world. Thus, the survey will be in Swedish in order to decrease risks of possible misunderstandings and enhance the probability of achieving a reliable result. Additionally, it is necessary that the respondents have experience of using a video streaming service to be able to contribute with deeper insights. However, as presented earlier, the video streaming demographic is relatively broad and evenly distributed within the demographics of age, gender, and income (Statista, 2023c). Thus, since there is no specific segment that is significantly larger than another, the assessment is made that no exclusion due to demographic is necessary. Hence, it is also not necessary to target a specific demographic when constructing the sample population. The criteria are people in Sweden above the age of 18 who have experience of using a video streaming service. By including both current and previous users, the survey gathers insights of

attributes that create satisfaction and encourage customers to continue using the service, as well as insights on attributes that create dissatisfaction and impact the decision to leave. It was considered to include a third perspective of individuals who have never used a video streaming service to gain insights of their reasons for not using it. Nevertheless, that perspective is not included since the study is focusing on understanding attributes that enhance customer retention rather than customer acquisition. Thus, people who never have used a video streaming service, do not provide further understanding to the study.

Moreover, the criteria of participants to be above the age of 18 was added based on the Swedish law The Distance and Off-Premises Contracts Act (SFS 2005:59) which according to paragraph 6 determines people below the age of 18 is required to have consent from a legal guardian to sign up for subscription services and enter into a contractual agreement. Thus, people below the age of 18 will not provide relevant data as the person do are not able to cancel or continue a subscription. Therefore, only individuals that has used or do use a video streaming service are included in the sample.

Hence, the convenience sampling method will be used based on several reasons associated with the previously mentioned elements to take into consideration. The advantages with the convenience sampling method for this study is the easy availability and access to potential participants. The method selects the sample of participants based on the accessibility rather than using a random or representative sampling technique (Bryman & Bell, 2019, p. 197). Taking into account the sample criteria, there are a lot of individuals in our reach that are qualified to participate and respond to the survey. Therefore, as well as considering time and financial constraints, the convenience sample selection is beneficial method for this research (Bryman & Bell, 2019, p. 198). Although, it should be noticed that since the convenience sample method only will examine individuals that are within reach and accessible for the authors, it is possible that a small group will be examined and not be representative for the entire population (Bryman & Bell, 2019, p. 201). However, in order to gain a more generalizable sample size, the study was spread over a larger geographical area and age span in order to improve the ability to generalize the data. To reach out with the survey through the use of convenience sampling, the researchers approach individuals in their network (Bryman & Bell, 2019, p. 198).

The identified time and cost-effective technique to reach out geographically to a wide age range, was the snowball sampling technique. The technique is a type of convenience sample that implies the researchers identifies an initial group of participants who fulfill the criteria and then ask them to further spread the survey to people they know who fulfill the criteria. This technique effectively gives access to participants that contains the knowledge and experience needed to obtain relevant data that provides reliability and validity to the study (Bryman & Bell, 2019, p. 395). The technique is often used when it is difficult to target the sample group, such as a broad sample population (Bryman & Bell, 2019, p. 396). The snowball sampling technique gives accessibility to different demographics as well as a geographical spread with word-of-mouth referrals, where the initial participants ask their social networks that do fulfill the criteria to answer the study (Bryman & Bell, 2019, p. 395). Thus, in our work with retrieving data for the thesis, we started by contacting our close network by targeting different age categorize and age spans. In that way, the initial groups of participants belonged to the different demographics' representative in the video streaming market. It was ensured to identify participants in all age groups, genders, salary and to get a representative sample compared

to the customer demographic and to then ask them to spread the survey forward to their similar group. Thus, the survey increases the probability of collecting data that is representative to the market.

Thus, in our work with retrieving data for the thesis, we started by contacting our close network. This was made by contacting friends and family by messages, e-mail and by posting on social media platforms. In addition, to get a bigger spread, we posted the survey in several online groups connected to video streaming groups. The group population sizes were ranged between 500 – 1000 members. The survey was published 25 of April and was initially intended to be online for one week. However, the survey was online for a total of 10 days, until the 3 of May, as we wanted to gain a more answers and a larger sample size to make the data more reliable. According to Bryman and Bell (2019, p. 198), the sample achieves increased precision with every 50 respondents, such as at intervals of 50, 100, 150, and so forth. After one week, the survey had received 170 responses, however we aimed to attain a higher level of precision. By adding two more days and reach out to potential participants one final time, the survey received a total of 220 responses.

### 4.3 The practical method of the Kano model

The criticism of the Kano model has further led to refined methods of the practical implementation of the original model. The original Kano model method is performed by a five-level Kano questionnaire (Witell & Löfgren, 2007, p. 55). The questionnaire asks the participants how they feel regarding specific attributes to the service or product. The respondents get two questions for each attribute, one dysfunctional and one functional question (Witell & Löfgren, 2007, p. 58). The functional question asks how the respondent would feel if the attribute were present, and the dysfunctional question asks how the respondent would feel if the attribute were absent (Berger et al., 1993, p. 6).

#### 4.3.1 The five-level questionnaire

The first step in the Kano model is to perform a questionnaire, The five-level questionnaire design provides respondents with five answer options to choose from in a multiple-choice format to each attribute and both dimensional questions (Witell & Löfgren, 2007, p. 58). The available choices for the multiple-choice questions are as follows: “I like it that way”, “I am expecting it to be that way”, “I am neutral”, “I can accept it to be that way” and, “I dislike it that way” (Witell & Löfgren, 2007, p. 58). Step two is to categorize the data from the survey to the Kano model classification scheme. The classification scheme does place the different service attributes to one of the previously mentioned five categories of quality attributes: must-be, one-dimensional, attractive, indifferent, and reverse attributes (Bicheno, 2004, p. 35). The attributes are categorized based on the respondents’ perceptions of the functional and dysfunctional aspects of each attribute (Witell & Löfgren, 2007, p. 58). The outcome and categorization of how an attribute is perceived and valued depend on the combined responses to both functional and dysfunctional questions. Since the five-level questionnaire offer the respondents five multiple-choice alternatives for both the functional and dysfunctional questions, each attribute can generate 25 potential outcomes distributed across five dimensions.

In the Kano model scheme, the dimensions are represented by the following abbreviations: A for Attractive, O for One-dimensional, M for Must-be, I for Indifferent, R for Reverse, and Q for Questionable (Witell & Löfgren, 2007, p. 58). Subsequently,



every answer pair corresponds to the Kano evaluation table to determine how each individual respondent perceives the service attribute. The service attribute is classified based on a statistical analysis of the survey results obtained from all respondents, and the category that occurs most frequently, categorize the attribute (Violante & Vezzetti, 2017, p. 17).

#### 4.3.2 The three-level questionnaire

The three-level questionnaire offers a more efficient and simplified alternative to the original five-level Kano questionnaire. The modification made entailed providing the respondent with three multiple-choice alternatives instead of the original five to choose from when answering the pairs of questions for each attribute. This adjustment aimed to enhance the survey process by offering a more concise selection for respondents (Witell & Löfgren, 2007, p. 59). The adjustment was to instead let respondents describe their perception of a quality through the three levels of satisfied, natural, and dissatisfied. Although the reduction of options makes the outcomes less specific, it is sufficient to capture the quality dimensions in the theory of attractive quality (Witell & Löfgren, 2007, p. 59). In fact, the three-level classification offers the added advantage of simplifying the completion of questionnaires and the categorization of quality attributes (Witell & Löfgren, 2007, p. 60).

However, the reduction of response options in the multiple-choice questions is the main adjustment made (Witell & Löfgren, 2007, p. 60). Apart from that, the model is implemented in a similar practical manner as the original five-level questionnaire. Although, the reduction of response options does in turn reduce the number of possible outcomes. The three-level questionnaire presents a total of nine potential outcomes, distributed among five distinct quality dimensions (Witell & Löfgren, 2007, p. 60). In the three-level questionnaire Kano model evaluation table, the dimensions are represented by the following abbreviations: A for Attractive, O for One-dimensional, M for Must-be, I for Indifferent, R for Reverse, and S for Skeptical. The skeptical evaluation is used for responses where it is uncertain whether the respondent has comprehended the question (Witell & Löfgren, 2007, p. 60).

<b>Functional Question:</b>	
How do you feel if the video streaming service provide a loyalty program?	1. I am satisfied 2. I am neutral 3. I am dissatisfied
<b>Dysfunctional Question:</b>	
How do you feel if the video streaming service does not provide a loyalty program?	1. I am satisfied 2. I am neutral 3. I am dissatisfied

Dysfunctional → Functional ↓	Satisfied	Neutral	Dissatisfied
Satisfied	Q	A	O
Neutral	R	I	M
Dissatisfied	R	R	Q

*Figure 2. The three level Kano model process*

*Q=Questionable, A=Attractive, O=One dimensional, R=Reversed, I=Indifferent, M=Must be*

#### 4.3.3 The Refined Kano Model and its Practical Implementation

The Kano model have been criticized for the lack of ability to fully consider the impact of customer expectations on their perception of quality and attribute importance ranking (Shahin et al., 2012, p. 345). To solve that issue, Ching-Chow Yang refined the Kano model and its practical implementation by adding question regarding how the participant rank the importance of the attribute. Thus, the model is able to rank the attributes (Yang, 2005, p. 1131). In the article Yang (2005, p. 1129) emphasize the main applications of Kano's model are in product and service development and improvement. Therefore, Yang (2005) argues it is essential for companies to identify and understand which attribute that have the greatest influence on customer satisfaction to be able to prioritize the investments of improvement effectively.

The refined model by Yang (2005) does show how the attributes influence customer satisfaction, but also the level of importance that customers assign to each attribute. According to Yang (2005, p. 1132), each attribute category utilized by the Kano model can be further classified into two categories based on attribute importance. The refined Kano model introduces a category for attributes that are considered important and another category for attributes that are perceived as less important (Yang, 2005, p. 1134). Yang (2005, p. 1311) categorize the two divisions of attractive attributes as highly attractive quality attributes and less attractive quality attributes. High attractive attributes present strategic opportunities for companies as they greatly contribute to customer satisfaction while less attractive attributes should be neglect if prioritizing is required. One-dimensional attributes are divided in high-value-added quality attributes and low value-added quality attributes, based on the level of importance assigned by customers. Yang (2005, p. 1311) emphasizes the significance of prioritizing high-value-added attributes, as they have a significant impact on customer satisfaction and, consequently, can lead to higher financial gains. On the other hand, low value-added quality attributes have a lower influence on customer satisfaction and should therefore be given lower priority.

Furthermore, must-be attributes are perceived to be fundamental for customers. Yang (2005, p. 1311) categorize the two divisions of the must-be attribute as critical quality attributes and necessary quality attributes. Critical quality attributes are fundamental to customers and therefore companies must ensure that these attributes are adequately fulfilled for their customers. By meeting the necessary level of necessary quality attributes, companies have the ability to prevent customer dissatisfaction. Indifferent quality attributes are divided to potential quality attributes and care-free quality attributes (Yung, 2005, p. 1311). Potential quality attributes, have the potential to become attractive attributes. Thus, companies can focus on these and develop strategic take advantage of the potential in an indifferent quality. Whereas companies should not provide care-free attributes due to prioritization of other attributes and resources (Yung, 2005, p. 1311). The refined Kano model by Yang (2005) adds valuable insights for companies to analyze key quality attributes that facilitates decisions when developing customer satisfaction strategies as it gives more detailed and specific information regarding attribute importance ranking.

#### 4.3.4 Continuous analysis of the Kano-model

In the Kano-model, attributes get mapped to categories depending on how much or little they affect customer satisfaction according to answers provided by respondents. As explained previously, in the discrete Kano-model, the resulting category is the one corresponding to the most frequent answer. Disadvantages with this discrete model are;

- The result is not granular, we lose information along the way
- It is difficult to see the variability (spread) in the data
- Hard and soft answers get equal weight

(Wood, 1993, s.13-17)

However, there is a method that can be applied which will enable a deeper analysis and where we can gain more precise and granular results from our survey. A graphical continuous analysis extension to the Kano-model was suggested by William DuMouchel in 1991, and later presented in a compendium dedicated to the application of Kano's methods (Wood, 1993, s.20)

Firstly, the method starts by giving each of our three alternative answers; *Satisfied*, *Neutral*, *Dissatisfied*, a numerical value with a higher value representing a more positive view of the attribute. The numerical values for the functional and dysfunctional questions will be reversed since in the case of the dysfunctional answer, a strong disagreement with the attribute's absence would indicate that it should be seen as a positive view of the attribute.

Furthermore, we use an asymmetrical scale following the logic that the must-be and one-dimensional classifications are stronger responses than questionable or reverse and this should be reflected numerically in the model. Therefore, the scaling gives less weight to the responses which are ranked as less strong to diminish their impact on the calculated average (Wood, 1993, s.20)

In our case, where we have chosen to use three levels of answers, the mappings become;

*Functional*:  $y_{ij}=2$  (*Satisfied*),  $0$  (*Neutral*),  $-1$  (*Dissatisfied*)

*Dysfunctional*:  $x_{ij}=2$  (*Dissatisfied*),  $0$  (*Neutral*),  $-1$  (*Satisfied*)

Where we assume there are  $Q$  pairs of questions,  $j=1, \dots, Q$ , and  $N$  respondents,  $i=1, \dots, N$ .

We now simply map one respondent's answer to the  $j^{\text{th}}$  attribute with a point in a two-dimensional diagram with the functional answer corresponding the x-value and the dysfunctional corresponding to the y-value. Taking the average of all respondents' answers will then give us the numerical result for this  $j^{\text{th}}$  attribute. In mathematical terms;

$$x_j = \frac{\sum_i x_{ij}}{N} \text{ and } y_j = \frac{\sum_i y_{ij}}{N} \text{ with } i=1, \dots, N$$

For each attribute,  $j=1, \dots, Q$  we in this way get numerical representation in two dimensions of the answers the respondents provided to the questions asked. These values

can then be plotted in a graph to clearly show the placement of the different attributes (Wood, 1993, s.21).

We must also establish which area in the two-dimensional diagram should be mapped to which category so that we can use the plot to determine the result for each feature. If we follow the logic behind the numerical values of the functional and dysfunctional questions, we can argue that the most interesting answers should lie in the first quadrant, and we can therefore focus our attention on the results that end up there. Since each category (*Attractive, One-dimensional, Indifferent, must-be*) is represented by a coordinate in each of the corners of the first quadrant, we can split the quadrant into four equally large areas, as illustrated in the figure below. If a result end up in one of the areas is then categorized accordingly but with the knowledge that the larger the distance from the category coordinate, the weaker the result is.

