

THE INFLUENCE OF PRICE PERCEPTION, ADVERTISING PERCEPTION, AUDIO QUALITY PERCEPTION, MUSIC DOWNLOAD PERCEPTION, AND UNLIMITED SKIP PERCEPTION ON THE DECISION TO USE SPOTIFY PREMIUM APPLICATION

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ABSTRAK

Penelitian ini bertujuan untuk menjelaskan pengaruh persepsi harga, persepsi iklan, persepsi kualitas audio, persepsi download musik, dan persepsi unlimited skip terhadap keputusan penggunaan aplikasi Spotify Premium. Penelitian ini merupakan penelitian kuantitatif, dengan teori yang digunakan dalam penelitian ini adalah Theory of Planned Behavior dan Konsep Strategi Bauran Pemasaran yang menggunakan teknik *non-probability sampling* dengan *purposive sampling*. Jumlah responden yang dipilih sebanyak 106 responden, berdomisili di Kota Semarang, berusia 18 hingga 35 tahun, dan menggunakan aplikasi Spotify.

Hasil pengujian hipotesis pertama dengan teknik regresi sederhana menunjukkan adanya pengaruh persepsi harga terhadap keputusan menggunakan aplikasi Spotify Premium dengan nilai signifikansi sebesar 0,000 yang berarti sangat signifikan. Sedangkan hipotesis kedua dengan menggunakan teknik regresi berganda menunjukkan bahwa tidak terdapat pengaruh persepsi iklan, persepsi kualitas audio, persepsi download musik, dan persepsi skip unlimited terhadap keputusan menggunakan aplikasi Spotify Premium dengan nilai signifikansi sebesar 0,234 yang berarti tidak signifikan. Namun jika dilihat secara parsial, variabel persepsi download musik memiliki pengaruh terhadap keputusan menggunakan aplikasi Spotify Premium dengan nilai signifikansi sebesar 0,048 yang berarti signifikan. Rekomendasi yang diberikan kepada peneliti selanjutnya adalah diperlukan penelitian yang lebih komprehensif dengan menggunakan variabel lain yang dapat mempengaruhi keputusan menggunakan aplikasi Spotify Premium.

Kata Kunci: price perception, Spotify features, decision to use

ABSTRACT

This study aims to explain the influence of price perception, advertising perception, audio quality perception, music download perception, and unlimited skip perception on the decision to use Spotify Premium application. This research is quantitative research, with the theory used in this research are Theory of Planned Behavior and Marketing Mix Strategy Concept which uses a non-probability sampling technique with purposive sampling. The total number of respondents selected was 106 respondents, lived in Semarang city, aged 18 to 35 years, and used Spotify application.

The result of testing the first hypothesis using simple regression linear analysis shows that there is an influence of price perception on the decision to use Spotify Premium application with a significance value of 0,000 means very significant. Meanwhile, the second hypothesis using multiple linear regression analysis shows that there is no influence of advertising perception, audio quality perception, music download perception, and unlimited skip perception on the decision to use Spotify Premium application with a significance value of 0,234 means not significant. However, if viewed partially, music download perception variable has an influence on the decision to use Spotify Premium application with a significance value of 0,048 means significant. The recommendation given to future researchers is that more comprehensive research is needed using other variables that can influence the decision to use Spotify Premium application.

Keywords: price perception, Spotify features, decision to use

BACKGROUND

Music enables humans to express the thoughts and emotions that exist in their minds and hearts while also connecting people who share similar tastes into a group. Currently, music can be listened to through a variety of media such as radio, MP3, and streaming music via music applications (Priyanti, 2021). Based on a survey by the Indonesian Internet Service Provider Association (APJII) regarding the 3-entertainment internet content most frequently visited by Indonesian people, there were 48,29 percent of respondents who frequently used the internet to open online music applications. Spotify is in second place

with a percentage of 17,52 percent, but it is still unable to beat YouTube music which is in the first ranked with a percentage of 44,18 percent (APJII, 2023).

According to cbncindonesia.com, Spotify has 515 million monthly active users. However, the majority of Spotify users are free users, only 40 percent are interested in paying a subscription fee. So paid users continue to decline from time to time.

