MEDIATING EFFECT OF VIDEO-ON-DEMAND ON XXI’S CUSTOMER PERCEIVED VALUE AND LOYALTY

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ABSTRACT

Disruption has become the main reason for abandoning conventional ways of modernization. This phenomenon also applies to the entertainment industry, where cinemas compete with subscription video-on-demand (SVOD). The largest cinema industry in Indonesia, Cinema XXI, is undoubtedly not resistant to this disruption. This research study applies a sample of 215 respondents from the sliced population of Cinema XXI customers and SVOD services subscribers. It aims to review the mediating effect of subscription video-on-demand services on the relationship between customer perceived value and customer loyalty to Cinema XXI. This study is a quantitative research, applying the Structural Equation Modeling (SEM) analysis method. Primary data was taken directly from the respondents using a Google Form-based questionnaire and later analyzed using JASP software. The results of the study show that subscription videos on demand do not have a significant mediating effect on the relationship between customer perceived value and customer loyalty. Subscription video on demand does not have a significant effect on customer loyalty. Though without a mediation, customer perceived value directly affects customer loyalty and subscription video on demand.

Keywords: Cinema, Subscription Video on Demand, Customer Perceived Value, Customer Loyalty, Disruption.
INTRODUCTION

In this modern era, innovation has become an inevitable necessity for everyone. Disruption has become the main reason for the abandonment of the conventional ways of living toward more modern approaches. This phenomenon can also be observed in the entertainment industry, particularly film. Films and television series are commonly distributed through cinemas, television channels, DVDs, and festivals. The success of a film is often measured by its box office revenues (Franses, 2021). However, a new distribution channel called subscription video on demand (SVOD) has emerged. Subscription video on demand is an over-the-top (OTT) service provider which Tan (2021) describes as an online video distributor that utilizes the internet as its distribution medium. According to data published by Populix (2022), Netflix ranks first as the SVOD service with the highest number of subscribers in Indonesia, dominating 69% of the market. Disney+ Hotstar comes in second place, capturing 62% of the market, followed by YouTube at third place with 52%, and Viu with 36% market share.

Cinemas and SVOD services operate within the same industry. They both function as aggregators that deliver cinematic content to viewers. The distinction between these two businesses lies in their distribution channels. Cinemas distribute films in physical locations, necessitating audiences to attend in person. In contrast, SVOD services provide a more flexible option by delivering films digitally, allowing them to be accessed anywhere and anytime. As quoted from Indonesia (2019), director Fajar Nugros predicts that in the future, cinemas will only serve as a form of "romanticism" in film viewing, as people no longer have the time to visit theaters.

In Indonesia, the cinema industry is currently dominated by PT Nusantara Sejahtera Raya, operating as 21Cineplex, with several cinema networks, including Cinema XXI, The Premiere, and IMAX Theatre (in collaboration with IMAX Corporation) (Dollar & Raymond, 2017). According to the data provided on the official 21Cineplex website at https://21cineplex.com/, in Surabaya alone, 21Cineplex has outlets in 11 shopping centers, consisting of 14 Cinema XXI theaters, 5 The Premiere outlets, and 2 IMAX Theatre outlets. This number is significantly higher than its competitors in Surabaya, such as CGV Cinemas with three outlets, Cinépolis with one outlet, and MOVIMAX Cinema with one outlet.

This intense competition forces 21Cineplex to maintain its audience numbers through customer loyalty, which is one of the indicators of a company's success (Lusy & Putra, 2020). In part, customer loyalty can be enhanced by utilizing perceived value, as it can significantly influence customer loyalty directly and indirectly (Khasbulloh & Suparna, 2022; Kotler et al., 2021). According to Kotler et al. (2021), several sub-indicators influencing customer perceived value include product customization, facilities and infrastructure, personal relationships, price costs, and time and effort costs. In this context, the values of the sub-indicators possessed by 21Cineplex and SVOD services differ significantly. For instance, Cinema XXI provides large-screen studios, high-class audio systems, and comfortable seating, with ticket prices starting from Rp20,000,- (Surabaya). On the other hand, SVOD services rely on the customers' own devices as the playback medium, with subscription prices starting from Rp20,000,- per month, offering a more affordable yet convenient option.