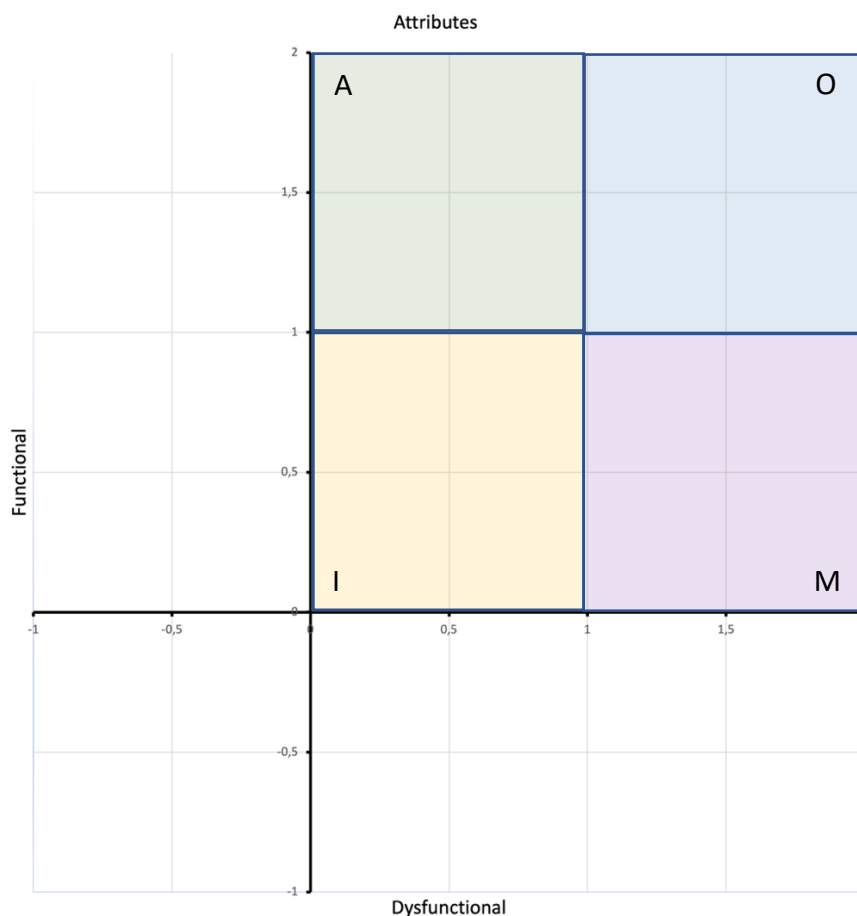


Figure 3. Kano model graph for attribute plotting

*A=Attractive, O=One dimensional, I=Indifferent, M=Must be*

Lastly, the standard deviation is calculated to measure the spread of the numerical responses in order to determine the certainty of the results achieved (Alwan, 2016, s. 31). For instance, if the standard deviation easily takes us into the region of a different category, we can use this information to discuss how trustworthy the data is. We calculate the standard deviation for our sample mean for the J<sup>th</sup> attribute by;

$$S_{xj} = \sqrt{\frac{1}{N} \sum_{i=1}^n (x_{ij} - X)^2} \text{ and } S_{yj} = \sqrt{\frac{1}{N} \sum_{i=1}^n (y_{ij} - Y)^2}$$

#### 4.4 Pilot testing of survey

In order to ensure the online survey for this data collection would collect relevant and useful data, the authors did perform a pilot testing before publishing the study. The online survey was created based on the Kano model as it is suitable for identifying how customers perceive satisfaction regarding different service attributes. The survey was developed based on the Kano model framework and included ten attributes assessed through a dynamic and functional question format. The dynamic and functional question format involves presenting each attribute in two different scenarios: one where the attribute is present in the video streaming service and another where it is absent, asking participants to express their feelings in each case.

For the pilot testing, we identified 10 individuals from friends and family that were selected as participants. The participants were chosen within our closest network for the reason of getting quick and honest response. This selection aimed to gather feedback from individuals who could provide valuable insights and offer constructive criticism to improve the survey's effectiveness. Thus, all individuals chosen for the pilot testing met the criteria required for the survey and represented diverse age and gender demographics to capture a wide range of perspectives.

The initial version of the survey included a five-level questionnaire with multiple-choice options corresponding to the five levels. However, during the pilot testing, participants expressed difficulties in comprehending the complexity of the five-level scale. Thus, we evaluated the issue and concluded that the level of detailed data the survey possibly would obtain through the five-level questionnaire, should not be prioritized over a complex survey. The authors did also evaluate the possibility of renaming the multiple-choice options, but the insight was that the more alternatives the more friction the respondent will feel which thus may increase the probability of misunderstanding and thereby unusable data. Therefore, the authors decided to simplify the questionnaire by reducing it to a three-level scale. This adjustment was aimed at enhancing participant understanding and ensuring a more intuitive response process. After the adjustments were made, the same participants plus additionally five did pilot test the survey again. This was made to ensure the survey were easy to understand and fulfill. The reason for sending it to the same participants was to get the comparison between the two surveys, and the reason for sending it out to additionally five participants were to get fresh eyes that were not familiar with the subject to see if they understood it the first time.

The pilot testing phase provided valuable insights into the effectiveness of the survey design and helped refine the questionnaire to ensure better participant understanding. Feedback from friends and family members representing diverse age demographics played a crucial role in identifying areas that required adjustment. By incorporating their suggestions and simplifying the questionnaire, the survey was optimized for the main data collection phase, ensuring a more accurate assessment of Swedish video streaming consumer preferences and improved customer satisfaction.

#### 4.5 Entry level questions

Apart from the Kano model questionnaire, the survey included three additional multiple-choice questions. The first two questions were asked to facilitate data collection based on demographics. One of the demographical questions was regarding gender. The intention with the question were no other than ensure achieving a representative sample, since the gender demographics on the Swedish video streaming market is evenly distributed between male and females. The question was, *I identify myself as*, with the possible answers of *female*, *male non-binary* and *I do not want to specify*.

The other demographic question was related to age, which was asked to categorize the answers based on age demographics. Previous research has proven that preferences and consumer behavior can differ between different generational groups. Therefore, the study made sure that all responses were connected with an age. The age groups were divided in five segments, 18-24, 25-34, 35-44, 45-54 and 55 and above. Considering only a small segment of the video streaming demographic are above 65 years old, it was decided to not be more specific over the age of 55.

The question that was asked before the Kano model questionnaire were, *rank the options below according to what affects your customer experience most and least on a video streaming service*. The options for the participants ranked between were the different components of the business model, content, price, user experience and customer service. The purpose of this question was to identify and get an understanding of how the customers value the different components between each other. Based on the ranking, the attributes importance could be ranked in relation to which component of the business model it belongs to.

#### 4.6 Examined attributes in the survey

The survey aims to examine attributes associated with three main components of video streaming service business models: price, user experience and customer service. The questionnaire will be performed using the Kano model to identify how these three components influence customers satisfaction of the service, and thus customer retention. Given the dynamic nature of the market, understanding consumer perspectives on these components is crucial for OTT video companies to remain competitive and effectively satisfy their target audience.

Pricing methods are constantly evolving in the highly competitive environment within the OTT video industry. To gain valuable insights into the perceptions of Swedish consumers regarding various pricing strategies, the authors developed three questions associated with different pricing methods. The aim was to understand how different approaches to pricing were perceived by consumers.

The first question explores the perception of Swedish consumers regarding the attribute *multiple subscription plan options*. Since customers often consider different payment alternatives when choosing a service (Krämer, J. & Wiewiorra, L., 2012, p. 29) the authors wanted to examine how consumers perceive to get the possibility to choose between several subscription plan options with one video streaming service. To the participants, the authors described the options are categorized based on different content such as sport packages or movie packages and also different price plans that for example is depending on the number of users. The authors believe the early choice may correlate with active participation and therefore also emotional attachment (Van Doorn et al., 2010,



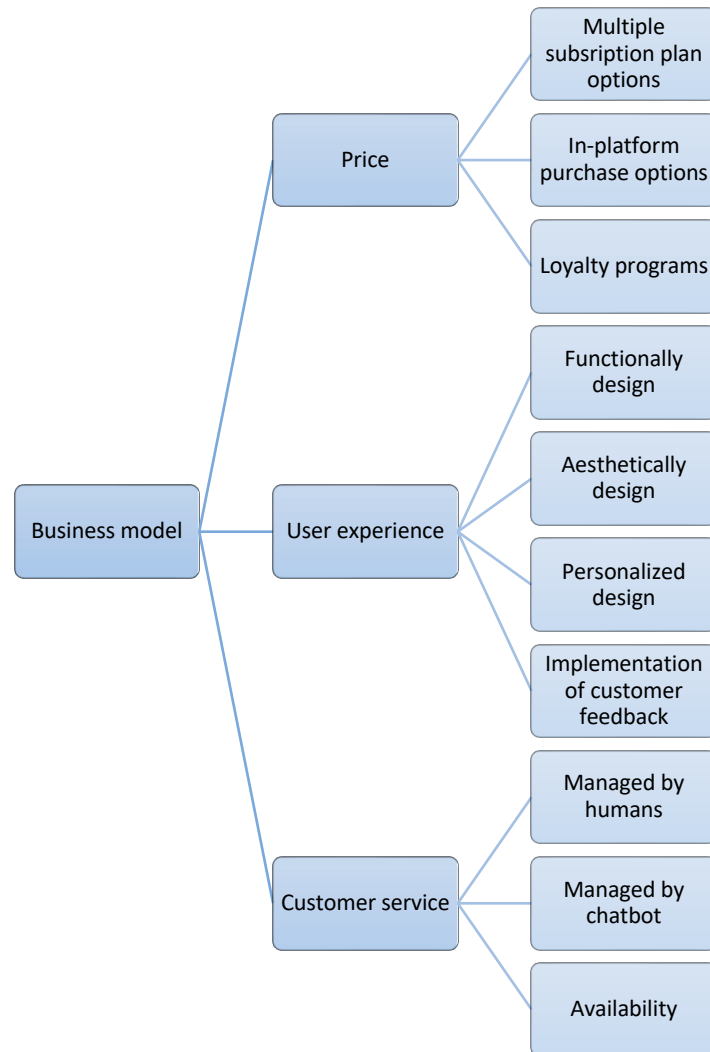
p. 259) to the service which correlates with customer retention (Bansal et al., 2004, p. 239). Based on the same reason, the survey examines the attribute *in-platform purchase options*. This attribute was described to the respondent as the possibility to rent exclusive movies as a subscriber. In-platform purchase option is related to the pricing strategy of pay-per-use which is one of the more flexible price plans for the customer (Kienzler et al., 2021, p. 132).

The user experience is an important part of the business model since it covers many aspects that promotes customer satisfaction. In the context of a video streaming service, the design and interface of the platform play a crucial role as the platform interact with the user during each usage. Therefore, this survey primarily focuses on three key attributes that are closely tied to user experience and significantly contribute to overall satisfaction with the service's usage. These attributes are a *functionally designed platform*, *esthetically designed platform*, *personalized platform* and *implementation of customer feedback* (Ambekar, et al., 2021, p. 57). By exploring consumer perceptions of these attributes, the survey aims to provide further understanding of what attributes customers in Sweden value in their OTT video subscription services and what makes them stay on the platform apart from the content provided. Thus, the study can provide insights of how video streaming services can approach development of functionally designed, esthetically designed, and personalized platforms. The findings will provide valuable indications and recommendations for platform developers to enhance user experiences in terms of functionality, visual appeal, and personalization. Further, the question *implementation of customer feedback* aims to further examine how consumer engagement in a brand can impact their satisfaction. According to Van Doorn et al. (2010), customer engagement might have a direct impact on customer retention since it promotes emotional attachment. By analyzing and systematically observing active participation in the service experience, companies can adapt relevant strategies based on evaluations and feedback from consumers which in turn can have a positive impact on customer retention (Van Doorn et al., 2010, p.262)

Further, the attribute *loyalty programs* were analyzed as a component related to user experience. The literature has determined that customer satisfaction is highly connected to emotions of loyalty (Posselt & Gerstner, 2005, p. 43) which in turn have a correlation with customer retention (Murali et al., 2016, p. 67). The authors assume loyalty programs have the ability of maintain long-term relations which is associated with sustainable competitive advantages due to positive correlation with customer retention (Anderson, et al., 2004, p. 173).

The third component in the business model that we chose to further analyze is the customer service. The attributes representative for customer service were chosen as *always available customer service*, *customer service managed by humans* and *customer service managed by chatbot*. The first question, *always available customer service*, is related to the customer service component in a business model related to video subscription-based services. It is asked to further examine how consumers value availability, and how it impacts their satisfaction of the subscription service. Further, *customer service managed by humans* and *customer service managed by chatbot* were asked in order to further examine customer satisfaction in relation to customer service. According to Chen (2007, p.188) trust is a key driver of consumer satisfaction and can have a big impact on the customer experience and future brand loyalty. Having either a chatbot or human helping the customer out with their errands can have an impact on their

emotional involvement in the brand and thus also have a large impact on the trust and connection they feel for the helper and the brand it represents.



*Figure 4. Business model components and their associated attributes*

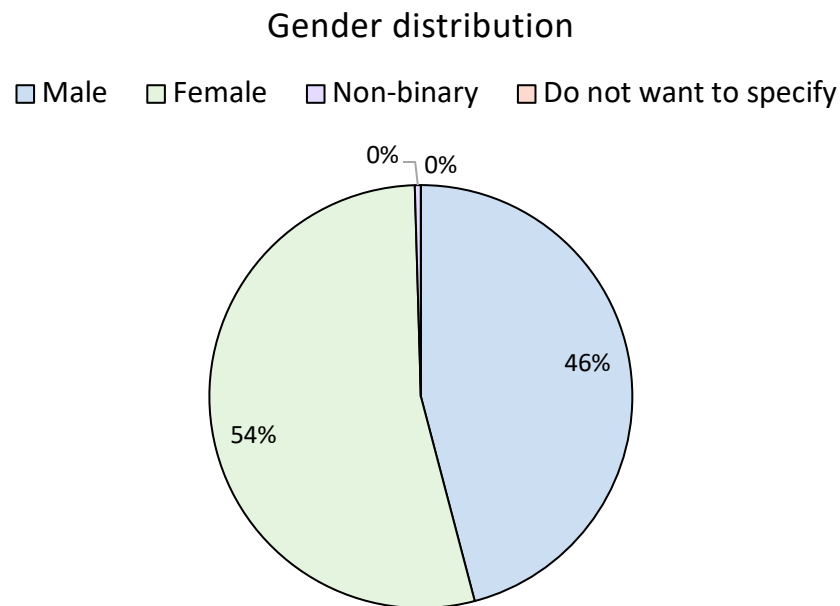
## 5. Empirical findings

*In this chapter the empirical findings from the study will be presented. The retrieved results will firstly be demonstrated through individual graphs and diagrams, and then later implemented and analyzed through the kano-model. The results are then further implemented in a continuous analysis where the results are merged and plotted in a graph for an overall comparison of the result. The descriptive data that has been collected for this study will in later part of this thesis be discussed more deeply and in relation to the relevant theories for the proposed research question.*

### 5.1 Demographics

#### 5.1.1 Gender

The total number of respondents for the survey was 220 people, with 101 male respondents, 118 female respondents and 1 respondent identifying as non-binary. The aim was to get a relatively equal distribution between male and female respondents since it could result in a more accurate sample of the population. The study's main purpose is not to compare the two genders and look at differences in their answers in relation to what gender they identify as. However, this question was still included since we as we believe it can be of importance to look at the demographics of the respondents to confirm that the answers are representative for both male and females.