Spotify has two service models: free and paid (premium). These two offers have dissimilar levels of service quality. Users of the Spotify Premium will not encounter any advertisements, thereby enhancing the

listening experience by providing uninterrupted music. In contrast, Spotify Free users will be interrupted by 15 to 30 seconds advertisement after playing 6 songs. Additionally, the audio quality for Spotify Premium users is superior to that of Spotify Free users. The maximum bitrate for desktop and mobile audio quality on Spotify Premium is **320kbps**, whereas the maximum bitrate for desktop and mobile audio quality on Spotify Free is **96kbps and 160kbps** respectively. Another benefit of subscribing to Spotify Premium is the ability to acquire a collection of 10.000 songs for offline listening. Meanwhile, Free Spotify users are restricted to streaming and online music listening. Furthermore, Spotify Premium users have unrestricted ability to skip, select, and repeat songs. In contrast, Free Spotify users are restricted to skipping six songs and lack the ability to select and repeat their preferred songs.

Free users may select from a variety of package variants for Spotify Premium at various prices in order to access premium services. The Spotify Premium package is offered in various variations, such as: (1) a **mini** subscription package for a single cell phone account for IDR 2,500 per day; (2) an **Individual** subscription package for IDR 54,990 per month for one account; (3) a **duo**

subscription package for two accounts for IDR 71,490 per month; (4) a **family** subscription package for a maximum of six accounts for IDR 86,900 per month; and (5) a **student** subscription package for IDR 27,500 per month. These price variations are adjusted to the functionalities that are exclusive to users with premium subscriptions (Spotify, 2023).

Despite the fact that Spotify Premium provides numerous benefits, the majority of Spotify customers continue to use the free service. Various customer testimonials demonstrating their preference for the free version of Spotify. Several reviews have given opinions on the Spotify service, and many of them agree that it provides an excellent music listening experience. Some user's states that advertisements might be bothersome and show too often throughout their music listening sessions. Some reviews also mention the price of Spotify's subscription service, which some people find excessively pricey. They believe that the monthly cost of a Premium subscription may be too expensive for some people, particularly those on a more limited budget.

RESEARCH OBJECTIVE

To determine the price perception, advertising perception, audio quality

perception, music download perception, and unlimited skip perception on the decision to use the Spotify Premium Application.

THEORETICAL FRAMEWORK

The Influence of Price Perception on The Decision to Use

According to Kotler (2003), marketing mix strategy is a set of controllable variables used by a company to pursue the desired level of sales in the target market. In other words, 4P is a combination of marketing variables that are internal factors that the company can control. The 4P variables are product, price, place, and promotion. Price is the amount of money paid by consumers to producers to get a product. The variables in the mix price are list price, discount, credit terms, and payment period. Lee and Lawson-Body describes price perception as a customer's evaluation and related emotional form of the reasonableness, acceptability, or justifiability of the seller's pricing as well as the price when compared to other parties (Lee & Lawson-Body, 2011).

Theory of Planned Behavior

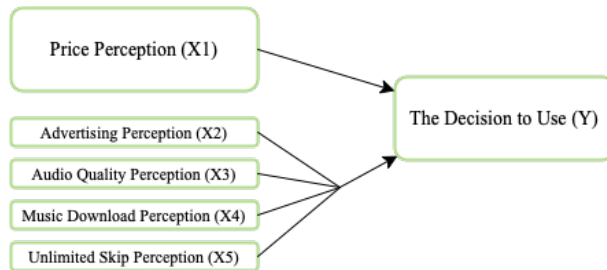
Icek Ajzen and Martin Fishbein developed the Theory of Planned Behavior (TPB), which is a development of the previous theory, the Theory of Reasoned Action. According to this idea, the intention

to perform specific behaviors is influenced by two factors: subjective norms and attitudes toward behavior. The Theory of Reasoned Action was then replaced by the Theory of Planned Behavior after Ajzen introduced the concept of perceived behavioral control.

The Theory of Reasoned Action was then refined by Ajzen and Fishben (1988) into the Theory of Planned Behavior, states that people' behavior is motivated by their purpose to behave, which is influenced by a variety of internal and external factors. According to the Theory of Planned Behavior, three factors influence an individual's intention to behave: attitude toward the behavior, subjective norms, and perceived behavioral control.

The phrase "freemium," which combines the terms "free" and "premium," describes a business model where a basic product or service is offered without charge, and customers can pay for a premium subscription or make in-app payments to access more features or have a better overall experience (Anderson, 2009, 2013; Liu et al., 2014; Teece, 2010). In order to maintain current customers and attract in new ones, the free version should offer sufficient value without negatively impacting sales of the premium version (Liu et al., 2014). **The premium version must offer more value-**

added to differentiate it from the free version. Thus, using a freemium model can result in varying experiences for paying and non-paying customers (Shi et al., 2015).



Theoretical Framework

Hypothesis

H1: There is a positive influence of price perception (X1) on the decision to use Spotify Premium (Y).

H2: There is a positive influence of advertising perception (X2), audio quality perception (X3), music download perception (X4), unlimited skip perception (X5) on the decision to use Spotify Premium (Y).