The anticipated disruption from SVOD services demands other aggregators to continuously develop creativity and innovation to survive in the film industry. Although
disruptive, this also presents an opportunity for 21Cineplex to realize opportunity creation in business development. Therefore, considering the significant disruption caused by the increasingly prevalent SVOD services in Indonesia and taking into account the dimensions of customer perceived value, namely benefits and costs, the author aims to determine whether the perceived value offered by 21Cineplex as the most popular cinema in Indonesia is capable of maintaining customer loyalty. To attain this objective, the author conducted a case study on Cinema XXI, which has the highest number of outlets compared to other 21Cineplex products, to examine the influence of SVOD service disruption, as viewed from customer perceived value, on customer loyalty. The limited publication on this matter also motivates the author to address the abovementioned research.

Khasbulloh & Suparna (2022) define customer perceived value (CPV) as the customer's experience related to the quality of service, where perceived value is the comparison between the benefits and costs incurred by customers to obtain a product or service. High benefits with low costs will create positive value for customers. Therefore, Al Amin & Dhewi (2021) state in their research that perceived value significantly impacts customer satisfaction. According to Kotler et al. (2021), customer-perceived value is the assessment made by customers of the benefits received compared to the efforts or costs expended by examining whether the product or service received is worth the effort or cost incurred by the customer. In its theoretical framework, CPV is influenced by customer-perceived performance and customer expectations, and it, in turn, affects customer satisfaction and customer loyalty. The indicators of customer perceived value are product benefits, as pertains to the benefits that customers can acquire when utilizing a product; service benefits, as refers to the benefits acquired by customers following the reception of service; personal benefits, as encompasses the benefits attainable during product usage or interactions with staff members, reputation benefits, as entails to trust and confidence customer obtained from using a product or service, price costs, as signifies the expenditure undertaken by customers for the product or service they receive, and time and effort costs, as represents the expenditure incurred by customers for the time and energy lost to obtain a product or service, in line with Tran & Vu (2021) who state that one of the indicators of customer perceived value is the customer's perception of expecting more benefits. Customer perceived value is also related to the company's ability to create new customer services or products.

According to Priansa (2017), customer-perceived value refers to the perception of benefits derived from a product or service minus the costs incurred to obtain it, thereby providing a superior value compared to competitors. On the other hand, Yarmen (2017) describes customer perceived value as the difference between the perceived benefits received and the costs incurred. Customer perceived value is also described as "what customers desire" and the "ratio of benefits to price," where customers expect benefits to outweigh the costs incurred (Uzir et al., 2021). The perception of value obtained by customers results. From the product or service benefits, which concern the total costs incurred. It includes price and other associated costs (Suryani, 2014). By creating customer-perceived value that offers a superior proposition, customer satisfaction can be enhanced, ultimately leading to a competitive edge (Murali et al., 2016). Thus, it can be concluded that customer perceived value is an evaluation of the difference between the benefits received and the costs incurred to fulfill customer needs according to their expectations (Chrystiantari & Suyanto, 2020).
Subscription video on demand (SVOD) is an over-the-top (OTT) service provider, which Tan (2021) explains as an online video distributor that utilizes the internet as its distribution medium. OTT services, including SVOD, are considered disruptive as they transform user behavior in online content consumption. Jatiningrum et al. (2021) describe SVOD as a system for distributing premium online video content, where customers must pay to subscribe before accessing the desired content. According to Nagaraj et al. (2021), SVOD services act as aggregators and content producers. They provide unlimited access to their entire collection through monthly or yearly subscriptions, which can be accessed anytime and anywhere.