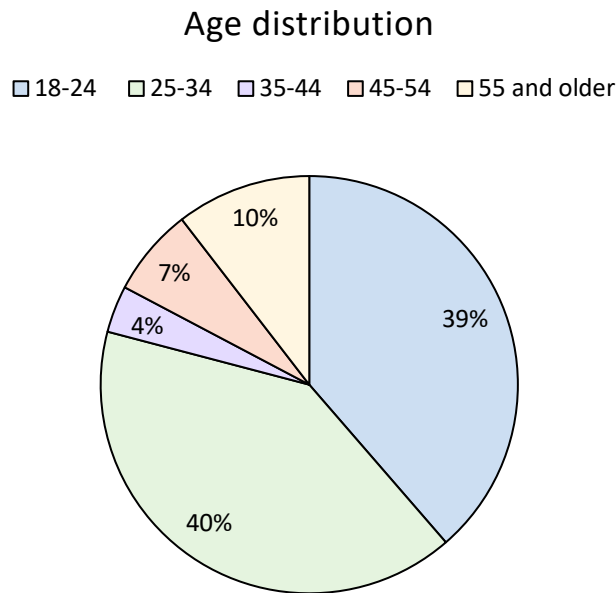


*Figure 5. Diagram of gender distribution*

#### 5.1.2 Age

While gender alone does not provide an in-depth understanding of the respondents demographics, it does give an indication into the diversity of the individuals who have participated in the survey. This information could be used to draw conclusions about the preferences of specific target groups. The age is categorically distributed in different intervals, divided into five segmentation groups. In the age group 18-24 years there were 85 respondents, In the age-group 25-34 years there were 89 participants and in the age

group 35–44-years there were 8 participants. Further, the age group 45-54 years had 15 participants and lastly the participants who were 55 years or older had 23 respondents who participated in the survey. The age categories of 18-24 years and 25-34 years comprised a significant proportion (79%) of the total participants, suggesting that the results may be more representative of individuals between the ages of 18 and 34.



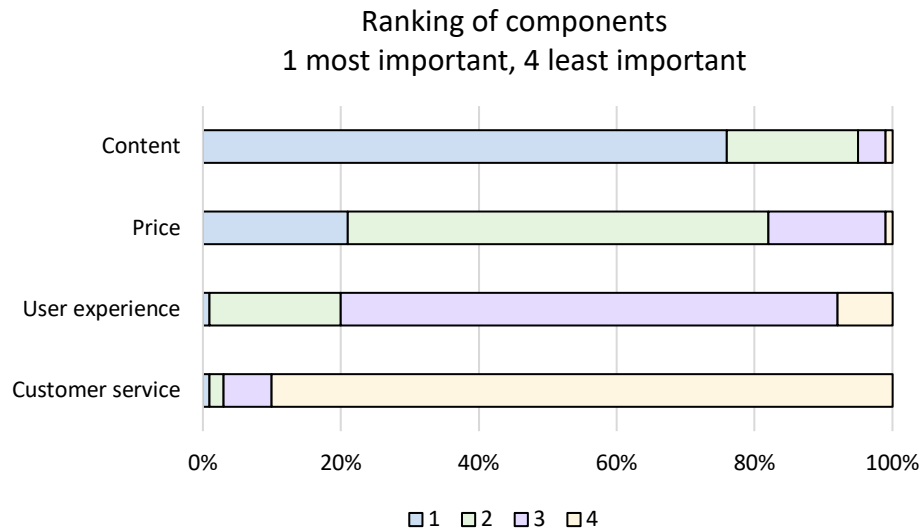
*Figure 6. Diagram of age distribution*

### 5.1.3 Ranking of business model components

Subsequently to profiling the respondents of the survey through two sets of demographic related questions, the question that followed concerned the components in the business model that had been identified to have an impact on customer satisfaction and retention. In this question, *content* was added as a fourth component. This was included to confirm that content is the attribute highest valued by most customers, which also proved to be true based on the results gathered. Further, we could then closer look at how the other attributes were ranked against each other. This ranking is crucial for the results of the thesis since it demonstrates which attributes should be higher prioritized, depending on their associated component ranking in combination with their categorizational kano-model ranking.

Out of the total respondents, a significant number of 169 (76%) individuals selected content as the most important feature in a video subscription service. Additionally, 41 (19%) people ranked content as their second option, 8 (4%) people placed it as their third option and 3 (1%) people considered it their fourth and final choice. Apart from the clear results that content is a highly valued component in OTT subscription-based services, we turn to look at the other components and their ranking. After content, price placed second in the ranking. It was selected as the first-place option by 46 (21%) people and ranked second by 134 (61%) people. Moreover, 37 (17%) people placed it in third place, and 3 (1%) people considered it their fourth choice. User experience was ranked third overall. Only 3 (1%) people placed it in first place, 41 (19%) people ranked it second, 159 (72%) people considered it third, and 17 (8%) people placed it in fourth place. Customer service

was ranked as the fourth and last attribute. Among the respondents, only 3 (1%) people considered it the most important, 4 (%) people ranked it second, 16 (7%) people ranked it third, and 197 (7%) people ranked it last among the other alternatives. These results give an indication of how each associated attribute will rank, even if they are categorized the same in the Kano-model.



*Figure 7. Ranking of components in subscription-based streaming services*

## 5.2 Summary of survey results

The Kano model survey summary will be visually presented by two tables per attribute in order to provide an overview of all respondent answers. The first table demonstrate the number of responses each category received based on the answers to the functional and dysfunctional questions. The colored section highlights the perceived quality of the attribute based on the highest number of responses. Thus, the attribute is categorized according to the highlighted section's category. The second table presents the spread of answers across the categories as a percentage. The percentage in the second table is based on the number of answers per category in table one.

### 5.2.1 Customer Perceptions of multiple subscription-plan options

The questions asked about video streaming services offering multiple subscription-plan options, such as sport, premium and family-based packages resulted in answers mostly spread between the two categories attractive and indifferent. Out of the 220 participants, 78 valued the attribute as an attractive feature, while 68 participants rated it as indifferent, which accounts for 35,5% respectively 30,9% of the total responses. The one-dimensional category had the third highest number of responses with 14%, followed by the reverse category with 12% of the responses. Multiple subscription-plan options were rated as a questionable attribute by 6%.

Since a larger proportion of the respondents felt neutral when multiple subscription-plan options were absent and satisfied when they were present, the attribute categorize as an attractive attribute.

Table 1. Total responses per outcome and attribute categorization

Multiple subscription-plan options		Attribute absent		
Attribute present		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>Q (13)</b>	<b>A (78)</b>	<b>O (30)</b>
	<i>Neutral</i>	<b>R (7)</b>	<b>I (68)</b>	<b>M (4)</b>
	<i>Dissatisfied</i>	<b>R (13)</b>	<b>R (6)</b>	<b>Q (1)</b>

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

Table 2. Distributed number of responses per category

<b>A</b>	<b>O</b>	<b>M</b>	<b>I</b>	<b>R</b>	<b>Q</b>	<b>Total</b>	<b>Category</b>
<b>35,5%</b>	13,6%	1,8%	30,9%	11,8%	6,4%	220	Attractive

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

### 5.2.2 Customer Perceptions of in-platform purchase options

A majority of the respondents, to be precise 59% perceived dissatisfied when a video streaming service offers additional in-platform purchase options and satisfied when the feature is absent. The category that received the second highest number of responses was the indifferent category accounting 24% of the answers. Subsequently, there was a decrease in the number of responses for the following categories. In-platform purchase options were valued as an attractive quality by 10%, a one-dimensional quality by 3% and only 0,5 % of the respondents valued the attribute as a must-be quality. In-platform purchase options were rated as a questionable attribute by 5 %.

Since the majority of the respondents felt satisfied when in-platform purchase options were absent, and perceived dissatisfaction when the attribute were present the attributed categories as a reverse attribute.

Table 3. Total responses per outcome and attribute categorization

In-platform purchase options		Attribute absent		
Attribute present		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>Q (9)</b>	<b>A (21)</b>	<b>O (6)</b>
	<i>Neutral</i>	<b>R (16)</b>	<b>I (53)</b>	<b>M (1)</b>
	<i>Dissatisfied</i>	<b>R (88)</b>	<b>R (25)</b>	<b>Q (1)</b>

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*



Table 4. Distributed number of responses per category

A	O	M	I	R	Q	Total	Category
9,5%	2,7%	0,5%	24,1%	58,6%	4,5%	220	Reverse

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

### 5.2.3 Customer Perceptions of loyalty program

The questions regarding the presence and absence of a loyalty program feature revealed that most respondents rate the feature as an attractive attribute. The attractive attribute contained 41% of the answers whereas the category with the second highest number of responses, 33%, were the indifferent category. Further, the categories one-dimensional and reverse were almost equally valued with 10,5% respectively 11,4% of the responses. Only one individual valued a presence of a loyalty program as a must-be quality. Loyalty programs were rated as a questionable attribute by 3%.

A significant proportion of the respondents would perceive neutral feelings when a loyalty program is absent but would be satisfied when the attribute is present. Therefore, the loyalty program attribute categories as an attractive attribute.

Table 5. Total responses per outcome and attribute categorization

Loyalty program	Attribute absent			
Attribute present		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>Q (5)</b>	<b>A (91)</b>	<b>O (23)</b>
	<i>Neutral</i>	<b>R (7)</b>	<b>I (73)</b>	<b>M (1)</b>
	<i>Dissatisfied</i>	<b>R (13)</b>	<b>R (5)</b>	<b>Q (2)</b>

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

Table 6. Distributed number of responses per category

A	O	M	I	R	Q	Total	Category
41,4%	10,5%	0,5%	33,2%	11,4%	3,2%	220	Attractive

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

### 5.2.4 Customer Perceptions of personalized platform

Regarding personalization of the platform, two categories received the majority of the responses. Most of the participants, with 46% of the responses, valued a personalized platform as an attractive feature. The category containing the second most responses were the one-dimensional quality, containing 35% of the answers. Moreover, 14 % rated a

personalized platform as an indifferent quality, 2% as a reverse quality and 0,5% as a must-be quality. A personalized platform was rated as a questionable attribute by 2%.

Since a majority of the respondents would feel satisfied with the present of a personalized platform attribute, and neutral with the absent of the attribute it is categorized as an attractive quality.

Table 7. Total responses per outcome and attribute categorization

Personalized platform	Attribute absent			
Attribute present		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>Q (5)</b>	<b>A (102)</b>	<b>O (77)</b>
	<i>Neutral</i>	<b>R (2)</b>	<b>I (30)</b>	<b>M (1)</b>
	<i>Dissatisfied</i>	<b>R (1)</b>	<b>R (2)</b>	<b>Q (0)</b>

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

Table 8. Distributed number of responses per category

A	O	M	I	R	Q	Total	Category
<b>46,4%</b>	35,0%	0,5%	13,6%	2,3%	2,3%	220	Attractive

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

### 5.2.5 Customer Perceptions of esthetically designed platform

The questions regarding how costumers feel about the presence and absent of an esthetically designed platform showed 42% rate it as an attractive attribute. 35% of the participants acknowledged satisfaction when the platform is esthetically designed and dissatisfied when the platform is not esthetically designed. Thus, valued the attribute as one-dimensional. Furthermore, 19% categorized an esthetically designed platform as an indifferent quality, 1% as a reverse quality and 0,5% as a must-be quality. An esthetically designed platform was rated as a questionable attribute by 3 %.

The quality is categories as an attractive feature considering most of the responses felt satisfaction when the platform is aesthetically designed and felt neutral when it is not.

Table 9. Total responses per outcome and attribute categorization

Esthetically designed platform	Attribute absent			
Attribute present		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>Q (4)</b>	<b>A (93)</b>	<b>O (76)</b>
	<i>Neutral</i>	<b>R (0)</b>	<b>I (42)</b>	<b>M (1)</b>
	<i>Dissatisfied</i>	<b>R (1)</b>	<b>R (1)</b>	<b>Q (2)</b>

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse,  
Q = Questionable*

*Table 10. Distributed number of responses per category*

<b>A</b>	<b>O</b>	<b>M</b>	<b>I</b>	<b>R</b>	<b>Q</b>	<b>Total</b>	<b>Category</b>
<b>42,3%</b>	34,5%	0,5%	19,1%	0,9%	2,7%	220	Attractive

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse,  
Q = Questionable*

### 5.2.6 Customer Perceptions of functionally designed platform

The questions pertaining to the user's perception of the presence and absence of a functionally designed platform resulted in a majority of 76 % recognizing the attribute as a one-dimensional. Subsequently, 15% valued a functionally designed platform as an attractive attribute. Thus, only a minority of the participants considered the attribute as indifferent, must-be and reverse. The category labeled indifferent accounted 5% of the responses, while the must-be category accounted 3% of the responses. Only 0,5% of the respondents rated a functionally designed platform as a reverse attribute. A functionally designed platform was rated as a questionable attribute by 1%.

Considering 76% of the respondents felt satisfied when the video streaming platform is functionally designed and felt dissatisfied when the platform is not functionally designed, the result determined a clear majority value the attribute as one-dimensional. Thus, the attributes categories as one-dimensional.

*Table 11. Total responses per outcome and attribute categorization*

<b>Functionally designed platform</b>		<b>Attribute absent</b>		
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>Q (2)</b>	<b>A (32)</b>	<b>O (168)</b>
	<i>Neutral</i>	<b>R (1)</b>	<b>I (11)</b>	<b>M (6)</b>
	<i>Dissatisfied</i>	<b>R (0)</b>	<b>R (0)</b>	<b>Q (0)</b>

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse,  
Q = Questionable*

*Table 12. Distributed number of responses per category*

<b>A</b>	<b>O</b>	<b>M</b>	<b>I</b>	<b>R</b>	<b>Q</b>	<b>Total</b>	<b>Category</b>
14,5%	<b>76,4%</b>	2,7%	5,0%	0,5%	0,9%	220	One-dimensional

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse,  
Q = Questionable*

### 5.2.7 Customer Perceptions of always available customer service

The results for the attribute with a customer service that always is available resulted in a narrow margin between the two categories attractive and one-dimensional. 35% of the participants categorized the attribute as attractive, whereas 34% categorized it as one-dimensional. Further, the category with the third most answers were the indifferent category, containing 27% of the responses. The must-be category did only receive 2% of the responses and 0% categorized the attribute as reverse. Customer service that always is available was rated as a questionable attribute by 3%.

The attribute is categorized as an attractive attribute based on the category receiving the highest number of responses.