RESEARCH METHODOLOGY

Research Type

The type of this research is explanatory which aims to determine the influence of price perception (X₁), advertising perception (X₂), audio quality perception (X₃), music download perception (X₄), and unlimited skip perception (X₅) on the decision to use Spotify Premium (Y).

Population

The population in this study include men and women between the ages of 18 and 35 who lived in Semarang city in Indonesia, and use the Spotify application. The reason this study chose the age between 18-35 years old is that the majority of Spotify users are under 35 years old (Iqbal, 2023).

Sampling Technique

The sampling technique used in this study combines a non-probability sampling technique with purposive sampling. According to Roscoe (in Uma Sekaran, 2016) for most studies, a sample size of more than 30 people and less than 500 people is appropriate. The sample size in this research is 100 respondents, which meets the sample size requirements of not less than and not more than a good sample size.

Data Analysis

In this research, simple linear regression analysis and multiple linear regression analysis will be utilized. To assess the influence of one independent variable on one dependent variable, use simple linear regression analysis. Meanwhile, multiple linear regression analysis is used to identify the influence of more than one independent variable on the variance in the dependent variable (Sekaran & Bougie, 2016).

RESULT AND DISCUSSION

The Influence of Price Perception on the Decision to Use Spotify Premium

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.433	1	4.433	21.642	.000 ^b
	Residual	21.303	104	.205		
	Total	25.736	105			

a. Dependent Variable: DECISION TO USE

b. Predictors: (Constant), PRICE PERCEPTION

According to ANOVA table above, the value of the significant level obtained in this Simple Linear Regression Analysis is 0,000, which means it shows that the significance value is very significant and there is an influence of the variables price perception (X1) on the decision to use (Y) Spotify Premium application. Therefore, the research hypothesis which states that there is an influence of price perception on the decision to use Spotify Premium application is accepted.

This research explains the influence of price perception on the decision to use Spotify Premium application. So, it can be interpreted that this research is in line with the marketing mix strategy concept stated by Kotler (2003) which states that consumer decisions to buy a product are based on the 4Ps which consist of product, price, place, and promotion. Price is one of the variables that determines people's decisions to buy a product. Price is what is given up to obtain a product or service. The amount people are

willing to pay fluctuate depending on their demands. Individuals may have different price perception for the same service or product (Nakhleh in Tariq Khan, 2014). The focus of this research is to find out whether price has a significant influence on decision making regarding a product or service. This price variable of marketing mix strategy concept proves the influence of the price perception (X1) on the decision to use Spotify Premium application (Y).

Moreover, according to research data conducted by Hans Christian Yulianto and Augustinus Nicolaas Hillebrandes Oroh (2021) in their research entitled "The Effects of Social Value, Value for Money, App Rating, and Enjoyment on the Intention to Purchase the Premium Service of the Spotify App" states that there is an influence of social value, value for money, app rating, and enjoyment on the intention to purchase the premium service of the Spotify app, both individually and as a whole. The research shows that the most dominant factor was the value for money. There is also research by Rattanan Jirayuwattana (2021) entitled "The Impact of Marketing Mixes (4Ps), Technology Acceptance, and Lifestyle

Factors Toward Purchase Intention of Spotify Premium". This research shows that marketing mixes (4Ps) had an impact on

Spotify Premium purchase intention, one of the components of marketing mixes is price, which means price also has an influence on Spotify Premium purchase intention. Based on findings of research by Muhammad Syafiq Mat Suhod, Abdul Hafaz Ngah, and Samar Rahi (2022) entitled “Unravelling the continue of subscribing Spotify Premium among university students: the extended UTAUT 2 model” shows that price value is one of the factors that has an impact in subscriber’s intention to keep their Spotify Premium package. Several similar studies have the same results as this research, namely that price perception has an influence on the decision to use Spotify Premium application.

The Influence of Advertising Perception, Audio Quality Perception, Music Download Perception, and Unlimited Skip Perception on the Decision to Use Spotify Premium Application

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.367	4	.342	1.417	.234 ^b
	Residual	24.369	101	.241		
	Total	25.736	105			

a. Dependent Variable: DECISION TO USE

b. Predictors: (Constant), UNLIMITED SKIP PERCEPTION, ADVERTISING PERCEPTION, MUSIC DOWNLOAD PERCEPTION, AUDIO QUALITY PERCEPTION

As presented in the table above, the value of the significant level obtained in this multiple linear regression analysis is 0,234 which means it is greater than the probability

value of 0,05. It shows that the significance value is not significance and there is no influence of the variables advertising perception (X2), audio quality perception (X3), music download perception (X4), and unlimited skip perception (X5) on the decision to use Spotify Premium application (Y). Therefore, the research hypothesis which states that there is a positive influence of advertising perception, audio quality perception, music download perception, and unlimited skip perception on the decision to use Spotify Premium application is rejected. According to the hypothesis testing for this study, advertising perception, audio quality perception, music download perception, and unlimited skip perception had no influence on the decision to use Spotify Premium application. Thus, the explanation of Theory of Planned Behavior is not applied in this research.

