

The Correlation between Perceived In-App Advertising and Brand Association of the Spotify Music Streaming Application with Consumer Purchasing Decision of Premium Services

Julieta Isabell, Yanuar Luqman

Email : julietaisabell06@gmail.com

Departemen Ilmu Komunikasi

Fakultas Ilmu Sosial dan Ilmu Politik Universitas Diponegoro

Jl. Prof. H. Soedarto, SH Tembalang Semarang Kotak Pos 1269

Telepon (024) 7465407 Faksimile (024) 7465405

Laman : <http://www/fisip.undip.ac.id> email fisip@undip.ac.id

ABSTRACT

As digitalization continues to advance, in-app advertising plays a pivotal role in enhancing marketing strategies. Spotify, a music streaming application, implements in-app advertising strategy to encourage free users to subscribe to its premium services. The message conveyed in these in-app advertisements emphasize the relevant benefits and features of the service. This is expected to foster positive perceptions of the brand and its premium services. Through the development of positive perceptions, associations with the premium service can be established, potentially effecting consumer purchasing decisions for the premium subscription. However, annual data reveals a declining percentage of premium subscriber growth Year over Year (YoY) over the past 3 years. Therefore, the study entitled “The Correlation between Perceived In-App Advertising and Brand Association of the Spotify Music Streaming Application with Consumer Purchasing Decision of Premium Services” was examined.

This research is a quantitative study using an explanatory method. Through semi-interviews with 100 participants, characterized as Indonesian individuals (male and female) aged 18-24 years who are Spotify users. The findings of Pearson multivariate correlation result reveal a positive correlation between perceived in-app advertising and brand association of the Spotify music streaming application with consumer purchasing decision of premium services. This is supported by significance values less (<) than 0.01, with a positive correlation strength that is categorized as moderate (0.459). These findings align with the advertising Exposure Theory by Batra R., Myers J., and Aaker D. The results suggest that Spotify can enhance ad optimization and brand building strategies to improve consumer perceptions and brand associations, thereby increasing the probability of users subscribing to premium services.

Keywords : Perceived In-App Advertising, Brand Association, Spotify Premium, Purchasing Decision

ABSTRAK

Seiring dengan laju digitalisasi yang kian berkembang, iklan dalam aplikasi sangat memainkan peran utama dalam meningkatkan periklanan. Spotify, aplikasi streaming musik menerapkan strategi Iklan dalam aplikasi untuk mendorong konsumen gratis agar berlangganan layanan premium. Pesan di iklan dalam aplikasi tersebut memuat keunggulan dan karakteristik yang relevan. Hal itu diekspetasikan dapat mendorong persepsi positif terhadap merek dan layanan premium Spotify. Melalui terbentuknya persepsi positif, asosiasi-asosiasi terhadap layanan premium tersebut dapat terbentuk, sehingga berdampak pada keputusan pembelian layanan premium. Akan tetapi data tahunan menunjukkan bahwa terdapat penurunan persentase peningkatan pelanggan premium dari tahun ke tahun dalam 3 tahun terakhir. Oleh karena itu ‘‘Korelasi antara Persepsi Iklan dalam Aplikasi dan Asosiasi Merek pada Aplikasi Streaming musik Spotify dengan Keputusan Pembelian Layanan Premium oleh Konsumen’’ telah diuji

Penelitian ini merupakan penelitian kuantitatif dengan metode eksplanatori. Melalui semi-interview kepada 100 participants dengan karakteristik masyarakat Indonesia, pria dan wanita berusia 18-24 tahun yang merupakan konsumen Spotify. Ditemukan hasil melalui *Pearson multivariate correlation* bahwa adanya korelasi positif antara persepsi iklan dalam aplikasi dan asosiasi merek pada aplikasi streaming musik Spotify dengan keputusan pembelian layanan premium oleh konsumen, hal ini didukung oleh nilai signifikansi yang dimana lebih kecil dari ($<$) 0.01 dengan nilai keeratan variable yang positif dan tergolong kedalam keeratan moderat (0.459). Hal ini selaras dengan *Advertising Exposure Theory* oleh Batra R, Myers J, dan Aaker D. Spotify dapat meningkatkan ad optimization dan brand building untuk meningkatkan persepsi dan asosiasi merek consumer, sehingga dapat meningkatkan probabilitas consumer untuk berlanggan layanan premium.