Table 13. Total responses per outcome and attribute categorization

Always available customer service	Attribute absent			
Attribute present		Satisfied	Neutral	Dissatisfied
	Satisfied	Q (6)	A (76)	O (74)
	Neutral	R (0)	I (59)	M (4)
	Dissatisfied	R (0)	R (0)	Q (1)

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

Table 14. Distributed number of responses per category

A	O	M	I	R	Q	Total	Category
34,5%	33,6%	1,8%	26,8%	0,0%	3,2%	220	Attractive

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

### 5.2.8 Customer Perceptions of customer service managed by humans

After compiling the answers from the questionnaire survey on the presence or absence of the attribute customer service manned by humans the result showed 49% valued it to the one-dimensional category. Subsequently, the categories attractive and indifferent attribute contained the second and third most of the responses with 25% respectively 22%. Only 2% of respondents considered the attribute a must-be, which is equivalent to the reverse attribute which also received 2% of the responses. Customer service managed by humans was rated as a questionable attribute by 2%.

Since 49% experienced satisfaction when the customer service is manned by humans and dissatisfied when it is not, the attribute is categorized as one-dimensional.

Table 15. Total responses per outcome and attribute categorization

Customer service managed by humans	Attribute absent			
Attribute present		Satisfied	Neutral	Dissatisfied
	Satisfied	Q (4)	A (54)	O (108)
	Neutral	R (2)	I (48)	M (3)
	Dissatisfied	R (0)	R (1)	Q (0)

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

Table 16. Distributed number of responses per category

A	O	M	I	R	Q	Total	Category
24,5%	49,1%	1,4%	21,8%	1,4%	1,8%	220	One-dimensional

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

#### 5.2.9 Customer Perceptions of customer service managed by chatbot

A majority of 54% categorized the chatbot attribute as a reversed attribute. The category with the second highest responses were indifferent which recorded 33% of the answers. Thus, 87% of the respondents did not categorize the attribute as either attractive, one-dimensional, or a must-be. However, the remaining categories had an even spread of answers between them. 5% rated it as attractive, while 2% rated it as one-dimensional, and another 2% rated it as a must-be attribute. Customer service managed by chatbot was rated as a questionable attribute by 4%.

Chatbot is categorized as a reverse attribute based on that the majority of the respondents acknowledged they would feel dissatisfied if the customer service were managed by a chatbot, and satisfied when the chatbot is absent.

Table 17. Total responses per outcome and attribute categorization

Customer service managed by chatbot	Attribute absent			
Attribute present		Satisfied	Neutral	Dissatisfied
	Satisfied	Q (5)	A (10)	O (5)
	Neutral	R (22)	I (73)	M (4)
	Dissatisfied	R (80)	R (17)	Q (4)

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

Table 18. Distributed number of responses per category

A	O	M	I	R	Q	Total	Category
4,5%	2,3%	1,8%	33,2%	54,1%	4,1%	220	Reverse

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

### 5.2.10 Customer Perceptions of implementation of customer feedback

The questionnaire revealed that 46 % of the participants perceived the attribute implementation of customer feedback as attractive. It was the category with the highest number of responses followed by the category indifferent which contained 28% of the answers. One-dimensional were the third most selected category with 16%. Further, 7% of respondents considered the attribute a must-be, and notable 0% valued the attribute as a must-be. Implementation of customer feedback was rated as a questionable attribute by 4%.

As almost the majority of the respondents would feel satisfied with the present of the attribute, and neutral with the absent of the attribute it is categorized as an attractive quality.

*Table 19. Total responses per outcome and attribute categorization*

Implementation of customer feedback	Attribute absent			
Attribute present		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>Q (7)</b>	<b>A (101)</b>	<b>O (35)</b>
	<i>Neutral</i>	<b>R (4)</b>	<b>I (61)</b>	<b>M (0)</b>
	<i>Dissatisfied</i>	<b>R (7)</b>	<b>R (4)</b>	<b>Q (1)</b>

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

*Table 20. Distributed number of responses per category*

A	O	M	I	R	Q	Total	Category
<b>45,9%</b>	15,9%	0,0%	27,7%	6,8%	3,6%	220	Attractive

*A = Attractive, O = One-dimensional, M = Must-be, I = Indifferent, R = Reverse, Q = Questionable*

### 5.3 Attribute ranking based on price, user experience and customer service

In the following section, we will rank the importance of the various attributes from the Kano model in each of their respective category. The results from the survey categorized the attributes in three of the six potential categories from the Kano model. The results revealed that the attributes were perceived as attractive, one-dimensional, and reverse when present. None of the other categories had the highest representation among the participants and, as a result, they will not be further evaluated. To rank the importance of the attributes, we will divide them into their respective segments, such as attractive, one-dimensional, and reverse attributes. For instance, we will rank attractive attributes only among themselves, and not together with reverse attributes. The ranking of the importance of the attribute will be based on question number four in the survey where the



participants ranked the importance of the four components in the business model: content, price, user experience and customer service. Since this study does not focus on the content element, it will not be considered in the ranking. Among the remaining components, price was ranked as the most important, followed by user experience and customer service. Therefore, the attributes will be ranked accordingly to that order based on which component of the business model the attribute belongs to. The attribute importance ranking will provide a greater understanding of which attributes within the different quality categories that contribute the most to overall customer satisfaction.

### 5.3.1 Attractive attributes

Of the ten attributes the survey investigated, six attributes were categorized as attractive. The six attributes were derived from all three components of the business model: price, user experience and customer service. Three of the attributes perceived as attractive were related to user experience, two were related to price and, one was related to customer service. The price-related attractive attributes were multiple subscription plan options, which 36% of the respondents perceived as an attractive quality. The percentage indicate the extent to which a significant portion of the population values these features as attractive. Thus, it is important to note that the number of answers alone does not allow for a definitive assessment of the relative importance between the attributes within the same component of the business model.

The qualities related to user experience that categorized as attractive attributes were loyalty program, personalized platform, implementation of customer feedback and esthetically designed platform. The attributes had a similar distribution of responses to the attractive attribute with the lowest at 41% and the highest at 46%. The customer service quality categorized as attractive attribute was a customer service that always is available.

Based on the ranking of the components in the business model, the importance of attractive attributes can be ranked as follows: Multiple subscription plan options are ranked as the most important attribute, followed by loyalty programs, personalized platform, implementation of customer feedback, and esthetically designed platform. The lowest ranking among the attractive attributes was customer service that is always available. These rankings are based on the responses of the survey participants who rated the importance of the different components in the business model, and they provide valuable insights into the features that creates the most satisfaction for the users in video streaming services.

### 5.3.2 One-dimensional attributes

Furthermore, out of the ten attributes, two were perceived as one-dimensional, one related to user experience and the other to customer service. The specific attributes were functionally designed platform and customer service managed by humans. Both were clearly categorized as one-dimensional attributes, with a noticeable distinction to the other potential categories. However, the results indicate that participants were more inclined to agree that a functionally designed platform is a one-dimensional quality, as 76% perceived it as such, in contrast to 49% of participants who considered human-managed customer service to be one-dimensional.

Nevertheless, the attributes importance is ranked based on the importance of the business model component. Therefore, the attribute related to user experience, functionally

designed platform, is ranked as a more important quality than the quality of a customer service managed by humans.

### 5.3.3 Reverse attributes

The survey revealed that the final two attributes, in-platform purchase options and customer service managed by a chatbot, creates dissatisfaction when they are present. Thus, these two attributes are classified as reverse features. The attributes belong to different components of the business model. In-platform purchase options belongs to the component price, and chatbot belongs to customer service. Therefore in-platform purchase options are ranked as more important than customer service managed by a chatbot. However, in this case, since the attribute is perceived negatively, it indicates that video streaming services would benefit from not offering in-platform purchase options, as the presence of this attribute leads to dissatisfaction.

### 5.4 Results from continuous analysis of Kano model

The data retrieved from the study was used to make further predictions about consumer preferences related to video subscription services. Firstly, the mean for each attribute was calculated in order to retrieve values which could be used to plot each attribute in a graph. The following table demonstrates the results.

Table 21. Calculated mean for each attribute

Mean	X-axis	Y-axis
Multiple subscription-plan options	0,17	1,01
In-platform purchase options	-0,44	-0,19
Loyalty program	0,12	0,99
Personalized platform	0,67	1,66
Esthetically designed platform	0,70	1,55
Functionally designed platform	1,57	1,84
Always available customer service	0,69	1,41
Customer service managed by people	0,98	1,50
Customer service managed by chatbot	-0,37	-0,28
Implementation of customer feedback	0,25	1,25

The higher value on the y-axis (functional question) and x-axis (dysfunctional question) the higher the attribute has been valued by the respondent. Starting with the calculated average for each attribute, only two attributes received negative averages on both the functional (y-axis) and dysfunctional (x-axis) questions. Both attributes, *in-platform purchase options* and *customer service managed by chatbot* are then placed in the third quadrant which represent the categorization *Reversed*. Meaning, that if the attributes are not there it will in fact increase the user's satisfaction and if the attribute is present, it will affect their satisfaction negatively. Therefore, these attributes should not be prioritized by managers working to improve their strategies in video subscription-services. All other attributes have positive calculated averages both for the x-axis and y-axis, indicating that they will be placed somewhere in the first quadrant. The attributes are categorized

differently depending on where in the first quadrant they are placed. *Loyalty programs* and *multiple subscription-plan options* are closely plotted between the categories *attractive* and *indifferent*. The attributes *Implementation of customer feedback*, *personalized platform*, *esthetically designed platform* and *always available customer service* are all categorized as *attractive* features, indicating that they have significant effect on customer satisfaction. *Customer service managed by humans* is an attribute that is categorized between *attractive* and *one-dimensional*, also indicating the attributes importance in terms of customer satisfaction. The attribute *functionally designed platform* is categorized as a *one-dimensional feature*, indicating the same thing. All attributes are plotted below, showing each given categorization in the colored areas.

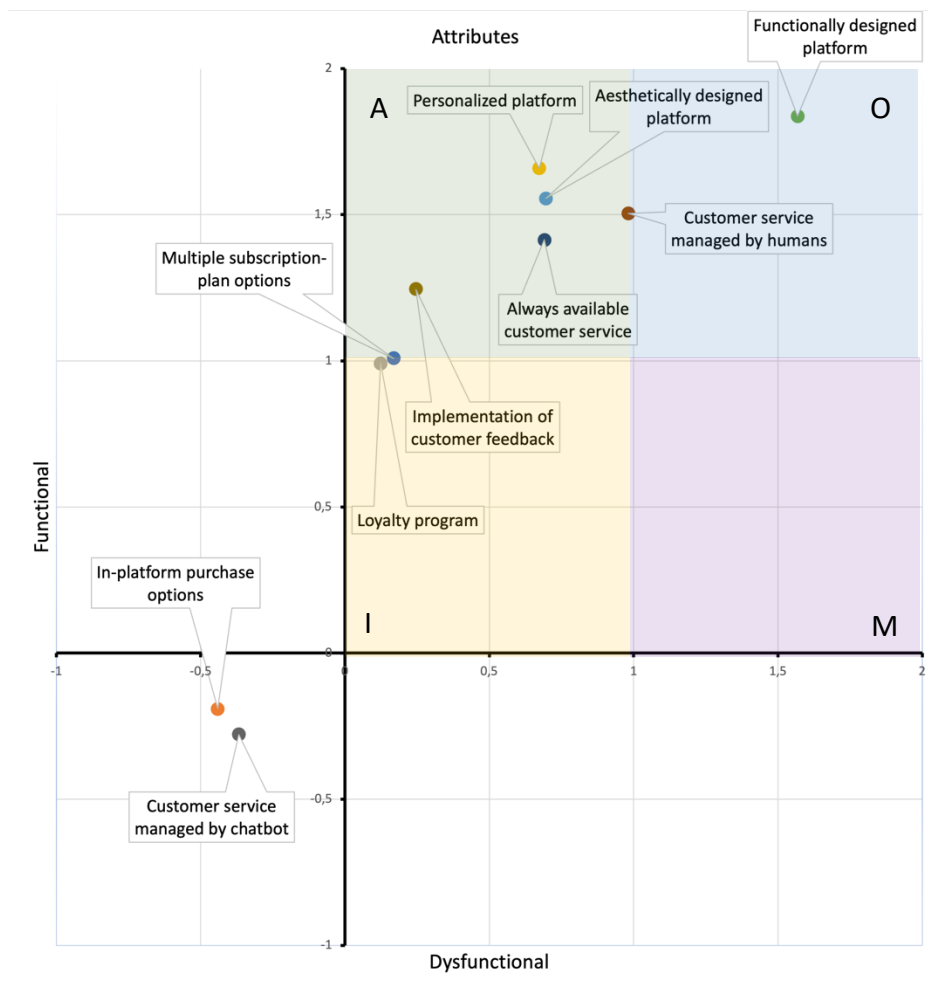


Figure 8. Plotted graph with attributes, whole sample size

Further, the standard deviation was calculated to assess the the spread of the answers. The obtained values proved to be quite high, ranging from 0.55 to 1.13. These results suggest a high degree of variability in the answers, potentially affecting the reliability of the results. Mainly two factors can be seen as prevalent contributed to this outcome, the limited number of respondents and the restricted number of possible outcomes, where only three given answers per question was available.

Table 22. Calculated standard deviation for each attribute

Standard deviation	X-axis	Y-axis
Multiple subscription-plan options	0,87	1,13
In-platform purchase options	0,68	1,07
Loyalty program	0,76	1,13
Personalized platform	1,00	0,78
Esthetically designed platform	0,99	0,86
Functionally designed platform	0,85	0,55
Always available customer service	0,99	0,92
Customer service managed by people	1,04	0,87
Customer service managed by chatbot	0,77	0,86
Implementation of customer feedback	0,82	1,05

The results from the calculated standard deviation affect the precision of our attributes in the plotted graph. Since we received quite a high standard deviation considering the means for each attribute, we chose to pursue a comparison between demographical age segments to validate if there were any significant differences in consumer preferences which could affect the spread of answers. We chose to look at age categories, since we believe this to be a more relevant aspect to involve in a potential strategy that help improve customer satisfaction. Previous studies indicate that demographic factors, particularly age, play a significant role in shaping preferences and willingness to pay for one or several video streaming subscriptions (Goyanes, 2014, p. 753). The factors that primarily influence preferences include income, technological knowledge, and the quality of internet and watching devices. Goyanes (2014) connects these factors with age the demographics.

The answers were divided into three segments based on age.

*Group 1: Age 18-24 (85 respondents)*

*Group 2: Age 25-34 (89 respondents)*

*Group 3: Age 35 and older (46 respondents)*

The applied segmentation strategy was deemed appropriate, as it enabled the individual groups to be of similar size based on the number of responses, which was relatively larger for the younger age groups. Accordingly, to ensure a sufficient sample size and a meaningful data comparison with the other two age groups, Group 3 was required to represent a larger spread of ages. The data was used to systematically categorize each individual age group based on how they ranked the presented attributes, using the same method as previously used for the entire sample size. The figures below (*Fig. 9-11*) show the plotted attributes for each age group, demonstrating the demographical differences found.