In general, SVOD services only offer subscription packages to customers and do not provide specific payment options to eliminate ads, pay-per-movie rentals, or pay-per-access rentals. The difference between SVOD services and multichannel video programming distributors (MVPD) is that MVPD is limited to a national scale, and local culture and regulations heavily influence the content they broadcast. Meanwhile, the internet-based foundation used by SVOD allows these services to expand internationally (Wayne & Marino, 2021) and increases the flexibility of service usage (Noh, 2021).

Customer loyalty refers to a series of repetitive purchasing behaviors that create an advantage for a business compared to its competitors (Närvänen et al., 2020). According to Lina (2022), customer loyalty refers to the sustained purchasing behavior of customers. It is also explained that customer loyalty is strongly linked to product quality and customer satisfaction. Meanwhile, Dam & Dam (2021) describe loyalty as the relationship between customer attitudes and repeated purchasing behavior. Customer loyalty represents a commitment from customers to support or make repeated purchases in the future, even when faced with external influences that may tempt them to switch to other products (Karuniatama et al., 2020). Therefore, customer loyalty is also used to measure business development (Nafiah & Trihudiyatmanto, 2021). Previous studies have also found that customer loyalty is more prevalent in the service industry than in the goods industry, as customer loyalty relies more on interpersonal relationships, which is not as prominent in the goods industry (Budianto, 2019). Customer loyalty is crucial as it can provide a long-term competitive advantage in rapidly changing and disruption-prone service businesses (Cholisati et al., 2019). Närvänen et al. (2020) employed the concepts of sensemaking and meaning-making to determine the dimensions and indicators of customer loyalty.

SVOD services depend on the benefits provided to customers. These benefits include a comprehensive collection of content and ease of access. The higher the benefits provided, the more competitive the SVOD service will be. Costs also influence SVOD services, with pricing being a primary evaluation indicator. Benefits and costs themselves are dimensions of customer perceived value. The competitiveness of SVOD services depends on their pricing and accessibility. It is supported by Song (2021), who states that benefits impact SVOD services. The dimensions of SVOD are referred to as "willingness to subscribe" by Nagaraj et al. (2021) and as "retention incentives" by Rose et al. (2020)

Previous research studies compared Netflix and Amazon Prime Video regarding innovation success factors. This study highlights pricing systems based on usage as one of the critical factors for innovation success, with Netflix being a pioneer in the subscription-based model in SVOD services. The research also demonstrates that
Netflix outperforms Amazon Prime Video by offering a more comprehensive content library, thus providing higher product benefits. Palomba (2020) asserts that pricing is the primary indicator used to evaluate an SVOD service, and the smaller the perceived loss by customers, the more justified the price they pay. The results of this research conclude that price and access are predictors of the competitiveness of SVOD services. It can be inferred that product benefit and price benefit as indicators of customer perceived value are considered vital to SVOD services, therefore:

H₁: Customer perceived value has a significant influence on SVOD services.

The emergence of SVOD services has impacted customer loyalty towards Cinema XXI. The study by Anindita (2021) aimed to analyze whether Netflix can be categorized as a disruptive innovation and has a disruptive effect on the market. This study employed a disruptive innovation approach as its analytical tool. The results indicated that as an SVOD service, Netflix qualifies as a disruptive innovation as it meets the criteria of targeting a low-end market and new market footholds. Thus, SVOD services generally qualify as disruptive innovations, targeting low-end and new market footholds. It could affect customer loyalty toward Cinema XXI. Therefore, the following hypothesis can be proposed:

H₂: SVOD services have a significant influence on customer loyalty.