Kata Kunci: Persepsi Iklan dalam Aplikasi, Asosiasi Merek, Spotify Premium, Keputusan Pembelian

INTRODUCTION

Background

Advertising plays an important role of marketing in shaping consumer perceptions and attitudes towards a brand. In line with (Maddodi & Upadhyaya, 2023) considering the rapid growth of in-app advertising as a mobile advertising format, it is necessary to understand consumer behaviour and its efficacy in many contexts.

Over the upcoming years, in-app advertising is expected to play a major role in driving mobile advertising. Similar to how Spotify, a music streaming app, introduces and promotes its premium services through in-app advertising.

While free users are listening to music, Spotify inserts audio ads that promoting the benefits of Spotify premium (Audio ads). These ads typically last around 30 seconds and un-skippable which

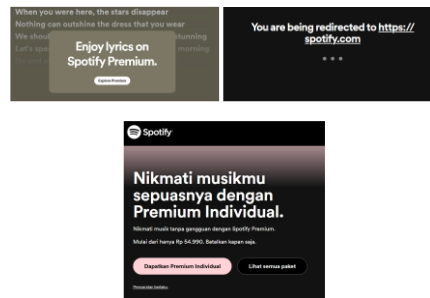
highlight the superior features, For instance, “Bread and jam, flowers and beetles, romeo and juliet. some things in life, are meant to be together. Same as listening to songs offline without ads and without limits on spotify premium, only Rp. 54.990 per month!”



Graphic 1. Spotify In-app advertisement (Display ads)

Through the banner advertisement (Display ads) that pop-up when the consumer listens to the audio ad can be clicked and then the consumer goes straight to the special Spotify premium page. Conformity to (*Spotify Premium - Spotify (ID)*, 2024) consumers will see substantial value from premium features with the fact that consumers can download the music and listen to it anywhere without the need of internet. Moreover, consumers can listen to the music freely without the interference of ads. Consumers can choose to play any song in any order they want without the skip limit on their mobile phone. Consumers can also listen with friends in

real-time. Consumers can also manage the song queue. Consumers can also access exclusive feature such as your Music Capsule, as well as access to exclusive content such as listening parties with artists and early access to the latest K-pop videos on K-pop ON! Hub. Higher sound quality is also provided in the premium service. Price relativity is also offered by Spotify on the special Spotify premium page, there are various packages with different prices and benefits.



Graphic 2. Spotify In-app advertisement in lyrics features (Display ads)

Likewise Display ads and Audio ads which interrupt users while enjoying Songs/playlists/albums, When Spotify users use the lyrics features on Spotify, premium advertisements appear as well onscreen due to the number of lyrics that can be viewed is limited. The lyrics even may not be available for some songs and devices.

Consumers who are frequently exposed to interesting Spotify

advertisements tend to develop a positive attitude towards Spotify premium version. In line with Schmidt & Eisend (2015) frequent advertising exposure, around 10 exposures, leads to maximum positive attitude towards the brand. Therefore, the in-app advertising might increase consumers' trust and loyalty towards Spotify. In conformity with (Cheung & To, 2017) the favourable attitude increases user's intention to watch in-app advertisements, and thus results in the desirable behaviour. However, empirical data shows that the percentage increase in premium subscribers from year to year has actually decreased rather than increased. Music Business Worldwide (MBW) that is a leading information service for the global music industry conduct annual research on Spotify streaming music application to examine the quantitative data of premium subscriber. According to Stassen, (2021) there is an increase of premium subscriber in quarter 1 2021 with 21% compared to the previous year. However, in quarter 1 of 2022 and 2023 showed a declining number of the increase number with only 15% compared to quarter 1 2021 (Stassen, 2023). Moreover, in quarter 1 of 2024 even showing a lower amount of premium subscriber increase with only 14% (Stassen, 2024). Therefore, the number of increases in premium subscriber sales has actually

decreased from year to year, whereas Spotify should be able to maintain a significant growth of premium subscriber increase through the in-app advertising that have been carried out.