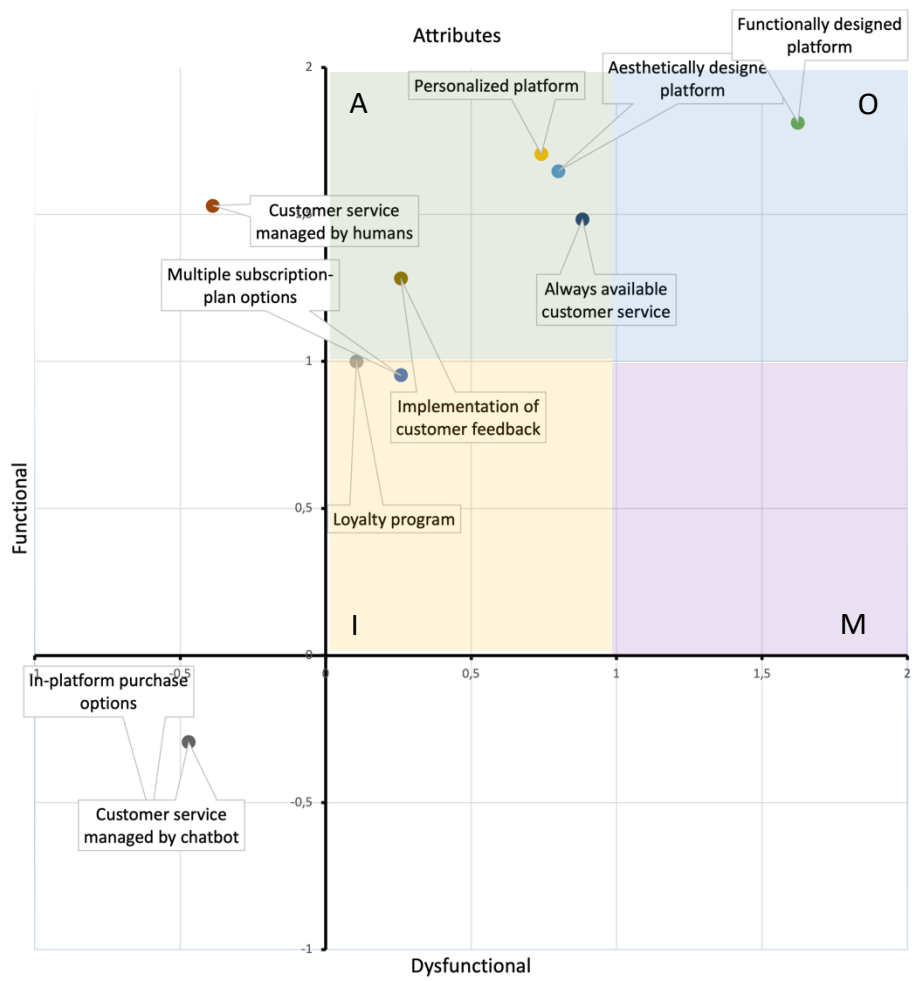


Figure 9. Plotted graph with attributes, Group 1 (18-24)

A = Attractive, O = One-dimensional, I = Indifferent, M = Must-be

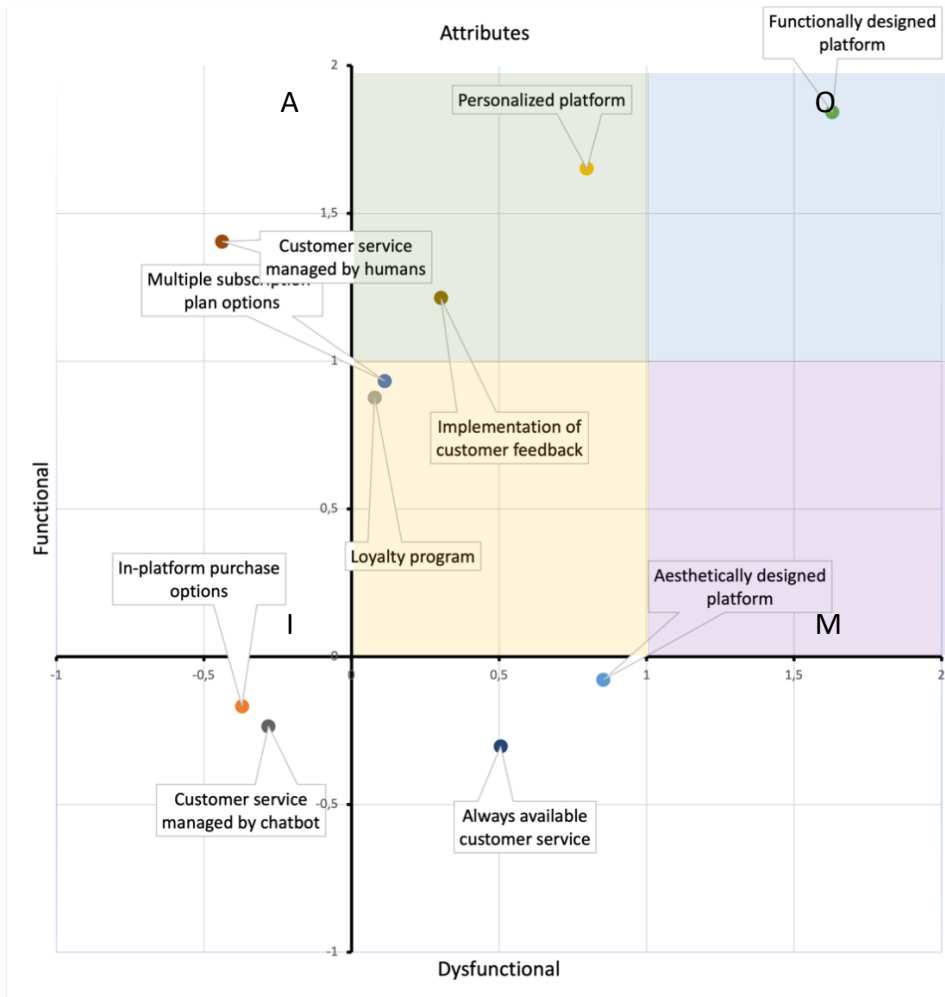


Figure 10. Plotted graph with attributes, Group 2 (25-34)

A = Attractive, O = One-dimensional, I = Indifferent, M = Must-be



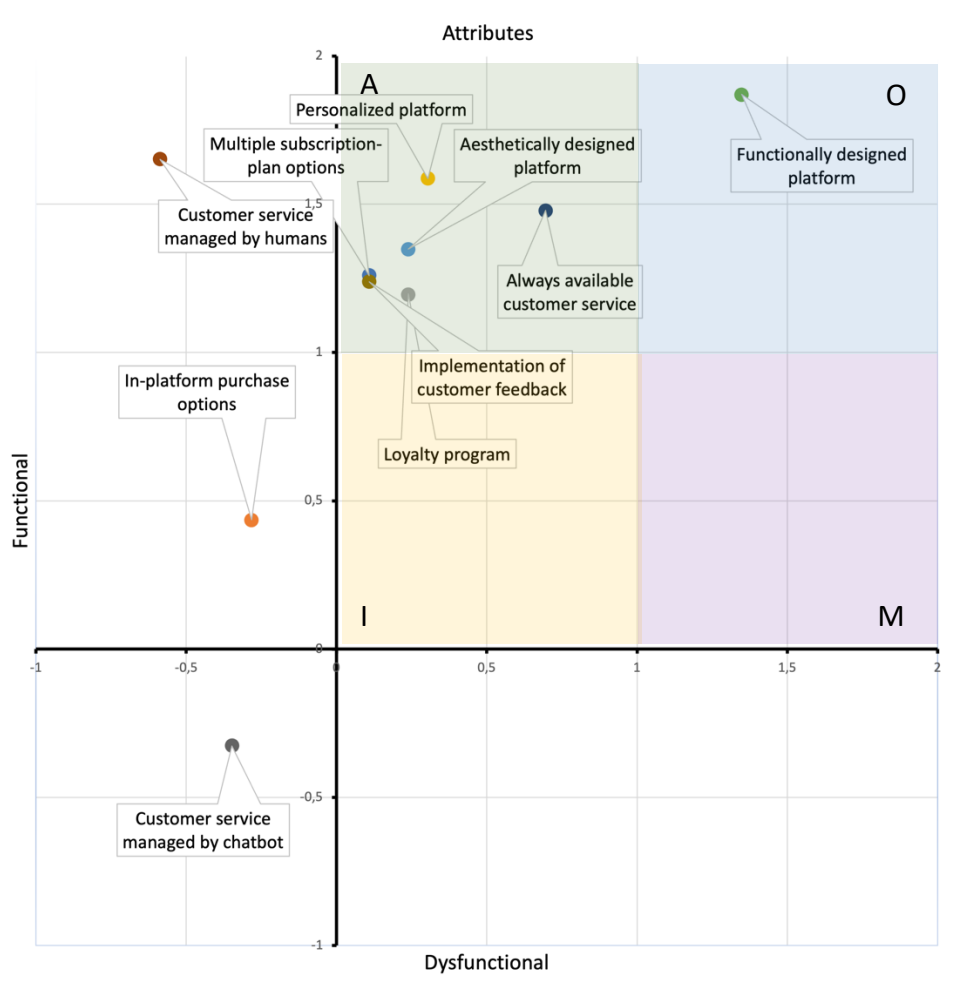


Figure 11. Plotted graph with attributes, Group 3 (35 and older)

*A = Attractive, O = One-dimensional, I = Indifferent, M = Must-be*

For the majority of the attributes here was no significant distinction observed and they were categorized relatively similarly. There are however a few mentionable differences between the different age groups and categorizations of the attributes, which tell us more about the demographical preferences amongst the respondents. One of the more distinct differences of the age-segmented categorization was the attribute *always available customer service*, where Group 1 and Group 3 valued it as an *attractive* attribute. For Group 2 however, it was categorized as an *indifferent* attribute, portraying the polarized viewpoints. Another mentionable difference was *always available customer service*, which was categorized as *attractive* for both Group 1 and Group 3, but not for Group 3 which categorized it as an *indifferent* attribute.

In conclusion, even after comparing the demographical differences, the responses remained relatively consistent with the original graph. The attribute categorization showed numerous similarities across the age groups, which strengthens the overall reliability of the test conducted on the entire sample size. However, the differences in attributes can be discussed further in the analysis chapter order to demonstrate how demographic variations influence customer satisfaction among different age categories.

## 6. Analysis and discussion

*This following chapter will discuss the empirical observations in relation with our theoretical framework. The chapter will serve as the basis for our conclusions and suggestions, focusing on relevant theories according to the research question and objectives.*

### 6.1 Attribute analysis

The purpose of this study is to provide a better understanding of what attributes video streaming consumers in Sweden value in their OTT video subscription services. The study aims to identify the specific attributes that consumers value when deciding to remain as subscribers, beyond the sole factor of content supply. By examining this area, the study intends to offer valuable insights to businesses, enabling them to enhance customer retention strategies and improve overall customer satisfaction. Three factors that correlate with customer retention are the level of trust (Chen, 2007, p. 187), engagement (Van Doorn et al., 2010, p. 261), and satisfaction (Murali et al., 2016, p. 67). Therefore, it is crucial for businesses to identify quality attributes that enhance trust, engagement, and satisfaction to develop customer retention strategies. Nevertheless, attributes are also able to generate dissatisfaction to the user. Thus, it is also necessary to recognize attributes that have a reverse correlation with these elements in order to manage the level of dissatisfaction and thereby reduce the probability of users canceling their subscription.

#### 6.1.1 Reverse attributes

Attributes that, when present, creates dissatisfaction for consumer are classified as reverse qualities according to the Kano model (Violante & Vezzetti, 2017, p. 17). This study revealed Swedish video streaming consumers perceive in-platform purchase options and customer service managed by a chatbot are perceived as reverse attributes. Thus, the respondents feeling dissatisfied with a video streaming service when these attributes are present and satisfied when the attributes are absent. For that reason, neither of these attributes are relevant to consider when developing customer retention strategies (Violante & Vezzetti, 2017, p. 17). However, both attributes are associated with components of the business model that consumers highly value, price and customer service. Thus, despite that video streaming businesses should not include these attributes in their strategy, it is fundamental to be aware of them to prevent any similar implementations that may cause dissatisfaction customer churn. This is vital considering the strong market competition, the ease to shift between services (Mullin & Mercelis, 2022), and the strong negative effect a reverse attribute have on consumer trust, engagement and satisfaction which intensifies the risk of churn (Bansal et al., 2004, p. 244). Therefore, it is fundamental to not include reverse attributes in customer retention strategies, but also vital to not neglect these attributes as it may lead to implement attributes with similar affect.

More specifically, we strongly suggest video streaming services to explore other options for customer service than to implement customer service that is managed by a chatbot. The survey clearly demonstrates that solely the presence of a chatbot can create dissatisfaction for video streaming consumers. Even though an implementation of a chatbot instead of customer service managed by humans may be more cost-effective on some occasions, the survey indicates it can lead to customer churn. The study conducted by Puthiyamadam (2018) revealed 32 percent of the surveyed customers expressed their willingness to discontinue their relationship with the company following a single negative

experience. Therefore, it is highly important to interact with a customer who experiences a service failure in the customer's preferred manner to ensure the issue is dealt with and the customer is satisfied afterwards. Especially, when taking into account the service paradox that not only does resolve the customer's dissatisfaction but also exceed the customer's pre-failure satisfaction with their post-failure satisfaction (Magini et al., 2007, p. 213). Thus, an error by the chatbot or the feeling of not being understood by a robot can generate such emotions.

Although a chatbot is more cost-effective than the other attribute examined associated with customer service, customer service managed by humans and is available 24 hours a day (Aivo, 2022). On the other hand, our survey reveals that the presence of a chatbot is associated with dissatisfaction, while availability generates satisfaction when available but is perceived with neutral emotions when absent. Similarly, customer service managed by humans results in satisfaction when available, but dissatisfaction when absent. Accordingly, it can be concluded that while chatbots may be useful as complementary attributes in certain business areas, it is not necessary for video streaming services. The need of quick assistance does not outweigh the benefits of personalized help provided by a human customer service. Therefore, video streaming services should evaluate other alternatives than implementation of a chatbot, to optimize the customer service in order to achieve a higher level of customer retention. Our conclusion is that video streaming consumers lack trust when it comes to chatbots as customer service.