Customer loyalty is the commitment of customers to continue shopping for or using a business's products or services. Increasing customer loyalty is crucial as it serves as an indicator of business success. Customer loyalty can be enhanced by paying attention to perceived value, which refers to customers' perceptions of the benefits and costs of a product or service. Research conducted by Ganthika & Wahdiniwaty (2020) and Khsbulloh & Suparna (2022) supported this idea. A previous study by Ganthika & Wahdiniwaty (2020) aimed to evaluate the effect of customer perceived value on customer loyalty at tourist destinations in Bandung, while a previous study by Khsbulloh & Suparna (2022) focused on the impact of perceived risk and perceived value on customer loyalty through customer satisfaction. Both studies have shown that customer-perceived value positively and significantly influences customer loyalty. Therefore, the following hypothesis can be proposed:

H₃: Customer perceived value has a significant influence on customer loyalty.

SVOD services, such as Netflix, are considered disruptive to existing business models in the film distribution industry. The research by Anindita (2021) indicates that SVOD services meet the criteria as an innovative disruption in the market by targeting more affordable market segments and creating new market shares. These market changes can affect Cinema XXI customers in various aspects. The author considers SVOD service as a mediating variable to examine the influence of SVOD service on customer loyalty, as perceived by customers in terms of customer perceived value. Therefore, it can be hypothesized that:

H₄: SVOD services significantly mediate the relationship between customer perceived value and customer loyalty.
This research uses three variables: independent, mediating, and dependent. According to Sugiyono (2019), the independent variable is the one that influences or causes changes in the dependent variable. In this study, the independent variable is "customer perceived value." The mediating variable, on the other hand, is the one that affects the relationship between the independent variable and the dependent variable, making it an indirect relationship. This research uses the "Subscription Video on Demand" service as the mediating variable. Lastly, the dependent variable is the one that is influenced or resulting from the presence of the independent variable. In this study, the dependent variable is "customer loyalty."

RESEARCH METHODS

This quantitative study analyzes the influence of customer perceived value as the independent variable on customer loyalty as the dependent variable, with the mediation of subscription video on demand. The number of respondents was determined based on the minimum sample size calculation according to Hair et al. (2021), which involves multiplying the number of indicators by a parameter, with a sample size at least five times larger than the number of indicators to be analyzed, ranging between 100-200 respondents. The formula was employed due to the inability to determine the exact population size. In this study, 19 indicators were used with a parameter of 10 for each indicator, resulting in a minimum required sample size of 190 respondents. Considering the utilization of the non-probability sampling technique in this research, the entire data received by the researcher, totaling 215 respondents, was used. The data processing involves hypothesis testing analysis, using data obtained directly from respondents who are both Cinema XXI's customers and SVOD services' subscribers. The data analysis in this study employs Structural Equation Modeling (SEM) analysis, utilizing the JASP software. SEM analysis examines the relationships between variables in a model, including the relationships between indicators and their constructs and the relationships between constructs themselves (Hair et al., 2021). A Likert scale is used as the measurement scale to transform the respondents' experiential data into quantitative data. Respondents are asked to choose from 5 answer alternatives: strongly disagree, disagree, neutral, agree, and strongly agree. The weight of each answer will be based on the score assigned by the respondents.

To help respondents evaluate their experiences related to latent variables investigated in this study. The following indicators based on previous research studies are used:

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Table 1. Variable Operational Definitions

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimension</th>
<th>Indicators</th>
<th>Reference</th>
</tr>
</thead>
</table>
| Customer Perceived Value | Benefit   | 1. Product benefit  
                          |                           | 2. Service benefit  
                          |                           | 3. Personal benefit  
                          |                           | 4. Reputation benefit  
                          |                           | |                          |                           | 5. Price cost  
                          |                           | 6. Time and effort cost  
                          |                           |                           |                           |                           |                           |                           |                           | |                          |                           |                           |                           |                           |                           |                           |                           | |                          |                           |                           |                           |                           |                           |                           |                           | | Subscription Video on Demand | Retention incentives | 1. Price  
                          |                           | 2. Content quality  
                          |                           | 3. Content exclusivity  
                          |                           | 4. UX  
                          |                           | 5. Content genres  
                          |                           |                           |                           |                           |                           |                           |                           |                           | | Customer Loyalty | Loyalty is conventional | 1. Inherited loyalty  
                          |                           | 2. Routinized loyalty  
                          |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           | |                          | Loyalty is binding | 3. Compulsive loyalty  
                          |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           | |                          | Loyalty is freedom of choice | 4. Reasoned loyalty  
                          |                           | 5. Critical loyalty  
                          |                           | 6. Loyalty as a game  
                          |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           | |                          | Loyalty is belongingness | 7. Identification-based loyalty  
                          |                           | 8. Ideological loyalty  
                          |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           | | Source: Primary data, 2022 |