RESEARCH PROBLEM

In-app advertising that have been carried out by Spotify, it is expected that when consumers are exposed to the advertising messages such as premium services offer a higher sound quality, ad-free listening, enable offline listening, offering exclusive content and et cetera will then lead the consumers to create positive feelings and attitudes towards the brand which then eventually will drive consumers into buying the premium services. Hence, the more consumers are exposed with in-app advertising, the higher consumer's possibility of subscribing. Consumers will be interested in the premium services offered. Therefore, the increase of premium subscriber year over year should always rising. However, the annual data shows that there is a lessen amount of premium subscriber increase percentage year over year in the last 3 years (i.e. 2022 with 15% increase, 2023 with 15% increase, 2024 with only 14% increase) compared to 2021 with 21% premium subscriber increase.

However, there is a study that have examined the influence of Spotify premium service advertising on Consumer subscription interest in Bandung City. In compliance with Maulana et al., (2022) there is a significant and quite strong and unidirectional relationship between the awareness that consumers feel from advertisements for Spotify premium services and their purchasing interest. Additionally, there is also a significant, strong and unidirectional relationship with Trial, Reinforcement and the attraction felt by consumers due to the presence of Spotify service advertisements in the application. Moreover, there is an analysis regarding the influence of advertising attractiveness and brand image on purchase intention for Spotify premium services. In line with Pratama, (2018) the attractiveness of advertisements shown to free-users with the message of offering to switch to premium services which are offered with various prices has a significant positive effect on interest in purchasing premium services and brand image also has a significant positive effect on interested in purchasing premium services. Therefore, the gap that occurs in the current empirical data of Spotify and also previous research shows that this research indicates significancy to be conducted.

The advertising in the Spotify application is expected to play an important role in forming positive perceptions in which consumers are attracted to it and then form positive feelings and attitudes which ultimately lead the consumers to purchasing premium services. However, in reality, the percentage increase in premium subscribers from year to year over the last 3 years shows that it has actually decreased. As a result, the research question would be “ Is there a correlation between perceived in-app advertising and brand association of the Spotify music streaming application with consumer purchasing decision of premium services? ”

Research Objective

This research is to examine the correlation between perceived in-app advertising and brand association of the Spotify music streaming application with consumer purchasing decision of premium services.

THEORETICAL FRAMEWORK

The correlation between perceived in-app advertising and brand association of the Spotify music streaming application with consumer purchasing decision of premium services

This study uses advertising exposure to examine the correlation between perceived in-app advertising and brand association of the Spotify music streaming application with consumer purchasing decision of premium services. In compliance with Batra et al., (1996) if consumers are exposed to the advertising messages, it will create certain feelings and attitudes towards the brand which could drive consumers to buy the products. Hence, frequent in-app advertising exposure will enhance brand awareness in the minds of the audience which will make the audience feel more familiar with the Spotify streaming music application. Therefore, when Spotify streaming music application consumers are exposed to in-app advertising which effectively shows the benefits and advantages of premium services compared to ad-supported users which will help shape the brand personality that highlights the attributes of the service. In consequence, it can generate feelings for the audience to create positive/favourable associations towards the brand. This process of advertising exposure should lead to consumers' purchasing action, because they will feel confident that they will get better experiences with the Spotify.

Spotify as the source that creates and sends advertising messages which promote the benefits and advantages of

Spotify premium through their own application (owned media) including repetitive audio ads interruptions and display ads within the app, it is intended to affect the free-tier users' behaviours who experience these in-app advertisements. It is expected that the receivers are interested to the Spotify in-app advertisements messages which then help them in creating positive perception and shaping brand associations positively, then it will lead their purchase decisions towards subscribing to Spotify premium.

State of the Art

Maulana et al., (2022), assessed the influence of Spotify premium services advertising on consumer subscription interest in Bandung city. The findings shows that there is an impact of Spotify premium service advertisements that have been structured in a manner to establish awareness, trial, and reinforcement on the buying interest variable, since there is unidirectional correlation between variable X and variable Y.

Pratama (2018), analyze the Influence of Advertising Attractiveness, Brand Image, and Price Perceptions on Purchase Interest in Spotify Premium Services'. The study indicates that impact exists both individually and concurrently of attractiveness of advertisement (X1), brand

image (X2), and perception of price (X3) on purchase interest in Spotify Premium services (Y).