Further the findings revealed that the attribute in-platform purchase options was notably perceived as a reverse quality. Therefore, we establish a connection between in-platform purchase options and the phenomenon of flat-price. Since consumers tend to overestimate their expected usage, they believe that flat-rate pricing model is the most cost-effective option for their individual need since they get full access to the service (Train, 1991, p. 211). Taking this phenomenon into consideration along with the survey findings, we conclude that despite a potential lower monthly cost, consumers may still perceive dissatisfaction. In-platform purchase options may imply the consumer to make several active payments per month, which may create the feeling of paying more. In addition, it causes friction in the user experience to make the choice of what specific content to pay for, as well as making the payment. The conclusion is made that this counteracts with customer engagement. A lower monthly subscription fee may initially attract customers, but the presence of in-platform purchase options can result in dissatisfaction and subscription cancellations, regardless of whether the total amount paid is lower or not. In view of this, we suggest video streaming companies to evaluate alternative price models than including in-platform purchase options as it affects customer retention negatively. Additionally, it is essential to constantly strive for a pricing model that the customer perceive as the best option (Pindyck, R & Rubinfeld, D., 2013, p.68). Based on this study, consumers do not perceive in-purchase options as the best alternative. The conclusion can be drawn that flexibility and low subscription fee are not necessarily qualities that are valued if it comes with complexity and friction in the user experience. Hence, streaming services should rather focus on identifying and understanding customer preferences associated with price. It facilitates the ability to meet customers' expectations, which becomes particularly important regarding price, considering it was the highest valued component of the business model, beyond content. An effective price method can improve customer retention and create enhanced value the users (Pindyck, R & Rubinfeld, D., 2013, p.68). Therefore, it is essential to ensure customers do not perceive the price method as complicated and effortful.

### 6.1.2 Attractive attributes

Attributes that enhance satisfaction when present are attractive attributes (Bicheno, 2004, p. 36). Attributes that are perceived as attractive bolster satisfaction, and customers that experience satisfaction when using the service are more likely to retain as customers. Thus, attractive attributes have the ability to improve customer retention (Murali et al., 2016, p. 68). For this reason, attractive attributes should have a central role in the development of customer retention strategies. However, attractive attributes can be difficult to identify when absent, considering these qualities does not necessarily cause dissatisfaction when not featuring. Since attractive attributes are not necessarily expected or required by the customer, it is possible that certain attributes that would be perceived as attractive are absent. Therefore, a vital process in the improvement of customer retention is to identify attributes that creates high levels of satisfaction. These attributes are often associated by enhancing customer engagement through affective commitment, which are associated with emotional attachment.

The survey revealed six of the examined attributes was perceived as attractive. Four of the attractive attributes are associated with user experience, one with price and one with customer service. Based on the findings, video streaming services that are trying to identify new attributes to implement in their service that enhances satisfaction, should prioritize investigating the component user experience. Attributes associated with user experience seems to correlate more with satisfaction and it seems that there are great opportunities in a business develop perspective. Nevertheless, companies should first evaluate how they fulfill customer satisfaction across the various components of the business model. This evaluation will help them identify areas that require improvement to enhance overall satisfaction. Video streaming services that want to improve customer retention in general can approach each of the following attributes depending on what is most suitable for their business strategy.

The attractive attribute that is associated to price is providing multiple subscription plan options. Pindyck and Rubinfeld (2013, p.68) state that the importance with price models is to meet customers financial constraints and their preferences for payment options. The findings in the survey indicates the quality often meet customers' expectations and preferences. Based on that, we make the assessment that multiple subscription plan options enhances trust and customer engagement. We recognize a correlation between respondents perceiving the attribute as attractive and how expectations affect customer satisfaction. Multiple subscription plan options facilitates customer segmentation to further identify specific needs and thus costumer expectations depending on the price plan chosen. Since the customer has the option to choose the price plan based on subscription fee and degree of usage, the probability of meeting the expectations increases which in turn increases the probability of the user staying loyal and continuing using the service. The expectancy disconfirmation model developed by Oliver (1996, p. 107) states customer satisfaction is determined by how well a product or service meets the expectations that customers develop in advance of testing out a service or product. Therefore, if a product exceeds these expectations, the probability of customers being satisfied increases and vice versa. Thus, by offering multiple subscription plan options, such as packages based on family users or sport content, the customer will develop expectation based on the subscription plan option chosen. In addition, the possibility to choose can also promote trust and emotional attachment which further promotes customer retention.

Price models according to the “one size fits all” solution is needed to satisfy all customer expectations depending on preferences. However, since customers have access to the same range of content and pay the same amount, expectations of the service may differ which could result in some customers being dissatisfied while others are satisfied. To address this, companies can add or improve the attribute multiple subscription plan options. It can be done by using the tiered pricing model and offer a variable pricing plan with a set price per unit based on different categorizations or price plans (Paddle, 2021). By doing so, companies can more easily manage satisfaction levels between different customer segments, which can lead to improved customer retention across all segments.

Moreover, multiple subscription plan options seem to have the potential to increase customer retention through customer engagement, trust, and satisfaction. According to Bansal et al. (2004, p. 247), affective and normative commitment are two vital factors when trying to improve customer retention. By offering different subscription plans that meets the varying needs and preferences from customers, video streaming services can increase customer satisfaction and create a sense of personalization through the freedom to select a preferred subscription plan. The choice creates an affective commitment which is an emotional attachment to the brand and service, thus the likelihood of the customer cancels the subscription decreases (Brakus et al., 2009, p. 65) as they may become emotionally committed to the service and feel a strong sense of loyalty (Bansal et al., 2004, p. 238). Therefore, multiple subscription plan options can play an important role in a customer retention strategy for video streaming services. Especially, considering the survey revealed customers value price the most beyond content, and additionally the price method in-platform purchase options was perceived as a reverse attribute.

Attributes perceived as attractive related to user experience were loyalty programs, personalized platform, esthetically designed platform, and implementation of customer feedback. Thus, video streaming services can focus to improve these qualities in order to enhance the customer's experience when utilizing the platform. By enhancing affective commitment, loyalty programs are perceived as an attractive attribute within the component of user experience. We identify the reason loyalty programs are perceived as attractive, is that the feature enhances a positive brand experience and a brand personality that build a connection and relation with the customer. Loyalty programs have the ability to indirect or direct influence consumer behavior due to the ability of recognize and respond to customer preferences. Thus, expectations will be exceeded which satisfies the consumer and generates emotional attachment, trust and thus loyalty and retention (Brakus et al., 2009, p. 65). Customers who have a have a strong emotional connection to the company or service, are more likely to remain loyal provider in terms of continuing being a customer (Bansal et al., 2004, p. 248). For that reason, to improve customer retention, video streaming services can implement loyalty programs, as it has the ability of preventing customers to shift to a competitor. For instance, the loyalty program can prevent losing subscribers from the current trend identified by both Deloitte (Arkenberg et al., 2021a) and Boston Consulting Group (2022) of customers jumping back and forth between different services.

Furthermore, loyalty programs can have a significant impact on video streaming services seeking to enhance their understanding of diverse customer segments. Loyalty programs serve as valuable tools for gathering big- data, allowing for analysis of needs, expectations, and more. The data collected through these programs can enhance a competitive edge, facilitate market analysis, and generate innovative strategic approaches

(Choudury, 2020, p. 197). By having identified customer needs and expectations through bigdata from a loyalty program, the company will have easier to gain trust from their customers, which further bolster satisfaction and loyalty (Alnsour et al., 2021, p. 297). Although, if the loyalty program attribute was perceived as a reverse attribute, data collection through loyalty programs would be met by dissatisfaction and thus would not benefit the business. However, given that loyalty programs are perceived as attractive attributes according to our survey, and contains evident benefits in terms of engagement, commitment, and thus customer retention, we suggest video streaming services to consider incorporating loyalty programs aligned with their specific business strategies. Thus, implementation of features such as rewards, discounts, and other special offers can effectively enhance customer relations and elevate satisfaction levels. Additionally, considering the ability of containing data as well as having a two-way dialogue with the customer, loyalty programs can be a useful tool to manage customer relations. Almohaimmeed (2019, p. 432) emphasized implementation of CRM tools facilitate businesses to capture and creating value that further will enhance customer satisfaction, long customer relationships and thereby increase customer retention.

The findings in the survey acknowledged that video streaming services that implement improvements based on customer feedback generates satisfaction. Thus, it would be beneficial to implement user-centered design as a strategy to enhance customer satisfaction since it prioritizes the users wants and needs (Crane & Still, 2017, p.15). User-centered design involves and responds to users' needs when developing the user experience. Therefore, we reach the conclusion that the attribute, which concerns collecting customer feedback for improvement purposes, fosters both customer engagement and trust. The attribute promotes engagement through involvement in the process of shaping and developing different parts of the business external touch points that have a direct association with its users. The authors associate the feeling of interacting and being involved in a process with feeling commitment and trust for the company. Further, affective commitment is rooted in emotional attachment to the company, representing the consumer's psychological bond and loyalty (Bansal et al., 2004, p. 238). Thus, by evaluating and developing improvements of the service through the attractive attribute implementation of improvements based on customer feedback, video streaming services can gain trust and satisfaction from the customer and thereby manage the customers switching intentions (Bansal et al., 2004, p. 248).

To further enhance customer satisfaction and improve customer retention, it is advisable for video streaming services to focus on advancing the qualities of a personalized and esthetically designed platform, since both attributes also were perceived as attractive. These attributes can be improved through the use of user-centered design in order to identify customers' expectations and needs are within aesthetics and personalization. Since esthetically design is subjective, it is important to identify what the customers consider is an esthetically design. Given the subjective nature of aesthetic design, it is crucial to ascertain the customers' perception of what constitutes esthetically pleasing design. Additionally, the user-centered design approach can be used to optimize a personalized designed. It facilitates the identification of preferences and needs users have regarding the attribute which enables businesses to meet, and perhaps even exceed the expectations.

Finally, the only attributed perceived as attractive associated with the business model component customer service were customer service that always is available. The survey

indicated that customers do not expect that a customer service that always is available. However, the respondents acknowledged it would satisfy if customer service always were available. Although, the participants also established that customer service is the least important component in the business model compared to content, price, and user experience. Therefore, the attribute customer service that always is available should not be prioritized when developing a customer retention strategy. On the other hand, it can be an attribute that works as a differentiation towards competitors and thus prevent customers from shifting to a competitor. Nevertheless, the category of customer service managed by a chatbot were clearly categorized as a reverse attribute. Thus, it may not be necessary to implement a chatbot to fulfill the attractive attribute of customer service always being available. The survey findings suggest that for a video streaming customer service managed by humans is satisfactory, even if it is not accessible round the clock and that customer service managed by chatbot causes dissatisfaction. Therefore, customer service that always is available is an attribute companies should focus on when the attractive attributes connected to price and user experience are fulfilled.

However, it is important to emphasize that customer service is an important component. Good customer service leads to better long-term relationships with users (Choudury et al., 2020, p.176), and considering the service recovery paradox (Magini et al., 2007, p. 213) as well as the probability of customers leaving the service after just one bad experience (Puthiyamadham, 2018). In addition, the findings in the survey by HubSpot revealed that 80 percent of the participants would be willing to pay more for good customer service. Hence, the conclusion drawn is that companies can enhance customer retention through investments in customer service. However, it is crucial to prioritize human interaction in customer service rather than round-the-clock availability. Thus, we draw the conclusion that consumers to video streaming services value trust highly, considering the survey indicates people rather wait for a human connection rather than an immediate response by a robot. Therefore, it can be worth investing in a trustworthy customer service, as trust significantly influences customer retention (Chen, 2007, p. 187)

### 6.1.3 One-dimensional attributes

Attributes ranked as one-dimensional contribute with customer satisfaction when the attributes exist and create dissatisfaction when it is not present (Bicheno, 2004, p. 35). Providing a functionally designed platform and customer service managed by humans were both categorized as one-dimensional attributes. Satisfaction from one-dimensional attributes usually create value through providing a non-friction customer experience, done by the delivery of the service performance, such as the smoothness or speed of a service or user platform (Bicheno, 2004, p. 35, Shahin et al., 2012, p. 343). Both a functionally designed platform and customer service managed by humans are attributes which has qualities that are interrelated to performance measure rather than customer emotion, something that differs them from the other attributes (Shahin et al., 2012, p. 343).

Maintaining a functionally designed platform is associated with the user experience, which is a multifaceted part of the business model that refers to the holistic experience of a user's involvement in the product or service. One important aspect of user experience is the interface and design, which place a central focus on meeting the needs and desires of the consumers.

Having a functionally designed platform is an attribute that strongly resonated with the respondents, who emphasized its necessity to avoid any potential dissatisfaction. Within



subscription-based services, the platform is an essential part of the consumer experience since it affects the whole user experience. Insufficiently designing the platform to facilitate that it operates seamless for consumers, it might result in increased customer dissatisfaction. Given the attributes demonstrated significance to the consumers, it is important to consider appropriate measures to ensure its presence and quality. Strategic choices can be implemented to improve the functionality of the streaming platform, thereby creating an alignment with the business model configuration. Businesses have the strategic option to allocate additional resources to support the implementation of user centered design. When adapting this approach, developers aim to survey potential consumers before even starting the design and developing process. With feedback being collected beforehand through observations, interviews, and by evaluating competitors and the market, the requirements that are set from the consumer side become more distinct. Since having a functional design was categorized as a one-dimensional attribute, it proves the importance of assessing the right resources to make sure that the attribute exists and live up to the set standards by the consumers. If not, it would lead to instant dissatisfaction amongst the consumers. Value can be delivered better if CRM is used as a tool to perform necessary implementations to improve the user experience. For example, creating surveys or other forums that can be used for consumer feedback and as a communications channel, to create a more user-friendly interface. By involving consumers developers can gain valuable insights in what users want and need from the platform which in turn can have a positive impact on customer satisfaction.

Customer service managed by humans is a feature included in the customer service component, and ranked as a one-dimensional attribute. One-dimensional features usually indicate that the attribute should be prioritized as it plays an important part in creating both satisfaction or dissatisfaction if it is not met. However, the overall component customer service is not highly prioritized, suggesting that even though it is an important feature that should not be overlooked, limited emphasis should be placed on this attribute. One reason for this, and a possible explanation as to why the overall attribute was ranked low, could be because it is an attribute that many almost never encounter.

Thus, it is still crucial for businesses to deliver good customer service since it serves as a direct bridge between the company and its customers. Moreover, it often influences the customers' perception of the brand and plays a vital role in nurturing long-term relationships. (Choudury et al., 2020, p.176). By offering personalized service, companies can effectively ensure customers satisfaction, thereby creating greater value. This approach helps customers feel acknowledged and validated throughout their overall experience, enhancing the level of engagement and loyalty they feel for the brand. Feeling validated and satisfied has been proven to be important aspect that customers expect through their customer service experience (PwC, 2018). It is likely easier for individuals to feel validated and understood when interacting with a real human, as humans possess a deeper understanding of emotions and opinions compared to potential chatbots. Having the ability to interact with a human representative as a consumer can potentially generate incentives that influence consumer behavior and foster affective commitment. This psychological attachment to a company is considered the most potent driver of customer retention, as it reflects the consumer's loyal commitment to the organization (Bansal et al., 2004, p. 247). Therefore, if validation and satisfaction are important aspects to strive for with the customer experience, human interaction can be crucial. Negative experiences with a company's customer service can surely lead to customer dissatisfaction or churn.