RESULTS AND DISCUSSION

The author used Structural Equation Modeling to analyze the data obtained from the respondents for both the outer and inner models. The outer model includes validity and reliability tests, while the inner model involves hypothesis testing using one-sample t-tests and mediation analysis. To provide a demographic background on the data gathered, most respondents’ characteristics were concluded as female young-adult.

Table 2. Respondents’ Demographic Profile

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage (%)</th>
<th>Amount (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>74.00%</td>
<td>159</td>
</tr>
<tr>
<td>Male</td>
<td>26.00%</td>
<td>56</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 – 21 yo</td>
<td>46.00%</td>
<td>99</td>
</tr>
<tr>
<td>22 – 25 yo</td>
<td>41.40%</td>
<td>89</td>
</tr>
<tr>
<td>26 – 30 yo</td>
<td>7.40%</td>
<td>16</td>
</tr>
<tr>
<td>31 – 35 yo</td>
<td>2.30%</td>
<td>5</td>
</tr>
<tr>
<td>36 – 40 yo</td>
<td>0.50%</td>
<td>1</td>
</tr>
<tr>
<td>40 – 50 yo</td>
<td>1.90%</td>
<td>4</td>
</tr>
<tr>
<td>&gt; 50 yo</td>
<td>0.50%</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Data processed, 2023
The majority of respondents in this study are female, with a total of 159 female respondents, accounting for 74.00% of the overall respondents. Meanwhile, there are 56 male respondents, making up 26.00% of the total respondents. It is also evident that most respondents belong to the young generation, aged 18-21 years, comprising 99 respondents or 46.00% of all respondents. In the group with older age, the number of respondents tends to decrease. However, surprisingly, the age group of 40-50 years has a higher number of respondents compared to the 36-40 age group, with four respondents or 1.90% of the total respondents, while the 36-40 age group only has one respondent or 0.50% of the total respondents.

The validity test in this study utilized confirmatory factor analysis. In order to be considered valid, the model must meet several criteria, including a chi-square value > 0.05, a comparative fit index (CFI) ≥ 0.90, a root mean square error of approximation (RMSEA) ≤ 0.08, and goodness of fit (GFI) > 0.90 (Faller et al., 2006). Among these four tests, the model has satisfied three of the criteria. Still, it has not met the chi-square value criterion as it falls below .05. However, the model can still be deemed fitting because it satisfies the CFI (after rounding), RMSEA (after rounding), and GFI (entirely). Based on these results, it can be concluded that the research model is a fit and can be used for hypothesis testing:

<table>
<thead>
<tr>
<th>Model Fit</th>
<th>Value</th>
<th>Value Criterion</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square</td>
<td>&lt; 0.01</td>
<td>&gt; 0.05</td>
<td>Model not fit</td>
</tr>
<tr>
<td>Comparative Fit Index (CFI)</td>
<td>0.87</td>
<td>≥ 0.90</td>
<td>Model fit</td>
</tr>
<tr>
<td>Root mean square error of approximation (RMSEA)</td>
<td>0.08</td>
<td>≤ 0.08</td>
<td>Model fit</td>
</tr>
<tr>
<td>Goodness of fit index (GFI)</td>
<td>0.99</td>
<td>&gt; 0.90</td>
<td>Model fit</td>
</tr>
</tbody>
</table>

Source: Data Processed, 2023

In addition to assessing model fit, CFA is also used to evaluate the validity of indicators for each variable. The indicators are valid when parameter estimates should be above 5. In this study, 19 indicators were used across three variables. Among all the indicators, three did not meet the criterion of a parameter estimate of 0.50. Specifically, CPV5 had a value of 0.13, SVOD4 had a value of 0.43, and SVOD5 had a value of 0.33. Based on these results, the indicators CPV5, SVOD4, and SVOD5 are considered invalid and cannot be used for hypothesis testing.