(Wardhani & Alif, 2019) examined the Effect of Advertising Exposure on Attitude Toward the Advertising and the Brand and Purchase Intention in Instagram. Out of the four advertising exposures variables (emotional appeals, informativeness, advertising creativity, and entertainment), informativeness only influence the attitude toward the advertising, while the entertainment influences both. Therefore, the most important aspect in advertising is entertainment.

Fadlillah (2021), observed "The influence of perceptions of advertising on online purchasing decisions (Study of student Shopee users in Ungaran)." The result concludes that there is an influence of perceptions of advertising on existing purchasing decisions to student Shopee users in Ungaran.

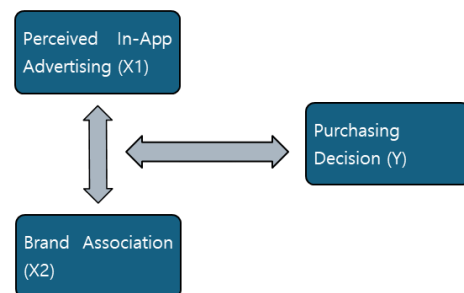
However, there is also an analysis by Supiyandi et al., (2022) that examined "The relationship between brand equity dimension (brand awareness, perceived quality, brand associations, and brand loyalty) of Shopee on consumers' purchasing decisions." The results shows that the brand association fails to favorably

and substantially impact buyers' purchasing decision.

On that count, the result differences further strengthen the researcher's propensity to-examine the correlation between perceived intensity of in-app advertising (X1) and brand association of the Spotify music streaming application (X2) with consumer purchasing decision of premium services (Y).

HYPOTHESIS

H1 : There is a positive correlation between perceived in-app advertising and brand association of the Spotify music streaming application with consumer purchasing decision of premium services.



Graphic 3. Hypothesis

RESEARCH METHODOLOGY

Research Type

This research is using quantitative research method and through explanatory research type.

This research contains 3 variables which consist of 2 independent variables (X) that are; 1. Perceived in-app advertising. 2. Brand association of the Spotify Music Streaming Application with 1 variable (Y) that is consumer purchasing decision of premium services.

Population

The population of age 18-24 both male and female who are Spotify music streaming application user in Indonesia with an unknown number.

Sampling

The sampling technique that will be used is Non-random /Non-probability sampling technique. This research will use this technique due to the number of the population of age 18-24 both male and female who are Spotify music streaming application user in Indonesia is unknown. Confirming to Larkin, (2023) the audience demographic shows that consumers between the ages of young adults both male and female that are 18-24 years old were

85% more likely than the average user to visit Spotify in January 2023. Moreover, this research will use purposive sampling to those fit with the expected specific characteristic.

The number of samples that will be used is 100 respondents. According to Roscoe (1975) the proper sample size is should larger than 30 and less than 500.

Research Instrument and Data collection techniques

The tool that will be used as data collection for this study is semi-interview. Respondents will be given questions related to the research instrument and will answer all of the questions on the respondent answer sheet.

Data Analysis Technique

The data analysis technique that will be used is the Multiple correlation coefficient or also known as the Pearson multivariate correlation. As stated by Salkind (2007) the multiple correlation coefficient (R) generalizes the standard coefficient of correlation. It is employed in multiple regression analysis to evaluate the accuracy of the prediction of dependent variable. It is equivalent to the squared correlation between the predicted and actual values of the dependent variable. It may also alternatively be interpreted as the percentage of the dependent variable's

variance that can be explained by the independent variables. This significance of a multiple coefficient of correlation can be assessed with an F ratio. In line with Neter et al., (1996) the coefficient of multiple correlation R is the positive square root of R² value. It then calculates square root of the R² values to get P coefficients of multiple correlation.

ANALYSIS/DISCUSSION OF RESEACH RESULTS

The correlation between perceived in-app advertising (X1) and brand association (X2) of the Spotify music streaming application with consumer purchasing decision of premium services (Y).