Further, trust and customer satisfaction are two crucial factors that influence the strength of affective commitment, as consumers tend to continue using a service when they feel a strong emotional connection, which is influenced by their level of trust and satisfaction with the service (Bansal et al., 2004, p. 238). Additionally, this interaction with human representatives can contribute to the development of a strong brand personality since it creates a new channel and touchpoint for consumers as their opinions are shaped by their experiences. One key driver of consumer trust is the customer service (Chen, 2007, p. 188). Trust is an essential component in affective commitment which in turn can foster customer retention (Bensal et al., 2004, p. 248). According to Chen (2007, p. 188), customer service is empathized to be one of the greatest impacts on customer trust and thereby also influence customer retention. Further, trust has a strong connecting with consumers feeling towards continuing using a service (Chen, 2007, p. 187). Perhaps, an increased feeling of trust can be created through providing customer service managed by humans rather than chatbots in order to create a more personalized customer experience that caters to the unique needs of each individual customer.

## 6.2 Demographical differences

Business models should be strategically crafted to generate and seize an adequate amount of value to effectively navigate in the competitive environment they are encounter with, foremost in order to create sufficient value to their consumers (Healy et al., 2017, p. 3). By comparing the different demographic groups based on age segmentation, we can look for incentives that prove similarities or differences of attribute categorizations. This could an important aspect when looking for ways to utilize the business model to gain maximal customer satisfaction. Drawing upon previous assumptions (Brading, 2007, p. 44; Goyanes, 2014, p. 753; Lee et al., 2021, p. 14), it can be concluded that the satisfaction levels influenced by evolving streaming services can differ depending on various factors. Additionally, it has been asserted that satisfaction among different age groups vary depending on their specific preferences. Older and younger generational preferences can be based on their past technological experiences and their individual expectations regarding the internet and viewing devices, explaining why the differences might exist. Therefore, it can be valuable for firms to identify specific target groups in different demographical segments in order to boost value delivery and creation.

The demographical comparison among different age groups revealed that the number of responses per potential outcome for each attribute aligned with the overall survey results, for all attributes despite two. The findings of the demographic research indicate that the preferences of the examined attributes are valued similarly within the age demographic. Thus, the result in this study is representable for several age categorize. However, the two attributes where the responses were spread between the age demographic were always available customer service and esthetically designed platform.

The attribute always available customer service was perceived as an attractive attribute by the youngest and oldest age demographic whereas the age group in the middle perceived the attribute as indifferent. Our analyze of this result is that the younger and older age segment may not have the experience or knowledge to solve certain issues that arise when consuming the service. Thereby, they appreciate that the availability as it has the potential of solving the problem not depending on office hours. The age group in the middle might feel comfortable in solving video streaming related issues by them self or have the patient to wait with the problem until the customer service to open or respond. Thus, we suggest that video streaming services with a majority of customers within Group

1 and Group 3 should prioritize to have customer service that always is available. However, it is not necessary for companies with a customer segment of Group 2, since they will not be satisfied by the attribute's presence.

The other attribute that the participants perceive differently depending on age were esthetically designed platform. This attribute was also perceived similarly between Group 1 and Group 3 as an attractive feature while Group 2 clearly perceived the attribute as an indifferent quality. However, all three groups clearly perceive a functional design as one-dimensional. Therefore, the suggestion is for video streaming service to prioritize the functional design, and then identify their customer segment age range. If the customers are in Group 1 or Group 3, investments should be put on the esthetically design of the platform since it was a clear attractive feature for both groups. Nonetheless, it will not affect Group 2 negatively if an esthetically designed platform is developed. However, if the majority of the customers are within the age span of Group 2, a better strategy to improve customer retention is to put all effort in the functional design or personalize the platform.

## 7. Conclusions

*This chapter will discuss conclusions connected the purpose of the study based on the findings presented in the empirical section and discussion. Furthermore, the chapter will draw further conclusions about the research contributions and propose direction for future research. The chapter concludes with discussing the practical implications, truth criteria for the research as well as the social and ethical aspects of the thesis.*

### 7.1 Conclusion of research

The purpose of this study was to enhance the understanding of what attributes, beyond content, customers in Sweden value in their OTT video subscription services and what makes them retain as customers. The findings contributed with knowledge of how specific features are perceived and how Swedish customers value different components in the business model. The purpose and relevance of the study emerged from the current trend where consumers are primarily cancelling their subscriptions due to content-related preferences (Arkenberg et al., 2021c, p. 8), which has led to companies have been compelled to make substantial investments in production and content quality standards resulting in escalated expenses that directly impact the financial sustainability (Sweney, 2022). By conducting a survey utilizing the Kano model, data was collected to explore customer perceptions of these attributes and the attributes influence on customer retention.

This study revealed that video streaming services can enhance customer retention strategies by focusing on attributes beyond content. Content was shown, as previously known, to be the most important component of the business model. However, with the current trend of increasing production costs to retain and attract customers (Sweney, 2022) the study indicates that focusing on attributes associated with price, user experience and customer service is a valuable strategy as customers value these attributes highly. The attributes were classified as attractive, one-dimensional, or reverse, suggesting that companies should evaluate and develop customer retention strategies based on this classification. The components of the business model price, user experience, and customer service were identified as significant factors in influencing customer retention. Although, the study did also reaffirm the well-established understanding that content is the most influential component.

Furthermore, results highlighted the potential for video streaming services to shape their customer retention strategies based on the categorization of attributes. By analyzing these attributes in relation to trust, satisfaction, and engagement, the study provided deeper insights into how these elements can affect customer behavior and thereby customer retention. The findings highlight how specific quality attributes influence customer engagement, trust and satisfaction differently depending on the attribute. The findings further emphasize the importance of developing strategies for specific attributes within the business model components price, user experience, and customer service, to improve customer retention. The study determined that Swedish video streaming consumers highly evaluate and value components beyond content when choosing video streaming service and retaining as a customer. This study indicates that video streaming services should focus on attributes beyond content to improve customer retention. Therefore, this study suggests that video streaming services should prioritize attributes beyond content in order to enhance customer retention.

The empirical evidence collected lacks a bit of precision due to the sample size. In order to make the study more generalizable over a larger population, the sample size would have needed to be larger with more concentrated spread of attribute categorization. The purpose of the study has still been met, but there could have been improvements to the methodological aspects which likely would have generated more precise data to be generalized over a larger population. The two empirical tests which were conducted showed that despite the demographical segmentation the results stayed consistent which makes our results reliable to the extent of using the results as inspirations for developing customer retention strategies.

## 7.2 Theoretical & practical contribution

The study contributes both theoretically and practically, expanding knowledge in consumer behavior, customer retention, and loyalty research, while providing valuable insights for companies to develop sustainable strategies that enhance customer satisfaction and gain a competitive advantage in the video streaming industry. The enhanced understanding of how different attributes and components within the business model impact customer retention expands our knowledge on developing effective strategies in this area.

This study offers a substantial practical contribution by empowering knowledge on how to identify, evaluate, and leverage various attributes within the field of video streaming services. By enhancing the understanding of the connection between consumer behavior and customer satisfaction, companies can effectively use this knowledge to develop financially sustainable strategies, with the primary goal of enhancing customer retention and gaining a competitive advantage with long-term relations with their customers. This newfound understanding enables companies to make informed decisions and execute focused strategies that closely align with consumer preferences, leading to enhanced customer satisfaction and long-term success in the video streaming industry.

## 7.3 Ethical considerations

Fundamental ethical considerations relate to voluntary participation, personal privacy, information confidentiality, and individual anonymity (Bryman, & Nilsson, 2018, p. 170). The study was written in Sweden and did only research Swedish citizens. Thus, the study will follow the principles applicable to research conducted in Sweden, which are the requirement for information, the requirement for consent, the requirement for confidentiality, and the requirement for use (Bryman, & Nilsson, 2018, p. 170-171).

The requirement of providing information to the participants regarding the purpose of the study implies that the researchers should inform that participation is completely voluntary and that they have the authority to quit the participation at any time without having to explain the reason for it (Bryman, & Nilsson, 2018, p. 170). This criterion has been fulfilled by informing all participants through the introductory section of the questionnaire that participants read prior to starting the survey. Additionally, the introduction segment provides descriptions of confidentiality and anonymity. Thus, the survey explicitly states that it is anonymous, and emphasizes the requirement of consent for the processing of personal data, specifically gender and age. No other personal data is collected by the survey. Information of how the data was collected, stored and that the data was protected from unauthorized access or disclosure were also provided.

To meet the requirement for consent, all participants must accept the terms and conditions described in the introduction segment. If they do not give their consent, the answers will not be collected since the participant will not be able to submit the answers to the survey. Thus, the research has ensured the participants have participants understood the research objectives, their rights as participants, and any risks or benefits associated with participation.

#### 7.4 Limitations & future research

Limitations identified in this study are limited number of respondents, limited channels to reach out with the survey and measured by three value parameters.

The research would have given a more representative and significant result if the survey performed where answered by a larger number of individuals. The precision of a survey significantly increases with each additional sample size of 50 individuals, up to 1000 individuals where the increase of precision is not as notable the larger the sample population is (Bryman, & Nilsson, 2018, p. 170). Due to time constraints and limitations of resources such as money, the authors manage to contain 220 unique answers. The result may have been affected by the number of participants. In the multiple-choice survey, a few questions had limited differentiation among the answer alternatives, with only slight variations between them. With a sample size of 1000 or 500, it is probable that there would have been greater differentiation between the alternatives, allowing for more distinct variations in the responses.

The limited number of respondents may be a consequence of the authors limited accessibility to channels to reach out with the survey on. The snowball sampling technique that was used to approach potential participants is dependent on the researchers' network and their ability to further reach out with the survey. By having access to larger and more channels, it is likely that the survey would have reached a larger group of potential participants and thereby received a greater number of responses. This limitation can be solved by buying contact details to send out the survey through. However, this was not possible due to financial limitations.

The third limitation is that the three-level questionnaire generated fewer values than the five-level questionnaire would have. The statistical data were provided by three values: 2, 0 and -1. The limitation of having only a few value parameters is that the results tend to be somewhat scattered or varied. Thus, the varied spread of results might lead to the result not being as representative as wanted and therefore it is difficult to generalize the result for a larger population. However, due to other limitations, it is not necessary that the five-level questionnaire would have provided a more representative result considering the participants in the pilot testing thought the five-levels were confusing and easy to misunderstand. Therefore, it is possible that the result would have lacked significance and reliability.

Given this, several recommendations for future research have emerged. The authors emphasize the significance of further exploring customer retention of interest, particularly due to the growing video streaming service market and the challenges companies stand in front. Therefore, we suggest that future research examine the varying perceptions of these attributes across different demographic groups. It could provide valuable insights of how video streaming services could approach different demographics. Another recommendation to future research is to perform a study of how these attributes influence



consumer behavior and customer retention differently depending on how long period the customer have been a subscriber or how active the customer is. It has the potential to offer valuable insights on how to effectively engage newer subscribers and foster their long-term loyalty, based on the data from customers who have been with the company for an extended period.

## 7.5 Truth criteria

### 7.5.1 Validity

In order to achieve relevant data to a research report, it is important to ensure the study measures what is intended to be measured (Ejlertsson, 2014, p. 108). A reliable study can be containing low validity since the study can achieve reliable data, by measuring something that was unintentional (Troost, 2012, p. 63). Thus, in a study collecting data through an online survey, it is essential to carefully consider the survey questions asked and the various potential responses from the respondents. It is necessary in order to avoid capturing unintended measurements and answers that deviate from the intended purpose (Ejlertsson, 2014, p. 108). Through the use of the Kano model as a framework in the survey design, this study ensured the validity since the model incorporates a well-defined question design and predefined response options, ensuring the attainment of valid results. However, Troost (2012, p. 69) emphasize problems with attitude or opinion multiple choice questionnaires. Surveys with responses in different degrees, such as *always*, *often* and *rarely*, give answers based on the respondent's own relationship and evaluation of what always, often or rarely is. In this case, the same answer to the options *I am satisfied*, *I am neutral*, or *I am dissatisfied*, will give data as the attribute is perceived similar between the respondents, however the same answer can be of varying degree as the individual's frame of reference about what satisfaction and dissatisfaction can differ. In addition, complicated and long questionnaires in this form may exhaust the respondent resulting in either discontinuation of answering or providing thoughtless responses without considering the meaning of the options (Troost, 69-70). To avoid this, we made sure the survey was concise with clear instructions and questions and was visually appealing.

For the purpose of decreasing risks of misunderstanding and answers that deviate from the intended purpose, we performed a pilot test. The pilot test gave us valuable insights into the weaknesses of question wording and the level of clarity in response options. In that manner we did improve the survey to ensure the data we collected measured what was intended.

### 7.5.2 Reliability

Reliability refers to the consistency and dependability of research findings and methods. Reliability considers the possibility that different influences might contribute to a less reliable result and highlights the importance of having a study where conclusions are clearly drawn from the empirical data. This is dependent on the design of the study, as well as the reliable applicability of the designed questions. Ultimately, reliability is a measure of the dependability of a study's results, determined by whether appropriate measurements, indicators, and methods were used to investigate the research question (Bryman & Bell, 2019, p. 46).

The population which represented the sample size in our survey, contained 220 voluntarily participants which were contacted through different social media platforms



and through our own personal networks. The sample size could have been larger which would have had a positive impact on the reliability measure of the study. In order to increase the precision and thus the reliability of the study, we decided to have the survey available for additional two days to get over 200 responses. The decision was based on Bryman and Bell's (2019, p. 198) acknowledgment that the sample achieves increased precision with every 50 respondents, such as at intervals of 50, 100, 150, and so forth.

The reason for the somewhat smaller sample size is mostly due to the study constraints in form of time, money, and accessibility to reach out to a large number of voluntarily participants. By increasing the sample size, would have increased the chances of achieving a more representative sample for the population. Therefore, for the proposed study, we predict that the result could vary if the research was conducted again with a larger sample size. However, we believe that the results presented in this study gives an indication of the approximate preferences amongst subscribers for video subscriptions services.

### 7.5.3 Replicability

Replicability refers to the ability of a study to be repeated in the same way at a different time (Bryman & Bell, 2019, p. 46). To ensure replicability, the researchers should explain and justify their methodology and approach throughout the study. This ensures that anyone else attempting to replicate the study would have a clear understanding of how it was conducted (Bryman & Bell, 2019, p. 46). The thesis contains consistent and thorough explanations throughout the text about how the research is designed and conducted. Further, the resources needed to perform a similar study are accessible since there is no costs involved in the survey method and many, if not all, of the materials used for the study is accessible through internet or different educational institutions and libraries. Therefore, we believe that our study is designed in a way that makes it possible to replicate it in the future.

### 7.5.4 Generalizability

Generalizability concerns to what extent the result from our study can be generalized to another group or a larger population. This involves any group that has not been actively involved in the participation of the study before. The higher generalizability, the more representative the sample must be (Bryman & Bell, 2019, p. 178). The result from the study should be representative for other groups or another population than the one represented in the current context of the research. Usually, a high generalizability is more common to achieve for rescuers conducting quantitative research. This thesis is based on a quantitative data- collection method and thereby it relies on the sample size and its representation since the goal is to have a high generalizability (Bryman & Bell, 2019, 189).