Reliability testing is used to determine whether the variables and indicators in the study are reliable and can be used for hypothesis testing. The criterion for reliability is Cronbach's α value above 0.70, indicating that the variables are considered reliable (Pfadt et al., 2022). Among the three variables used in the study, all of them have met the criterion of Cronbach's α, indicating good reliability of the variables.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s α</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer perceived value</td>
<td>0.82</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

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Table 4. Reliability Test (continuation)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s α</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription video on demand</td>
<td>0.73</td>
<td>Reliable</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>0.84</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Data Processed, 2023

This study utilizes one sample t-test and mediation analysis. The one-sample T-test addresses whether the mean value of an unknown population is equal to a specified test value. This test is employed when our data consists of continuous random samples from an average population. Since the number of respondents in this study has exceeded 100, the data is assumed to be normally distributed. The statistical significance values in this test include a p-value that needs to be below 0.05 for the variable to be accountable.

Furthermore, this study's observed t-value should be greater than the critical t-value of 1.96. The calculated t-value is the difference between the observed mean and the test value or H₀. An effect size, expressed as Cohen's d, is also considered. In the one sample t-test, all variables have met the criterion of having p-values below 0.05, with t-values exceeding the critical value of 1.96. Therefore, all variables can be accounted for in their roles in this study.

Next, a mediation analysis was conducted to examine the effects between variables in the mediation model. The results of this analysis will indicate the magnitude and significance of the direct effect from variable X to variable Y, the indirect effect from variable X to variable Y through variable M, and the total effect from variable X to variable Y, whether through variable M or not. In the case of CPV → SVOD and CPV → CL, the resulting standardized estimate values are positive, and their corresponding z-values exceed 1.96. Therefore, it can be concluded that there are significant effects from CPV → SVOD and CPV → CL. However, in the case of SVOD → CL and CPV → SVOD → CL, both the standardized estimate values and the corresponding z-values are negative, indicating no significant effect. From these results, it can be concluded that SVOD has a non-mediated direct-only effect on the CPV → CL relationship, as it does not act as a mediating variable, and there is a significant direct effect from X to Y.

Table 5. Hypothesis and Mediation Correlation

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Estimate Std</th>
<th>z-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁ CPV → SVOD</td>
<td>0.816</td>
<td>8.815</td>
<td>ACCEPTED</td>
</tr>
<tr>
<td>H₂ SVOD → CL</td>
<td>-0.040</td>
<td>-0.631</td>
<td>REJECTED</td>
</tr>
<tr>
<td>H₃ CPV → CL</td>
<td>0.973</td>
<td>9.597</td>
<td>ACCEPTED</td>
</tr>
<tr>
<td>H₄ CPV → SVOD → CL</td>
<td>-0.033</td>
<td>-0.629</td>
<td>REJECTED</td>
</tr>
</tbody>
</table>

Source: Data Processed, 2022

Based on the analysis results, H₁ stating that customer perceived value has a significant impact on subscription video on demand is supported. It is supported by the standardized estimate value of 0.816 and a z-value of 8.815, indicating a significant favorable influence of customer perceived value on SVOD. Previous studies by Palomba (2020) and Song (2021) also support these findings, suggesting that the competitiveness of SVOD services can be predicted by factors such as price, access, and benefits associated with customer perceived value.