Table 1. Pearson Multivariate Correlation result

Model Summary									
odel	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
	.459 ^a	.210	.194	.385	.210	12.913	2	97	.000

Predictors: (Constant), Brand Association, Perceived in-app advertising

According to the table above, The R value of 0.459 indicates a moderate positive correlation between the independent variables and the dependent variable, as stated by Evans (1996) that the correlation coefficient between 0.400 – 0.590 can be considered as moderate strength of

relationship. The R Square value of 0.210 shows that 21% of the variation in the dependent variable can be explained by the two independent variables in this model, while the remaining variation is influenced by other factors outside the model. The Adjusted R Square value of 0.194 provides a more accurate estimate for the population by adjusting the R Square value for the number of variables and sample size. The Std. Error of the Estimate of 0.385 reflects the model's level of estimation error. The change statistics, with an F Change value of 12.913 and a significance (Sig. F Change) of 0.000. Therefore, the result of 0.000 is less (<) than 0.010, it indicates that the model is statistically significant, meaning that there is a correlation between perceived in-app advertising (X1) and brand association (X2) of the Spotify music streaming application with consumer purchasing decision of premium services (Y). Thus, Hypothesis is accepted.

Discussion

According to Pearson multivariate correlation test above, it shows that H: There is a positive correlation between perceived in-app advertising (X1) and brand association (X2) of the Spotify music streaming application with consumer purchasing decision of premium services (Y) is accepted. Therefore, the result aligns with Advertising Exposure Theory. As

stated in Batra et al., (1996) if consumers are exposed to the advertising messages, it will create certain feelings and attitudes towards the brand which could drive consumers to buy the products. When audiences are exposed to advertisements, they become familiar with the brand or the products/service being offered. This exposure allows consumers to gain information about the benefits, characteristics, or attributes of the advertised products or services. Consequently, advertising plays a role in shaping perceptions of the brand, then help consumers associate certain qualities in accordance with the message received, and ultimately influencing purchase intentions or decision.

In the manner of the advertising exposure theory above, Spotify consumers are exposed to the messages of Spotify premium advertisements in the Spotify streaming music application, then eventually will create a positive perception towards the brand (Spotify). This process involves affective action including emotional responses or feelings carried out by Spotify consumers towards the content of Spotify premium ads in the application. Hence, frequent and relevant Spotify premium in-app advertise will enhance consumer attention, which will increase familiarity with the premium services.

Therefore, through these positive perceptions towards the Spotify premium ad., the consumers engage in cognitive response where consumers will start to think, understand, assess, and analyze the information obtained through the ad. When the advertisements effectively highlight the benefits and advantages of premium services compared to the ad-supported users, consumers begin to form brand associations specifically towards the Spotify premium services including the premium services attributes, price relativity, and use/application. This cognitive process then leads to consumers' purchasing decision, owing to the fact that consumers might gain confidence that subscribing to Spotify premium will provide a better experience. This reflects the advertising exposure theory, consumer's positive perception of Spotify leads them to generate associations to Spotify premium services, thus the brand association leading to a higher likelihood of premium service purchases compared to solely relying on the correlation between perceived in-app advertising (X1) with consumer purchasing decision of premium services (Y). However, even though there is significance in the hypothesis, the result of the correlation two independent variables and one dependent variable resulting in

relatively moderate closeness, which means that the relationship exists and not weak even though its strength is not that highly significant.

CLOSING

Conclusion

On the basis the research results of Pearson multivariate correlation, it was found that the hypothesis ‘‘ There is a positive correlation between perceived in-app advertising (X1) and brand association (X2) of the Spotify music streaming application with consumer purchasing decision of premium services (Y).’’ is accepted. Hence, there is conformity with the assumptions put forward by advertising exposure theory, namely that if consumers are exposed to the advertising messages, it will create certain feelings and attitudes towards the brand which could drive consumers to buy the products. When audiences are exposed to advertisements, they become familiar with the brand or the product/service being offered. This exposure allows consumers to gain information about the benefits, characteristics, or attributes of the advertised product or service. Consequently, advertising plays a role in shaping perceptions of the brand, then helps consumers associate certain qualities in

accordance with the message received, and ultimately influences purchase intentions or decisions.

The correlation between perceptions of in-app advertising and brand associations with premium purchase decisions demonstrates the importance of a holistic marketing strategy. By creating a positive user experience through relevant advertising that is entertaining and not too irritating, as well as delivering related associations through the messages, Spotify can encourage more consumers to subscribe to premium services.

Suggestions

1. Ad optimization: Spotify can improve the in-app advertisements design, relevance, and delivery to enhance user perception.
2. Brand Building: Spotify needs to continue to strengthen brand association through marketing campaigns, service quality improvements, and consistent brand communication.