We have applied mixed-sampling methods which include convince sampling and snowball sampling. Either of these are completely random samples since they depend on how we have been able to distribute the surveys. However, we have tried to reach a representative sample population by distributing the surveys on different social-media platform that reaches out to different demographical groups which we hope contributed to a higher generalizability. This includes geographical spread as well as a spread in the different age groups who participated.

Even though the sample size might not be generalizable for the whole population, we have accepted the level of generalizability that is achieved in this thesis due to the research restrictions.

## 7.6 Societal and ethical aspects

Taking into account the substantial number of users and the extensive distribution of usage demographics of video streaming services in Sweden, it is important to discuss the study from societal and ethical aspects. The identified aspects that are important within the video streaming market are: *accessibility and inclusion, diversity and representation, user data and privacy*, and finally *economy and justice*.

As this study has showed, the demographics are broad and there is no typical user of video streaming services. Thus, it is important to evaluate the accessibility and inclusion of all people by video streaming services. This can suggestively be done by ensure including subtitles, audio descriptions for people with hearing or visual impairments, offering different language and regional options to include a diversity of users. Beyond, business intentions, video streaming services can relatively easily contribute to a more inclusive society and not only more subscribers for the specific company since consuming video streaming can include individuals in social contexts.

On the same theme, it is important that video streaming services manage diversity and representation. It can be performed by offering a wide content video catalogue of showing and describing cultures. In addition, video streaming companies can ensure to include actors in the content that represents different ethnicities, genders, sexual orientation, and disabilities. This is important to actively prevent stereotypes and ideal and rather normalize the diverse groups within societies. Additionally, it may also have the effect that individuals belonging to minorities feel recognized through to use of the service.

Nevertheless, consumers to video streaming services provide a lot of personal data. By including the attractive attribute loyalty program, companies can further control customer data. Personal data is extremely valuable for the streaming service itself but also for other companies which the company that collected the data can sell depending on the terms accepted. Consumers gives out contact details when creating an account, but also user behavior and other personal data by accepting cookies. Often, people only accept cookies without reading the terms. Thus, it is important that streaming companies act beyond their own interest and stores the data according to the regulations in order to ensure the users personal data is secure.

As described in the study, the video streaming market is in a stage where the big actors invest heavily in original compelling content to attract customers. However, it is important from a societal and ethical aspect to not outcompete independent filmmakers, small production companies and cinemas. The rise of video streaming has led to a decrease of cinemas, which can have further complications of the society. To outcompete small competitors by spending the most, will lead to an unsustainable and unfair branch economy. Moreover, with the power the big video streaming companies that produce original content has, it is important that offer fair contracts and remuneration for creators and actors to maintain a healthy working environment.

Finally, in times where the screen-time for especially the younger generation increases and are on high levels. It is important to prevent an unhealthy media consumption despite the upside for the video streaming companies.

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## Appendix 1: Introduction letter to respondents

Hej! Vi är två studenter vid Umeå Handelshögskola (USBE) som skriver vårt examensarbete inom företagsekonomi med inriktning mot customer management. Syftet med vår studie är att identifiera hur olika attribut påverkar användare av video-streamingtjänster. Enkätundersökningen består av 24 frågor och riktar sig till personer över 18 år som har använt eller använder sig av en video-streamingtjänst. Det är frivilligt att svara på enkäten och du kan när som helst välja att inte vara med. All information som samlas in kommer att användas endast för studiens syfte och alla svar kommer att hållas anonyma. Studiens resultat kommer att publiceras och kan nås på DivA <https://umu.diva-portal.org/> från och med juni 2023.

Om du vill komma i kontakt med oss, kan du göra det på:  
elin@familyeriksson.net eller victor.bokstrom@gmail.com.

Vi tackar dig för din tid att medverka i vår undersökning!  
Elin Eriksson & Victor Bokström

## Appendix 2: Survey design

Fråga 1.

Jag samtycker till att mina personuppgifter används på sätt som beskrivs ovan.

- Ja

Fråga 2.

Ange din ålder

- 18–24
- 25–35
- 35–44
- 45–54
- 55 och över

Fråga 3.

Jag identifierar mig som

- Kvinna
- Man
- Icke-binär
- Vill ej ange

Fråga 4.

Rangordna alternativen nedan utifrån vad som påverkar din kundupplevelse mest respektive minst på en video-streamingtjänst

*Rangordna alternativen genom att trycka på pilarna eller dra alternativen*

*1 = högst påverkan*

*4 = lägst påverkan*

- *Video-streamingtjänst innebär tjänster som Netflix, Viaplay, Cmore*

- Priset
- Kundtjänsten
- Utbudet av innehåll

- Användarupplevelsen

Fråga 5.

Vad är din åsikt om video-streamingtjänsten erbjuder flera typer av abonnemang?

*Exempelvis: Sportpaket, Premiumpaket, Familjeabonnemang*

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 6.

Vad är din åsikt om video-streamingtjänsten **inte** erbjuder flera typer av abonnemang?

*Exempelvis: Sportpaket, Premiumpaket, Familjeabonnemang*

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 7.

Vad är din åsikt om video-streamingtjänster erbjuder köp inuti tjänsten?

*Exempelvis: Hyrfilmer*

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 8.

Vad är din åsikt om video-streamingtjänster **inte** erbjuder köp inuti tjänsten?

*Exempelvis: Hyrfilmer*

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 9.

Vad är din åsikt om video-streamingtjänsten erbjuder ett lojalitetsprogram?

*Exempelvis: Erbjuder rabatter och tillgång till exklusivt innehåll*

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 10.

Vad är din åsikt om video-streamingtjänsten **inte** erbjuder ett lojalitetsprogram?

*Exempelvis: Erbjuder rabatter och tillgång till exklusivt innehåll*

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 11.

Vad är din åsikt om video-streamingtjänstens plattform är personligt anpassad?

*Exempelvis: Personliga rekommendationer baserat på tidigare visningshistorik*

- Jag är nöjd
- Jag är neutral

- Jag är missnöjd

Fråga 12.

Vad är din åsikt om video-streamingtjänstens plattform **inte** är personligt anpassad?

*Exempelvis: Personliga rekommendationer baserat på tidigare visningshistorik*

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 13.

Vad är din åsikt om plattformen har en estetisk design?

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 14.

Vad är din åsikt om plattformen **inte** har en estetisk design?

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 15.

Vad är din åsikt om plattformen har en funktionell design?

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 16.

Vad är din åsikt om plattformen **inte** har en funktionell design?

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 17.

Vad är din åsikt om kundtjänsten alltid är tillgänglig?

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 18.

Vad är din åsikt om kundtjänsten **inte** alltid är tillgänglig?

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 19.

Vad är din åsikt om kundtjänsten bemannas av fysiska personer?

- Jag är nöjd
- Jag är neutral

- Jag är missnöjd

Fråga 20.

Vad är din åsikt om kundtjänsten **inte** bemannas av fysiska personer?

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 21.

Vad är din åsikt om kundtjänsten är i from av en chattbot?

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 22.

Vad är din åsikt om kundtjänsten **inte** är i from av en chattbot?

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 23.

Vad är din åsikt om video-streamingtjänsten samlar in feedback från sina kunder i syfte att förbättra plattformen?

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

Fråga 24.

Vad är din åsikt om video-streamingtjänsten **inte** samlar in feedback från sina kunder i syfte att förbättra plattformen?

- Jag är nöjd
- Jag är neutral
- Jag är missnöjd

### Appendix 3. Tables of total responses per outcome, 18-24 years

Multiple subscription-plan options	Attribute absent			
	<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>	
<b>Attribute present</b>	<i>Satisfied</i>	<b>1</b>	<b>31</b>	<b>13</b>
	<i>Neutral</i>	<b>2</b>	<b>26</b>	<b>3</b>
	<i>Dissatisfied</i>	<b>7</b>	<b>2</b>	<b>0</b>

In-platform purchase options	Attribute absent		
	<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>

<b>Attribute present</b>	<i>Satisfied</i>	<b>1</b>	<b>4</b>	<b>2</b>
	<i>Neutral</i>	<b>7</b>	<b>10</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>47</b>	<b>14</b>	<b>0</b>

<b>Loyalty program</b>	<b>Attribute absent</b>			
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>0</b>	<b>38</b>	<b>9</b>
	<i>Neutral</i>	<b>5</b>	<b>24</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>6</b>	<b>2</b>	<b>1</b>

<b>Personalized platform</b>	<b>Attribute absent</b>			
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>1</b>	<b>39</b>	<b>33</b>
	<i>Neutral</i>	<b>1</b>	<b>10</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>1</b>	<b>0</b>	<b>0</b>

<b>Esthetically designed platform</b>	<b>Attribute absent</b>			
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>0</b>	<b>36</b>	<b>34</b>
	<i>Neutral</i>	<b>0</b>	<b>15</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Functionally designed platform</b>	<b>Attribute absent</b>			
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>0</b>	<b>10</b>	<b>67</b>
	<i>Neutral</i>	<b>0</b>	<b>6</b>	<b>2</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Always available customer service</b>	<b>Attribute absent</b>			
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>1</b>	<b>27</b>	<b>35</b>
	<i>Neutral</i>	<b>0</b>	<b>19</b>	<b>3</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Customer service managed by humans</b>	<b>Attribute absent</b>			
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>36</b>	<b>27</b>	<b>2</b>
	<i>Neutral</i>	<b>1</b>	<b>19</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Customer service managed by chatbot</b>	<b>Attribute absent</b>			
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		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>2</b>	<b>3</b>	<b>2</b>
	<i>Neutral</i>	<b>9</b>	<b>30</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>33</b>	<b>6</b>	<b>0</b>

<b>Implementation of customer feedback</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>3</b>	<b>39</b>	<b>14</b>
	<i>Neutral</i>	<b>0</b>	<b>26</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>3</b>	<b>0</b>	<b>0</b>

#### Appendix 4. Tables of total responses per outcome, 25-34 years

<b>Multiple subscription-plan options</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>6</b>	<b>29</b>	<b>11</b>
	<i>Neutral</i>	<b>4</b>	<b>30</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>4</b>	<b>4</b>	<b>1</b>

<b>In-platform purchase options</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>3</b>	<b>9</b>	<b>1</b>
	<i>Neutral</i>	<b>6</b>	<b>28</b>	<b>1</b>
	<i>Dissatisfied</i>	<b>30</b>	<b>10</b>	<b>1</b>

<b>Loyalty program</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>2</b>	<b>36</b>	<b>5</b>
	<i>Neutral</i>	<b>1</b>	<b>36</b>	<b>1</b>
	<i>Dissatisfied</i>	<b>4</b>	<b>3</b>	<b>1</b>

<b>Personalized platform</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>2</b>	<b>35</b>	<b>37</b>
	<i>Neutral</i>	<b>1</b>	<b>13</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>1</b>	<b>0</b>

<b>Esthetically designed platform</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>

<b>Attribute present</b>	<i>Satisfied</i>	<b>1</b>	<b>0</b>	<b>2</b>
	<i>Neutral</i>	<b>1</b>	<b>36</b>	<b>36</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>12</b>	<b>1</b>

<b>Functionally designed platform</b>	<b>Attribute absent</b>			
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>0</b>	<b>12</b>	<b>70</b>
	<i>Neutral</i>	<b>1</b>	<b>3</b>	<b>3</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Always available customer service</b>	<b>Attribute absent</b>			
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>0</b>	<b>0</b>	<b>1</b>
	<i>Neutral</i>	<b>1</b>	<b>37</b>	<b>21</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>28</b>	<b>1</b>

<b>Customer service managed by humans</b>	<b>Attribute absent</b>			
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>43</b>	<b>19</b>	<b>1</b>
	<i>Neutral</i>	<b>2</b>	<b>21</b>	<b>2</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>1</b>	<b>0</b>

<b>Customer service managed by chatbot</b>	<b>Attribute absent</b>			
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>2</b>	<b>4</b>	<b>3</b>
	<i>Neutral</i>	<b>10</b>	<b>30</b>	<b>1</b>
	<i>Dissatisfied</i>	<b>27</b>	<b>9</b>	<b>3</b>

<b>Implementation of customer feedback</b>	<b>Attribute absent</b>			
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>1</b>	<b>40</b>	<b>15</b>
	<i>Neutral</i>	<b>3</b>	<b>26</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>1</b>	<b>2</b>	<b>1</b>

## Appendix 5. Tables of total responses per outcome, 35 and older

<b>Multiple subscription-plan options</b>	<b>Attribute absent</b>			
<b>Attribute present</b>		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>6</b>	<b>18</b>	<b>6</b>
	<i>Neutral</i>	<b>1</b>	<b>12</b>	<b>1</b>



	<i>Dissatisfied</i>	<b>2</b>	<b>0</b>	<b>0</b>
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<b>In-platform purchase options</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>5</b>	<b>8</b>	<b>3</b>
	<i>Neutral</i>	<b>3</b>	<b>15</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>11</b>	<b>1</b>	<b>0</b>

<b>Loyalty program</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>3</b>	<b>17</b>	<b>9</b>
	<i>Neutral</i>	<b>1</b>	<b>13</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>3</b>	<b>0</b>	<b>0</b>

<b>Personalized platform</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>2</b>	<b>28</b>	<b>7</b>
	<i>Neutral</i>	<b>0</b>	<b>7</b>	<b>1</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>1</b>	<b>0</b>

<b>Esthetically designed platform</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>3</b>	<b>21</b>	<b>7</b>
	<i>Neutral</i>	<b>0</b>	<b>15</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Functionally designed platform</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>2</b>	<b>10</b>	<b>31</b>
	<i>Neutral</i>	<b>0</b>	<b>2</b>	<b>1</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Always available customer service</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>4</b>	<b>12</b>	<b>18</b>
	<i>Neutral</i>	<b>0</b>	<b>12</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Customer service managed by humans</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
	<i>Satisfied</i>	<b>29</b>	<b>8</b>	<b>1</b>

<b>Attribute present</b>	<i>Neutral</i>	<b>0</b>	<b>8</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Customer service managed by chatbot</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>1</b>	<b>3</b>	<b>0</b>
	<i>Neutral</i>	<b>3</b>	<b>13</b>	<b>3</b>
	<i>Dissatisfied</i>	<b>20</b>	<b>2</b>	<b>1</b>

<b>Implementation of customer feedback</b>	<b>Attribute absent</b>			
		<i>Satisfied</i>	<i>Neutral</i>	<i>Dissatisfied</i>
<b>Attribute present</b>	<i>Satisfied</i>	<b>3</b>	<b>22</b>	<b>6</b>
	<i>Neutral</i>	<b>1</b>	<b>9</b>	<b>0</b>
	<i>Dissatisfied</i>	<b>3</b>	<b>2</b>	<b>0</b>



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