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Regarding $H_2$, the analysis results indicate that subscription video on demand does not significantly influence customer loyalty. Although there is a small negative effect, it does not reach the expected significance level. Therefore, the hypothesis stating a significant influence between SVOD and customer loyalty has yet to be accepted. These findings are inconsistent with a previous study by Anindita (2021) that suggests SVOD is a disruptive innovation. This difference may be attributed to the different research methods employed. This study utilized quantitative primary data through questionnaires, while the previous study focused more on qualitative approaches and document reviews.

Based on the analysis results, $H_3$, which states that customer-perceived value significantly influences customer loyalty, is accepted. The optimistic estimate up to 0.97 indicates a positive influence of customer perceived value on customer loyalty. Supported by a $z$-value of 9.60, which exceeds 1.96, it indicates a significant influence. This finding is consistent with Ganthika & Wahdiniwaty (2020), who stated in their research that customer-perceived value directly influences customer loyalty. Khasbulloh & Suparna (2022) also stated in their research that customer-perceived value significantly positively affects customer loyalty.

Regarding $H_4$, the research findings indicate that subscription video on demand does not significantly mediate the relationship between customer perceived value and loyalty. Despite SVOD being considered a disruptive innovation, the analysis results show that the mediating effect provided by SVOD is minimal and insignificant, thus concluding it as non-mediation (direct only). The difference in results from previous research by Anindita (2021) may be due to variations in research methods, data sources, research types, and the object of study. The respondents in this research may not perceive a significant disruptive impact from SVOD, and Cinema XXI continues to hold an irreplaceable position as a cinema.

**CONCLUSION**

The population used in this study consisted of a cross-section of Cinema XXI customers who have either previously or are currently subscribed to the subscription video-on-demand service, with a sample size of 215 respondents. The population and sample were determined with the objective of understanding customers' perceptions based on their personal experiences related to Cinema XXI and the subscription video-on-demand service to comprehend how technological advancements and business innovations, particularly in the entertainment industry such as cinema and subscription video on demand, may affect customer loyalty towards major cinema networks like Cinema XXI.

This research found that the subscription video-on-demand service does not significantly mediate the relationship between customer perceived value and customer loyalty at Cinema XXI. However, customer perceived value directly influences customer loyalty. These findings can assist Cinema XXI in developing appropriate marketing strategies to enhance customer loyalty by focusing on factors influencing said issue, understanding the impact of disruptive innovations like SVOD, and leveraging dominant factors in customer perceived value for strategic advantages.
The limitations of this study include the need for more statistical data, limited representation of respondents from only one province and two age categories, constraints in time and media for explaining variables, and the absence of previous research on the studied phenomena and variables. For future research, it is suggested to expand the sample to cover a wider geographic area, use different research models with additional variables, and further explore the factors affecting customer loyalty and the role of subscription video on demand.

The conducted research has yielded several suggestions, both theoretical recommendations for further research and practical advice for managerial purposes, including despite using a population encompassing all of Indonesia (assuming the coverage of Cinema XXI movie theater network), the respondents in this study were still concentrated in the East Java Province. Hence, in future research, it is advised for researchers to expand the sample coverage to ensure a more even distribution of respondents from all regions of Indonesia; employing a different research model by incorporating additional related variables is suggested for upcoming studies. This approach can provide a better understanding of the factors influencing customer loyalty and the role of subscription video on demand within this context, it is recommended to collaborate with credible institutions to obtain more precise population data to achieve more accurate research outcomes, cinema XXI's management is advised to pay closer attention to the factors influencing customer loyalty. Customer visit frequency could be enhanced by comprehending and applying the dominant factors in marketing strategies; and the management of Cinema XXI is encouraged to understand and leverage the factors impacting customer perceived value, which encompass benefits and costs. Focusing on dominant factors like product, personal, and service benefits can improve customer loyalty.

REFERENCES


Mediating Effect of Video-on-Demand on XXI’s Customer Perceived Value and Loyalty


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