BIBLIOGRAPHY

Batra, R., Myers, J. G., & Aaker, D. A. (1996). *Advertising Management* (5th edition). Prentice Hall.

- Cheung, M. F. Y., & To, W. M. (2017). The influence of the propensity to trust on mobile users' attitudes toward in-app advertisements: An extension of the theory of planned behavior. *Computers in Human Behavior*, 76, 102–111.
<https://doi.org/https://doi.org/10.1016/j.chb.2017.07.011>
- Evans, R. H. (1996). An Analysis of Criterion Variable Reliability in Conjoint Analysis. *Perceptual and Motor Skills*, 82(3), 988–990.
<https://doi.org/10.2466/pms.1996.82.3.988>
- Fadlillah, A. S. (2021). *PENGARUH PERSEPSI TERHADAP IKLAN DENGAN KEPUTUSAN PEMBELIAN SECARA ONLINE*.
https://repository.walisongo.ac.id/cgi/search/archive/advanced?screen=Search&dataset=archive&order=-date%2Fcreators_name%2Ftitle&title=&creators_name=ahmad+faqih&keywords=
- Larkin, S. (2023, March 17). *Who is today's Spotify Consumer?*
- Maddodi, C. B., & Upadhyaya, P. (2023). In-app advertising: a systematic literature review and implications for future research. *Spanish Journal of Marketing - ESIC*, ahead-of-print(ahead-of-print).
<https://doi.org/10.1108/SJME-05-2022-0120>
- Maulana, M. F., Revinzky, M. A., & Ramdan, A. M. (2022). *PENGARUH IKLAN LAYANAN SPOTIFY PREMIUM TERHADAP MINAT BERLANGGANAN KONSUMEN DI KOTA BANDUNG*.
- Neter, J., Kutner, M. H., Nachtsheim, C. J., & Wasserman, W. (1996). *Applied linear statistical models*.
- Pratama, E. (2018). *Analisis Pengaruh Daya Tarik Iklan, Citra Merek, dan Persepsi Harga Terhadap Minat Beli Layanan Premium Spotify*.
- Roscoe, J. T. (1975). *Fundamental research statistics for the behavioral sciences* (Second ed.). Holt Rinehart and Winston.
- Salkind, N. (2007). *Encyclopedia of Measurement and Statistics*. Sage Publications, Inc.
<https://doi.org/10.4135/9781412952644>
- Schmidt, S., & Eisend, M. (2015). Advertising Repetition: A Meta-Analysis on Effective Frequency in Advertising. *Journal of Advertising*, 44(4), 415–428.

<https://doi.org/10.1080/00913367.2015.1018460>

Spotify Premium - Spotify (ID). (2024, May 30).

Stassen, M. (2021, April 28). *Spotify subscriptions grew just 2% to 158m in Q1, monthly active users topped 356M*.

<https://www.musicbusinessworldwide.com/spotify-subscriptions-grew-just-2-to-158m-in-q1-monthly-active-users-topped-356m/>

Stassen, M. (2023, April 25). *Spotify added 5m premium subscribers in Q1, taking its total global paying subs audience to 210m. Music Business Worldwide*. .
<https://www.musicbusinessworldwide.com/spotify-added-5m-premium-subscribers-in-q1-taking-its-total-global-paid-subs-audience-to-210m>

Stassen, M. (2024, April 23). *SPOTIFY SUBSCRIBER BASE GREW BY 3M TO 239M IN Q1, AS COMPANY*

POSTS BIGGEST EVER QUARTERLY PROFIT. Music Business Worldwide .
<https://www.musicbusinessworldwide.com/spotify-subscribers-grew-by-3m-to-239m-in-q1-as-company-posts-biggest-ever-quarterly-profit/>

Supiyandi, A., Hastjarjo, S., & Slamet, Y. (2022). Influence of Brand Awareness, Brand Association, Perceived Quality, and Brand Loyalty of Shopee on Consumers' Purchasing Decisions. *CommIT (Communication and Information Technology) Journal*, 16(1), 9–18.
<https://doi.org/10.21512/commit.v16i1.7583>

Wardhani, P. K., & Alif, M. G. (2019). *The Effect of Advertising Exposure on Attitude Toward the Advertising and the Brand and Purchase Intention in Instagram*. University of Indonesia .