The absence of influence on advertising perception, audio quality perception, and unlimited skip perception was proven through multiple linear regression analysis and responses from respondents to this research questionnaire which stated that some respondents felt that they were not too disturbed by the presence of advertisements on Spotify Free which only lasted 15 to 30 seconds. Besides that, several

respondents also felt that there was not much difference in the clarity and sharpness of audio quality on Spotify Free and Spotify Premium services. Moreover, respondents felt that the freedom to choose songs was not very important.

This was also found in research conducted by Thomas M. Wagner and Thomas Hess (2013) with the title “What Drives Users to Pay for Freemium Services? Examining People’s Willingness to Pay for Music Service” states that people tend to be satisfied with the free version so they consider no need to pay for the service, as shown by the desire to use the free service having the biggest negative influence on the intention to use the premium service. Besides that, there is also research by Lawrence Philip, Theresia Pradiani, and Fathorrahman with the title “Influence Brand Experience, Viral Marketing and Brand Image to Brand Loyalty to Service Users Streaming Spotify in Indonesia” states that brand experience, which includes user interactions with Spotify services that can shape user perceptions of the brand, has no positive effect on brand loyalty. This means that the user’s experience when using Spotify does not significantly affect their loyalty to the brand (Philip et al., 2023). Lastly, research conducted by Matti Mantymaki, A.K.M. Najmul Islam, and Izak

Benbasat entitled “What Drives Subscribing to Premium in Freemium Services? A Consumer Value-Based View of Differences Between Upgrading to and Staying with Premium” argues that the premium subscription’s price value was negatively impacted by the free subscription’s intrusive advertising. Because of the negative effect that intrusive advertising has on the premium subscription’s pricing, employing advertising to strategically cause inconvenience in order to distinguish between the free and premium subscriptions may have unintended consequences (Mäntymäki et al., 2020). The results of these research have the same results as this research, namely there is no influence of advertising perception, audio quality perception, music download perception, and unlimited skip perception on the decision to use Spotify Premium.

However, this research found a new discovery, namely if viewed partially based on the coefficients table, music download perception influences the decision to use Spotify Premium as evidenced by a significance value of 0,048 which means significant.

CONCLUSION

The conclusions drawn from the explanations in the previous chapter as well

as recommendations that can be useful for interested parties are presented.

1. The result of this research shows that there is an influence of price perception (X1) on the decision to use Spotify Premium application (Y). This is indicated by a significance value of 0,000 means it is very significant and the coefficient value of price perception (β) is 0,048 with a positive value. This means that every time price perception increasing, the decision to use Spotify Premium application will increase or vice versa.

2. The result of this research also shows that there is no influence of advertising perception (X2), audio quality perception (X3), music download perception (X4), and unlimited skip perception (X5) on the decision to use Spotify Premium application (Y). This is indicated by a significance value of 0,234 means it is not significant.

3. This research also finds new findings, namely that if seen partially through the results of multiple linear regression analysis, the music download perception variable (X4) has an influence on the decision to use Spotify Premium application (Y). This is indicated by a significance value of 0,048 with a positive value, means it is significant and if music download perception increasing,

the decision to use Spotify Premium application will increase or vice versa.

RECOMMENDATION

1. Academic

Due to the limitation of this study about the influence of advertising perception, audio quality perception, music download perception, and unlimited skip perception on the decision to use Spotify Premium, more comprehensive research using another variable is needed to understand the factors that encourage free users to subscribe to Spotify Premium.

2. Practical

The features currently offered by Spotify Premium are not attractive enough to encourage Spotify Free users to subscribe, so that Spotify needs to upgrade their features. Moreover, the advice given to Spotify is that Spotify needs to maintain the price packages it already has, such as the mini, individual, duo, family, and student subscription package, as well as increasing the number of package variants according to segment or the target market that Spotify wants to address. Because the result of this research shows that price perception has influence on the decision to use Spotify Premium.

3. Social

The findings of this research show the factors that influence the decision to use Spotify Premium application. This evidence can be used as a reference in marketing strategies

and understanding consumer behavior. In addition, similar premium applications may attract in more paying users by implementing the strategies discussed in this study into practice.

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